

*Exhibit No.:*  
*Issue:* *True-Up Revenue Requirement*  
*Witness:* *Kimberly K. Bolin.*  
*Sponsoring Party:* *MoPSC Staff*  
*Type of Exhibit:* *True-Up Direct Testimony*  
*Case No.:* *WR-2013-0461*  
*Date Testimony Prepared:* *March 6, 2014*

**MISSOURI PUBLIC SERVICE COMMISSION**

**REGULATORY REVIEW DIVISION  
UTILITY SERVICES - AUDITING**

**TRUE-UP DIRECT TESTIMONY**

**OF**

**KIMBERLY K. BOLIN**

**LAKE REGION WATER & SEWER COMPANY**

**CASE NO. WR-2013-0461**

*Jefferson City, Missouri*  
*March 2014*

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True-Up Direct Testimony of  
Kimberly K. Bolin

1 through December 31, 2013. The revenue requirement areas updated by Staff are  
2 the following:

3 Rate Base: Plant in Service, Accumulated Depreciation Reserve, Materials and  
4 Supplies, Customer Advances, Contributions in Aid of Construction ("CIAC"), and  
5 Accumulated Deferred Income Taxes.

6 Income Statement: Revenues from Customer Growth, Payroll – Employee Levels,  
7 Current Wage Rates, and Related Benefits and Payroll Taxes, Insurance, Rate Case Expense,  
8 Property Taxes, Depreciation and Amortization Expense, and Related Income Tax Impacts.

9 Q. How did Staff conduct its true-up audit?

10 A. With the exception of rate case expense, which is addressed in Staff witness  
11 Erin M. Carle's True-Up Direct filing in this proceeding, Staff updated its analyses in the  
12 areas listed above using the same methods and approaches it used in its cost of service  
13 calculation and in the accounting schedules attached to the Unanimous Partial Stipulation and  
14 Agreement in this case. To the extent a method was changed from Staff's direct case in its  
15 rebuttal or surrebuttal filings or in the Unanimous Partial Stipulation and Agreement, then  
16 those methods were consistently used in the true-up process.

17 Q. Is Staff filing true-up accounting schedules along with its true-up direct  
18 testimony?

19 A. Yes. As with its initial direct filing, the filed accounting schedules support the  
20 Staff's true-up revenue requirement.

21 Q. What are the major items that impacted the true-up revenue requirements?

22 A. The major items that impacted the true-up revenue requirement for each  
23 operating system are as follows:

**Horseshoe Bend Sewer**

- Increased costs for rate case expense increasing the revenue requirement.
- Payroll increases as of December 30, 2013, increasing the revenue requirement.
- Inclusion of life and accidental death and dismemberment insurance increasing the revenue requirement.
- Changes in customer numbers resulting in increased revenues and decreasing revenue requirement.
- Inclusion of the newly constructed Lodge UV system increasing the revenue requirement.
- Increase in accumulated depreciation reserve resulting in a decrease to rate base and decrease in revenue requirement.

**Shawnee Bend Sewer**

- Increased costs for rate case expense increasing the revenue requirement.
- Payroll increases as of December 30, 2013, increasing the revenue requirement.
- Inclusion of life and accidental death and dismemberment insurance increasing the revenue requirement.
- Changes in customer numbers resulting in increased revenues and decreasing revenue requirement.
- Increase in accumulated depreciation reserve resulting in a decrease to rate base and decrease in revenue requirement.

**Shawnee Bend Water**

- Increased costs for rate case expense increasing the revenue requirement.
- Payroll increases as of December 30, 2013, increasing the revenue requirement.
- Inclusion of life and accidental death and dismemberment insurance increasing the revenue requirement.
- Changes in customer numbers resulting in increased revenues and decreasing revenue requirement.
- Increase in accumulated depreciation reserve resulting in a decrease to rate base and decrease in revenue requirement.

True-Up Direct Testimony of  
Kimberly K. Bolin

1 Q. What are the results of Staff's true-up audit?

2 A. The following table identifies the results of Staff's true-up audit:

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Lake Region Operating Entity	Annual Revenue Requirement Staff ROE 13.89%	Rate Base at December 31, 2013
Horseshoe Bend Sewer	\$40,625	\$1,306,799
Shawnee Bend Sewer	\$(174,308)	\$121,642
Shawnee Bend Water	\$(74,622)	\$1,060,534

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5 Q. Does this conclude your true-up direct testimony?

6 A. Yes.

**BEFORE THE PUBLIC SERVICE COMMISSION**  
**OF THE STATE OF MISSOURI**

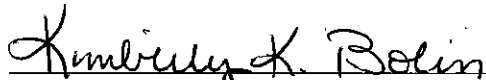
In the Matter of Lake Region Water & Sewer )  
Company's Application to Implement a )  
General Rate Increase in Water & Sewer )  
Service )

Case No. WR-2013-0461

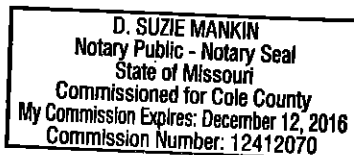
AFFIDAVIT OF KIMBERLY K. BOLIN


STATE OF MISSOURI     )  
                                  )     ss.  
COUNTY OF COLE     )

Kimberly K. Bolin, of lawful age, on her oath states: that she has participated in the preparation of the foregoing True-Up Direct Testimony in question and answer form, consisting of 4 pages to be presented in the above case; that the answers in the foregoing True-Up Direct Testimony were given by her; that she has knowledge of the matters set forth in such answers; and that such matters are true and correct to the best of her knowledge and belief.

  
Kimberly K. Bolin

Subscribed and sworn to before me this 6<sup>th</sup> day of March, 2014.



  
Notary Public