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File No. WR-2023-0006

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MISSOURI PUBLIC SERVICE COMMISSION
FINANCIAL & BUSINESS ANALYSIS DIVISION
AUDITING DEPARTMENT

SURREBUTTAL TESTIMONY

OF

ASHLEY SARVER

CONFLUENCE RIVERS UTILITY OPERATING COMPANY, INC.

CASE NO. WR-2023-0006

Jefferson City, Missouri
July 2023

**** Denotes Confidential Information ****

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1 **EMPLOYEE COMPENSATION INCLUDING PAYROLL AND BENEFITS**

2 **Response to Confluence Witness Josiah Cox**

3 Q. What is Confluence's position regarding employee timesheets?

4 A. On page 31, lines 16 through 19, Confluence witness Josiah Cox states that
5 "However, because both Confluence Rivers and its other affiliated operating companies
6 continue to grow at a rapid pace, it is doubtful even full compliance with the timekeeping
7 obligations to which the Company agreed would have produced results that would be
8 particularly useful in this case."

9 Q. If timesheets would have been utilized by every employee at CSWR, would this
10 have been useful for Staff in this case?

11 A. Yes. Staff reviews the timesheets to determine what activities are performed by
12 employees and in which state these activities occur, in order to include an accurate and
13 appropriate amount of employee related expenses in Confluence's cost of service. Due to the
14 fact that employee payroll and benefits are incurred at CSWR and then allocated to Confluence
15 and other CSWR affiliates, timesheets are even more important for Staff's analysis and general
16 rate case use. As Mr. Cox states, the affiliated operating companies continue to grow at a rapid
17 pace. This would imply that a great deal of Mr. Cox's time, as well as possibly other executive
18 time, is being spent acquiring new systems and many of those new systems may be located in
19 Missouri or other states. This produces even more of a reason for creating and maintaining
20 accurate timesheets.

21 Q. Besides determining if employees are spending time in the acquisition of
22 companies are there other reasons timesheets are needed?

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1 A. Yes. Timesheets would assist Staff in determining the amount of time each
2 employee spends working on Missouri systems versus systems located in other jurisdictions.
3 Staff would not include payroll in Missouri rates for salary and benefits associated with work
4 in other states, as that cost should be borne by ratepayers in those states. Also, individual
5 system information is important to know, at least in Missouri, as separate tariffs have separate
6 costs of service prior to any proposed tariff consolidation. Some systems may incur costs while
7 others may not.

8 Q. On page 32, lines 14 through 17 of his Rebuttal testimony, Mr. Cox states
9 “While this growth, to the degree it was responsible for the failure to keep executive timesheets
10 by executives, may have hindered Staff in quantifying the appropriate allocations of overhead
11 costs to include in rates in this case, it has nonetheless led to benefits for Missouri ratepayers.”
12 Does Mr. Cox’s testimony justify not using timesheets for executives?

13 A. No. It diverts attention from the fact that Staff has requested timesheets for all
14 CSWR employees for a number of years. First, executives set the tone at the top for an
15 organization. Executives should be demonstrating that they too are following the Company
16 policies and procedures as laid out in the Company handbook. In addition, many utilities are
17 busy but still maintain timesheets. While it is true that the allocated costs from CSWR to the
18 affiliates, at this point, are less to Missouri because of further acquisitions that spread the costs
19 to more customers; without a timesheet Staff cannot determine if the amount that has been
20 allocated to Missouri would have been more or less than what Confluence recorded in their
21 general ledger. Staff cannot be certain of the amount, as not everyone utilizes a timesheet to
22 verify if the portion recorded to Missouri during the test year reflects only work performed in
23 Missouri. From what Mr. Cox states, the Company is growing rapidly and since the time of

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1 Confluence’s last rate case, Case No. WR-2020-0053, CSWR has entered into six additional
2 states and closed on 157 acquisitions. This appears, based on deduction of Mr. Cox’s statement
3 and without a timesheet, that Mr. Cox, and possibly the other executives without timesheets,
4 may have spent a majority of their time on operations in states other than Missouri. This would
5 cause less of their salary and benefits to be allocated to Missouri.

6 Q. Mr. Cox blames company growth, to a degree, for the failure to keep
7 timesheets¹. Is this an appropriate reason not to complete and maintain timesheets?

8 A. No. As stated above, timesheets are very important in calculating CSWR
9 corporate overhead allocations.

10 Q. On page 32 lines 17 through 19 of his Rebuttal testimony, Mr. Cox states “over
11 the past five years, the amount of CSWR corporate overheads allocated to Missouri has
12 decreased as a result of the tremendous CSWR group’s growth”. Is this true?

13 A. Yes. Missouri’s portion of CSWR overhead cost has decreased. However,
14 this is another example of Mr. Cox attempting to divert attention away from the fact that
15 Confluence has not met its requirements as set out in several disposition agreements, including
16 Confluence’s last general rate proceeding.

17 Q. On page 34, line 1 of his Rebuttal testimony, Mr. Cox states that Staff’s position
18 on executive salary and benefits is extremely punitive and that Staff believes Confluence can
19 be effectively managed without an executive team. Is that what Staff’s position on executive
20 salaries represents?

21 A. No. First, Confluence agreed in the Unanimous Stipulation & Agreement from
22 their last rate case, WR-2020-0053, that:

¹ Case No. WR-2023-0006, Josiah Cox Rebuttal Testimony, page 32, lines 14-17.

1 (7) Within ninety (90) days of the effective date of an order approving
2 this Disposition Agreement, the Company shall begin tracking all work
3 conducted on its behalf by CSWR, LLC in the form of a Time Record.
4 This time record will include a description of the job performed, length
5 of time to complete, name/title of the employee who conducted the work,
6 and tracked by each system. The time record information should be
7 maintained in sufficient detail to capture the amount of time each
8 employee spends on operation and maintenance activities, as opposed to
9 construction activities. **The Company also agrees that detailed**
10 **timesheets will be maintained for any future employees Confluence**
11 **Rivers Utility Operating Company, Inc. may retain.** The Company
12 agrees to provide proof of implementing the recommendations to the
13 Manager of the Commission's Auditing Department;

14 This agreement did not state that Confluence would begin tracking time for all employees
15 except executives. It also states that detailed timesheets will be maintained for existing and
16 future employees. This passage did not state that executives were exempt from timesheets if
17 there is rapid growth for CSWR. If Confluence or CSWR did not believe they could adhere
18 to this agreement, then they should not have agreed to the requirement and signed the
19 disposition agreement as it was written in that case and other Confluence cases.

20 Second, Staff never stated in testimony that an executive team was not necessary,
21 simply that, if Staff cannot determine the time spent by these executives on operations in
22 Missouri, then Missouri customers should not be charged these costs. Rather the Missouri
23 portion of those costs will need to be absorbed by shareholders.

24 Q. If the Commission would decide not to include executive salaries in customer
25 rates in this case, are the salaries completely unrecovered by CSWR?

26 A. No. As Mr. Cox has shown on page 33 of his Rebuttal testimony, the corporate
27 allocation for Missouri is 7.99%. Therefore 7.99% of these executive salaries and benefits are
28 recommended for disallowance by Staff in this case, not 100%. The remainder of executive
29 salaries and benefits are recovered from other states in which CSWR operates.

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1 Q. Did Staff require timesheets in other Confluence dockets besides Case No.
2 WR-2020-0053?

3 A. Yes. The following cases also included timesheet requirements in the
4 Disposition Agreements, dating back to 2016:

- 5 • Hillcrest Utility Operating Company, Inc. - WR-2016-0064 - Signed by
6 Josiah Cox, President and Dean Cooper, Attorney on March 25, 2016.
- 7 • Confluence Rivers Utility Operating Company, Inc. –WR-2020-0053:
8 Signed by Josiah Cox, President of Confluence Rivers Utility Operating
9 Company, Inc. on February 10, 2020.
- 10 • Indian Hills Utility Operating Company, Inc. –WR-2017-0259: Signed by
11 Dean Cooper, Attorney for Indian Hills Utility Operating Company, Inc. on
12 September 1, 2017.
- 13 • Raccoon Utility Operating Company, Inc. – SR-2016-0202: Signed by
14 Josiah Cox, President of Raccoon Creek Utility Operating Company, Inc. on
15 August 30, 2016.
- 16 • Elm Hills Utility Operating Company, Inc. – WR-2020-0275: Signed by
17 Dean Cooper, Counsel for Elm Hills Utility Operating Company, Inc. on
18 December 14, 2020.

19 Q. So, Confluence was aware and agreed to provide timesheets for all employees
20 but has decided not to make good on its commitments for multiple cases?

21 A. It appears so to Staff.

22 Q. On page 34, lines 15 through 18 of his Rebuttal testimony, Mr. Cox claims that
23 Staff is accepting the benefits provided by the CSWR executive team and reflects those benefits
24 in rates but does not include the costs of that same executive team. He goes on further to state
25 that this treatment does not seem consistent with Staff's duty to balance the interest of the utility
26 and ratepayers. Is it Staff's responsibility to ensure that Confluence does not violate the
27 unanimous disposition agreement?

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1 A. No. It is not Staff's duty to manage the utilities, but rather to regulate utilities.
2 Staff does its best to regulate utilities in such a way that is fair to both the utilities and ratepayers.
3 When Staff sees areas where a utility can improve its operations, management, and
4 recordkeeping of the Company, especially to provide clarity in setting customer rates, then Staff
5 will do so. Staff will make proposals in a rate case to improve or remedy areas in order to
6 determine accurate rates for Missouri ratepayers. Utilities have the choice to voluntarily
7 agree to enact these changes or be ordered by the Commission to enact the changes, if the
8 Commission believes they are viably needed. In Confluence's last rate case and several other
9 Confluence rate cases, that recommendation was to institute timesheets for accurate time
10 reporting in order to determine the correct amount of salaries and benefits to be paid by
11 Missouri ratepayers in a future rate case. Confluence voluntarily agreed to time reporting and
12 knew that not all employees were following this agreement; however now that Staff
13 is attempting to use the proposed improvement it requested in prior cases to set rates, it cannot
14 fully use the timesheets because not every employee maintained one. Confluence now disagrees
15 with Staff for not including the salaries and benefits of those who did not maintain the
16 timesheets because CSWR was focused on rapid growth of the Company. In removing the
17 Missouri portion of the salaries and benefits of employees without timesheets, Staff is in fact
18 being consistent in balancing the interests of utilities and ratepayers.

19 Q. Why are timesheets critical for the Missouri systems?

20 A. CSWR is rapidly acquiring new systems, as Mr. Cox has stated.
21 Based on Confluence's response to Staff's Data Request No. 0262, 2023 Budget
22 Presentation to US Water, ** [REDACTED]

23 [REDACTED].** Without timesheets Staff does not know where the employees are allocating

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1 their time. As of January 31, 2023, CSWR had 137,067 connections nationwide, so they project
2 to ** [REDACTED] ** the number of connections by next year.

3 Q. Mr. Cox states on page 35 lines 16 through 18 of his Rebuttal testimony, “I
4 would ask that the need to maintain timesheets should be withdrawn until such time as
5 timekeeping can provide a useful estimate of ongoing operations.” Does Staff agree?

6 A. No. Staff recommends Confluence provide timesheets consistent with the
7 Unanimous Disposition Agreement² from Confluence’s last general rate case, Case No.
8 WR-2020-0053 and other cases listed above.

9 Q. What employees is Mr. Cox recommending the waiver of timesheets be
10 applied to?

11 A. On page 36 lines 1 through 3 of Mr. Cox’s Rebuttal testimony, he states
12 “Confluence Rivers asks that the Commission modify the requirement to keep daily timesheets
13 such that directors and above be permitted to engage in exception timekeeping.” Those
14 employees include³:

Josiah Cox	President
Mike Duncan	Vice President
Todd Thomas	Senior Vice President
Martin Moore	Chief Financial Officer
Brent Thies	Vice President/Corporate Controller
Cheryl Waites	Chief of Staff
Spencer Hoppes	Director Financial Planning and Analysis
Jacob Freeman	Director of Engineering
Brad Thibault	Director of Asset Management
Chelsie Carter	Director of Customer Experience
Hope Litzsinger	Director of Human Resources
Aaron Silas	Director of Regulatory Operations
Russ Mitten	General Counsel
David Woodsmall	Associate General Counsel

² Case No. WR-2023-0006, Ashley Sarver Direct Testimony, page 17, lines 17-26 and page 18, lines 1-2.

³ Response from Staff’s Data Request No. 0444.

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1 During Staff's review in this case, 7 of the overall 71 CSWR employees did not maintain
2 timesheets. The list of employees above includes 8 additional employees, beyond those already
3 not maintaining timesheets, in which Mr. Cox is requesting not be required to maintain a
4 timesheet. That would essentially exempt 22% of employees from following the requirements
5 that 78% of other employees must follow.

6 Q. Does Staff think the Commission should grant Mr. Cox's request?

7 A. No. If CSWR is allowed to exclude employees from the director level and above
8 from maintaining timesheets, it could have a detrimental impact on customers rates in that
9 Staff's calculations will be less accurate as more employees will no longer be keeping
10 timesheets. This may result in customers paying for more salaries than what is truly
11 occurring. The same is true of a general allocation as proposed by Confluence, which I
12 discuss further below.

13 Q. What is Staff's position on exception reporting for the directors and executives?

14 A. Exception time reporting is where employees only report their time worked if it
15 varies from a standard, pre-determined value. Staff does not recommend exception reporting
16 for CSWR employees, at this time, as the Company has been entering new states and rapidly
17 acquiring new systems. Customers do not have the choice as to whether CSWR acquires new
18 systems, whether those systems are within or outside of Missouri, nor whether the time spent
19 on those acquisitions actually comes to fruition or pursuit of the acquisition is dropped.
20 Regardless, the salary still exists from the time the employee spent on the acquisition. This has
21 a direct impact on the allocation of costs to customers in Missouri. Therefore, Staff is not
22 recommending use of this method at this time.

23 Q. Does Mr. Cox discuss another alternative to account for executive salaries?

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1 A. Yes. On page 35, lines 1 through 10, Mr. Cox discusses another alternative of
2 including executive salaries and benefits with other corporate costs that are not easily assigned
3 to a particular jurisdiction, such as rent for the corporate headquarters, payroll administration
4 expenses, and various software expenses, and then distributing those costs to the affiliates using
5 a general allocator.

6 Q. Does Staff agree that this is a viable alternative for inclusion of executive or
7 other employee salaries in rates?

8 A. No. Salaries and benefits are not the same type of cost as other corporate
9 costs such as rent and software expenses. Those types of costs are generally fixed or are
10 only variable to the extent that a formal contract provides for changes in those costs. These
11 types of costs also are typically obtained for use for the entire organization, regardless of
12 affiliate and they are more difficult to attribute to a specific person or activity. For example,
13 CSWR's corporate headquarters lease was executed in ** [REDACTED] ** and has
14 ** [REDACTED] ** over the term of the lease. It
15 is used for all CSWR employees regardless of what state the system is located and type of work
16 is performed. During a typical year, and from year to year, the only real variability with which
17 this cost will be allocated to the various states that CSWR operates in, will be due to changes
18 in allocation percentages that occur from acquisitions in and outside of a state and not
19 necessarily the cost itself.

20 The hours that support the salary and what type of work is accomplished should be
21 easily tracked by each individual employee. In addition, time spent on Missouri operations can
22 fluctuate from quarter to quarter and year to year depending on acquisitions, rate case timing,
23 etc. that the team is working on. From what Mr. Cox alludes to in testimony, much of his and

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1 other executive time was spent in other states over the last three years since Confluence's last
2 rate case. If salaries are included in the general allocation of corporate costs, there is always a
3 possibility that the team has a quarter or year where they do not spend much time on Missouri
4 operations but the general allocator would distribute an amount of salary and benefits to
5 Missouri, or vice versa. In addition, different CSWR costs have different allocation factors.
6 For example, insurance is based on the systems total insurance value.⁴

7 In addition, corporate costs that are eligible to be distributed by a general allocation
8 factor are costs that do not have a distinct cost driver or that are incurred and cannot be attributed
9 to a specific affiliate(s). That is the basis for Missouri's Affiliate Transaction Rule ("ATR")⁵.
10 The general idea behind the ATR is that costs incurred for multiple affiliates are to be directly
11 charged to the affiliate that creates the cost and if a cost cannot be determined to be driven by
12 a specific affiliate then it can be indirectly allocated through a general allocation factor, in this
13 case a 3-factor allocator. If there is a reasonable way to determine the driver of the cost, such
14 as hours in a timesheet demonstrating what state (affiliate) and activity has been worked on,
15 then that should be directly charged as the costs can be attributed to the affiliate and type of
16 work performed. A general allocation factor should not be used because of purposeful lack of
17 tracking the cost driver. Indirect charges are to be kept at a minimum, as most charges should
18 be able to be directly charged to an affiliate.

19 In Missouri, gas and electric utilities are already required to comply with the ATR. Staff
20 and other parties have been working on an ATR that applies to water and sewer utilities⁶, in
21 order to be consistent across all utility types. While the ATR would not apply to Confluence at

⁴ WR-2023-0006, Ashley Sarver Direct Testimony pages 9 - 10 lines 21-7.

⁵ Commission Rule 20 CSR 4240-20.015

⁶ See case no. AW-2018-0394

1 this time, due to falling below the customer count threshold within the ATR, it may in the future
2 as the utility continues to acquire systems.

3 Mr. Cox’s proposal for including executive salaries as indirect costs to be generally
4 allocated does not comply with the spirit of the ATR that other (gas and electric) utilities already
5 must comply. Salaries and benefits can be tied directly to an affiliate or state that creates them
6 simply by creating and maintaining timesheets. As the ATR for water and sewer may become
7 finalized by the Commission prior to Confluence’s next general rate case, there is no reason for
8 every CSWR employee not to maintain timesheets to go ahead and comply with the ATR.

9 Q. Does Staff believe that CSWR will grow rapidly?

10 A. Yes. As Mr. Cox later goes on to state⁷, “...given the tremendous pace of growth
11 which has demonstratively benefited Missouri customers and made CSWR the 11th largest
12 water and sewer IOU in the United States...”, this leads Staff to believe that the pace
13 of acquisitions will continue in the future, thus justifying timesheet reporting for all
14 CSWR employees so as to not overburden Missouri customers with salaries and benefit costs
15 that should have been borne by another state’s customer base.

16 Q. On page 35 of his Rebuttal testimony, lines 15 through 16, Mr. Cox states
17 that “...historical timesheets are not reflective of payroll allocations currently or what they
18 should be in the future”, does that mean that the timesheets for the period of time between this
19 case and Confluence’s next general rate case are useless to Staff?

20 A. No. In each rate case, Staff’s task is to determine if test year revenue, expense
21 and rate base needs to be adjusted in order to reflect what the cost of service will be when new
22 rates take effect, while still allowing the utility an opportunity to earn a reasonable rate of return

⁷ WR-2023-0006, Josiah Cox Rebuttal Testimony page 35 lines 13-15.

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1 on its investment. Staff does this by maintaining the relationship between revenue,
2 expense and rate base by reviewing pertinent historical information in association with
3 other factors to set an appropriate ongoing level. Staff would still review historical
4 timesheets to determine if the time spent on Missouri operations is going to change or may
5 need to be annualized or normalized moving forward when setting an amount of salary
6 and benefits costs in a future case. The future is just that, the future. However, Staff can
7 utilize historical information to recommend an appropriate level of ongoing expense, as
8 that information is known and measureable. It is premature to declare that the timesheets
9 will be of no use in a future rate case.

10 Q. Does Mr. Cox suggest that timesheet requirements for executives is too difficult
11 due to their daily responsibilities?

12 A. Yes. On pages 35 through 36, lines 18 through 1 of his Rebuttal testimony,
13 Mr. Cox opines that keeping daily timesheets is onerous for executives as they move dozens of
14 times, throughout the course of the day, from issues arising in each of the CSWR states and that
15 it is extremely time-consuming to keep accurate timesheets of the multitude of projects that
16 each address on a day-to day basis.

17 Q. Does Staff believe this is a valid reason for CSWR not to maintain timesheets?

18 A. No. Staff themselves, including Division Directors, maintain daily timesheets
19 on a multitude of different case types, utility types, and other job duties that they perform. This
20 specific detail is necessary so as to properly charge each investor owned utility with the
21 correct amount of annual Public Service Commission (“PSC”) assessment. Staff develops its
22 PSC assessment based upon a combination of Staff employee time reporting on the various
23 utility types and specific utility companies and the amount of revenues that are reported in the

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1 statement of revenues within the annual reports supplied to the Commission each year. If
2 Staff does not do this, then there is no way to ensure accuracy in determining the amount of
3 PSC assessment to distribute to the individual utility types as well as by each individual
4 company within a utility type.

5 Q. Did Staff take the position that even if CSWR had maintained timesheets,
6 Staff would have still proposed an adjustment to the amount of salaries?

7 A. Yes. In my direct testimony⁸, I mention that if Staff had included executive
8 salaries in the cost of service an adjustment would be warranted. If the Commission were to
9 decide that timesheets are not needed and/or some level of pay should be included in rates in
10 this case, Staff recommends the Commission order that the level of compensation that would
11 be included in the cost of service be that proposed by Staff.

12 The table below shows the employees who did not utilize timesheets and the Missouri
13 Economic Research and Information Center (“MERIC”) level for salaries as proposed by Staff:
14

Name	CSWR Title	CSWR Annual Base Salary	MERIC Job Title	MERIC Annual Base Salary	Cost Of Living Increase Based on MERIC
Josiah Cox	President	** [REDACTED] **	Chief Executive	\$225,566	\$259,656
Mike Duncan	Vice President	** [REDACTED] **	Managers, All Other	\$127,303	\$146,543
Todd Thomas	Senior Vice President	** [REDACTED] **	General and Operations Manager	\$110,404	\$127,090
Martin Moore	Chief Financial Officer	** [REDACTED] **	Financial Managers	\$145,103	\$167,033
Brent Thies	Vice President / Corporate Controller	** [REDACTED] **	Managers, All Other	\$127,303	\$146,543
Cheryl Waites	Chief of Staff	** [REDACTED] **	First-Line Supervisors of Office and Administrative Support Work	\$66,701	\$76,782
Jo Anna McMahon	Vice President of Government Affairs	** [REDACTED] **	Disallowed due to job description.		

⁸ WR-2023-0006, Ashley Sarver Direct Testimony page 18, lines 10 – 20.

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1 Q. If the Commission were to decide that timesheets are not needed and some level
2 of pay should be included in rates in this case, what would Staff recommend?

3 A. If the Commission decides that Confluence does not need to provide timesheets
4 and/or believes an amount of compensation should be included in rates for the employees
5 without timesheets, the cost of service would increase by \$82,732. In other words, based on
6 Staff's position, inclusion of the salaries, benefits and payroll taxes for all CSWR employees
7 using MERIC would be \$244,758 and benefits and taxes of \$39,412.

8 Q. Did Staff perform any research and analysis prior to making the statements
9 for which Mr. Cox claims are conclusory opinions, included in his Rebuttal testimony in
10 footnote 37, regarding executive salaries with no supporting analysis?

11 A. Yes. Staff utilized the resources from MERIC, which will be discussed in
12 greater detail later in this testimony, as well as compared the base pay for CSWR employees to
13 same or similar positions to all other large Missouri investor owned utilities. As Staff relayed
14 in its responses to Confluence's data requests to Staff, the salaries of other Missouri utilities
15 has been deemed confidential and as such cannot be disseminated by Staff. It is not a secretive
16 analysis but rather Confidential. Confluence itself marked its salary information as confidential
17 and as such Staff would be unable to provide that information to other utilities if asked.
18 However, just because Staff cannot disseminate the information does not mean an analysis was
19 not performed. In addition, Confluence can seek to obtain this same information from the other
20 investor owned utilities.

21 Q. On page 37, lines 15 through 17 of his Rebuttal testimony, Mr. Cox criticizes
22 OPC witness Ms. Schaben for comparing the executive salaries for a rapidly growing water and
23 wastewater utility to those of largely static electric and gas utilities. As part of Staff's analysis

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1 of executive salaries, did Staff compare CSWR executive pay to Missouri gas and electric utility
2 executive salaries?

3 A. Yes. Staff made comparisons of the base salary of several executives to other
4 Missouri large water, gas and electric utilities; namely Missouri American Water Company,
5 Spire Inc., Spire Missouri, Ameren Corporation, Ameren Missouri and Empire Electric.
6 Staff made sure to compare base salaries only and prior to any allocation to make a true
7 apples-to-apples comparison. The aforementioned utilities have much more complicated
8 operations, more customers, more employees, larger service territories and have presidents
9 that must oversee, and ultimately be responsible for, all operations and performance occurring
10 in-house rather than by a third party consultant through an executed contract such as
11 Confluence. Mr. Cox is paid a salary very close to the CEO's and presidents of these utilities.

12 Q. On page 39, lines 11 through 12 of his Rebuttal testimony, Mr. Cox states that a
13 more valuable comparison would be to compare CSWR executive salaries to the executive
14 salaries of other water and wastewater utilities. Did Staff perform this comparison?

15 A. Yes. For example, Staff compared Mr. Cox's salary to the President of
16 Missouri American Water Company as well as the CEO and President of American Water.
17 Staff wanted to ensure that the comparison was for a president that presided over more than one
18 state's operations but then also to see how the salary compared to a Missouri only water and
19 wastewater utility for reasonableness. Staff would argue that Missouri American's operations
20 are more complex than Confluence as there is a larger customer base, larger service territory,
21 more complex operations involving different water sources to treat and distribute as well as
22 resale sales to large entities, just to name a few differences. In addition, Missouri American

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1 performs a large majority of its own construction work and utilizes a larger employee base to
2 perform more in-house operations.

3 Q. On page 39, lines 17 through 19 of his Rebuttal testimony, Mr. Cox states that
4 compensation should not only be reflective of the specific industry, but also comparable to that
5 paid by other utilities nationwide. Does Staff agree with this statement?

6 A. Partially. Staff agrees that compensation should be somewhat reflective of
7 the specific industry, depending on the position; hence Staff's additional step of comparing
8 salaries with similar positions of other Missouri utilities after utilizing MERIC. However,
9 it is important to remember where the operation of the utility is located and where in the
10 United States employees work and live. Staff maintains that when you use a nationwide
11 comparison of water and wastewater salaries or utilize a compensation study that is nationwide
12 (as was provided to Staff as part of Data Request No. 0081), the compensation will likely be
13 higher than if you utilized peer utilities for comparison that are located in the Midwest.
14 Missouri had the 4th lowest cost of living in the United States for the first quarter of 2023⁹.
15 New York and California ranked at the bottom of the list at 48 and 49 out of the 50 states
16 for cheapest living. In fact, simple online searches show the lowest cost of living in the
17 United States are in the southern and central parts of the country while the more expensive
18 areas to live are on the East and West coasts. If compensation is developed based off of a
19 national average, those averages will include the compensation from these states and will
20 unnecessarily inflate that amount. In areas where the cost of living is low, compensation is
21 typically lower than in areas where the cost of living is high.

⁹ [Cost of Living Data Series | Missouri Economic Research and Information Center \(mo.gov\)](https://meric.mo.gov/data/cost-living-data-series)

<https://meric.mo.gov/data/cost-living-data-series>

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1 Q. On page 40, lines 15 through 20 of his Rebuttal testimony, Mr. Cox discusses
2 that at most utilities, executive compensation is not limited solely to salaries and that in most
3 cases there are bonuses, stock options and restricted stock awards. Does this change your
4 position regarding salaries?

5 A. No. It is appropriate to have a fair comparison by comparing the base salaries
6 rather than by total compensation packages as all utilities have different operations, some more
7 complex than others, different responsibilities and oversight, and the base salaries are what is
8 included in rates. Not all incentive compensation packages are included in rates as some of
9 those incentives are based upon company earnings which the Commission has found supports
10 shareholders' interests rather than customer interests.

11 Q. Mr. Cox discusses and compares CSWR executive salaries to at least
12 two similar-sized national water and wastewater utilities in his Rebuttal testimony on
13 pages 41 and 42. Are these comparisons compelling evidence that the salaries paid to
14 CSWR executives are reasonable?

15 A. No. First, Middlesex Water Company is a water utility based in Iselin,
16 Woodbridge Township, New Jersey and Artesian Resources is a water company that is
17 based in Newark, Delaware. As discussed above, the cost of living is higher in New Jersey
18 and Delaware than it is in Missouri. The cost of living in Missouri for the first quarter of
19 2023 was 88.4 while Delaware was 102.6 and New Jersey was 114.1¹⁰. As Mr. Cox shows
20 in his chart on page 41, CSWR's salaries for Chief Executive Officer and Executive #2 are
21 ** [REDACTED] ** of the utilities in the comparison and for Executive #3, Executive #4 and

¹⁰ [Cost of Living Data Series | Missouri Economic Research and Information Center \(mo.gov\)](https://meric.mo.gov/data/cost-living-data-series)

<https://meric.mo.gov/data/cost-living-data-series>

1 Executive #5, CSWR's salaries ** [REDACTED]

2 [REDACTED] **. This chart demonstrates how the salaries are
3 unreasonable before even considering additional compensation packages. In fact, Mr. Cox's
4 salary is more in line with the CEO and president of ** [REDACTED]

5 [REDACTED]
6 [REDACTED]. **

7 Second, these two similar sized utilities are publicly traded with more transparent
8 operations and financial records and Staff has no knowledge as to whether these two similar
9 sized utilities are operated at all the same or similarly to CSWR or Confluence. For instance,
10 Staff does not know if these utilities utilize all third party contractual services for its operations
11 as Confluence does or if these utilities self-construct and self-maintenance in their systems as
12 MAWC does or through third parties.

13 **Response to Confluence Witness Brent Thies**

14 Q. In his Rebuttal testimony, Mr. Thies states on page 16, lines 5 through 9 that
15 CSWR is required to understand the job market and pay rates for professional roles across all
16 industries – not just utilities - and that CSWR is competing with other companies to fill
17 numerous positions. Is this current hiring situation unique to CSWR?

18 A. No. What Mr. Thies describes is prevalent throughout most, if not all industries.
19 That does not justify the very large salary increases year over year and customer rates reflecting
20 those excess salaries based upon salaries and compensation studies that are nationally based.

21 Q. How did Staff determine the salary and benefit packages for CSWR?

Surrebuttal Testimony of
Ashley Sarver

1 A. Please refer to Ashley Sarver’s Direct testimony¹¹ on how salaries and the
2 benefit packages for CSWR employees were calculated.

3 Q. Does the Company believe MERIC is a poor tool to use for comparing salaries?

4 A. Yes. Mr. Thies states on page 17, lines 6 through 9 of his Rebuttal testimony
5 “The Company believes that MERIC is a poor tool to use for comparison and benchmarking in
6 this case for a number of reasons.”

7 Q. How does Staff respond?

8 A. MERIC is the research division for the Missouri Department of Higher
9 Education and Workforce Development’s Office of Performance and Strategy. They provide
10 innovative analyses and assistance to policymakers and the public, including studies of the
11 state’s economic trends, targeted industries, and labor markets. The Occupational Employment
12 Statistics program is a Federal-State cooperative effort that produces employment and
13 wages estimates for about 800 different occupations. The Missouri program is operated by
14 the Missouri Department of Economic Development / MERIC in cooperation with the
15 U.S. Department of Labor - Bureau of Labor Statistics. This same source was cited above
16 for the cost of living indexes and supports why it is important to at least use a regional basis
17 for developing salaries as opposed to a national resource. MERIC has been recognized with
18 15 national awards for research excellence since it was formed in 2001. MERIC was developed
19 to provide good information for sound decision-making for both employers and employees. A
20 state resource that is available in the same state and region of the United States would be a
21 strong resource in determining the salary levels for employees in that same state.

¹¹ WR-2023-0006, Ashley Sarver, Direct Testimony pages 16 – 23, lines 14 – 19.

Surrebuttal Testimony of
Ashley Sarver

1 Q. What resource does CSWR utilize for its employee's base salaries?

2 A. CSWR uses a 2022 Salary Guide ("Salary Guide") developed by the
3 ** [REDACTED] **, a foreign company which has more of a worldwide scope in regards to
4 labor research. According to Staff's Data Request No. 0081.3¹², Confluence responded "the
5 referenced file reflects nationwide salaries. This report is used as a reference for salary ranges
6 and it is not relied upon as the definitive source of information to set salaries. Therefore, no
7 adjustments are specifically calculated for region, industry, or training. However, these items
8 could come into play as a salary negotiation is undertaken. The provided salary guide is a guide
9 used to determine ranges. It is not a definitive resource. No further calculations were used to
10 determine adjustments from the amounts listed in the salary guide."

11 This is a similar approach to what Staff used, but with MERIC as a more suitable guide,
12 as well as comparison to salary levels actually incurred at utilities in Missouri.

13 Q. Are there specific positions for which CSWR utilized the Salary Guide?

14 A. Yes. CSWR used the Salary Guide for the accounting manager (financial
15 operations and regulatory), accounts payable manager, accounts payable specialist, billing
16 manager, senior accountant, senior manager accounting, and staff accountant.¹³

17 Q. Are the positions listed above utility specific positions?

18 A. No.

19 Q. For the positions listed above, is MERIC utility specific?

¹² See Schedule AS-s1.

¹³ See Schedule AS-s2 for Staff's Data Request No. 0081.3 response from Confluence.

Surrebuttal Testimony of
Ashley Sarver

1 A. No. For the positions listed above MERIC is not utility specific, however the
2 information Staff utilized was MERIC data based on the St. Louis region, not nationwide, and
3 is more reflective of the cost of living and salaries where employees are located.

4 Q. Mr. Thies provides several reasons why the Company believes that MERIC
5 is a poor tool to use for comparison and benchmarking salaries in this case. On page 17,
6 lines 7 through 9 of his Rebuttal testimony, Mr. Thies states, “First, as discussed above,
7 CSWR has been and continues to be viewed as a start-up company, forcing it to pay above
8 market wages in some cases to attract and retain employees.” Does Staff agree that CSWR is a
9 start-up company?

10 A. No. CSWR has owned Missouri utilities for over 8 years. The Commission first
11 authorized Hillcrest Utility Operating Company, Inc. to provide regulated water and sewer
12 service in March 2015. Currently CSWR is located in 11 states. While CSWR may be a
13 growing company, Staff would not consider it a start-up company.

14 Q. Does Mr. Thies address the data that is available on the MERIC database that
15 Staff utilized in developing its position?

16 A. Yes. On page 17 lines 9 through 19 of his Rebuttal testimony, Mr. Thies states:

17 Secondly, the most recent data available on the MERIC database is
18 for calendar year 2021. Staff witness Sarver adjusted the 2021 salary
19 levels to reflect cost of living increases in 2022 and 2023. Generally, the
20 cost-of-living percentage used appears reasonable. However, this does
21 not reflect any type of hiring market conditions that may have changed,
22 and which might have an impact on general wage levels. One example
23 of a market change is the unemployment rate. As published by the
24 Bureau of Labor Statistics, the unemployment rate for the state of
25 Missouri in 2021 stood at 4.1% and reduced to 2.5% if 2022. This change
26 means that fewer individuals were looking for work and the cost to
27 attract an employee could be higher as a result. This also means that

Surrebuttal Testimony of
Ashley Sarver

1 wage increases and benefits packages might need to be higher to
2 retain current employees.

3 As stated above, MERIC is in cooperation with the U.S. Department of Labor – Bureau
4 of Labor Statistics and Staff has reviewed the updated information for 2022 and that data has
5 not significantly changed as witness Thies alludes that it would have due to unemployment and
6 market conditions.

7 Q. Does Staff agree that an unemployment rate should also be applied?

8 A. No. When calculating Staff’s recommended salaries a cost of living increase was
9 applied to the MERIC salary as MERIC did not have data available at the time of Staff’s direct
10 testimony subsequent to calendar 2021. Including another type of “inflation factor”, such as
11 the unemployment rate recommended by Mr. Thies, is not necessary and treatment would
12 further increase rates. In addition, the 2022 data has since been released from MERIC and after
13 review, it appears that the salary data for 2022 is not materially different from Staff’s position
14 in its Direct testimony. Due to that, Staff considers Mr. Thies’ argument regarding
15 unemployment rates to be moot.

16 Q. On page 18, lines 1 through 2 of his Rebuttal testimony, Mr. Thies states,
17 “But the biggest defect with the MERIC database stems from the fact it is impossible to
18 determine what information was included to the study and what information was not.” Does
19 Staff agree?

20 A. No. According to the website¹⁴ the State Workforce Agencies mail survey
21 materials to selected establishments. If a company receives a survey it is mandatory to fill out,

¹⁴ https://www.bls.gov/oes/oes_ques.htm#overview

Surrebuttal Testimony of
Ashley Sarver

1 and follow-up calls are made to request data from non-respondents or to clarify data. The
2 collected data from the survey is used to produce occupational estimates at the national, state,
3 and sub-state levels. Data collected is as follows: job titles, brief description of duties, wage
4 rate (hourly or annual) and the number of employees in this job with this exact wage rate,
5 department and worksite location.

6 If anything, ** [REDACTED] ** that is utilized by CSWR also suffers from this
7 defect. There is mention in the study of ** [REDACTED]
8 [REDACTED] **, however there is no description of what the data consists of, what industries it
9 applies to, whether the data and information is worldwide, national or otherwise and any other
10 considerations that are included in analysis of that data.

11 In addition, it is also unclear to Staff how salary increases for all employees are
12 determined, whether this compensation study was utilized for these purposes as well and what
13 basis of support is used to determine salary increases. As discussed below, Staff was given a
14 short description for the increases, but not any supporting data or information to justify the
15 increases. Some of these increases are very large and not at all consistent with what is seen at
16 other Missouri utilities on an annual basis.

17 Q. How much of a salary increase have the executives received since 2020?

18 A. President of CSWR, Josiah Cox's base yearly salary was ** [REDACTED] ** in
19 2020 however he currently makes ** [REDACTED] **. The reason provided in response to
20 Staff's Data Request No. 0079.1¹⁵ was ** [REDACTED]

¹⁵ See Schedule AS-s3.

Surrebuttal Testimony of
Ashley Sarver

1 [REDACTED]. ** The other executive's base salaries from 2020
2 increased over ** [REDACTED]. **

3 Q. Are there any examples of pay increases for non-executives?

4 A. Yes. Vice President / Corporate Controller, Brent Thies' base annual
5 salary was ** [REDACTED] ** in 2020 and he currently makes ** [REDACTED] **. He received a
6 ** [REDACTED]

7 [REDACTED]
8 [REDACTED]. ** Cheryl Waites is currently the Chief of Staff and her base annual
9 salary when she started full time in 2021 was ** [REDACTED] **. In 2022, she received ** [REDACTED]

10 [REDACTED]
11 [REDACTED]. ** In addition, Schedule AS-s2 demonstrates multiple
12 employees received annual increases that ** [REDACTED] ** the consumer price index ("CPI").

13 Q. Does Staff have a concern regarding the amount and basis for at least some of
14 the salary increases it has seen for CSWR employees?

15 A. Yes. Customers do not have a say in whether CSWR acquires other utilities
16 within or outside of Missouri, it does not seem appropriate to use company growth as a
17 foundation for increases in base pay. The incentive to grow the company is similar to earnings
18 based incentive compensation as growth can cause a perverse incentive to grow the company
19 (grow rate base and return on that rate base) rather than properly operate and maintain the
20 systems the utility already has. The Commission for many years has consistently disallowed
21 earnings based compensation in rates. Staff discovered through review of the external audit
22 workpapers that ** [REDACTED]

Surrebuttal Testimony of
Ashley Sarver

1

[REDACTED]

2

[REDACTED]

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

3

**

4

Staff is aware that CSWR has a ** [REDACTED] ** for which Staff and

5

Confluence have both proposed removal of the amounts incurred during the test year for

6

ratemaking purposes in this case. However, Staff is uncertain as to if this plan is the same as

7

that discussed in the external audit workpapers above. If they are one in the same then Staff is

8

concerned that some employees, namely executives, are receiving compensation for growth

9

once for incentive compensation and again in base pay. However even if they are not one in

10

the same, base salaries should not be based upon company growth. It is difficult for Staff to

11

determine exactly which employees are eligible to receive business development bonuses. Staff

12

does not know if only those with business development in their job title receive these bonuses

13

or if all of the employees who spend any amount of time on business development are eligible.

1 **STAFF RECOMMENDED REPORTING**

2 Q. On page 31, line 19 through page 32 line 1 of his Rebuttal testimony, Mr. Cox
3 states that “The changes in our affiliate group are happening so rapidly that timesheet
4 allocations are likely to differ not only year-to-year but quarter-to-quarter.” Doesn’t this rapid
5 change in the affiliate group justify the reporting that Staff requested the Company maintain
6 moving forward in its Direct testimony?

7 A. Yes. Staff’s request of quarterly allocation factors and quarterly general ledgers
8 for both CSWR and Confluence allows Staff to monitor the changes in cost levels and allocation
9 factors as they occur. Staff will be able to monitor overall CSWR costs and how they change
10 through review of the CSWR general ledger, as well as, the amount eventually recorded in the
11 Confluence general ledger. This allows Staff to see the entire bucket of costs to be allocated at
12 CSWR and the portion that is recorded in the Confluence general ledger, as these should change
13 as further acquisitions are made, whether in Missouri or another state. Staff’s review of the
14 ledgers can verify the allocation factors that CSWR would also provide in the reporting. Staff
15 would expect the allocation factors to lower when new systems are acquired out of state and
16 possibly increase if additional systems are acquired in Missouri, all else being equal.

17 Q. Does Mr. Thies state that Staff did not include a template of the information they
18 recommended to receive from Confluence and CSWR?

19 A. Mr. Thies states on page 25 through 26, lines 21 through 4 of his
20 Rebuttal testimony, “Staff did not recommend a report template and something that the
21 Company would produce might be no more helpful than the formats in which the data is
22 currently available. Secondly, the Company and its affiliate, CSWR, seek to help keep costs
23 down for ratepayers. Unnecessary reporting requirements, simply for Staff’s auditing

Surrebuttal Testimony of
Ashley Sarver

1 convenience, will create extra work for someone on the staff of CSWR, LLC which translate to
2 compensation and benefit expense.”

3 Q. Does Staff agree that the reporting requested by Staff will create extra work that
4 would translate to additional compensation and benefit expense?

5 A. No. Staff is asking to be provided, on a quarterly basis, the CSWR and
6 Confluence general ledgers and the quarterly allocation percentage data and support. This
7 information should already be regularly compiled by CSWR and Confluence in order to develop
8 its annual financial calculations, income tax returns and compliance with the USOA. There is
9 no template needed for this information.

10 Staff recommends both CSWR and Confluence utilize a format for their general ledgers
11 moving forward that includes a column for the beginning balance, the period’s activity and an
12 ending balance in addition to the information that is already included. Currently CSWR and
13 Confluence’s general ledgers are not currently maintained in that format and this is an issue that
14 should be rectified moving forward.

15 Q. Please clarify what information Confluence and/or CSWR should provide in
16 its reporting.

17 A. Staff recommends the following information on a quarterly basis:

- 18 1) Complete detailed transactional general ledger for CSWR
- 19 2) Complete detailed transactional general ledger for Confluence
- 20 3) Overhead allocation factors by each affiliate with the associated
21 supporting data for each factor (plant in service dollars, number of
22 customer connections, and expense dollars).

1 Confluence's response to Staff's Data Request No. 0104¹⁶ is an example of
2 the information and data Staff recommends the Commission order Confluence to provide for
3 item 3 above. Staff has requested this same or similar data and support from most, if not all, of
4 the other large Missouri utilities, especially those that have a service type company where costs
5 are allocated to different jurisdictions and/or different affiliates.

6 **CELL PHONE / INTERNET REIMBURSEMENT**

7 Q. Does Confluence address Staff's position regarding cell phone/internet
8 reimbursement in Rebuttal testimony?

9 A. Yes. On page 7, lines 14 through 17 of her Rebuttal testimony, Ms. O'Reilly
10 discusses that due to Staff's position regarding cell phone reimbursement that Staff essentially
11 ignores the fact that employees who receive cell phone reimbursement are "on call" during
12 periods when they have no access to those office phones."

13 Q. Does Ms. O'Reilly's statement accurately portray Staff's position?

14 A. No. Staff has included the cost of the cell phones and associated costs in addition
15 to the cost of office phones, as those cell phones are perfectly useful for those employees who
16 must understandably be in the field or on-call for utility business. While Staff does allow cell
17 phone and internet reimbursement for small utilities, that is a different situation than for larger
18 utilities. In the situation of a small utility, there is typically one or a few employees that must
19 take care of all of the aspects of utility business. Reimbursement makes sense in that situation
20 as there are fewer employees to be reimbursed and more of those employee's time may be out
21 of the office or the cost would outweigh the benefit for the utility to employ a call center service

¹⁶ See Schedule AS-s4.

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1 for customers. As a utility grows larger, the benefit may start to outweigh the cost. There is
2 no need for all employees to be “on-call.” Rather than trying to track business versus
3 personal calls and data use by each employee, in order to be reimbursed, company cell phones
4 should be purchased and those phones can be considered plant in service while the monthly
5 charge is expensed, as the phones are used for company business. There are many benefits
6 to this method: CSWR would be able to monitor the employees fielding calls after hours in
7 order to minimize any overtime hours. Employee cost reimbursement is not consistent every
8 month so CSWR would be able to maintain a consistent level of expense that are more
9 predictable for budgeting purposes. This also keeps control over the number of employees as
10 well as what employee positions are allowed to be reached during or after business hours. This
11 should be less work intensive for the utility as supporting documentation separating personal
12 and business minutes and data for each employee reimbursement does not need to be
13 maintained. Only the invoices for phone service and supporting documentation for the
14 phones would need to be retained. As Mr. Cox has stated numerous times in his Rebuttal
15 testimony, the Company continues to grow and this could provide a more efficient process and
16 reduce office work as the phone service invoices are already being processed. This cuts out the
17 processing of determining the amount to be reimbursed. In addition, as Ms. O’Reilly points
18 out, using company cell phones would allow employees to access email, internet and text
19 messages the same as a personal cell phone that would necessitate seeking reimbursement.

20 Q. What portion of the cost did Staff include in the cost of service in regards to cell
21 phone and home internet costs?

22 A. CSWR currently owns three cell phones, which are paid for directly to AT&T.
23 Employees who travel or who’s job duties require that employee to be reachable at all times

Surrebuttal Testimony of
Ashley Sarver

1 need a communication source and should be utilizing these cell phones. Staff did not include
2 expenses for home internet. Internet that is utilized in the office is a necessary business expense,
3 however reimbursing amounts for home internet is not necessary when cell phones allow for
4 internet access and the office is always available for more involved work.

5 Q. Are these three cell phones mentioned above assigned to an employee?

6 A. One phone is assigned to Jonathan Meany, Engineering Regulatory Manager
7 and the other two phones are not assigned to a specific employee, but rather they are located in
8 a storeroom at CSWR's corporate office.¹⁷

9 Q. How many times did an employee use the two cell phones that were not assigned
10 to a specific employee?

11 A. Staff reviewed phone bills from January 2022 through January 2023. The
12 two cell phones that are assigned generally to CSWR did not show use of minutes, data, and
13 text activity from the bills that were provided for that period.

14 Q. What does Staff recommend for cell phone and internet reimbursement?

15 A. Staff recommends the Commission allow the cost of three cell phones and
16 associated expense paid by AT&T, office communications costs and disallow cell phone
17 and home internet reimbursements. If CSWR follows the method recommended by Staff
18 moving forward, those costs can be allocated to the individual states and affiliates by general
19 allocation or, even better, by the timesheet reflecting the actual time spent on any given
20 state, affiliate or activity by each employee assigned a cell phone. This is another indirect
21 benefit to timesheet maintenance.

¹⁷ See Schedule AS-s5, Staff's Data Request No. 0245.1

Surrebuttal Testimony of
Ashley Sarver

1 Q. On page 9 lines 2 through 7 of Ms. O'Reilly's Rebuttal testimony she attempts
2 to portray that Staff is treating Confluence cell phone and internet expense differently than what
3 occurs for Commission employees through the State of Missouri. Is Ms. O'Reilly correct in
4 her assessment of the situation for Commission employees?

5 A. Ms. O'Reilly is correct in that only a certain number of employees are issued
6 cell phones, in addition to their office phone, in order to be reachable and on call when needed,
7 whether that is during or after business hours. However, this situation is not for all agency
8 employees but limited to those in which it is necessary to complete agency business; but there
9 is no reimbursement policy. Staff is proposing Confluence use the method that Commission
10 Staff is currently using: Cell phones are issued for business to certain necessary employees and
11 those are considered costs incurred by the business. This is not an inconsistent treatment but
12 rather consistent treatment. In regards to internet costs, Commission employees have the ability
13 to request remote work, in which they are required to have internet access, however that request
14 must be approved by upper management and no home internet cost is reimbursed or paid as
15 compensation to the employee. That cost is borne by the employee. This is because remote
16 work is not required and is considered a privilege and at the employee's election.

17 Q. Does this conclude your surrebuttal testimony?

18 A. Yes it does.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of Confluence Rivers Utility)
Operating Company, Inc.'s Request for) Case No. WR-2023-0006
Authority to Implement a General Rate)
Increase for Water Service and Sewer)
Service Provided in Missouri Service Areas)

AFFIDAVIT OF ASHLEY SARVER

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW ASHLEY SARVER on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Surrebuttal Testimony of Ashley Sarver*; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.



ASHLEY SARVER

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 17th day of July 2023.

D. SUZIE MANKIN
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: April 04, 2025
Commission Number: 12412070



Notary Public

Missouri Public Service Commission

Respond Data Request

Data Request No.	0081.3
Company Name	Confluence Rivers Utility Operating Company, Inc.-(Water)
Case/Tracking No.	WR-2023-0006
Date Requested	6/16/2023
Issue	Expense - Payroll
Requested From	Aaron Silas
Requested By	Travis Pringle
Brief Description	Salary Guide
Description	Please reference Confluence River's response to data request No. 0081 on 2/14/2023, specifically the attached file "dr 81-6 – adecco admin confidential.pdf". 1. Does the compensation study labeled "dr 81-6 –adecco admin confidential.pdf" reflect nationwide salaries or regional salaries such as the Midwest or St. Louis? If national, please explain in detail how these salaries are adjusted for regional cost of living, utility industry standards, specialized training and any other adjustment that CSWR takes into account when setting salaries for its employees. 2. List and explain in detail, including any calculations or other supporting documentation, as to how CSWR determined each of their employee's salaries based on the provided compensation study and each type of adjustment made to that base salary. 3. For each CSWR employee, please cite the position and on what page in the compensation study this position is that was utilized to determine that employee's base salary. Please list whether the salary is based on low, medium, or high experience as listed in the study and list and explain in detail all adjustments that were applied to each salary e.g. regional cost of living, consumer price index, special qualifications/training/education, etc. Requested by: Ashley Sarver (Ashley.Sarver@psc.mo.gov)
Response	1.) The referenced file reflects nationwide salaries. This report is used as a reference for salary ranges and it is not relied upon as the definitive source of information to set salaries. Therefore, no adjustments are specifically calculated for region, industry, or training. However, these items could come into play as a salary negotiation is undertaken. 2.) The provided salary guide is a guide used to determine ranges. It is not a definitive resource. No further calculations were used to determine adjustments from the amounts listed in the salary guide. 3.) Please see the attachment entitled "DR 81-3.3 - Positions per Adecco Resource.xlsx" for the requested information.
Objections	NA

The attached information provided to **Missouri Public Service Commission** Staff in response to the above data information request is accurate and complete, and contains no material misrepresentations or omissions, based upon present facts of which the undersigned has knowledge, information or belief. The undersigned agrees to immediately inform the **Missouri Public Service Commission** if, during the pendency of Case No. **WR-2023-0006** before the Commission, any matters are discovered which would materially affect the accuracy or completeness of the attached information. If these data are voluminous, please (1) identify the relevant documents and their location (2) make arrangements with requestor to have documents available for inspection in the **Confluence Rivers Utility Operating Company, Inc.-(Water)** office, or other location mutually agreeable. Where identification of a document is requested, briefly describe the document (e.g. book, letter, memorandum, report)

and state the following information as applicable for the particular document: name, title number, author, date of publication and publisher, addresses, date written, and the name and address of the person(s) having possession of the document. As used in this data request the term "document(s)" includes publication of any format, workpapers, letters, memoranda, notes, reports, analyses, computer analyses, test results, studies or data, recordings, transcriptions and printed, typed or written materials of every kind in your possession, custody or control or within your knowledge. The pronoun "you" or "your" refers to **Confluence Rivers Utility Operating Company, Inc.-(Water)** and its employees, contractors, agents or others employed by or acting in its behalf.

Security : Public
Rationale : NA

SCHEDULE AS-s2

HAS BEEN DEEMED

CONFIDENTIAL

IN ITS ENTIRETY

SCHEDULE AS-s3

HAS BEEN DEEMED

CONFIDENTIAL

IN ITS ENTIRETY

SCHEDULE AS-s4

HAS BEEN DEEMED

CONFIDENTIAL

IN ITS ENTIRETY

Missouri Public Service Commission

Respond Data Request

Data Request No.	0245.1
Company Name	Confluence Rivers Utility Operating Company, Inc.-(Water)
Case/Tracking No.	WR-2023-0006
Date Requested	7/5/2023
Issue	General Information & Miscellaneous - Other General Info & Misc.
Requested From	Aaron Silas
Requested By	Travis Pringle
Brief Description	Cell Phones
Description	1. In regard to the three cell phone numbers included in the response to Staff data request no. 0245, provide the names and positions of the employee(s) who are assigned to each of the cell phones listed, especially those labeled "Central States Water Resources". 2. If no specific employee is assigned, please explain who uses them. 3. Where are the cell phones located? 4. Can any employee use them? 5. Please describe and/or provide a copy of the policy or procedure related to these company cell phones. DR requested by: Ashley Sarver (Ashley.Sarver@psc.mo.gov)
Response	1. Jonathan Meany, Engineering Regulatory Manager, is the only employee currently assigned a Company cell phone. No other specific employees are assigned. 2. Please see the Company's response to subpart 1. The other cell phones are unused. 3. One cell phone is in the possession of Jonathan Meany, Engineering Regulatory Manager. The other cell phones are currently located in a storeroom at CSWR corporate offices. 4. No. 5. No written policy exists with regard to the use of these Company cell phones.
Objections	NA

The attached information provided to **Missouri Public Service Commission** Staff in response to the above data information request is accurate and complete, and contains no material misrepresentations or omissions, based upon present facts of which the undersigned has knowledge, information or belief. The undersigned agrees to immediately inform the **Missouri Public Service Commission** if, during the pendency of Case No. **WR-2023-0006** before the Commission, any matters are discovered which would materially affect the accuracy or completeness of the attached information. If these data are voluminous, please (1) identify the relevant documents and their location (2) make arrangements with requestor to have documents available for inspection in the **Confluence Rivers Utility Operating Company, Inc.-(Water)** office, or other location mutually agreeable. Where identification of a document is requested, briefly describe the document (e.g. book, letter, memorandum, report) and state the following information as applicable for the particular document: name, title number, author, date of publication and publisher, addresses, date written, and the name and address of the person(s) having possession of the document. As used in this data request the term "document(s)" includes publication of any format, workpapers, letters, memoranda, notes, reports, analyses, computer analyses, test results, studies or data, recordings, transcriptions and printed, typed or written materials of every kind in your possession, custody or control or within your knowledge. The pronoun "you" or "your" refers to **Confluence Rivers Utility Operating Company, Inc.-(Water)** and its employees, contractors, agents or others employed by or acting in its behalf.

Security :	Public
Rationale :	NA