

Exhibit No.
Issue: Company Background, Connection
Charges, Rate Case Expense
Witness: Mark E. Geisinger
Type of Exhibit: Direct Testimony
Sponsoring Party: Central Rivers
Case No. SR-2014-0247

Missouri Public Service Commission

Direct Testimony

of

Mark E. Geisinger

On Behalf of

Central Rivers Wastewater Utility, Inc.

TABLE OF CONTENTS

WITNESS INTRODUCTION.....1

BACKGROUND.....3

PURPOSE.....4

CENTRAL RIVERS.....4

CONNECTION CHARGES.....5

STEP OR STEG UNIT
INSTALLATIONS.....11

RATE CASE EXPENSE.....13

DIRECT TESTIMONY
OF
MARK E. GEISINGER
CENTRAL RIVERS WASTEWATER UTILITY, INC.
BEFORE THE
MISSOURI PUBLIC SERVICE COMMISSION

1 **WITNESS INTRODUCTION**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Mark E. Geisinger. My business address is 10040 Rock Falls Road,
4 Orrick, Missouri 64077.

5

6 **Q. WHAT IS YOUR POSITION WITH CENTRAL RIVERS WASTEWATER
7 UTILITY, INC. (CENTRAL RIVERS)?**

8 A. I hold the office of President of Central Rivers and I am a member of its Board of
9 Directors.

10

11 **Q. HOW LONG HAVE YOU BEEN ASSOCIATED WITH CENTRAL RIVERS?**

12 A. I have been a part of Central Rivers since its creation in December of 1997.

13

14 **Q. PLEASE DESCRIBE YOUR EDUCATION, TRAINING, LICENSES, AND
15 EXPERIENCE.**

16 A. I have completed the following education and training:

- 17
 - High School graduate
- 18
 - Licensed Onsite Wastewater

- 1 • Licensed Master Plumber
- 2 • Licensed Real Estate Broker
- 3 • Class A Licensed Wastewater Operator
- 4 • Operator-skilled in all aspects of excavation and underground utilities
- 5 • Estimator and Project Manager- multiple schools, hospitals (redesign and
- 6 retro fit Colorado Springs Air Force Academy Hospital), office buildings,
- 7 fitness centers and homes
- 8 • Field supervision of Mechanical production- projects ranging from city
- 9 center square parking garage and office towers, North Kansas City
- 10 Hospital, Truman Medical Center, Excelsior Springs High school, Multiple
- 11 apartment complexes, 100's of homes
- 12 • Owner of successful public utility holding certificates of convenience from
- 13 the Missouri Public Service Commission, discharge permits from the
- 14 Missouri Department of Natural Resources, and an approved tariff, with 7
- 15 treatment facilities and approximately 280 customers.

16

17 **Q. PLEASE DESCRIBE YOUR BUSINESS EXPERIENCE**

18 A. I was a journeyman plumber with Robertson Plumbing 1978-1984. Thereafter, I
19 was a Field Superintendent for Allstate Mechanical from 1984-1992, and for
20 Tabor Chalmers from 1992-1996. While in those positions, I worked on many
21 projects, to include the following: Apartment Superintendent; Underground
22 utilities-field superintendent; Research Hospital-field superintendent; North
23 Kansas City Hospital-field superintendent; Truman Medical Center-field

1 superintendent; Excelsior Springs High school-field superintendent; Lee Summit
2 Middle School Colbern Road-Job foreman; and, Job foreman for five Kansas City
3 school additions.

4 Since 1996, I have owned and managed a variety of construction companies.
5

6 **Q. WHAT EXPERIENCE DO YOU HAVE OPERATING SEWER SYSTEMS AND**
7 **UTILITIES?**

8 A. I have owned and managed Central Rivers Wastewater Utility, Inc. from 1996 to
9 today. As mentioned above, this Company now has seven (7) wastewater
10 treatment facilities serving approximately 280 customers. Creation of this entity
11 required the coordination of engineers and lawyers to plan the systems, request
12 certificates of convenience, and file and maintain the tariff. The ongoing
13 operations requires public meetings with planning and zoning boards of various
14 counties, and the design, build and operations of the wastewater treatment
15 facilities.
16

17 **BACKGROUND**

18 **Q. HAS CENTRAL RIVERS BEEN ABLE TO REACH AGREEMENT IN REGARD**
19 **TO ANY RATE CASE ISSUES?**

20 A. Yes. On October 7, 2014, the Staff of the Public Service Commission filed a
21 Partial Disposition Agreement, which I had executed on behalf of Central Rivers.
22 The Partial Disposition Agreement encompasses a great many rate case issues.
23

1 **Q. IS IT YOUR UNDERSTANDING THAT THE STAFF WILL FILE DIRECT**
2 **TESTIMONY IN SUPPORT OF THAT PARTIAL DISPOSITION AGREEMENT?**

3 A. Yes.

4

5

PURPOSE

6 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?**

7 A. I will provide testimony concerning issues upon which Central Rivers was not
8 able to reach agreement with the Staff. Those issues are as follows: (1) the
9 amount of the connection fee to be included in the tariff going forward; (2)
10 whether parties other than those approved by Central Rivers should be allowed
11 to install the septic tank effluent pump (STEP) or septic tank effluent gravity
12 (STEG) systems; and, (3) appropriate rate case expense.

13

14

CENTRAL RIVERS

15 **Q. PLEASE DESCRIBE CENTRAL RIVERS.**

16 A. Central Rivers provides sewer service to approximately 280 customers in Ray,
17 Clay, and Clinton Counties, pursuant to certificates of convenience and necessity
18 previously granted by the Commission. Central Rivers is a "sewer corporation"
19 and a "public utility" as those terms are defined in Section 386.020, RSMo.

20

21 **Q. HOW MANY SEWER SYSTEMS DOES CENTRAL RIVERS OWN AND**
22 **OPERATE?**

1 A. Central Rivers operates seven sewer systems. These systems, and the number
2 of customers in each, are as follows:

3 Berkshire Glen – Kearney, MO, Clay County — 30 customers;
4 Country Hill Estates – Cameron, MO, Clinton County — 9 customers;
5 Countryside Meadows – Richmond, MO, Ray County — 7 customers;
6 Fox Run – Kearney, MO, Clay County — 40 customers;
7 Bar-B Acres/Park Estates – Kearney, MO, Clay County — 46 customers;
8 Private Gardens – Kearney, MO, Clay County — 45 customers; and,
9 Wilmar – Liberty, MO, Clay County — 64 customers.

10

11 **Q. HAS CENTRAL RIVERS PREVIOUSLY BEEN THROUGH A RATE CASE?**

12 A. No. Central Rivers' current rates were established with the original filing of its
13 sewer tariff.

14

15 **CONNECTION CHARGES**

16 **Q. WHAT IS REQUIRED FOR A NEW CUSTOMER TO CONNECT TO THE**
17 **CENTRAL RIVERS' SYSTEMS?**

18 A. Central Rivers' customers not on a conventional gravity collection system
19 must have a septic tank effluent pump (STEP) or septic tank effluent
20 gravity (STEG) unit installed. The specifications for those units are
21 described in Central Rivers' tariff (Sheets 29-30).

22

23 **Q. WHAT ARE STEP UNITS?**

24 A. The STEP unit is a self-contained 1500 gallon digester tank which provides 3 day
25 detention for treatment and a pump unit with filter, owned by the customer,
26 consisting of a tank which allows partial treatment of the sewage and retains

1 solids, and an electric pump with filter that pumps the partially treated wastewater
2 to the collecting sewers under pressure.

3

4 **Q. WHERE ARE THESE UNITS UTILIZED?**

5 A. The STEP units are required for customers on pressure sewers (as
6 opposed to conventional gravity flow systems). Pressure sewers are
7 generally used in sparsely populated areas in which conventional
8 collection systems would be too expensive.

9

10 **Q. ARE ANY OF CENTRAL RIVERS' SYSTEMS GRAVITY FLOW**
11 **SYSTEMS?**

12 A. Only a small part of the Bar-B Acres/Park Estates service area.

13

14 **Q. WHAT DOES CENTRAL RIVERS' TARIFF INDICATE IN REGARD TO**
15 **THE COST OF SUCH INSTALLATIONS?**

16 A. Sheet 14 (Connection Charges) indicates as follows:

17 All single family residential customers utilizing a STEP system that the company
18 will maintain shall pay a onetime \$4,500.00 connection charge for three bedroom
19 and smaller homes and \$4,800 for four bedroom and larger homes when making
20 application for service. This charge is inclusive of all accessories and inspections
21 as hereinafter referenced. All non-residential or multi-family service connection
22 charges shall be at actual cost incurred by the Company in accordance with
23 Rules 10 and 11. The Company shall have sole discretionary authority to decide
24 who may install equipment and will provide a letter to any person, company,
25 incorporation or other business entity that has the authority to install equipment
26 that will ultimately be operated and maintained by Company. Upon request that
27 person, company, incorporation or other business entity shall produce a letter
28 stating in writing that they are so granted authority to install equipment that will
29 ultimately be operated and maintained by Company and if so unable to produce

1 said letter, that entity or person shall not install any equipment to be ultimately
2 operated and maintained by company.
3

4 This charge does include: Cost for connecting the home to the sewer main. This
5 includes any and all costs associated with the following: watertight septic tank,
6 post construction testing of tank and system, pump or pumps, effluent filters,
7 electrical control panel, splice box and wiring from control panel to septic tank,
8 wiring from stubbed out electrical service at customer home to control panel (see
9 Rule No. 6), 4" SCH 40 (or equal) piping from single family residence to septic
10 tank up to 120 linear feet, 1" SCH 40 (or equal) piping from septic tank to main
11 collection systems line up to 800 linear feet, risers and lids, service connection
12 valves and appurtenances, inspections.
13

14 This charge does not include: any surveying to determine actual location of
15 easements or property lines for customer, any electrical service beyond
16 connecting to a 30 amp dedicated circuit and another minimum 20 amp circuit
17 that need not be a dedicated circuit (minimum two separate circuits, see Rule 6)
18 single phase electrical connection stubbed by customer to exterior of house, any
19 plumbing closer than 5' of customer's building or residence,
20

21 Connection charges for STEG and Gravity collection systems will be based on
22 actual costs as allowed by the Missouri Public Service Commission. The cost for
23 a connection charge to a STEG or Gravity flow collection system will be stated in
24 the Company's Tariff when data is obtained to present a reasonably accurate
25 cost.
26

27 **Q. DO YOU PROPOSE ANY CHANGES TO THE CONNECTION CHARGE FOR**
28 **THE STEP UNIT?**

29 A. Yes. I propose that the connection charge be increased to a onetime
30 \$6,000.00 connection charge for each home.
31

32 **Q. WHY DO YOU BELIEVE THE CONNECTION CHARGES SHOULD**
33 **INCREASE?**

34 A. These connection charges became effective in March of 2000 -- almost fifteen
35 years ago. During the passage of these many years, both equipment and labor

1 costs have increased. The connection charges found in the tariff no longer
2 represent the cost of such installations.

3

4 **Q. WHAT COSTS DOES CENTRAL RIVERS INCUR WHEN STEP UNITS ARE**
5 **INSTALLED?**

6 A. \$6,000.00. The costs are itemized as follows:

7 **STEP System Installation & Connection to Sewer Main – Price Breakdown**
8

<u>Material</u>	<u>Price</u>
1500 Gallon Concrete Tank	980.00
Riser Lid	45.00
2 -24x12 Risers	60.00
Riser Plate	24.00
Electrical Splice Box	55.00
Control Panel	325.00
11/4" Grommet	4.10
Control Float	48.00
Alarm Float	48.00
Pump Vault	485.00
Effluent Pump	427.50
10' of 3/4" Conduit	1.99
2: 3/4" Conduit Male Adapters/wlock,3/4" LB	8.55
40' of 4" PVC Pipe	82.00
1: 4" Cap	6.27
1: 4" Wye	12.46
1: 4" Cleanout w/Cap	6.27
3: 4" 45's	17.15
220' of 11/4" PVC Pipe	114.40
20' of 1" PVC pipe	7.80
5: 1" 90's	2.58
1: 1" Ball Valve	16.40
1: 1" Check Valve	14.39
1: 1" Union	2.96
1 1/4" x 1" Bushing	1.74
3x1 1/2 Tapping Saddle	83.64
10' of 6" Riser Pipe	28.20
1- 6"valve box sewer lid	39.36

80' of 12/3 Direct Bury Wire	79.20
80' of 14/3 Direct Bury Wire	47.20
Glue	9.09
Subtotal	3083.25
Tax	245.89
Total Materials	3329.14

1

Labor	Fee
Mobilization Fee	225.00
Locates & Office Support (1 Hrs @ \$35/Hr)	91.36
Plumber & Operator – Installation (16 Hrs @ \$60/Hr)	720.00
Backhoe (10 Hrs @ \$85/Hr)	850.00
Start Up (2 Hrs @ \$60/Hr)	120.00
Total Labor	2246.36

2

Materials	3329.14
Labor	2246.36
Gravel for bedding	399.50
Fuel Surcharge	25.00
GRAND TOTAL	\$6000.00

3

4

5 **Q. WHO CURRENTLY PERFORMS THIS WORK FOR CENTRAL RIVERS?**

6 A. Construction Services & Management, LLC.

7

8 **Q. DO YOU HAVE ANY INVOLVEMENT IN CONSTRUCTION SERVICES &**
9 **MANAGEMENT, LLC?**

1 A. Yes. I own Construction Services & Management, LLC.

2

3 **Q. WHAT BUSINESS DOES CONSTRUCTION SERVICES & MANAGEMENT,**
4 **LLC CONDUCT?**

5 A. It installs underground utilities for various customers, including residential grinder
6 pumps and STEP systems. It also performs service work for wastewater and
7 water facilities and grinder pumps and constructs commercial and residential
8 projects from planning stages to finished homes and business facilities.

9

10 **Q. DOES CONSTRUCTION SERVICES & MANAGEMENT, LLC HAVE**
11 **EMPLOYEES AND OWN OR LEASE ITS OWN EQUIPMENT?**

12 A. Yes. It has six employees and owns or leases equipment worth approximately
13 \$400,000.00.

14

15 **Q. COULD CENTRAL RIVERS SUPPORT THESE EMPLOYEES OR**
16 **EQUIPMENT?**

17 A. No. Central Rivers does not have the revenues necessary to maintain these
18 types of assets.

19

20 **Q. HAVE YOU COMPARED THE COST FOR CONSTRUCTION SERVICES &**
21 **MANAGEMENT, LLC TO PERFORM THE STEP INSTALLATIONS WITH**
22 **WHAT OTHER COMPANIES WOULD CHARGE?**

23 A. Yes. I sought bids for this work from three companies.

1

2 **Q. WHAT BIDS DID YOU RECEIVE?**

3 A. The bids ranged from \$6,300.00 to \$6,700.00. Attached to my testimony as
4 **Schedule MEG-1** are copies of those bids.

5

6 **Q. ARE YOU AFFILIATED WITH ANY OF THE COMPANIES THAT PROVIDED
7 BIDS?**

8 A. No.

9

10 **Q. IF CENTRAL RIVERS ATTEMPTED TO DO THIS WORK ITSELF, DO YOU
11 BELIEVE THE COST PER INSTALLATION WOULD BE LESS THAN, OR
12 GREATER THAN, WHAT IS BEING CHARGED BY CONSTRUCTION
13 SERVICES & MANAGEMENT, LLC OR THE COMPANIES THAT PROVIDED
14 BIDS?**

15 A. It would be greater.

16

17 **Q. WHY?**

18 A. The cost to maintain the work force, equipment, and tools on daily basis would
19 be much higher than contracting for the services on an as-needed basis.

20

21 **INSTALLATION OF STEP & STEG SYSTEMS**

22 **Q. SHOULD CENTRAL RIVERS CONTINUE TO HAVE SOLE DISCRETION AS
23 TO WHO MAY INSTALL STEP OR STEG UNITS?**

1 A. Yes. This is extremely important from an operational and environmental
2 view point.

3

4 **Q. IF THE CUSTOMERS WERE INSTEAD GIVEN THE ABILITY TO**
5 **INSTALL THE SYSTEMS THEMSELVES, WOULD TARIFF CHANGES**
6 **BE NECESSARY TO ADDRESS THE REQUIREMENTS FOR THE**
7 **SYSTEMS?**

8 A. Yes.

9

10 **Q. WHAT TYPES OF PROVISIONS WOULD HAVE TO BE ADDED TO THE**
11 **TARIFF?**

12 A. The tariff would have to be modified to provide detailed specifications as
13 to the type and quality of materials used, and a process for determining
14 the location of the systems. Additionally, there would need to be
15 requirements for Company inspection of the materials prior to installation,
16 inspection of the system after installation, a provision for the Company to
17 tap the sewer main, and observation of the startup of the system. Each of
18 these activities would have a cost to the Company. Thus, I believe a
19 charge would need to be established and included in the tariff for each of
20 these activities.

21

22 **Q. WHAT IS THE IMPORTANCE OF THESE TYPES OF PROVISIONS?**

1 A. First, these systems must be built of quality materials that are properly
2 installed in order for them to function properly. Second, consistency in the
3 materials used, particularly the pumps and filters, is important for the
4 Company in that it is responsible for the operation and maintenance of the
5 systems. Third, it is absolutely critical for the Company to be in direct
6 control of making the service taps to its mains.
7

8 **RATE CASE EXPENSE**

9 **Q. DOES CENTRAL RIVERS HAVE ANY EMPLOYEES?**

10 A. No.
11

12 **Q. HOW DOES CENTRAL RIVERS PROVIDE SERVICES?**

13 A. Central Rivers contracts with Construction Services & Management, LLC
14 to provide those services. Attached as **Schedule MEG-2** are copies of
15 the contracts for those services that have been effect during this rate
16 case.
17

18 **Q. DOES THIS INCLUDE RATE CASE ACTIVITIES?**

19 A. Yes.
20

21 **Q. WHAT COSTS HAVE BEEN INCURRED BY CENTRAL RIVERS IN THE**
22 **PROCESSING OF THIS RATE CASE?**

1 A. Attached as **Schedule MEG-3** are invoices that include the identity of persons
2 who have spent time on this rate case, the work performed, the date work was
3 performed, the amount of time spent, and the hourly rate.
4

5 **Q. IS THIS THE TYPE OF WORK THAT WAS INCLUDED IN THE INVOICES**
6 **STAFF REVIEWED FOR PURPOSES OF ESTABLISHING OPERATIONS**
7 **EXPENSES?**

8 A. No. The rate case work is in addition to the work related to the normal
9 operations of the Company and has been recorded separately from that work.
10

11 **Q. DID CENTRAL RIVERS HAVE OTHER RATE CASE EXPENSE THAT HAS**
12 **NOT BEEN CONSIDERED BY THE STAFF?**

13 A. Yes. Central Rivers incurred expenses associated with the mailing of local public
14 hearing notices. Central Rivers mailed to the customers a postcard with date,
15 time, and place information immediately after the local public hearing order was
16 issued. Central Rivers later mailed to the customers a more expanded notice
17 that included background information, proposed rates, instructions for providing
18 comments in EFIS, and contact information for both the Staff and the Office of
19 the Public Counsel. Attached as **Schedule MEG-4** is an invoice identifying the
20 expenses associated with these notices.
21

22 **Q. HAVE YOU INCURRED ANY ATTORNEYS FEES ASSOCIATED WITH THIS**
23 **CASE?**

1 A. We previously consulted with Dean Cooper of Brydon, Swearingen & England,
2 P.C. concerning this case. Copies of invoices associated with those
3 consultations are attached as **Schedule MEG-5HC**. Central Rivers has since
4 engaged Mr. Cooper to represent it in this rate case as it moves forward.
5 Accordingly, I would expect to receive additional invoices. We will provide those
6 invoices to Staff and the Office of the Public Counsel as they are received.

7

8 **Q. HAVE YOU INCURRED ANY REGULATORY CONSULTANT FEES**
9 **ASSOCIATED WITH THIS CASE?**

10 A. We previously consulted with Dale Johansen of Johansen Consulting Services,
11 LLC concerning this case. Copies of invoices associated with those
12 consultations are attached as **Schedule MEG-6HC**. I would expect to receive
13 additional invoices from Johansen Consulting as this case moves forward. We
14 will provide those invoices to Staff and the Office of the Public Counsel as they
15 are received.

16

17 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

18 A. Yes, it does.