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*Witness:* Bret G. Prenger  
*Sponsoring Party:* MoPSC Staff  
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**MISSOURI PUBLIC SERVICE COMMISSION**  
**UTILITY SERVICES DIVISION**

**SURREBUTTAL TESTIMONY**  
**OF**  
**BRET G. PRENGER**

**TIMBER CREEK SEWER COMPANY**  
**FILE NO. SR-2010-0320**

*Jefferson City, MO*  
*December, 2010*

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**BRET G. PRENGER**  
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**PAYROLL**

Q. What are the differences in payroll between the parties?

A. The following table identifies the various positions regarding payroll in this case:

Job Position	Timber Creek	Public Counsel	Staff
General Manager	\$94,529	\$52,768	\$76,862 includes 6% increase
Office Manager	\$41,559 plus \$3,000 overtime, or total of \$44,559	\$32,650 with no overtime	\$41,559 includes 3% increase
Operations Manager	\$78,660	\$59,258	\$81,020 includes 3% increase
System Operator	\$49,290 plus \$7,000 overtime, or a total of \$56,290	\$45,867 with no overtime	\$39,000 plus \$7,000 overtime, or total of \$46,000
<b>Total Payroll</b>	<b>\$274,038</b>	<b>\$190,543</b>	<b>\$245,441</b>
	Sherry Direct page 8 and Rebuttal pages 3 & 4	Robertson Rebuttal page 12	Prenger Rebuttal Schedule 1

After review of the other parties direct and rebuttal testimonies and the related supporting attached schedules, as well as their work papers, Staff continues to have the most reasonable approach to payroll in this case. Staff supports the level of payroll identified above and in the direct, rebuttal and this surrebuttal testimonies presented on the area of payroll and payroll related costs.

I will address specific job positions in this surrebuttal based on the Rebuttal Testimony filed by Timber Creek and Public Counsel on December 21, 2010.

Surrebuttal Testimony of  
Bret G. Prenger

1 Q. What job positions does Timber Creek employ?

2 A. The Company has four positions: a President and General Manager  
3 (General Manager), Office Manager, Plant Operations Manager (Operations Manager) and  
4 Plant and Collection System Operator (System Operator).

5 Q. What level of salaries did the Company pay its four employees?

6 A. Timber Creek is currently paying the following amounts to its employees  
7 compared to Staff proposed levels:

	<b>Current Salary</b>	<b>Staff Proposed</b>	<b>Dollar Increase</b>	<b>% of Salary Increase</b>
8 General Manager	\$72,450	\$76,862	\$4,412	6%
9 Office Manager	\$40,349	\$41,559	\$1,210	3%
10 Operations Manager	\$78,660	\$81,020	\$2,360	3%
11 System Operator	\$40,980	\$46,000 with overtime	\$5,020	12.2%

12  
13  
14  
15 Q. Is the Company taking the filing of its rate case as an opportunity to  
16 significantly increase its payroll?

17 A. Yes. While the Company could have increased its salaries prior to the rate  
18 case, it chose to propose much higher salaries only in the context of this case. If  
19 Timber Creek actually believed its employees' salaries were substantially below market  
20 values, in particular to the point it was going to lose valuable and experienced workers that it  
21 believes are necessary to retain, such as the General Manager, then the responsible thing to  
22 do would have been to grant salary increases regardless of the timing of a rate case.  
23 Company's grant payroll increases regularly whether they have rate case filings before the  
24 Commission. In fact, the analysis performed by Staff witness V. William (Bill) Harris in his

1 Rebuttal Testimony indicated that the Company had sufficient cash flow to grant salary  
2 increases to its employees if that's what it believed was necessary to retain employees  
3 deemed to be necessary to operate the sewer company in a safe and reliable matter.  
4 However, that was not done.

5 In fact, at no time during the course of the audit did Timber Creek indicate its  
6 employees were either underpaid, required sizable increases or needed the payment of  
7 overtime, which would require payment in excess of \$10,000 to two of its employees.  
8 Instead, overtime was brought up only in response to a Staff recommendation to have all  
9 Timber Creek employees keep and maintain job time reporting, a standard practice at utilities  
10 of all types and sizes.

11 Q. Does Staff agree with Mr. Sherry's statements on pages 1-2 of his  
12 Rebuttal Testimony that "Staff believes Timber Creek has only increased salaries 3% from  
13 2007 to present...?"

14 A. No. Staff doesn't believe the Company has increased salaries only 3% from  
15 2007 to present. A payroll analysis is attached as schedule 2 that identifies the actual payroll  
16 for each employee and all increases from 2007 to present [source: September 17, 2010  
17 e-mail, schedule 3, with Mr. Sherry regarding starting and ending pay from 2007 to current].  
18 Mr. Sherry states in his Rebuttal Testimony, page 2, that Staff witness Prenger states,  
19 "Timber Creek has only increased salaries 3% from 2007 to present..." However; after  
20 reviewing my Direct Testimony, I stated the employees haven't received an increase since  
21 2008, and while Staff included a 3.5% increase in the last case, it was believed that the  
22 Company included only a 3% increase in 2007, not 3.5%, as shown based on information  
23 identified in schedules 2 and 3. Mr. Sherry has attached payroll stubs to prove he did indeed

1 grant the 3.5% increase in 2007, and Staff is no longer disputing that fact. However, again  
2 worth noting is that Staff witness Prenger mentioned nothing of receiving only a 3% from  
3 2007 to present in his case, and the information provided in his Direct Testimony was based  
4 upon answers provided by the Company.

5 **Plant and Collection System Operator Position**

6 Q. What is Timber Creek's salary proposal for the position of Plant and  
7 Collection System Operator (System Operator)?

8 A. On page 3 of his Rebuttal Testimony, Mr. Sherry states that the salary "should  
9 be approved for a total of \$56,290" which Staff assumes includes overtime. However, on  
10 page 8, line 4 of his Direct Testimony, Mr. Sherry states the amount "for the position of Plant  
11 and Collection System Operator - \$49,290."

12 Q. Does Staff support the System Operator salary proposed by Timber Creek?

13 A. No. Regardless of the levels proposed by Timber Creek, Staff is opposed to  
14 either of the positions, either the \$49,290 level or the rebuttal position of \$56,290, taken by  
15 the Company regarding the salary for the System Operator.

16 Staff included a level of overtime for the Systems Operator at \$7,000 based on an  
17 amount Timber Creek believes would have been incurred in 2009 if overtime had been paid.  
18 At the same time, Staff believes if this position is an "overtime" position then the base salary  
19 would not be the level currently paid by Timber Creek and therefore, adjusted the salary to a  
20 \$39,000 level. This \$39,000 level is more in line with the market analysis based on the  
21 surveys reviewed by Staff for this job position. Taken together, Staff included a \$46,000  
22 amount [\$39,000 base plus \$7,000 overtime] for the Systems Operator. In any event, Staff  
23 does not believe the Company's proposed level of \$49,290 for this position would warrant an

1 overtime level. This amount is higher than the market surveys indicate. I will also address  
2 the overtime issue later in my surrebuttal testimony.

3 Q. What is the basis for Timber Creek's salary proposal for the System Operator?

4 A. At page 3 of his Rebuttal Testimony, Mr. Sherry claims he used "Staff's own  
5 supporting documentation on payrolls..." as the basis for his \$49,290 salary proposal for this  
6 position. While Mr. Sherry does not provide any more specifics than that statement in his  
7 rebuttal, the information Staff relied on does not support the \$49,290 level. Staff analysis  
8 supported initially a \$42,210 level, which Mr. Sherry references at page 3, line 9 of his  
9 Rebuttal Testimony. However, upon further discussions with the Company, after Staff made  
10 its preliminary findings on the case, Staff revised its position to include overtime for  
11 this position.

12 Q. Did the Company ever pay overtime to its employees?

13 A. No. Based on past rate cases and this one, Timber Creek did not and currently  
14 is not paying overtime to its employees. Mr. Sherry referred to the payment of overtime in  
15 his Direct Testimony at page 9 that it "historically paid all staff on a salary basis as exempt  
16 employees – not eligible for overtime and, consequently, has not required time records."  
17 Overtime only came up when Staff recommended that the Company's employees keep track  
18 of their time—the time reporting issue. It was at this point that Timber Creek expressed a  
19 need to pay its employees overtime. When faced with time reporting requirements,  
20 Mr. Sherry sought an outside opinion regarding the Company's exposure to overtime.

21 Staff met with Mr. Sherry on September 28, 2010 where he informed the Staff the  
22 Company had decided to pay only the System Operator overtime. During this discussion,  
23 Staff made it clear it would include the level of overtime in its case for only the



1 System Operator based on Timber Creek's decision to pay that position overtime. No  
2 discussion took place regarding the Office Manager's need for overtime payment because the  
3 Company did not inform Staff that it planned to pay the Office Manager overtime. Staff also  
4 informed Mr. Sherry during this meeting that based on the view that System Operator would  
5 now be paid overtime, because this position would now be considered "non-exempt" by the  
6 Company then this position would not command the salary level previously thought. Staff  
7 told Mr. Sherry it would revise its proposed salary for the System Operator to a  
8 \$39,000 level.

9 Q. Why did Staff reduce the System Operator salary from the initial \$42,210  
10 level to the \$39,000 amount it now recommends?

11 A. The rationale for reducing the salary for this position to \$39,000 was based on  
12 the same research Staff examined for this position. When analyzing the MERIC database for  
13 this position, an Assistant Operator in the Northwest Missouri Region, at an experienced  
14 level could be expected to earn approximately \$38,000-\$39,000 dollars. Also, the same  
15 position when researched specifically for the "Kansas City" region would earn an entry level  
16 amount of \$30,176 and an experienced amount of \$48,765. The average of these amounts is  
17 \$39,471 (\$30,176 plus \$48,765 divided by 2). Staff justified this amount for the position's  
18 base salary because Staff had accepted Mr. Sherry's proposition to include overtime, thus  
19 increasing the salary for this position and the total amount included for payroll in this case to  
20 a \$46,000 level. Also, consideration was given that the Operations Manager employed by  
21 Timber Creek was at the high end of the market survey. Staff felt the more experienced  
22 Operations Manager would be employed in that position

23 Q. Will the System Operator see an increase in salary?

1           A.     Taking into consideration approximately \$7,000 of overtime that the  
2 Company now says it plans on paying this position, that it claims would have been paid for  
3 overtime work performed using 2009 as the basis, under Staff's proposed base salary of  
4 \$39,000 (total of \$46,000), the System Operator would get a 12% increase to his existing  
5 salary of \$40,980. This would be a significant increase for this individual—far greater than  
6 any other Timber Creek employee. Of course, this salary level is depended on the actual  
7 payment of overtime by the Company and the actual working of overtime for this position. If  
8 Timber Creek does not actually pay overtime for overtime worked or if the individual is not  
9 required to work overtime, the Company will get a wind-fall of \$7,000 or any amount over  
10 the level actually paid. This is the risk Staff has made by its proposed normalized level  
11 of overtime.

12           Q.     Does Staff typically include a normalized level of overtime in rate cases?

13           A.     Yes. However, in these circumstances companies actually pay overtime, so  
14 there are actual overtime costs and hours to examine making it possible to determine an  
15 appropriate level. In this case, Staff has had to rely on the Timber Creek management to  
16 accurately develop a method to account for something that has never been tracked nor  
17 actually paid out. Thus, there is an element of risk that the level included in this case is too  
18 high. In particular, there is a risk because overtime, unlike most costs including the payroll  
19 costs itself is discretionary. The Timber Creek management has total control on the  
20 administration of overtime and how and even if the cost is to be incurred. As such, the  
21 management will control the amount of overtime paid to the System Operator.

22           Q.     Can a situation occur where overtime costs are included in rates but not  
23 paid out?

Surrebuttal Testimony of  
Bret G. Prenger

1           A.     Yes. If management realizes the amount of overtime that is included in rates  
2 is at a certain level, it can "manage" the pay out of overtime to minimize this amount  
3 knowing that the company will collect from customers and retain any excess of this expense  
4 level. That is why it is important to ensure that only the appropriate amounts of costs are  
5 included in the rate structure.

6           Q.     How did the Company determine the \$56,290?

7           A.     Timber Creek essentially added the overtime amount of \$7,000 twice. The  
8 Systems Operator is currently paid \$40,980. Staff originally included a 3% cost of living  
9 increase for this position resulting in a \$42,210 level when it provided its case findings to the  
10 Company in August. Obviously, the Company was aware of the amount Staff included in its  
11 case for the System Operator position. At no time did either the Company or Staff discuss an  
12 amount for this position approaching the \$49,290 level plus overtime. Staff did discuss an  
13 amount of overtime as \$7,000 which Mr. Sherry believed should be added to the \$42,210  
14 amount. What Mr. Sherry has done is taken the \$42,210 level and added \$7,000 of overtime  
15 to arrive at Timber Creek's proposed level recommended in his Direct Testimony (page 8) of  
16 \$49,290 amount (Staff's amount was actually \$42,210 and Mr. Sherry's proposal with the  
17 \$7,000 of overtime should be \$49,210 instead of the \$49,290). In his Rebuttal Testimony,  
18 Mr. Sherry included an additional \$7,000 (assuming for overtime) making the  
19 Systems Operator's salary recommended by Timber Creek \$56,290. Staff believes this  
20 amount is well above the market level for this job position and is opposed to Timber Creek  
21 paying this amount for the Systems Operator. To the base salary of \$49,290, the Company  
22 added \$7,234.83 for overtime (Schedule DS-5, Table 1 attached to Sherry Direct) resulting in  
23 \$56,525 in total payroll for the System Operator's salary.

Surrebuttal Testimony of  
Bret G. Prenger

1 The total Timber Creek's proposed costs for this position are:

2	Salary	\$49,290	
3	Overtime	<u>7,235</u>	(Schedule DS-5 Sherry Direct)
4	<b>Total Compensation</b>		<b>\$56,525</b>
5	Workers' Comp	\$142.02	
6	and Gen Liability	<u>\$46.50</u>	<u>188.52</u> (Sch DS-5 Table 3)
7	<b>Total Payroll</b>		<b>\$56,713.52</b>

8 This amount is slightly higher than the \$56,290 payroll amount Mr. Sherry claims the  
9 Company is seeking in rates for the System Operator.

10 Q. Are the above overtime costs and workers' compensation and general liability  
11 (insurance) costs the only additional costs the Company is seeking in this case?

12 A. No. Timber Creek is requesting a total of \$10,033 (Sherry Direct, page 10)  
13 additional costs for overtime and insurance costs. This amount is primarily the costs for the  
14 System Operator discussed above but the costs also contain overtime and insurance for  
15 another position—the Office Manager as follows:

16 **Overtime**

17	System Operator	\$7,234.83	(DS-5 Table 1)
18	Office Manager	<u>2,604.45</u>	(DS-5 Table 2)
19	<b>Total overtime</b>		<b>\$9,839.28</b>
20	Workers' Comp		
21	System Operator	\$142.02	
22	Office Manager	<u>5.56</u>	
23	<b>Total</b>		<b>\$147.58</b>
24	General Liability Insurance		
25	System Operator	\$46.50	
26	<b>Total overtime &amp; insurance</b>		<b>\$10,033.36 (Sherry Direct, page 16)</b>

Surrebuttal Testimony of  
Bret G. Prenger

1 This \$10,033 amount represents the actual overtime and insurance Timber Creek is  
2 requesting (page 16 of Sherry Direct) in addition to the total payroll amount for  
3 System Operator of \$49,290 and Office Manager of \$43,263.

4 Total Payroll for

5 System Operator \$49,290 (Sherry Direct, page 8)

6 Office Manager \$43,263

7 Total payroll \$92,553

8 Total overtime &  
9 Insurance \$10,033

10 **Total Payroll Costs \$102,586**

11 Q. What is Public Counsel's position regarding the System Operator salary?

12 A. At page 12 of his Rebuttal Testimony, Mr. Robertson identifies an amount of  
13 \$45,867 for this position which does not include overtime. This compares with Staff's  
14 proposed level of \$46,000 (\$39,000 base and \$7,000 overtime). Public Counsel and Staff  
15 have included very similar amounts for the System Operator but how the salary is determined  
16 is different because Staff includes the overtime costs Timber Creek claims it intends on  
17 paying out in the future. Public Counsel ignores the overtime costs the Company believes it  
18 is required to pay going forward.

19 **General Manager Position**

20 Q. Why did Staff provide an additional 3% increase (6% total) for the  
21 General Manager?

22 A. Staff has provided an additional increase to Mr. Sherry because it believes  
23 based on his qualifications and experience Staff's recommended salary is reasonable.  
24 Mr. Robertson states in his Rebuttal Testimony page 9 that Mr. Sherry should earn \$52,768

1 because he is a "relatively new employee of the utility." Thus, Public Counsel believes the  
2 General Manager's annual salary should be calculated on the entry level MERIC amount.

3 Q. Does Staff agree with this position?

4 A. No. Mr. Sherry states on page 1 of his Direct Testimony that he is  
5 "President and General Manager...since February 2008." He further states that prior to  
6 February 2008 he "...was a Vice President of the Company since 1995." Also on pages  
7 1-2 of his Direct Testimony, Mr. Sherry states he was an engineer for  
8 Johnson County Wastewater, and held various executive positions at  
9 Johnson County Wastewater for over 17 years. So, while his experience as  
10 General Manager of Timber Creek may be relatively new, Mr. Sherry has experience with  
11 not only Timber Creek Sewer, but the wastewater industry in general. While Staff certainly  
12 feels Mr. Robertson's salary suggestion for the General Manager is low, it also feels that the  
13 Company is requesting an excessive amount at \$94,529 for this position. If the  
14 General Manager position were to receive that level of salary, it would be on par with some  
15 of the largest wastewater utilities in the region, as can be seen from Staff witness Prenger's  
16 Rebuttal Testimony schedules 2-4. Staff maintains that its recommended salary of \$76,862 is  
17 reasonable, given Mr. Sherry's experience mentioned above, as well as the job duties he  
18 performs for the utility.

19 **Operations Manager**

20 Q. What is the proposed salary of the Operations Manager?

21 A. Timber Creek has proposed no increase for this position, requesting it  
22 continue to receive the existing salary of \$78,660. Staff on the other hand believes the  
23 Operations Manager is critical to the overall success of Timber Creek and should receive a

1 modest increase of 3% resulting in a salary of \$81,020. Public Counsel recommends a  
2 reduction to this position's salary to \$59,258.

3 Q. Does Staff feel that its proposed salary for the Operations Manager  
4 (Plant Manger) is reasonable?

5 A. Yes, although Staff is willing to concede that it is recommending a salary that  
6 is toward the upper end for this particular position. The Company has also already conceded  
7 that it will not be providing Staff's recommended 3% Cost-of-living (COLA) increase per  
8 employee for this position. Staff had a phone conference with the Company on  
9 September 28, 2010 during which it was stated that due to the level of the  
10 Operations Manager's salary, and how it was on the high end of market level, the position  
11 would remain at the current salary of \$78,660. Company is requesting a salary of \$78,660  
12 while Staff applied that 3% COLA increase resulting in a recommendation of \$81,020. Staff  
13 maintains that this is an extremely important position and the salary level proposed by Staff  
14 is more appropriate than either the Company's no increase or Public Counsel's substantial  
15 reduction. Given this position has not had an increase in salary for two years; Staff continues  
16 to support its modest 3% increase.

17 Q. Mr. Robertson is quoted on page 6 of his Rebuttal Testimony that  
18 Timber Creek is "an extremely small company servicing approximately 1,526 residential  
19 customers." Please comment.

20 A. What Mr. Robertson fails to mention is that Timber Creek is actually one of  
21 the largest sewer utilities in the state of Missouri. Also, Timber Creek is a combination of  
22 3 sewer systems, one relatively large system, and two smaller systems that stretch across a  
23 significant land area in the Platte and Clay County Regions. The Operations Manager and

1 the System Operator must maintain three separate sewer systems—three separate collection  
2 systems with lift stations and three separate wastewater treatment facilities. Timber Creek is  
3 also undergoing sizeable growth and expansion, and has recently had an expansion and  
4 certification case before the Commission. The most telling factor supporting the  
5 Operations Manager salary however is the fact that all the operation and maintenance of this  
6 particular utility is done by two field employees. The Operations Manager and the  
7 System Operator are the only two employees with an Operator's license and allowed to  
8 operate and maintain the sewer systems. When comparing this utility to others like  
9 Johnson County, Platte County Regional, Wyandotte County and even Lake Region, one  
10 must realize that while these utilities are larger, they also have more employees to operate the  
11 systems. Timber Creek has shown that they are trying to provide quality service with the  
12 least amount of personnel possible, thanks in no small part to the duties and quality work of  
13 the Operations Manager.

14 **Office Manager Position**

15 Q. What are the positions regarding the Office Manager's salary?

16 A. Timber Creek proposes to include \$43,263 (page 8 of Sherry Direct) plus  
17 \$2,604 (DS-5 Table 2 of Sherry Direct) of overtime totaling \$45,867 for this position based  
18 on its Direct Testimony. However, based on Mr. Sherry's rebuttal (page 4), Timber Creek is  
19 requesting Staff's level of \$41,559 plus \$3,000 of overtime, with a total of \$44,559.

20 Public Counsel proposes a \$32,650 amount for the Office Manager while Staff has  
21 included a more reasonable amount than either of the other two parties at \$41,559.

22 Q. Has Timber Creek supported the \$3,000 of overtime it is requesting for the  
23 Office Manager?



1           A.     No.   A review of Mr. Sherry's Table 2 of DS-5 attached to his  
2 Direct Testimony shows an overtime amount of \$2,610 (\$2,604.45 overtime plus  
3 \$5.56 workman's comp for clerical position. The Company determined the level of overtime  
4 for both the Office Manager and System Operator positions despite stating it has no time  
5 reporting requirements. The overtime was developed after the fact based solely on the  
6 Company's desire to oppose time reporting of its employees. As noted above, this overtime  
7 will represent discretionary costs completely under Timber Creek's management control.  
8 Just as there is concern this overtime may not be paid out for the System Operator, there is  
9 the same concern for the Office Manager's position.

10          Q.     Does Staff agree with the level of salary Public Counsel has included for the  
11 position of Office Manager?

12          A.     No. Staff believes that the salary it is proposing of \$41,559 is an appropriate  
13 level given this position's duties and job responsibilities based on the job description and the  
14 knowledge of this position. Staff feels that Mr. Robertson is relegating this position to that of  
15 a clerical role based on the salary he has proposed in Public Counsel's recommendation.  
16 Also, considering the salary level proposed by Public Counsel, Staff believes if this is  
17 adopted then this position would be eligible for overtime. If Public Counsel's  
18 recommendation of \$32,650 for the Office Manager's position is approved then a \$3,000  
19 level of overtime identified by Timber Creek should be added making the salary  
20 approximately \$36,000. However, Staff does not feel this position should be compensated by  
21 overtime pay or an hourly wage. In my Direct Testimony (page 11) the job duties of the  
22 Office Manager are identified. Attached to my Surrebuttal Testimony as Schedule 1, is the  
23 full job duties and description for the Office Manager for Timber Creek. Based on this job

1 description, Staff believes that this position is a higher level position doing more than clerical  
2 work. The Office Manager is usually the first to be reached with inquiries from customers  
3 and the first to respond. Also, the position is responsible for providing monthly  
4 reports/summaries etc. of billing accounts, delinquent accounts, and insufficient funds etc.  
5 Finally, this position is in charge of the Company at any time the General Manger is either  
6 out-of-office, or otherwise not available.

7 Q. Does the Company refer to the Office Manager as "clerical" position?

8 A. Yes. On table 3 – Insurance Impacts from Overtime attached as  
9 Schedule DS-5 to the Direct Testimony of Mr. Sherry, Timber Creek identifies the  
10 Office Manager as "clerical" under the "Emp [Employee] Class" column. If the Company  
11 actually believes this position is clerical in nature and not an Office Manager, then both the  
12 salary proposals supported by Timber Creek and Staff are too high and would likely be closer  
13 to the level supported by Public Counsel. If this were the case then the Company would be  
14 correct to treat this clerical position as an hourly worker and the amount of overtime  
15 requested by Timber Creek would be appropriate. This amount would be \$32,650  
16 (Public Counsel Rebuttal Testimony, page 12) plus overtime of \$2,610, or total payroll of  
17 \$35,260.

18 Q. Does Staff support moving the Office Manager's salary to that of a clerical  
19 worker category?

20 A. No. Staff continues to believe, despite Timber Creek and Public Counsel's  
21 attempt to lessen this position – both for different reasons-- this position to be a significant  
22 position which commands the salary it has included in the case which is the \$41,559 level.  
23 Because Staff views this position at a higher level than either the Company or Public Counsel

1 considering the actual duties and responsibilities performed, it continues to believe that the  
2 Office Manager is not eligible for overtime.

3 Q. Why do both Public Counsel and the Company try to denigrate the position of  
4 the Office Manager?

5 A. Public Counsel attempts to lessen this position's responsibilities to that of a  
6 clerical worker to propose a lower salary, in Staff's view. The Company does so in a  
7 contradictory way to support its position for overtime. Yet on the other hand, the Company  
8 elevates the position to support a higher salary. This inconsistent treatment on the  
9 Company's part is in direct conflict with its position and causes its analysis on this subject to  
10 be of little value.

11 **OVERTIME AND TIME REPORTING**

12 Q. Did Staff include overtime that was not paid out by Timber Creek as indicated  
13 by Public Counsel witness Robertson claims at page 15 of his Rebuttal Testimony?

14 A. Yes. Overtime was included for Timber Creek despite that has not been paid  
15 in the past. Since the Company made the decision during the course of this rate case there  
16 were no overtime expenses in test year. However, based on a September 28, 2010 meeting  
17 with Timber Creek, Mr. Sherry informed Staff of the Company's decision to pay the  
18 Systems Operator overtime. Mr. Sherry indicated that he understood that the  
19 Office Manager's position could go either way as to the need to pay that position overtime  
20 but gave no indication the Company would treat it as a position eligible for overtime.  
21 Consequently, Mr. Sherry only indicated to Staff during this meeting that the Company was  
22 going to actually pay the Systems Operator overtime and made no mention of a decision to

1 pay the Office Manager overtime. Based on this meeting, Staff told Timber Creek it would  
2 include overtime for the Systems Operator position but not for the Office Manager's position.

3 Q. If overtime is paid out, as proposed by Timber Creek in this case, is it  
4 important to have an accurate and detailed time reporting system in place?

5 A. Absolutely. Without such a system, it will be impossible to track when  
6 overtime occurred and why it was necessary. While Mr. Sherry is opposed to time reporting,  
7 he has included in his recommendation amounts of overtime but he has not said anything  
8 about implementing a time reporting system other than to say it is unnecessary and too costly  
9 to maintain. Mr. Sherry uses the recommendation of time reporting to support his overtime  
10 proposal, yet says nothing about two of Timber Creek's employees who certainly do not  
11 qualify for overtime even by his standards—the Operations Manager and the  
12 General Manager. Yet Timber Creek is silent on a commitment to do time reporting for  
13 those two positions.

14 Q. Does Staff continue to believe time reporting is necessary even if overtime is  
15 not paid out?

16 A. Yes. It is impossible to successfully manage a complex utility operation  
17 without the tracking of time spent on projects – expense and capital—and the tracking of  
18 employees time regarding activities worked on during the day. This has been fully discussed  
19 in my Direct and Rebuttal as well as the Direct and Rebuttal Testimonies of Staff witness  
20 Nila Hagemeyer.

21 Q. Does this conclude your Surrebuttal Testimony?

22 A. Yes.

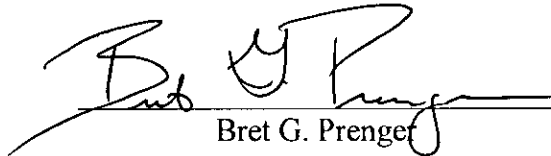
**BEFORE THE PUBLIC SERVICE COMMISSION**  
**OF THE STATE OF MISSOURI**

In the Matter of the Application of )  
Timber Creek Sewer Company Request for a ) File No. SR-2010-0320  
Rate Increase. )  
)

AFFIDAVIT OF BRET G. PRENGER

STATE OF MISSOURI     )  
                                  )     ss.  
COUNTY OF COLE     )

Bret G. Prenger, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Surrebuttal Testimony in question and answer form, consisting of 18 pages to be presented in the above case; that the answers in the foregoing Surrebuttal Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true and correct to the best of his knowledge and belief.

  
Bret G. Prenger

Subscribed and sworn to before me this 28<sup>th</sup> day of December, 2010.



  
Notary Public

# Position Description Form

## PART I. GENERAL POSITION INFORMATION

Title: Office Manager

Supervisor's Title: General Manager and Operations Manager

## PART II. POSITION DUTIES

### **A. DUTIES STATEMENTS**

**Summary of Duties:** Manages and performs general office administration, accounts receivables, customer service, billing, and operations support for a wastewater utility by performing the duties personally, through staff members, contracted personnel, or vendors.

**Percentage:** Use no percentage less than 5%. Total percentage must equal 100%.

<b>Essential Duties</b>	<b>Percentage of Time</b>
<p>1. Manages company <b>general office administration</b> by completing accounts payable, payroll, office surroundings, and office supplies including, but not limited to:</p> <ul style="list-style-type: none"><li>a. Accounts payable<ul style="list-style-type: none"><li>i. Accurately complete approved accounts payable by verifying charges, receipts, updating accounting systems, and check processing in accordance with sound accounting practices.</li><li>ii. Reconcile bank accounts deposits, withdrawals, interest charges/income, service charges, transfers and balances in accordance with sound accounting practices.</li></ul></li><li>b. Manage payroll by creating and maintaining employee records, salary changes, benefits, W-4 holdings, vacation/sick time, workman's comp, and check processing, and training/certificate completions in accordance with sound human resource practices.</li><li>c. Ensure presentable, professional interior and exterior office surroundings including general cleaning and light maintenance.</li><li>d. Ensure office supply inventories are managed and maintained.</li><li>e. Complete general correspondence, filing, and mailings as needed.</li><li>f. Ensure office systems are in good working order and kept up to date for computers, software, printers, faxes, network connectivity, etc.</li></ul>	25%
<p>2. Manages company <b>account receivables</b>, credits, and collections activities including, but not limited to:</p> <ul style="list-style-type: none"><li>a. Manage account receivables functions.<ul style="list-style-type: none"><li>i. Timely, accurate, and complete payment processing for monthly customer bills and wholesale customers paid by updating customer accounts and reconciling accounting systems.</li><li>ii. Manages process for ACH accounts by generating electronic files, delivery to financial institution for posting, and updating company files and reconciling accounting systems.</li><li>iii. Timely, accurate, and complete tracking and payment processing for permits by updating developer/builder accounts and reconciling accounting systems.</li><li>iv. Timely, accurate, and complete tracking and payment processing for developers for CIAC, plan review, and inspections fees and reconciling accounting systems.</li></ul></li></ul>	40%

<ul style="list-style-type: none"> <li>b. Perform credit and collections activities.               <ul style="list-style-type: none"> <li>i. Establish and manage collection processing including monthly report for past due accounts, late fee calculations, customer notification process, and initiate escalation process for customer 2 months past due.</li> <li>ii. Keep up to date and follow thru for accounts in foreclosure or bankruptcy status.</li> </ul> </li> </ul>	
<ul style="list-style-type: none"> <li>3. Provide exceptional <b>customer service</b> including, but not limited to:               <ul style="list-style-type: none"> <li>a. Accurately managing and maintaining customer accounts.</li> <li>b. Promptly and professionally handle all customer inquiries including billing, new service, disconnects, complaints, or other questions/concerns. Accurately document customer interactions as appropriate.</li> <li>c. Promptly and professionally handle builder requests regarding permits and inspections, update builder accounts/files, and notify appropriate local governments/entities as required.</li> <li>d. Promptly and professionally handle state and local government requests by either providing the information or routing to the General Manager or Operations Manager as appropriate.</li> <li>e. Maintain and support published office hours, phone, fax, email, and other company customer contact channels.</li> </ul> </li> </ul>	20%
<ul style="list-style-type: none"> <li>4. Ensure accurate, timely, and complete <b>customer billing</b> including, but not limited to:               <ul style="list-style-type: none"> <li>a. Initiate and finish monthly bill cycle process and mail monthly customer sewer service bills.</li> <li>b. Initiate, calculate, update accounting systems, and mail monthly wholesale customer bills.</li> <li>c. Initiate, calculate, update accounting systems, and mail builder bills.</li> <li>d. Reconcile all billing with accounting systems.</li> </ul> </li> </ul>	10%
<ul style="list-style-type: none"> <li>5. Assist in effective <b>plant operations and maintenance</b> by providing support functions including, but not limited to:               <ul style="list-style-type: none"> <li>a. Maintain operations reporting and filing for monthly water quality reports and yearly sludge reporting.</li> <li>b. Maintain and file DNR permits and renewals.</li> <li>c. Manage, dispatch, and record infrastructure locates.</li> <li>d. Manage and file maps, engineering plans, infrastructure as-builts, easements, deeds, etc. as needed.</li> </ul> </li> </ul>	5%
<b>= 100%</b>	

***This position may at times be requested to perform other duties or special projects that are in the best interest of the Company.***

**B. SUPERVISORY DUTIES:**

Level of Supervisory Duties	
<input type="checkbox"/>	<b>Level 1:</b> No supervisory duties.
<input checked="" type="checkbox"/>	<b>Level 2:</b> Coordinate the work of other employees but have no supervisory responsibilities, to include: assign tasks, train on task performance, schedule work, review the work of others, and instruct other employees in methods or procedures needed to carry out their jobs.
<input type="checkbox"/>	<b>Level 3:</b> In addition to Level 2, recommend hiring, recommend disciplinary action up to and including termination of employment, evaluate performance, participate in the performance evaluation process, sign performance appraisals, and make pay-related recommendations.
<input type="checkbox"/>	<b>Level 4:</b> In addition to Level 3, delegate duties to subordinate managers/supervisors or may: make hiring decisions, determine disciplinary action up to and including termination of employment, evaluate performance, sign performance appraisals, and make pay-related decisions.

**C. COMPANY BUDGET-RELATED DUTIES:**

<input type="checkbox"/>	<b>Level 1:</b> No budget-related responsibilities.
<input checked="" type="checkbox"/>	<b>Level 2:</b> Prepare budget/financial paperwork, enter financial/budget data, research and identify discrepancies, and bring discrepancies to the attention of the individual with sign-off authority. Forward paperwork to appropriate individual(s) for sign-off and commitment of funds.
<input type="checkbox"/>	<b>Level 3:</b> In addition to Level 2, independently resolve and correct discrepancies by making changes and/or corrections to budget/financial paperwork. May provide input in the budget development process. First-level approval of financial/budget documents. Forward paperwork for final sign-off and commitment of funds. May participate in public budgetary presentations to boards, etc.
<input type="checkbox"/>	<b>Level 4:</b> In addition to Level 3, develop budget, may delegate budgetary duties, and authority to sign-off and commit funds. Present budgetary information and requests to boards, etc.

**D. EQUIPMENT OPERATION:**

Frequency: *A = Annually Q = Quarterly M = Monthly W = Weekly D = Daily O = Occasionally*

"X" If Used	Type of Equipment	Frequency (A, Q, M, W, D, O)	Does Employee Make Repairs?	
			Yes	No
<input checked="" type="checkbox"/>	Office equipment including computer, printer, copier, telephone, fax machine, and related equipment.	D	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	Engineering plan related tools including scientific calculator, planimeter, measuring wheel, drafting tools.	D	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<input type="checkbox"/>	Heavy equipment including skid loader and attachments, tractor and trailers as needed to support operation personnel.	O	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<input type="checkbox"/>	Plant operations equipment including pumps, blowers, augers, head works, belt presses, dryers, compressors, control panels, lift stations, etc. as needed to support operation personnel.	O	<input type="checkbox"/>	<input checked="" type="checkbox"/>



<input type="checkbox"/>	General construction tools	O	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<input type="checkbox"/>	Other (specify):		<input type="checkbox"/>	<input type="checkbox"/>

### E. CONTACTS:

How frequently, with whom, and for what purpose are contacts made with the public, other employees, or officials inside or outside the company?

Frequency: A = Annually Q = Quarterly M = Monthly W = Weekly D = Daily O = Occasionally

Frequency (A, Q, M, W, D, O)	Contact	Purpose of Contact
M	<input type="checkbox"/> Timber Creek Board of Directors	Company performance, strategic direction and decisions regarding company objectives.
D	<input checked="" type="checkbox"/> General Manager	
D	<input checked="" type="checkbox"/> Customers	Customer issues related to providing sewer service and billing.
D	<input checked="" type="checkbox"/> General Public	General inquiries.
W	<input checked="" type="checkbox"/> External Consultants and Developers	Education regarding company service.
O	<input checked="" type="checkbox"/> Vendors	Ensure completion of agreed upon contracted services.
D	<input checked="" type="checkbox"/> General Contractors, Plumbers, Builders, Utilities, Cities, and Counties	Request for locates and inspections to comply with company rules and regulations.
O	<input checked="" type="checkbox"/> Dept. of Natural Resources	Respond to requests for information as appropriate, report submittals, and operator training coordination.
O	<input checked="" type="checkbox"/> Public Service Commissions	Respond to requests for information as appropriate and report submittals.
	<input type="checkbox"/> Other (Specify): Company accountant	Monthly reporting.

### PART III. KNOWLEDGE, SKILLS, AND ABILITIES

#### A. EDUCATION & FORMAL TRAINING:

Required	Preferred	Minimum Education/Formal Training
<input checked="" type="checkbox"/>	<input type="checkbox"/>	High school diploma or equivalent.
<input type="checkbox"/>	<input checked="" type="checkbox"/>	VoTech in the following field(s) of study: Business Administration
<input type="checkbox"/>	<input type="checkbox"/>	Associate's degree in the following field(s) of study:
<input type="checkbox"/>	<input type="checkbox"/>	Bachelor's degree in the following field(s) of study:
<input type="checkbox"/>	<input type="checkbox"/>	Master's degree in the following field(s) of study:
<input type="checkbox"/>	<input type="checkbox"/>	Doctorate degree in the following field(s) of study:
<input type="checkbox"/>	<input type="checkbox"/>	Other (specify):

☒ Mark this box if education may be substituted for experience or if experience may be substituted for education.

**B. EXPERIENCE:**

Required	Preferred	Type and minimum years of experience:
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Specify: Proven office administration, customer service, and billing experience in utility or related industry: 5 years
<input type="checkbox"/>	<input type="checkbox"/>	Specify:

**C. SPECIAL SKILLS, ABILITIES, AND KNOWLEDGE:**

Required	Preferred	Description
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Analytical skills, including research skills, ability to interpret data, ability to conceptualize, ability to analyze information, and ability to write formal recommendations based on findings.
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Attention to detail.
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Advanced mathematical and accounting skills.
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Budget-related skills, including advanced accounting, math, and statistics skills.
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Computer software – database maintenance skills.
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Computer software – desktop publishing skills.
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Computer software – presentation skills.
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Computer software – spreadsheet skills.
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Computer software – web page maintenance skills.
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Computer software – word-processing skills.
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Computer software – other (specify): Billing systems.
<input type="checkbox"/>	<input type="checkbox"/>	Working knowledge of state and local government administration.
<input type="checkbox"/>	<input type="checkbox"/>	Facilitation skills, including curriculum/agenda development, marketing skills, ability to help groups focus, ability to use group decision making to gain commitment, and/or ability to encourage participation.
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Human Relations/Interpersonal skills.
<input type="checkbox"/>	<input type="checkbox"/>	Keyboarding Ability – Keyboarding test required. Minimum speed required: _____ wpm.
<input type="checkbox"/>	<input type="checkbox"/>	Keyboarding Ability – Keyboarding test required. Speed is intentionally not specified.
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Keyboarding Ability – No keyboarding test required.
<input type="checkbox"/>	<input type="checkbox"/>	Leadership skills, including strategic planning skills, goal setting skills, assessment skills, collaboration skills, and complex decision making skills.
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Maintain confidentiality.
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Physical abilities, including mobility, agility, strength, dexterity, balance, coordination, and/or endurance.
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Project management skills, including organization, coordination of duties, and/or accomplishment of goals.
<input type="checkbox"/>	<input type="checkbox"/>	Public speaking/presentation skills.
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Sensory abilities, including special vision and/or hearing requirements (specify): Normal hearing and vision with or without correction.
<input type="checkbox"/>	<input type="checkbox"/>	Supervisory skills, including motivation, delegation of duties, evaluation, etc.
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Time management skills, including the ability to manage multiple concurrent projects and meet deadlines.
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Written communication skills, including business writing, report writing, summarizing, and editing skills.
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Other (specify): Ability to manage and resolve conflict and convey need for change or action using effective customer relation skills.
<input type="checkbox"/>	<input type="checkbox"/>	Other (specify):

Bret Prenger  
Timber Creek Sewer Company  
Payroll Analysis

Co. payroll in Case No. SR-2008-0080					
2006 TY		After Disposition Agreement			
		\$ increase	12/31/07 payroll		
	\$34,414				
	\$77,500				
	\$36,333				
	\$148,247	3.50%	\$5,188.65	\$153,435.65	3.50%
			GM salary	\$70,000.00	
				\$223,435.65	
Current					
	\$72,450				
	\$40,349			\$232,449	
	\$78,660			\$223,436	
	\$40,980			\$9,013	4.03%
2009 TY	\$232,439				
Co. payroll in Case No. SR-2010-0320					

## SCHEDULE 2

**D. LICENSES, CERTIFICATES, REGISTRATIONS, & STATE/FEDERAL REQUIREMENTS OF POSITION:**

Required	Preferred	Description
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Criminal history check.
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Driver's license.
<input type="checkbox"/>	<input type="checkbox"/>	Driver's license - Class C (CDL).
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Subject to random and/or post-accident drug testing.
<input type="checkbox"/>	<input type="checkbox"/>	Class A operator's license
<input type="checkbox"/>	<input type="checkbox"/>	Class B operator's license
<input type="checkbox"/>	<input type="checkbox"/>	Class C operator's license
<input type="checkbox"/>	<input type="checkbox"/>	Other (specify):

**E. PHYSICAL & ENVIRONMENTAL FACTORS:**

<input type="checkbox"/>	Excessive standing and/or walking.
<input type="checkbox"/>	Exposure to extreme temperatures
<input type="checkbox"/>	Exposure to fumes and/or chemicals.
<input type="checkbox"/>	Exposure to heights.
<input type="checkbox"/>	Exposure to loud noises.
<input checked="" type="checkbox"/>	Lifting (weight) (specify): <u>25</u> lbs.
<input type="checkbox"/>	Other (specify):

**F. SPECIAL WORKING CONDITIONS:**

<input type="checkbox"/>	Life threatening/safety-sensitive position.
<input checked="" type="checkbox"/>	Normal administrative workload.
<input type="checkbox"/>	On call/stand-by work required.
<input type="checkbox"/>	Weather essential position.
<input type="checkbox"/>	Emergency essential position.
<input type="checkbox"/>	Position required to work when facilities closed (e.g., holidays).
<input checked="" type="checkbox"/>	Professional appearance.
<input type="checkbox"/>	Shift work (specify shift hours):
<input type="checkbox"/>	Travel required (specify percentage of time):
<input type="checkbox"/>	Uniform required.
<input checked="" type="checkbox"/>	Other (specify): Dependable vehicle

Prenger, Bret

**From:** Prenger, Bret  
**Sent:** Tuesday, December 28, 2010 9:30 AM  
**To:** Senn, Nikki  
**Subject:** FW: Payroll

**From:** Derek Sherry [mailto:derek@timbercreeksewerco.com]  
**Sent:** Friday, September 17, 2010 2:15 PM  
**To:** Prenger, Bret  
**Subject:** RE: Payroll

Brett,  
 2010 salaries are the same as 2009 or end of 2008.

In the table below are the 2008 salaries, beginning of year and ending of year. There was a 3.5% cost of living increase given in 2008.

Let me know if you need anything else.

Name	Title	Beginning 2008 Salary	Ending 2008 Salary
Derek Sherry	General Manager	\$70,000	\$72,450
Emma Farris	Office Manager	\$38,855	\$40,349
Jeff Jochim, Class A Operator	Operations Manager	\$76,000	\$78,660
Stephen Smiley, Class B Operator	Plant and Collection System Operator	\$39,595	\$40,980

**From:** Prenger, Bret [mailto:bret.prenger@psc.mo.gov]  
**Sent:** Friday, September 17, 2010 12:12 PM  
**To:** 'Derek Sherry'  
**Subject:** Payroll

Derek,  
 Could you please provide the 2008 salaries for all employees. Also, please provide the most current salaries if those have changed from the December 31, 2009 filing.  
 Bret

**SCHEDULE 3**

12/28/2010