

Exhibit No.
Issues: STEP Connection Charges,
Customer Deposits
Witness: Mark E. Geisinger
Type of Exhibit: Rebuttal Testimony
Sponsoring Party: Central Rivers
Case No. SR-2014-0247

Missouri Public Service Commission

Surrebuttal Testimony

of

Mark E. Geisinger

On Behalf of

Central Rivers Wastewater Utility, Inc.

MARK E. GEISINGER
SURREBUTTAL TESTIMONY

AFFIDAVIT

STATE OF Missouri)
)
COUNTY OF Jackson) SS

I, Mark E. Geisinger, state that I am the President of Central Rivers Wastewater Utility, Inc. and, that the answers to the questions posed in the attached Surrebuttal Testimony are true to the best of my knowledge, information and belief.

Mark Geisinger

Subscribed and sworn to before me this 15 day of December, 2014.

Kelly J. A. H.
Notary Public

My Commission Expires:

(SEAL)



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SURREBUTTAL TESTIMONY
OF
MARK E. GEISINGER
CENTRAL RIVERS WASTEWATER UTILITY, INC.

WITNESS INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

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

**Q. ARE YOU THE SAME MARK E. GEISINGER THAT PREVIOUSLY FILED
DIRECT TESTIMONY AND SUPPLEMENTAL DIRECT AND REBUTTAL
TESTIMONY IN THIS CASE ON BEHALF OF CENTRAL RIVERS
WASTEWATER UTILITY, INC. (CENTRAL RIVERS)?**

A. Yes, I am.

PURPOSE

Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?

A. I will respond to the Rebuttal Testimony of Office of the Public Counsel (Public
Counsel) witness William Addo in regard to the Past STEP Connection Charges,
Future STEP Installation Charges, and Customer Deposits.

PAST STEP CONNECTION CHARGES

Q. PUBLIC COUNSEL WITNESS ADDO DISCUSSES HIS VIEWS CONCERNING PAST STEP CONNECTION CHARGES AND PROPOSES REFUNDS RELATED TO THOSE CHARGES. HAS CENTRAL RIVERS CONSENTED TO HAVING REFUND ISSUES HEARD IN ITS RATE CASE?

A. No. This issue concerns past conduct and not the setting of future rates and would appear to be more appropriate for a case other than a rate case.

Q. ON PAGE 4 OF HIS REBUTTAL TESTIMONY, PUBLIC COUNSEL WITNESS ADDO IDENTIFIES DIFFERENCES IN THE NUMBER OF CONNECTION CHARGES REPORTED IN A RESPONSE TO A STAFF DATA REQUEST (82), A RESPONSE TO A PUBLIC COUNSEL DATA REQUEST (78), AND MR. ADDO'S REVIEW (76). PLEASE EXPLAIN THE DIFFERENCES IN THESE COUNTS.

A. I believe the difference is that 82 is the count through March of 2014, while 78 was the count as of December 31, 2013.

Q. MR. ADDO FURTHER QUESTIONS CENTRAL RIVERS' CHARGES RELATED TO PIPING FOR FOOTAGES OVER 200 FEET IN COUNTRY HILL ESTATES (P. 4-5; SCH. WA-2 and WA-3). PLEASE EXPLAIN WHY THERE WAS A SEPARATE CHARGE ASSOCIATED WITH THIS PIPING.

1 A. Service connections were addressed in contracts with the developers developed
2 prior to the particular area being certificated and before each subdivision system
3 was created and built. Most of the houses, to include STEP systems, were not
4 built by individuals. They were built by developers and then listed and sold to
5 individuals. Thus, certain of these installations are contractual issues between
6 the developer and Central Rivers and not tariff issues. In most cases, the
7 customer account was only established when a customer bought or occupied the
8 home after construction by the developer.

9
10 **Q. STAFF ALSO RAISES ISSUES CONCERNING CHARGES FOR PAST STEP**
11 **INSTALLATIONS. WHO WILL RESPOND TO THE ISSUE OF HOW THOSE**
12 **INSTALLATIONS SHOULD BE BOOKED FOR RATEMAKING PURPOSES?**

13 A. Mr. Johansen will address that issue in his testimony.
14

15 **Q. WHAT DID CENTRAL RIVERS CHARGE FOR STEP INSTALLATIONS?**

16 A. Central Rivers charged various amounts over the years. However, these
17 amounts were consistent with the actual cost of performing those installations.
18

19 **Q. STAFF WITNESSES YOUNG AND MERCIEL ALSO SUGGEST THAT**
20 **CENTRAL RIVERS SHOULD REFUND TO CUSTOMERS CERTAIN**
21 **AMOUNTS ASSOCIATED WITH THOSE PAST STEP INSTALLATIONS.**
22 **DOES CENTRAL RIVERS AGREE WITH SUCH A REFUND?**

1 A. No. As stated above, I believe the amounts charged were always equal to the
2 actual cost of such installations. Moreover, as this issue concerns past conduct
3 and not the setting of future rates, it would appear to be more appropriate for a
4 case other than a rate case.

5
6 **FUTURE STEP INSTALLATION CHARGES**

7 **Q. PUBLIC COUNSEL WITNESS ADDO SUGGESTS THAT CENTRAL RIVERS'**
8 **CALCULATION OF THE \$6,000 CHARGE IT PROPOSES IS INCONSISTENT**
9 **BASED ON TWO RESPONSES PROVIDED TO STAFF DATA REQUEST 13.1**
10 **(REB., P. 8; SCH. WA-7). WHY ARE THESE CALCULATIONS DIFFERENT?**

11 A. The response was an estimate that erroneously left out some of the necessary
12 materials. The second response represented an actual job on lot 48 in Private
13 Gardens for which Central Rivers purchased all materials, provided receipts, and
14 recorded time.

15
16 **CUSTOMER DEPOSITS**

17 **Q. IN HIS REBUTTAL TESTIMONY (P. 16), PUBLIC COUNSEL WITNESS**
18 **ADDO STATES THAT PUBLIC COUNSEL IS CONCERNED THAT THE**
19 **STAFF CUSTOMER DEPOSIT REFUND PROPOSAL DOES NOT**
20 **PROVIDE FOR A REPORTING MECHANISM. WILL CENTRAL RIVERS**
21 **REPORT ITS PROGRESS?**

22 A. Yes. While this is an issue that concerns past conduct in relation to tariffs,
23 as stated in my last round of testimony it is Central Rivers' intention to

1 voluntarily make the customer deposit refunds identified by Staff witness
2 Young in the manner he describes. Central Rivers further has no
3 objection and will voluntarily provide reports to Staff and the Public
4 Counsel every six (6) months identifying the progress of those refunds.
5

6 **Q. MR. ADDO ADDITIONALLY IS CONCERNED THAT THE STAFF**
7 **RECOMMENDATION DID NOT INCLUDE THE TOTAL AMOUNT TO BE**
8 **REFUNDED AND IDENTIFIED HIS CALCULATION OF REFUNDS AND**
9 **INTEREST (REB., P. 16). DO YOU AGREE WITH MR. ADDO'S**
10 **CALCULATIONS OF CUSTOMER DEPOSITS?**

11 A. Yes. I agree that there are \$16,022 of customer deposits to be refunded.
12 The interest on those deposits totals \$7,186; resulting in total refunds to
13 be made of \$23,208.
14

15 **Q. PUBLIC COUNSEL WITNESS ADDO SUGGESTS THAT THE TOTAL**
16 **REFUNDS AND INTEREST SHOULD BE REFUNDED TO CUSTOMERS**
17 **WITHIN ONE YEAR. HOW DOES THE IDENTIFIED CUSTOMER**
18 **DEPOSIT REFUND COMPARE TO CENTRAL RIVERS' ANNUAL**
19 **REVENUES?**

20 A. Staff identified Central Rivers' test year revenues to be \$107,947. The
21 one-year refund Mr. Addo seeks would represent a refund of twenty-two
22 percent (22%) of Central Rivers' annual revenues.
23

1 **Q. DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?**

2 **A. Yes, it does.**