

MEMORANDUM

SEPTEMBER 22, 2010

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TO: ANN COLE, COMMISSION CLERK, OFFICE OF COMMISSION CLERK
FROM: RALPH JAEGER, SENIOR ATTORNEY
RE: DOCKET NO. 100104-WU - APPLICATION FOR INCREASE IN WATER RATES IN FRANKLIN COUNTY BY WATER MANAGEMENT SERVICES, INC.

Enclosed for filing, on behalf of Staff, is the original and seven copies of the revised page 7 of the Direct Testimony of Debra M. Dobiac.

On September 3, 2010, staff filed the testimony and exhibits of staff witness Debra M. Dobiac. In Audit Finding 5, page 7, line 9, the following language should be added at the beginning of the last sentence: "Except for the reclassification of Insurance – other expense to Miscellaneous Non-utility expense in the amount of \$12,020,". Further, in preparing its Prehearing Statement, staff discovered that it had accidentally pulled the wrong number (\$10,313) for reducing O&M Expenses for activities outside the test year or for insufficient supporting documentation. The correct number should have been \$9,588. Accordingly, line 13 of page 7 has been revised to reflect the correct number of \$9,588. Therefore, the attached Revised page 7 should replace the original page 7 of Ms. Dobiac's testimony filed on September 3, 2010. By this memorandum, staff is copying all parties with a copy of the revised page 7.

Please substitute the corrected page 7 for the originally filed version. Thank you for your assistance. Staff regrets any inconvenience this oversight may have caused.

- COM 3 RRJ/th
- APA _____ Attachment
- ECR _____
- GCL _____ cc: Lisa Scoles, WMSI
- RAD _____ Joseph McGlothlin
- SSC _____ ECR (Hudson, Fletcher, Stallcup, Daniel, J. Williams, T. Walden)
- ADM _____ APA (Prestwood, Dobiac)
- OPC _____
- CLK Ct Rpr

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1 allowance for costs related to an application for a wastewater certificate. The application
2 was eventually withdrawn. The current rate case applies to water only, and therefore, this
3 amount should not be included in the working capital allowance.

4 The working capital allowance 13-month average balance should be reduced by
5 \$112,034 of unamortized debt discount and issuing expense and by \$35,662 for the costs
6 related to an application for a wastewater certificate.

7 **Audit Finding 5**

8 This finding relates to the reclassification of certain expenses that the Utility had
9 recorded incorrectly. Except for the reclassification of Insurance – Other expense to
10 Miscellaneous Non-utility expense in the amount of \$12,020, the reclassifications will
11 have no effect on total O&M Expenses.

12 **Audit Finding 6**

13 This finding relates to expenses recorded in the test year that were for activities
14 outside the test year or had insufficient supporting documentation. O&M Expenses should
15 be reduced by ~~\$10,313~~ \$9,588.

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17 **Q. Does that conclude your testimony?**

18 **A. Yes.**

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