

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

Received
on

APR 23 2012

by
State Corporation Commission
of Kansas

In the Matter of the Application of)
Suburban Water, Inc., d/b/a Suburban)
Water Company, for Approval of the)
Commission to Make Certain Changes in its)
Rates for Water Service, for Approval of an)
Amendment to a Contract for Sale of Water)
with Board of Public Utilities, an)
Administrative Agency of the Unified)
Government of Wyandotte County/Kansas)
City, Kansas ("BPU") and for Approval of a)
Purchase Water Adjustment ("PWA") Tariff)

Docket No. 12-SUBW-359-RTS

TESTIMONY IN SUPPORT OF SETTLEMENT

STACEY HARDEN

ON BEHALF OF

CITIZENS' UTILITY RATEPAYER BOARD

APRIL 23, 2012

1 **Q. Please state your name and business address.**

2 A. My name is Stacey Harden and my business address is 1500 SW Arrowhead
3 Road, Topeka, KS 66604-4027.

4
5 **Q. Did you previously file testimony in this proceeding?**

6 A. Yes. On March 16, 2012, I filed Direct Testimony on behalf of the Citizens'
7 Utility Ratepayer Board. In that testimony, I recommended that the Kansas
8 Corporation Commission ("KCC" or "Commission") deny the retail rate increase
9 request of Suburban Water, Inc. d/b/a Suburban Water Company ("Suburban"
10 or "company"). I also made several recommendations regarding Suburban's
11 practice of paying for its employees personal expenses, the loans that Suburban
12 employees owe the company, Suburban's lack of a competitive bidding process,
13 credit card processing fees, and recommended that all rent monies owed to
14 Suburban's President, Ray Breuer, be applied to the outstanding loan balance
15 currently owed to Suburban by Mr. Breuer.

16
17 **Q. Since your Direct Testimony and Suburban's Rebuttal Testimony were filed,
18 have the parties engaged in settlement discussions?**

19 A. Yes. Suburban, the KCC Staff and CURB have engaged in settlement discussions.
20 As a result of our discussions, the negotiating parties filed a Joint Motion on April
21 23, 2012, requesting approval of a Stipulation and Agreement ("S&A") to resolve
22 the issues in this case.

23

1 **Q. Can you please summarize the terms of the S&A?**

2 A. The S&A includes an annual revenue requirement decrease of \$13,500. The S&A
3 also includes the following terms:

4 a. Suburban shall cease the practice of allowing employees to
5 purchase personal items through Suburban.

6 b. All employee loans will be memorialized into written loan
7 agreements with payment schedules, which shall be filed in Suburban's next
8 abbreviated rate case.

9 c. Suburban shall implement a competitive bidding process for its
10 time sensitive and routine maintenance projects, and for the purchase of
11 equipment or materials that cost more than \$2,500.00.

12 d. \$30,000 of the annual rent monies paid to Suburban President Ray
13 Breuer for the renting of an office, maintenance building, and land from
14 Suburban, shall be applied to the note Ray Breuer owes Suburban, until his debt
15 has been paid in its entirety.

16 e. Suburban will withdraw its request for a Purchased Water
17 Adjustment ("PWA").

18 f. Suburban agrees to incur the costs necessary to conduct the
19 preliminary work required to determine if new ground water supplies are
20 available in proximity to Suburban's distribution system.

21 g. Suburban will implement section XV of its tariff to ensure that
22 customer payments are processed in compliance with the Commission's Billings
23 Standards.

1 **Q. Are you familiar with the standards used by the KCC to evaluate a**
2 **settlement that is proposed to the Commission?**

3 A. Yes, I am. The KCC has adopted five guidelines for use in evaluating settlement
4 agreements. These include: (1) Has each party had an opportunity to be heard on
5 its reasons for opposing the settlement? (2) Is the agreement supported by
6 substantial evidence in the record as a whole? (3) Does the agreement conform to
7 applicable law? (4) Will the agreement result in just and reasonable rates? (5) Are
8 the results of the agreement in the public interest, including the interests of
9 customers represented by any party not consenting to the agreement?

10 I understand that CURB counsel will address item 3, i.e., does the
11 agreement conform to applicable law, in her opening statement at the upcoming
12 hearing. Since I am not an attorney, it is more appropriate for CURB counsel to
13 address this issue than for me to address it. However, I will discuss the remaining
14 four guidelines used by the KCC to evaluate settlements.

15

16 **Q. Has each party had an opportunity to be heard on its reasons for opposing**
17 **the settlement?**

18 A. I did participate personally in settlement negotiations and each party had a full
19 and complete opportunity to be heard. The parties discussed issues and
20 negotiated aggressively. At this time, I am not aware of any party to the case who
21 opposes the settlement.

22

23

1 **Q. Is the agreement supported by substantial evidence in the record as a whole?**

2 A. Yes, it is.

3

4 **Q. Will the agreement result in just and reasonable rates?**

5 A. Yes. The S&A results in an annual revenue requirement decrease of \$13,500. The
6 rate charged to Suburban's retail customers will decrease from the current \$7.86
7 per 1,000 gallons, to \$7.74 per 1,000 gallons. I am satisfied that this is just and
8 reasonable rates.

9 Furthermore, the S&A requires Suburban to cease its current employee
10 purchasing procedures, memorialize all employee notes into written loan
11 agreements, and to implement a competitive bidding process. Suburban will be
12 required to report its actions in compliance filings once a year. If Suburban fails
13 to comply with this provision, the Commission shall require Suburban to pay a
14 penalty to be determined by the Commission. I am satisfied that this requirement
15 of the S&A will protect Suburban's residential customers and ensures that retail
16 rates are just and reasonable.

17

18 **Q. Are the results of the agreement in the public interest, including the interests**
19 **of customers represented by any party not consenting to the agreement?**

20 A. Yes, the interests of customers represented by all parties to this proceeding have
21 been considered. It is my opinion that the Commission can find that this
22 agreement meets the public interest standard.

23

1 **Q. What do you recommend?**

2 A. I recommend that the KCC find that the S&A is supported by substantial evidence
3 in the record, will result in just and reasonable rates, and can be found to be in the
4 public interest. Therefore, I recommend that the KCC approve the S&A as filed.

5

6 **Q. Does this conclude your testimony?**

7 A. Yes, it does.

8

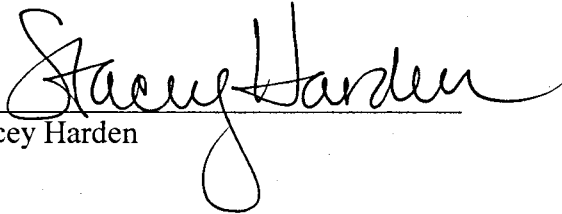
VERIFICATION

STATE OF KANSAS)

COUNTY OF SHAWNEE) ss:

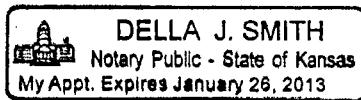
I, Stacey Harden, of lawful age, being first duly sworn upon her oath states:

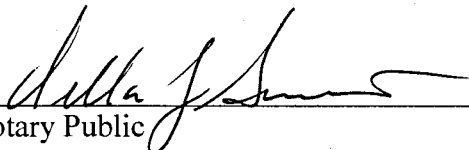
That she is a regulatory analyst for the Citizens' Utility Ratepayer Board, that she has read the above and foregoing document, and, upon information and belief, states that the matters therein appearing are true and correct.



Stacey Harden

SUBSCRIBED AND SWORN to before me this 23rd day of April 2012.





Notary Public

My Commission expires: 01-26-2013.

CERTIFICATE OF SERVICE

12-SUBW-359-RTS

I, the undersigned, hereby certify that a true and correct copy of the above and foregoing document was served by electronic service this 23rd day of April, 2012, to the following:

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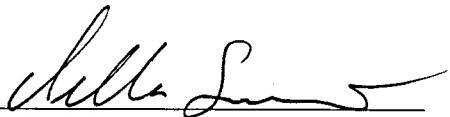
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