

RECEIVED  
2008 NOV 21 PM 3: 54  
IDAHO PUBLIC  
UTILITIES COMMISSION

Dean J. Miller (*ISB No. 1968*)  
McDevitt & Miller LLP  
420 West Bannock Street  
P.O. Box 2564-83701  
Boise, Idaho 83702  
208-343-7500 (T)  
208-336-6912 (F)  
[joe@mcdevitt-miller.com](mailto:joe@mcdevitt-miller.com)

*Attorneys for Teton Springs Water & Sewer Company LLC.*

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF )  
TETON SPRINGS WATER AND SEWER )  
COMPANY LLC, FOR THE ISSUANCE OF A )  
CERTIFICATE OF PUBLIC CONVENIENCE )  
AND NECESSITY, FOR APPROVAL OF )  
RATES AND CHARGES FOR WATER )  
SERVICE, FOR APPROVAL OF )  
RULES AND REGULATIONS GOVERNING )  
THE RENDERING OF WATER SERVICE. )  
\_\_\_\_\_ )

**Case No. TTS-W-08-01**

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

DIRECT SUPPLEMENTAL TESTIMONY OF LARRY A. CROWLEY

November 21, 2008

1 Q. Please state your name.

2 A. Larry A. Crowley.

3 Q. Are you the same Larry A. Crowley who previously filed Direct Testimony in this  
4 case on behalf of Teton Springs Water & Sewer Company (TSW&S or the  
5 Company)?

6 A. Yes I am.

7 Q. What is the purpose of your Supplemental Testimony?

8 A. I will address the reasonableness of the Company's request for recovery of rate  
9 case expenses.

10 Q. Please describe the evolution of the Staff's position regarding rate case expense.

11 A. In Staff Comments filed September 5, 2008, Staff opposed the recovery of any  
12 rate case expenses incurred by TSW&S to make its obligatory filing with the  
13 Commission. Staff Comments indicated that its position on disallowing recovery  
14 of rate case-related expenses was because it disagreed with the Company's  
15 amortization proposal – a completely different issue not related to rate case  
16 expenses. Staff wrote: "Staff is opposed to any recovery for those costs  
17 (amortization expense), and believes it is inappropriate to allow recovery of rate  
18 case costs incurred by the Company to address this issue." (Staff Comments Pg.  
19 7). Subsequently, at Oral Argument held on November 7, 2008, the Staff  
20 Attorney seemed to change the Staff's position: "I think Staff could have been  
21 more articulate in its position in that case.....but we think that the total amount  
22 requested which I think was for rate case expense \$45,000 in this case spread over  
23 three years is excessive for a company of this size." (Tr. Pg. 28-29).

1 Q. At Oral Argument did Staff offer any specific evidence of unreasonableness?

2 A. No it did not.

3 Q. During the course of the Commission Staff audit, did the Staff auditors have  
4 available to them your billing statements and the statements of the Company's  
5 attorneys?

6 A. Yes they did.

7 Q. Did the Staff audit disclose any charges the Staff thought to be excessive or  
8 unreasonable?

9 A. No it did not.

10 Q. Please describe your experience in the preparation of public utility rate cases.

11 A. I have over 30 years of utility regulatory experience which includes the  
12 preparation of jurisdictional separation studies, utility unbundling studies, revenue  
13 requirement studies, class cost of services and rate design studies. In many cases  
14 this work required the development, classification, and organization of the basic  
15 company data into the format normally required for presentation to the regulatory  
16 commissions having jurisdiction over the applicable utility rates.

17 In this case, since this was the beginning of a regulated utility operation,  
18 considerable work was required to prepare the Company's information in the  
19 proper format, including reclassification of all accounts into the Uniform System  
20 of Accounts, development of exhibits, and costing models for use in the filing  
21 before the Commission. In general, more time was required in this initial filing  
22 effort that would be the case with an already-existing regulated utility with prior  
23 regulatory experience. I would expect that future rate filings by the Company

1 would be much easier for the Company to prepare and would require considerably  
2 less time and cost to prepare.

3 Q. Based on your experience, do you believe the charges incurred by Teton Springs  
4 for rate case expense are reasonable?

5 A. Yes I do.

6 Q. Please explain the basis of your opinion.

7 A. The expenses incurred by the Company and itemized in the Company's filing are  
8 related solely to the work required to submit a complete and competent case in  
9 support of its requested revenue requirements and rate design. There were no  
10 other costs included other than those normally incurred in the preparation of these  
11 kinds of filings including legal expenses, engineering studies, and consulting fees  
12 associated with the preparation of the case including exhibits and testimony.  
13 Given the scope of the work required for an initial filing, rebuttal filing and  
14 supplemental filing before the Commission, the amount of the total expense is  
15 reasonable.

16 Q. Do you believe the work performed by you to prepare the financial exhibits  
17 accompanying the Company's Application facilitated the Staff audit for this and  
18 future rate cases?

19 A. Yes I do.

20 Q. Please explain the basis of your belief in this regard.

21 A. On September 16 and 17, 2008, I met with Mr. Joe Leckie, the Staff auditor in  
22 this case to discuss some of the Staff's proposed adjustments. It is my  
23 understanding that Mr. Leckie is frequently assigned the audit responsibility in

1 water utility rate cases. At that time Mr. Leckie told me that the quality of the  
2 Company's filing facilitated their review and audit of the Application and exhibits  
3 that the Company's filing was one of the best that had been filed by a water  
4 company before the Commission.

5 Q. What is the Company's proposal for amortization of the rate case expense?

6 A. We have proposed an amortization period of three years, although the Company  
7 recognizes this is an area in which the Commission may exercise its judgment in  
8 selecting an amortization period.

9 Q. Has the Company proposed that the un-amortized balance be included in rate  
10 base?

11 A. No it has not.

12 Q. Does this conclude your testimony?

13 A. Yes it does.