

STATE OF TENNESSEE

BEFORE THE TENNESSEE REGULATORY AUTHORITY

DOCKET NO. 08-00039

REBUTTAL TESTIMONY OF JOE VAN DEN BERG

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I. PURPOSE OF TESTIMONY

Q. PLEASE STATE THE PURPOSE OF YOUR TESTIMONY.

A. I am providing this testimony in response to testimony offered by intervenors in this docket.

II. REBUTTAL TO TESTIMONY OF MIKE MAJOROS

Q. WHAT IS THE DEFINITION OF MANAGEMENT AUDIT?

A. A management audit is a general term that, in my experience, does not have a single definition. The term is often used to describe management consulting services performed by an independent third party to evaluate the performance of delineated aspects of company management or specific operations or activities to assess whether the company has performed those operations or activities in accordance with agreed upon procedures. As it relates to this docket, I have also seen the term applied to management oversight activities of shared services or service company costs. Usually, the term management audit is further defined beyond the term management audit. For example, a management audit may be conducted to assess a company's diversity efforts, an assessment of the prudence of a specific acquisition or investment, or an assessment of a company's governance structure. A prudency review and a cost allocation assessment is a type of management audit that is commonly performed on service companies within the utility industry. The entity requesting or ordering a management audit typically defines the type and scope of the management audit.

Q. IN YOUR TESTIMONY, YOU REFER TO YOUR ANALYSIS AS AN INDEPENDENT COST ASSESSMENT. HOW, IF AT ALL, IS YOUR WORK DIFFERENT FROM A MANAGEMENT AUDIT?

A. It is the same. In my experience, I have seen many terms used synonymously with the term management audit including, prudency review, reasonableness opinion and

1 cost assessment -- these terms mean the same thing. The independent cost
2 assessment is a management audit.

3

4 **Q. WHY DO YOU BELIEVE THAT THE ANALYSIS YOU CONDUCTED**
5 **MEETS THE REQUIREMENTS OF THE TRA ORDER?**

6 A. In its order, the TRA specified not only that a management audit be performed but
7 the TRA also, as is typical, specified the scope of such management audit.
8 Specifically, on May 22, 2006 (in Docket No. 06-00290), the panel requested a
9 “management audit in compliance with Sarbanes-Oxley requirements...[which]
10 should determine whether all costs allocated to TAWC were incurred as a result of
11 prudent or imprudent management decisions by TAWC’s parent and should address
12 the reasonableness of the methodology used to allocate costs to TAWC.¹” In this
13 way, the TRA limited the possible interpretations of the term management audit. My
14 analysis specifically responded to, and meets, the requirements defined by the TRA.

15

16 **Q. PLEASE EXPLAIN THE DIFFERENCE BETWEEN A FINANCIAL AUDIT**
17 **AND A MANAGEMENT AUDIT.**

18 A. A financial audit, also referred to as an audit of financial statements, is a well
19 defined term. Its objective is to give the users of financial statements comfort that
20 financial statements are reliable and that fraud has not been committed. A financial
21 statement audit is highly regulated, with well defined requirements. The auditing
22 firm performing the audit must comply with Generally Accepted Auditing Standards
23 (GAAS) in evaluating the financial statements prepared by management.
24 Management is required to follow Generally Accepted Accounting Principles
25 (GAAP) in the preparation of their financial statements. The Public Company
26 Accounting Oversight Board (PCAOB) was created as a result of the Sarbanes Oxley
27 Act of 2002 to oversee the auditors of public financial statements and to protect the
28 interest of investors in public companies like American Water.

¹ Docket No. 06-00290 Order, May 22, 2006 (“Order”), pages 26-27.

1 As I have described earlier, a management audit is a more general term with many
2 different connotations. The requirements and objectives of a management audit are
3 flexible, depending on the requirements and objectives defined by the party
4 requesting or ordering it. Individuals or firms performing management audits
5 certainly must adhere to professional standards of conduct and/or customs within the
6 industry in which the management audit is performed. However, the degree of
7 structured regulation over a management audit is significantly less so as to
8 accommodate its flexible nature.

9
10 **Q. MR. MAJOROS STATES THAT YOUR REPORT DOES NOT RESEMBLE A**
11 **MANAGEMENT AUDIT BECAUSE IT IS NOT SIMILAR TO THE**
12 **MANAGEMENT AUDIT CONDUCTED BY THE PENNSYLVANIA PUBLIC**
13 **SERVICE COMMISSION OF TAWC'S SISTER COMPANY. WHY, IF AT**
14 **ALL, IS MR. MAJAOROS' CLAIM UNFOUNDED?**

15 A. Mr. Majoros fails to acknowledge that management audits are not rigidly defined.
16 He also fails to identify any deficiencies in the BAH management audit. Instead, Mr.
17 Majoros criticizes the BAH management audit by stating it does not resemble any of
18 the other management audits he has seen, specifically the eight year old
19 Pennsylvania management audit. Mr. Majoros claims, "all one must do is examine
20 and contrast that report [the Pennsylvania report] with the BAH report to realize that
21 BAH did not conduct a management audit." Mr. Majoros fails to provide any
22 analysis or support for this claim and it has no basis. It is obvious that the
23 Pennsylvania and BAH management audits had different scopes. The scope of the
24 Pennsylvania audit is by any reasonable interpretation, well beyond the scope of
25 what was ordered or intended by the TRA order; for example, the Pennsylvania
26 study contains sections evaluating the diversity practices of the company and
27 unaccounted for water. While these operating company-level areas may have been
28 worthy of evaluation in Pennsylvania, they are certainly outside the scope of the
29 management audit directed by the TRA. Additionally, it is not uncommon for
30 management audits to employ different methodologies to examine topics; in fact,
31 often times a single management audit will employ several analysis approaches, as

1 the BAH management audit did. Mr. Majoros does not even attempt to engage the
2 methodologies employed by the BAH management audit, much less to challenge
3 them. Rather than indicate how my management audit is deficient, the Pennsylvania
4 study illustrates the variability of management audits.

5
6 **Q. PLEASE DESCRIBE THE SCOPE AND CONTEXT OF THE**
7 **MANAGEMENT AUDIT THAT YOU CONDUCTED.**

8 A. Pursuant to the TRA's order, I conducted a management audit to determine whether
9 the costs allocated to TAWC by its parent resulted from prudent management
10 decisions and whether the methodology used to allocate those costs to TAWC was
11 reasonable.

12
13 **Q. HAS THE STRUCTURE OF THE MANAGEMENT AUDIT AND**
14 **ACCOMPANYING ANALYSIS THAT YOU PERFORMED BEEN USED**
15 **PREVIOUSLY?**

16 A. Yes. As I mentioned earlier, a management audit is a general term that is often used
17 to refer to an outside evaluation of either the management or operations of a
18 company. In the context of Director Miller's motion, which references a need to
19 determine "whether the underlying functions performed by the services company are
20 necessary, efficiently executed, and a result of prudent management decisions", I
21 determined that the management audit structure that I used was appropriate. My firm
22 and I have conducted a number of management audits using the same structure in
23 other jurisdictions where state regulatory commissions have sought to better
24 understand service company allocations and the prudence and reasonableness of
25 costs. These management audits are sometimes also referred to as "cost
26 assessments" or "prudence reviews."

27 The type of structure used in the BAH audit for the TRA in this case is used to
28 evaluate costs incurred and decisions made by a parent organization and then
29 allocated to its operating companies. The most common industries where this type of
30 management audit is used is in telecommunications and utilities, which often have a

1 holding company structure with operating companies that span multiple regulatory
2 jurisdictions.

3
4 **Q. IN HOW MANY OTHER JURISDICTIONS, IF ANY, HAS A REGULATORY**
5 **AUTHORITY RELIED ON THIS SAME TYPE OF MANAGEMENT AUDIT**
6 **PERFORMED BY YOU AND BAH?**

7 A. In combination, my firm and I have conducted management audits using this same
8 structure and methodology in 18 different regulatory jurisdictions. The most recent
9 examples of this work include the following three rate cases:

- 10 • 2007, Illinois; Commonwealth Edison, docket number 07-0566
- 11 • 2007, Texas; Entergy Gulf States, docket number 34800
- 12 • 2006, Texas; AEP Texas, docket number 33309

13 Please reference Exhibit 1: Summary of Approach Structure Experience, which was
14 also provided as a response to the City of Chattanooga's data request #17, for further
15 details. In each of these cases, the applicable regulatory body accepted the approach
16 and analysis of BAH's management audit.

17
18 **Q. WHAT EXPERIENCE, IF ANY, DO YOU HAVE WITH SARBANES**
19 **OXLEY?**

20 A. I have personal experience regarding the effect of the enactment of Sarbanes Oxley
21 (SOX) on the management consulting industry. At the time of SOX's enactment I
22 was a Partner with Deloitte Consulting, one of the largest consulting firms in the
23 nation. Because SOX requires that firms may not perform management consulting
24 services (which include performing management audits) for clients for whom they
25 also perform financial statement audit services, many of my management consulting
26 partners and I left to join firms that were completely independent from the financial
27 auditing business.

28 In fact, the Big Four accounting firms (Price Waterhouse Coopers, Deloitte and
29 Touche, KPMG, and Ernst & Young) have had to separate their management
30 consulting business from their audit business as a result of the SOX legislation. In
31 the case of Price Waterhouse Coopers, KPMG and Ernst & Young, the consulting

businesses were legally divested to ensure the independence required by SOX. In the case of Deloitte and Touche, the consulting business, while remaining within the same company, became restricted from performing work for any of the clients that were also financial audit clients.

Q. WHAT IS YOUR UNDERSTANDING OF SOX COMPLIANCE IN THE CONTEXT OF A MANAGEMENT AUDIT?

A. As a result of my personal experience, I understand that SOX prohibits a company's financial statement audit and management audit services from being performed by the same firm. As a result, it is my understanding that, for a management audit to be in compliance with SOX, it must be performed by a firm with complete independence from any firm providing the same company's financial statement audit.

Q. WAS THE REVIEW THAT YOU CONDUCTED A MANAGEMENT AUDIT IN COMPLIANCE WITH SARBANES OXLEY REQUIREMENTS?

A. Yes. Because the Company selected me and my firm to perform this management audit, rather than its financial auditors, Price Waterhouse Coopers, I understood the SOX compliance component of Director Miller's motion to be satisfied.

Q. PLEASE EXPLAIN WHY THE APPROACH YOU USE IS AN APPROPRIATE RESPONSE TO THE TRA ORDER.

A. The first answer is that the approach is comprehensive. The framework of the analysis is structured to address key areas where operating companies should look to ensure that they are receiving the appropriate services, at the appropriate service level and at a competitive cost. As described in Section 1 of Appendix 1 to my direct testimony, I develop a set of questions that should be answered to evaluate the relationship between the operating company and the service company. Specifically, the TRA order lays out three objectives for the management audit, which I will now address:

- 1 • *“determine whether all costs allocated to TAWC were incurred as a result of*
2 *prudent or imprudent management decisions by TAWC’s parent”* – Several
3 sections of my report, taken in combination, address this issue.

- 4 ○ In the “Organization Overview”, I establish the scope of services provided
5 by the American Water Works Service Company (AWWSC). It is
6 essential to understand the structure and mandate of the organization as a
7 baseline for further analysis. In this section, I also compare AWWSC to
8 other utility holding company service companies. This is important to
9 establish that AWWSC provides a scope of service similar to many other
10 service companies in the utility industry. This overall analysis establishes
11 both the internal structure of AWWSC and its scope of services relative to
12 other service companies. In this section, I show that AWWSC provides
13 services consistent with other companies in the utility industry.
- 14 ○ In the “Necessity and Benefits Analysis”, I evaluate each of the functions
15 provided to TAWC by AWWSC. It is important to establish the business
16 need for the performance of AWWSC services in order to understand
17 whether the decisions by TAWC’s parent were prudent. I also identify
18 clear benefits that arise from the performance of AWWSC services. The
19 combination of these two analyses establishes whether TAWC would need
20 to receive the services provided by AWWSC whether it was part of the
21 Company or not. Again, this section establishes a base level of proper
22 management decision making.
- 23 ○ In the “Overlap and Duplication Analysis”, I evaluate the possible
24 duplication of activities between AWWSC and TAWC, which would
25 result in unnecessary costs. I examine each function performed by
26 AWWSC and compare it to functions embedded within TAWC to evaluate
27 any efforts that may be duplicated. In conjunction with the “Necessity and
28 Benefits Analysis”, this section establishes whether or not the Company
29 has organized the performance of key functions in an efficient manner.
- 30 ○ In the “Budget and Control” section, I evaluate the interaction between
31 TAWC and AWWSC in the incurrence of costs. It is important to

1 understand whether TAWC is a “price taker” or whether AWWSC is held
2 accountable for the costs that it incurs on behalf of TAWC. I examine both
3 the up-front budgeting process and the on-going cost management process
4 to determine the state of the control environment between AWWSC and
5 TAWC in the incurrence of costs. This analysis establishes the degree to
6 which TAWC has input into its own level of services and costs from
7 TAWC and the ability of TAWC to question and refute improper costs.
8 This section speaks to the system of checks and balances that enable and
9 enforce prudent decision making on the part of TAWC and AWWSC.

10 ○ In the “Cost Trends” section, I review the trend in costs at AWWSC
11 between 2005 and 2006. The intent of this section is to evaluate on-going
12 operating costs of the service company and form an opinion as to whether
13 the increase or decrease in costs is reasonable. This analysis examines key
14 operating costs and establishes whether the expenditure decisions of
15 AWWSC, at a macro level, are appropriate and prudent.

16 ○ In the “Relative Cost Performance” section, I compare the costs of
17 AWWSC to a set of comparable peer service companies in the utility
18 industry. I will address the reasonableness of the peer set chosen later in
19 this testimony. This section establishes a series of metrics to compare cost
20 performance of AWWSC with its peers. In conjunction with the “Cost
21 Trends” section, this analysis helps establish the reasonableness of costs
22 incurred by AWWSC and the prudence of spending decisions made by
23 management.

24 • *“address the reasonableness of the methodology used to allocate costs to TAWC”*

25 – In the “Cost Allocation” section I examine the AWWSC costs that were
26 allocated to TAWC. As this work is not a financial audit, my analysis seeks to
27 determine whether the methodology used to allocate costs to TAWC is reasonable
28 and results in an appropriate cost burden. Because the “Cost Analysis” section
29 examines AWWSC cost incurrence at a macro level, this section is not a detailed
30 examination of specific cost line items. Rather it determines whether TAWC is

1 billed only for its fair share of costs from AWWSC. This analysis establishes
2 whether AWWSC has fairly and appropriately allocated costs to TAWC.

3
4 **Q. WHAT COMPANY FINANCIAL MATERIALS, IF ANY, DID YOU RELY**
5 **ON IN CONDUCTING YOUR MANAGEMENT AUDIT?**

6 A. Tennessee American's Treasurer, Michael Miller, upon request, provided BAH with
7 American Water Works' 2006 financial statements, as audited by Price Waterhouse
8 Coopers. My team and I also considered AWWSC financial data to enable more
9 granular analysis.

10
11 **Q. MR. MAJOROS SUGGESTS THAT YOUR MANAGEMENT AUDIT**
12 **DIFFERS LITTLE FROM THE STUDY MR. BARYENBRUCH SUBMITTED**
13 **IN DOCKET NO. 06-00290. DOES THE BAH MANAGEMENT AUDIT USE**
14 **DIFFERENT APPROACHES THAN THE BARYENBRUCH STUDY?**

15 A. Yes, even a cursory review of the Baryenbruch study and a comparison of it with the
16 BAH management audit indicates that the two are fundamentally different. For
17 example, the BAH management audit compares *service* company costs (via the
18 FERC Form 60) while the Baryenbruch study focused on *operating* company costs
19 (via the FERC Form 1). It is not surprising that Mr. Majoros fails to offer any
20 substantive analysis to support his claims.

21
22 **II. REBUTTAL TO TESTIMONY OF GLYNN STOFFEL**

23 **Q. MR. STOFFEL IMPLIES THAT USING A BENCHMARKING PEER**
24 **GROUP OF ELECTRIC UTILITIES IS INAPPROPRIATE BECAUSE**
25 **TAWC IS A WATER COMPANY. WHY IS AN ELECTRIC PEER GROUP**
26 **APPROPRIATE?**

27 A. The industry distinction that Mr. Stoffel is trying to draw is not relevant in this case.
28 The services that TAWC receives from AWWSC are consistent with services
29 provided by the electric utility service companies that are referenced in the BAH
30 management audit peer set. In fact, as highlighted in Figure 3-2 of my report,

1 AWWSC provides many of the same, or similar, services as the companies in the
2 peer set. More importantly, these are services that are required of all utility
3 companies. Services such as accounting, legal, customer service, engineering and
4 technical services, etc. are necessary for the operation of both water and electric
5 companies. Therefore, it is more appropriate to make comparisons between entities
6 that provide the same scope of service rather than focus on the specific industry in
7 which those entities exist. This is especially so when, as I explain below, detailed,
8 directly comparable data is not available for an industry specific comparison.
9 The peer group I constructed is comprised of 20 electric utility service companies.
10 Ideally, I would have developed a peer group of water utility service companies, but
11 this is not possible given the lack of water utilities with a holding company and
12 service company structure. However, the construction of a peer group of electric
13 utility service companies is a reasonable and appropriate proxy.

14
15 **Q. WHY IS IT IMPORTANT TO CONSIDER THE ORGANIZATIONAL**
16 **STRUCTURE IN THE DEVELOPMENT OF THE PEER GROUP?**

17 A. The method and structure for providing services is, in this case, more important than
18 the industry in which the services are provided. A service company structure
19 consolidates many supporting functions that can be leveraged across multiple
20 business units and geographies. This consolidation creates economies of scale and
21 allows for the easy transfer of best practices between operating companies or
22 business units. The fact that TAWC is a part of a large company with a service
23 company enables it to benefit from this structure. Companies that are not served by a
24 service company must provide these same services in a very different way and often
25 at a different level of service and cost.

26 The types of services that are appropriate for consolidation within a service company
27 are those that support the key operations of the business. Support services are needed
28 regardless of the specific type of utility service being provided (i.e. electric vs.
29 water). Support services are important for TAWC to function, but do not necessarily
30 require a full-time (FTE) on-site in Chattanooga at all times. A service company

1 structure allows TAWC to have access to specialized expertise that would be overly
2 costly to embed within the operating company.

3
4 **Q. WHY IS THE DATA USED IN YOUR STUDY RELIABLE?**

5 A. The BAH management audit relies on the Federal Energy Regulatory Commission
6 (FERC) Form 60. As a highly regulated industry, similar to water utilities, electric
7 utilities that choose a holding company and service company structure are required
8 to file this document on a yearly basis with the FERC. This is a standardized form
9 detailing the operating costs for each electric utility service company. It outlines how
10 electric utility service companies spend money and allocate costs to operating
11 companies in a consistent format. As a document filed at the federal level, it receives
12 a great deal of scrutiny, and is relied on by federal regulators. For this reason the
13 FERC Form 60 data is considered amongst the most accurate, consistent and reliable
14 available.

15
16 **Q. IN GENERAL, WHY ARE THE BENCHMARKING STUDIES SUBMITTED**
17 **BY MR. STOFFEL INAPPROPRIATE TO USE IN THE EVALUATION OF**
18 **TAWC MANAGEMENT FEES?**

19 A. All of the benchmarks that Mr. Stoffel cites benchmark only aspects of *operating*
20 companies without any benchmarks for *service* companies. The TRA specifically
21 ordered that the management audit in this case was to examine *service* company
22 costs allocated to TAWC, not costs originating at the operating company level. Most
23 significantly, Mr. Stoffel compares apples to oranges and draws inaccurate and
24 misleading conclusions from his work.

25
26 **Q. MR. STOFFEL SPECIFICALLY CITES A METRIC FROM THE 2005**
27 **AMERICAN WATER WORKS (AWWA) STUDY "BENCHMARKING**
28 **PERFORMANCE INDICATORS FOR WATER AND WASTEWATER**
29 **UTILITIES" TO CLAIM THAT AWWSC COSTS ARE HIGHER THAN**
30 **THOSE OF ITS PEERS. HOW, IF AT ALL, IS MR. STOFFEL'S CLAIM**
31 **WRONG?**

1 A. Mr. Stoffel states that the AWWA metric *Customer Service Cost per Account*
 2 “appears similar to” a metric from my report *Service Cost per Customer*. In fact,
 3 these two metrics are not similar at all, as even a cursory comparison of the AWWA
 4 study and the BAH management audit reveal.

5 The primary fault in comparing these two metrics is the scope of costs that are
 6 included. The AWWA benchmark is specific to *customer service costs only*, which
 7 includes meter reading, billing and collections activities, among other things. The
 8 benchmark cited in my study is specific to *all service company costs*, including not
 9 just customer services costs but also costs for a host of other support functions, such
 10 as legal, accounting, human resources, audit, finance, communications,
 11 administration, engineering and multiple others. As Figure 1 illustrates the scope of
 12 services included in the AWWA benchmark are far, far more limited than the scope
 13 of services included the BAH management audit.

Figure 1

Component Cost Comparison	
AWWA Group	AWWSC Average
Customer Service	Customer Service Accounting Administration Audit Communications Engineering Finance Human Resources Information Systems Legal Operations Rates & Revenues Risk Management Water Quality
\$38 per customer for 1 function	\$68 per customer for 14 functions

15
 16 Because the costs are so grossly misaligned, it is completely inappropriate to
 17 compare these two metrics. For Mr. Stoffel to use a comparison between the costs of
 18 the one function measured in the AWWA study (customer service) and the 14

1 functions provided by AWWSC and use that to claim that AWWSC's cost for
2 customer service is "78% higher" than the water companies in the AWWA peer
3 group is either a gross error or a deliberate misrepresentation.

4 Mr. Stoffel's error or misrepresentation is further compounded because the AWWA
5 benchmarking data on which he relies was for the period 2003 to 2004, two years
6 older than the FERC Form 60 data used in the BAH management audit. Mr. Stoffel
7 would need to have included some form of escalation analysis to compare data from
8 different time periods. Yet, instead of acknowledging that the data he was comparing
9 was for different time periods and covered vastly different services functions, Mr.
10 Stoffel attempts to pass off his analysis as an apples to apples comparison. Mr.
11 Stoffel's actions call into question the credibility of all of his opinions in this case.

12
13 **Q. MR. STOFFEL ALSO CITES A BENCHMARKING STUDY CONDUCTED**
14 **BY THE PUBLIC SERVICE COMMISSION OF WISCONSIN (PSC) IN HIS**
15 **TESTIMONY. PLEASE COMMENT ON THE VALIDITY OF THIS DATA**
16 **AS IT RELATES TO THE BENCHMARKING ANALYSIS YOU**
17 **PERFORMED.**

18 A. First, Mr. Stoffel does not cite any specific analysis or finding from the PSC in his
19 testimony. Rather, he simply indicates its existence and implies that it has
20 benchmarking data that is more relevant than the Form 60 benchmarking that I
21 provided in my report.

22 Upon a cursory review of the PSC study, I can say that there is very little
23 transparency in the cost data used to develop the metrics. It would be difficult to
24 draw meaningful conclusions from this data without further analysis into the
25 underlying methodology and analysis. For example in one benchmark titled *Total*
26 *Operating and Maintenance Expenses per \$1,000 of Utility Plant*, the study does not
27 specify what is used for the amount of "Utility Plant." The actual meaning is unclear
28 and could simply be "Water Plant in Service," which means that it does not include
29 "Water Plant held for Future Use" or "Water Plant in Construction." Also, the study
30 does not specify if it made this distinction clear to municipal utilities when collecting
31 the data used for the benchmarking study. In other words, when submitting data for

1 the study, one utility may have submitted just “Water Plant in Service” as its total
2 “Utility Plant,” whereas others may have included “Water Plant in Service” plus
3 “Water Plant held for Future Use” plus “Water Plant in Construction,” which could
4 greatly affect the result of the benchmark. Mr. Stoffel does not offer any insights into
5 the source and meaning of the data that he cites for his analysis.
6

7 **Q. MR. STOFFEL ALSO REFERENCES A 2007 STUDY LEAD BY THE EPA.**
8 **PLEASE COMMENT ON THE VALIDITY OF THIS DOCUMENT AS IT**
9 **RELATES TO THE BENCHMARKING ANALYSIS YOU CONDUCTED.**

10 A. Again, Mr. Stoffel does not actually cite any specific analysis from this document,
11 but implies that its existence is proof that the benchmarking analysis conducted in
12 my report is invalid.

13 The EPA study cited does not provide any benchmarks at all. In fact, on page 11 of
14 that study it specifically says that “the discussion of measurement in this report and
15 the example measures identified by the Steering Committee in Appendix D are
16 intentionally not articulated as objectives, targets, or benchmarks.” Therefore this
17 study does not provide any actual benchmarks for comparison. The study provides
18 recommendations for different “measures” for a water utility to track and measure its
19 performance and is predominantly operational in nature. Mr. Stoffel’s reliance on the
20 EPA study again calls into question the credibility of his opinions in this docket.
21

22 **Q. WHAT IS YOUR OVERALL ASSESSMENT OF MR. STOFFEL’S**
23 **TESTIMONY?**

24 A. I do not believe that Mr. Stoffel has provided any meaningful evidence that would
25 refute the benchmarking analysis that I conducted. He has provided no independent
26 analysis to support his claims. In fact, his conclusions are based on faulty
27 assumptions and misleading.
28

29 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

30 A. Yes it does.
31
32

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2
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