

OCA STATEMENT 1

4-17-08 JES  
HBL

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY  
COMMISSION :

v. :

TOTAL ENVIRONMENTAL SOLUTIONS, INC. :  
TREASURE LAKE SEWER DIVISION :

Docket No. R-00072495

**DOCUMENT  
FOLDER**

also Includes  
Ethics 11  
MSK-1  
4-11-08  
JES

DIRECT TESTIMONY

OF

MARILYN J. KRAUS

ON BEHALF OF

THE PENNSYLVANIA OFFICE OF CONSUMER ADVOCATE

MARCH 11, 2008

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1 INTRODUCTION

2 Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND OCCUPATION.

3

4 A. My name is Marilyn J. Kraus. My business address is 555 Walnut Street, Forum Place,  
5 5<sup>th</sup> Floor, Harrisburg, Pennsylvania 17101. I am a certified public accountant currently  
6 employed as a Senior Regulatory Analyst by the Pennsylvania Office of Consumer  
7 Advocate (OCA).

8

9 Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND  
10 QUALIFICATIONS IN THE UTILITY REGULATORY FIELD.

11

12 A. Appendix I to this testimony describes my educational background and includes a list of  
13 the various rate cases and regulatory matters in which I have participated.

14

15 Q. WHAT WAS YOUR ASSIGNMENT IN THIS CASE?

16

17 A. My assignment in this case was to review the rates proposed by the Treasure Lake Sewer  
18 Division (TLS, or Company) of Total Environmental Solutions, Inc. (TESI) in the current  
19 filing, and recommend adjustments pursuant to generally accepted accounting and rate  
20 making principles. My review included an analysis of the elements of rate base and net  
21 operating income as outlined in TLS's Supporting Data in this proceeding. (See SDF  
22 Exhibit No. 1 and revisions outlined in SDF Exhibit No. 2.)

1 Q. PLEASE DESCRIBE THE GENERAL NATURE OF THE COMPANY'S RATE  
2 INCREASE REQUEST.

3  
4 A. As shown on page 1-13 of SDF Exhibit No. 2, the Company is requesting an increase of  
5 \$269,666, or 44%, over pro forma revenues for the future test year ended December 31,  
6 2007. The Company cites no specific reason for the requested increase, stating only that  
7 the current filing is necessary to realize a reasonable rate of return on investment and to  
8 recover increased operating expenses.

9  
10 Q. WHAT ISSUES ARE YOU ADDRESSING IN THIS CASE?

11  
12 A. I am addressing issues related to the Company's rate base and net operating income  
13 claims, including cash working capital, salaries and wages, rate case expense, bad debts  
14 expense, affiliated charges and miscellaneous expenses. I will also comment on the rate  
15 design proposed by the Company in this case. My recommended adjustments are  
16 summarized on the attached OCA Exhibit MJK-1.

17  
18 CASH WORKING CAPITAL

19 Q. WHAT ADJUSTMENTS ARE YOU RECOMMENDING TO THE COMPANY'S  
20 CLAIM FOR CASH WORKING CAPITAL?

21  
22 A. The Company calculated its claim for cash working capital based on the formula method,  
23 or one-eighth (12.5%) of operating and maintenance (O&M) expenses. I have made an

1 adjustment to cash working capital of \$18,203, representing 12.5% of the total  
2 adjustments I am recommending to O&M expenses. This adjustment should be modified  
3 to comport with the total adjustments to O&M as accepted by the Commission.  
4

5 SALARIES AND WAGES

6 Q. DESCRIBE THE PRO FORMA ADJUSTMENT MADE BY THE COMPANY TO  
7 SALARIES AND WAGES.  
8

9 A. As outlined in Going-Level Adjustment 1 on page 1-15 of SDF Exhibit No. 1, TLS  
10 includes a pro forma adjustment to increase the amount of salaries and wages that is  
11 expensed by \$17,682. In the explanation of this adjustment, the Company states that this  
12 adjustment is made because “[d]uring 2006, the Company incurred a higher than normal  
13 level of capitalized salaries and wages.” The Company states further, that in 2007 and  
14 forward, only 10% of total non-administrative salaries and wages will be capitalized,  
15 resulting in the increase to expense of \$17,682. As shown on Supporting Schedule 2, this  
16 adjustment increases the amount of salaries and wages charged to expense from \$88,562  
17 in 2006, to \$106,244 in 2007, which is an increase of 20%.  
18

19 Q. HAS THE COMPANY SUPPORTED THE \$17,682 INCREASE TO SALARIES AND  
20 WAGES EXPENSE?  
21

22 A. No, it has not. In response to OCA Interrogatory Set I, No. 2 (included with this  
23 testimony as Attachment 1), the Company shows that total salaries and wages during

1 2006 were \$91,771. Of that amount, only \$3,198, or 3.5%, was capitalized, resulting in  
2 the 2006 expense of \$88,573 (shown as \$88,562 on Supporting Schedule 2 in SDF  
3 Exhibit No. 1.) As such, the percentage of salaries and wages capitalized in 2006 was  
4 much less than the ten percent, which the Company indicates will be capitalized on a  
5 going-forward basis. Thus, the Company has not supported its claim that it is necessary  
6 to increase the amount of salaries and wages charged to expense on a pro forma basis due  
7 to a "higher than normal level of capitalized salaries and wages" during 2006.

8  
9 Q. WHAT IS YOUR RECOMMENDATION WITH RESPECT TO THE SALARIES AND  
10 WAGES EXPENSE TO BE REFLECTED IN THIS CASE?

11  
12 A. As noted above, total salaries and wages in 2006 were \$91,771 (\$83,388 non-  
13 administrative and \$8,383 administrative, per OCA-I-2.) Supporting Schedule 2 of SDF  
14 Exhibit No. 1 shows that the Company's total salaries and wages claim for 2007 in this  
15 case is \$116,815, which is an increase of \$25,044, or 27% over 2006. The Company has  
16 not supported or even explained this substantial increase in total salaries and wages. The  
17 Company's response to OTS Interrogatory RE-4-D in the Water Division case  
18 (Attachment 1) indicates that the employees who provide services to TLS, among other  
19 entities, received an average wage increase of 3% in 2007. Therefore, my  
20 recommendation in this case is to allow a 3%, or \$2,753 increase in total salaries and  
21 wages over 2006 for 2007, resulting in an allowance of \$94,524 ( $\$91,771 \times 1.03$ .) This  
22 allows the Company total non-administrative salaries of \$85,890 ( $\$83,388 \times 1.03$ ) and  
23 administrative salaries of \$8,634 ( $\$8,383 \times 1.03$ .) As indicated by the Company in

1           Going-Level Adjustment 1, ten percent of the non-administrative salaries, or \$8,589  
2           should be capitalized. Therefore, the salaries and wages expense allowance that I am  
3           recommending is \$85,935 (\$94,524 - \$8,589.) This amount is \$20,309 less than the  
4           Company's salaries and wages expense claim of \$106,244. I have included this  
5           adjustment on OCA Exhibit MJK-1. I have also included a corresponding adjustment to  
6           reduce payroll taxes (FICA only) by \$1,554 ( $\$20,309 \times 7.65\%$ .)

7  
8           RATE CASE EXPENSE

9           Q.     DESCRIBE THE COMPANY'S RATE CASE EXPENSE CLAIM AND YOUR  
10           RECOMMENDED ADJUSTMENT.

11  
12          A.     As indicated in Going-Level Adjustment 4 on page 1-15 of SDF Exhibit No. 1, the  
13           Company is claiming rate case expense of \$160,000, normalized over three years, or  
14           \$53,333 annually, with respect to this proceeding. In response to OCA Interrogatory Set  
15           I, No. 5 (Attachment 2), the Company indicates that this is the first rate case filed by TLS  
16           since its acquisition by TESI in 2000. Thus, the three-year normalization period  
17           proposed by the Company is too short. I am recommending that a normalization period  
18           of no less than five years be used to determine the annual rate case expense allowance in  
19           this case. The five-year normalization period results in an annual expense of \$32,000  
20           ( $\$160,000 / 5$ ), which is \$21,333 less than the annual amount requested by the Company.  
21           I have shown this adjustment on OCA Exhibit MJK-1. I should note that currently, the  
22           Company has provided invoices that support only \$38,336 of total rate case expense.  
23           Since the data request for these invoices is ongoing throughout this proceeding, the

1 Company should be required to provide such support for all further actual expenditures  
2 with respect to its rate case expense claim.  
3

4 BAD DEBTS EXPENSE

5 Q. ARE YOU RECOMMENDING AN ADJUSTMENT TO THE COMPANY'S BAD  
6 DEBTS EXPENSE CLAIM?  
7

8 A. Yes. As shown in Going-Level Adjustment 5 on page 1-15 of SDF Exhibit No. 1, the  
9 Company is claiming an annual amount of bad debts expense of \$110,000 in this case.  
10 Per the Company's response to OCA Interrogatory Set I, No. 6 (Attachment 3), the actual  
11 amount of bad debts written off in 2006 was \$33,723. TLS has provided no support for  
12 its claimed substantial increase in bad debts between 2006 and 2007. Therefore, I am  
13 recommending that the Company be allowed the actual write-off amount of \$33,723 for  
14 purposes of this case. I have included an adjustment to reduce bad debts expense by  
15 \$76,277 (\$110,000 - \$33,723) on OCA Exhibit MJK-1.  
16

17 CONTRACTED SERVICES (AFS)

18 Q. DESCRIBE THE CLAIM MADE BY TLS RELATED TO CONTRACTED SERVICES  
19 "AFS."  
20

21 A. As shown on page 1-14 of SDF Exhibit No. 1, the Company has included a claim for  
22 contracted services "AFS" of \$36,133 in expenses in this case. The Company's response  
23 to OCA Interrogatory Set I, No. 15, indicates that this amount represents an allocated

1 portion of contracted services expenses incurred by the TESI, the parent company.  
2 TLS's response to OCA Interrogatory Set II, No. 3 (Attachment 4) and OTS  
3 Interrogatory RE-13-D (Updated) in the Water Division case (also in Attachment 4)  
4 indicate that, of the total expense of \$437,168 incurred by TESI, 18% is allocated to  
5 Pennsylvania companies, with 70% of Pennsylvania's portion allocated to Treasure Lake  
6 and 65% of Treasure Lake's portion allocated to the Sewer Division. Thus, an 8.265% of  
7 the TESI costs are allocated to TLS (.18 x .70 x .35, or \$36,133 / \$437,168.)  
8

9 Q. ARE YOU RECOMMENDING ADJUSTMENTS TO THE COMPANY'S CLAIM FOR  
10 TESI CONTRACTED SERVICES?  
11

12 A. Yes. In response to OTS Interrogatory RE-13-D (Updated,) in the Water Division case,  
13 the Company provided the General Ledger Detail showing the line item charges to the  
14 contracted services account for TESI along with invoices to support this claim. I am  
15 recommending several adjustments to this claim. First, the Company provided several  
16 invoices from the law firm of Balch & Bingham LLP, totaling \$11,468 (see Attachment 4  
17 for sample invoices.) The services outlined on these invoices do not appear to relate in  
18 any manner to the services provided by TLS to its customers. I note that a portion of  
19 these charges relate to a "wrongful termination" lawsuit. I am recommending that the  
20 \$948 portion of these costs (.08265 x \$11,468) allocated to TLS be removed from  
21 expenses in this case.  
22

1 Second, the Company provided several invoices from Weber, Fick & Wilson, totaling  
2 \$4,217 (see Attachment 4 for sample invoices), that show no description whatsoever of  
3 the services provided to TESI. Thus this amount has not been supported in terms of  
4 benefits, if any, to the customers of TLS. I have removed TLS's allocated portion of  
5 these costs of \$349 (.08265 x \$4,217) from expenses in this case.  
6

7 Finally, although the General Ledger Detail shows line items for vendors including  
8 Duval, Funderburk & Sunberr, Taylor, Porter, Brooks & Phil, and Jones Walker, among  
9 others, with charges totaling \$236,174, no invoices or explanations of the specific  
10 services were provided. Therefore, it cannot be ascertained whether the services related  
11 to this amount relate in any manner or provide any benefit to the customers of TLS. I  
12 have removed TLS's allocated portion of these costs of \$19,520 (.08265 x \$236,174)  
13 from expenses in this case.  
14

15 In summary, I am recommending that a \$20,817 portion (\$948 + \$349 + \$19,520) of the  
16 Company's \$36,133 claim for Contracted Services (AFS) be removed from expenses in  
17 this case.  
18

19 Q. ARE YOU RECOMMENDING ANY OTHER ADJUSTMENTS TO EXPENSES  
20 CLAIMED BY TLS THAT HAVE BEEN ALLOCATED BY TESI OR SOUTH  
21 LOUISIANA ELECTRIC COOP (SLECA,) THE COMPANY'S OTHER AFFILIATE?  
22

1 A. Not at this time. I should note however, that the total amount of affiliated charges,  
2 including the item discussed above, allocated to TLS by TESI and SLECA and claimed  
3 in this case is \$106,661, as shown on page 1-4 of SDF Exhibit No. 1. In response to OTS  
4 Interrogatory RE-1-D (Attachment 5), the Company indicates that, at present, no  
5 affiliated interest agreements have been filed by Treasure Lake with respect to these  
6 affiliated charges. I have recommended adjustments, as noted in the above section of this  
7 testimony, of \$20,817 related to these costs. If the Company fails to file these  
8 agreements by the end of this case, the entire affiliated expense of \$106,661 should be  
9 disallowed.

10

11 MISCELLANEOUS OTHER EXPENSES

12 Q. ARE YOU RECOMMENDING AN ADJUSTMENT TO THE COMPANY'S CLAIM  
13 FOR MISCELLANEOUS OTHER EXPENSES?

14

15 A. Yes. As shown on page 1-14 of SDF Exhibit No. 1, the Company is claiming \$13,552 of  
16 Miscellaneous Other expenses. In response to OCA Interrogatory Set II, No. 7  
17 (Attachment 6), the Company indicates that a \$5,337 portion of this claim is comprised of  
18 1) a \$3,975 allocated portion of TESI bank charges of \$48,097, 2) a \$797 allocated  
19 portion of TESI "penalties" of \$9,648 and 3) and "unidentified" charges of \$565. None  
20 of these three amounts is appropriate for inclusion in ratemaking expenses. First, no  
21 explanation of the substantial bank charges or the relevance of this cost to the TLS  
22 customers has been provided. Second, it is not appropriate for the customers to pay for  
23 any penalties incurred by the Company or its parent. Third, costs that are not identified at

1 all should not be included in rates. I am recommending that these three items be removed  
2 from expenses in this case. These adjustments are included on OCA Exhibit MJK-1.

3  
4 RATE DESIGN

5 Q. ARE YOU RECOMMENDING ANY MODIFICATIONS TO THE COMPANY'S  
6 PROPOSED RATE DESIGN IN THIS CASE?

7  
8 A. Not at this time. However, I note that the Company is maintaining the 2,000 gallon per  
9 month allowance in its proposed tariff in this case. It is the policy of the Commission to  
10 move toward tariffs with no water allowances to promote conservation. I would  
11 recommend that the Company be required in its next base rate case, to eliminate all, or at  
12 least a portion of the allowance in order to comport with the Commission's policy. The  
13 Company should also be required to provide the bill frequency data that shows usage at  
14 each level to enable a review of the allowance reduction.

15  
16 SUMMARY

17 Q. PLEASE SUMMARIZE YOUR RECOMMENDATIONS IN THIS CASE.

18  
19 A. As shown on OCA Exhibit MJK-1, the total amount of my recommended adjustments to  
20 rate base is a decrease of \$18,203. Also shown on OCA Exhibit MJK-1 is the total  
21 amount of my recommended adjustments to net operating income, which reduces  
22 expenses by \$145,627. Because the Company made no claims for federal or state income  
23 taxes, \$145,627 is the amount by which I am recommending the Company's revenue

1 increase request be reduced to reflect my net operating income adjustments. I note that I  
2 have not determined the revenue requirement impact of my recommended rate base  
3 adjustments. This is because I am not accepting the Company's requested rate of return,  
4 but have not performed a rate of return analysis. Thus, at this time, the OCA is not  
5 making a recommendation with respect to rate of return in this case.  
6

7 Q. DOES THAT CONCLUDE YOUR TESTIMONY?

8  
9 A. Yes, at this time. However, I reserve the right to present supplemental testimony to  
10 address information that may be provided by the Company subsequent to the filing of this  
11 testimony.  
12

13 98127.doc

BACKGROUND AND QUALIFICATIONS

MARILYN J. KRAUS, C.P.A.

## Education

Madonna College, Livonia, Michigan, Bachelor of Science Degree in accounting, 1984.  
Passed C.P.A. examination in 1986 and certified in 1987.

Larkin & Associates Staff Training Seminar in the application of Lotus 1-2-3 software package to financial analysis of utilities and to tax and financial planning and projections.

## Experience

I am currently employed by the Pennsylvania Office of Attorney General, Office of Consumer Advocate in the capacity of Senior Regulatory Analyst. My responsibilities include the review of utility filings related to base rate requests, fuel adjustment clauses and other petitions and applications, as well as the analysis of other regulatory matters handled by the Office of Consumer Advocate. My duties also include appearing as a witness on behalf of the OCA at hearings related to regulatory matters to present the results of my analyses and recommendations for the disposition of such matters with regard to generally accepted accounting and ratemaking principles.

From April 1985 to October 1989, I was employed by Larkin & Associates, a firm of certified public accountants and utility regulatory consultants. At Larkin & Associates, my assignments included: analysis of expense and balance sheet accounts; testing of accounting systems for compliance with management policies and standards; the evaluation of accounting systems for their effectiveness; the preparation and review of financial statements and tax returns; preaudit interviews with management including submitting bids for engagements; preparation of management letters and the advice and training of client personnel in the maintenance of proper accounting records.

In the utility regulatory area, I was involved in the review of rate case testimonies, exhibits, responses to discovery requests and commission orders and in the analysis of financial data for various rate cases. I was responsible for the preparation of rate case testimony, exhibits and briefs, and evaluations of commission orders.

During my employment with this firm, I worked on the analysis of the New England Power Company's request for a change in the treatment of abandoned plant losses before the Federal Energy Regulatory Commission. I also performed analyses, interviewed Company employees, attended various hearings and assisted in cross examination of utility witnesses, prepared workpapers, exhibits and testimony concerning the rate increase requests of United Telephone Company of Missouri, El Paso Electric Company, Central Maine Power Company, Pennsylvania Power Company, Southern California Edison Company, Carolina Power & Light Company, St. Augustine Shores Utilities, Pennsylvania Gas and Water Company and Orange Osceola Utilities.

I was involved in the analyses of the effects of the provisions of the Tax Reform Act of 1986 on regulated utilities which were performed generically for the California Public Utilities Commission and for the Hawaiian Electric Company before the Hawaii Public Utilities Commission on behalf of the Department of the Navy. I also actively participated in the budget audit of the Georgia Power Company on behalf of the Staff of the Georgia Public Service Commission, and the management audit of the Anchorage Water and Wastewater Utility on behalf of the Staff of the Alaska Public Utilities Commission.

Prior to my employment with Larkin & Associates, I worked for Michigan Consolidated Gas Company, a major utility in Detroit, Michigan, as an accounting clerk. My duties included: preparation of financial statements and supporting statements; preparing journal vouchers for monthly entries, including support data; handling accounts receivable billings and cost allocations; assisting in preparation of entries for year-end closing; and special assignments in other departments, including Payroll and Internal Auditing. I was also assigned to a special project group initiated to implement a new general ledger computer system.

Previously, I had worked at Northland Underwriters, Inc. as a full-charge bookkeeper. There, I was responsible for an entire accounting system through trial balance, including accounts receivable and payable, payroll and income taxes.

List of cases in which I have testified or provided substantial assistance:

<u>Docket Number</u>	<u>Company Name and Jurisdiction</u>
9283	Kentucky American Water (Kentucky Public Service Commission)
Tr-85-179	United Telephone Company of Missouri (Missouri Public Service Commission)
6350	El Paso Electric Company (Public Utility Commission of Texas)
U-8091/U-8239	Consumers Power Company-Gas-Refunds (Michigan Public Service Commission)
85-212	Central Maine Power Company (Maine Public Service Commission)

ER-85646001 & ER-85647001	New England Power Company (Federal Energy Regulatory Commission)
R-850267	Pennsylvania Power Company (Pennsylvania Public Utility Commission)
R-850267 (Rebuttal)	Pennsylvania Power Company (Pennsylvania Public Utility Commission)
R-860378 (Surrebuttal)	Duquesne Light Company - OCA Statement No. 2D (Pennsylvania Public Utility Commission)
87-01-03	Connecticut Natural Gas (Department of Public Utility Control)
86-12-047	Southern California Edison Company (California Public Utilities Commission)
86-11-019	Tax Reform Act of 1986 Commission Investigation (California Public Utilities Commission)
5740	Hawaiian Electric Company Tax Reform Act of 1986 (Hawaii Public Utilities Commission)
3673-U	Georgia Power Company - Budget Audit (Georgia Public Service Commission)
7460	El Paso Electric Company (Public Utility Commission of Texas)
8747	Anchorage Water & Wastewater Utility - Management Audit (Alaska Public Utilities Commission)
U-8924	Consumers Power Company - Gas (Michigan Public Service Commission)
E-2, Sub 537	Carolina Power & Light Company (North Carolina Utilities Commission)

870980-WS	St. Augustine Shores Utilities, Inc. (Florida Public Service Commission)
870853	Pennsylvania Gas and Water Company (Pennsylvania Public Utility Commission)
871134-WS	Orange Osceola Utilities, Inc. (Florida Public Service Commission)
R-881084 et al	Pocono Water Company, et al. (National Utilities, Inc.) (Pennsylvania Public Utility Commission)
881503-WS	Poinciana Utilities, Inc. (Florida Public Service Commission)
	Pennsylvania Public Utility Commission:
R-891364	Philadelphia Electric Company
R-891473	Pennsylvania Water Co.-Sayre Division
R-891557	Arrowhead Public Service Corporation
R-901625	Roaring Creek Water Company
R-901663	Citizens Utilities Water Company of Pennsylvania
R-901664	Citizens Utilities Home Water Company
C-903013	Waymart Water Company
C-902815	GTE North, Inc.
R-911918 C-892706 C-892531	Clean Treatment Sewage Company
A-211770 et al	L.P. Water and Sewer Co.

R-911963	Roaring Creek Water Company
R-912060	Shenango Valley Water Company
R-912000	Dauphin Consolidated Water Co.
R-912064	Bloomsburg Water Company
R-912114	Lemont Water Company
R-912117	Fawn Lake Forest Water Company
A-230013	Broad Run Sewer Co.
C-913749	North Penn Gas Company
R-922209	Citizens Utilities Home Water Co.
R-922319	Glen Alsace Water Company
R-922326 et al	Dallas Water Company, et al
R-00922372	Lake Heritage Utilities, Inc.
R-00922502	Mechanicsburg Water Company
R-00922493	L.P. Water and Sewer Company - Sewer Division
A-210025F002	Public Service Water Company
A-230026	MPW Utilities, Inc.
R-00932604	Dauphin Consolidated Water Supply Company
R-00932795	General Waterworks of Pennsylvania, Inc.
R-00932673	Lemont Water Company
R-00932681	Kane Gas Light and Heating Company

L-00930089 Advance Notice of Proposed Rulemaking  
RE: Line Extensions

R-00932670 Pennsylvania-American Water Company

R-00932866 The Peoples Natural Gas Company

R-00932873 Blue Mountain Consolidated Water Company

R-00932828 National Utilities, Inc.

R-00943124 City of Bethlehem - Bureau of Water

R-00943152 *General Waterworks of PA, Inc.*

R-00943157 Newtown Artesian Water Company

C-00946402 North Penn Gas Company

R-00943245 North Penn Gas Company

R-00953346 Harrisburg Steam Works, Ltd.

R-00953300 Citizens Utilities Water Company of Pennsylvania

C-00945867, et al. Valley Utilities Company, Inc., et al.

C-00957205, et al. Four Seasons Water Company, Inc.  
Four Seasons Sewer Company, Inc.

R-00943155 Pennsylvania-American Water Company

R-00963856 *Western Utilities, Inc.*

R-00973947 United Water Pennsylvania, Inc.

C-00968442 Linda Fenske, et al. v. GTE North, Inc.

R-00974150 Pike County Power & Light Company

C-00970643, et al. Andrew J. Koban, et al. v. GTE North, Inc.

C-00970430 Haines Twp., et al. v. Bell Atlantic PA  
R-00984567 City of Lancaster - Water Fund  
C-00981941 Keith R. McCall, et al. v. Bell Atlantic PA  
C-00981878, et al. Vincent Golden, et al. v. Bell Atlantic PA & GTE North, Inc.  
C-00992270, et al. Susan Balla, et al. v. Redstone Water Company  
A-212285F0071 Pennsylvania-American Water Company  
R-00005212 Pennsylvania-American Water Company, Wastewater Operations  
R-00005050 Emporium Water Company  
C-00992980 Lois A. Norton, et al. v. Bell Atlantic PA, Inc.  
R-00005997 Jackson Sewer Company  
R-00005945 Emporium Water Company  
C-00004254 Harry and Loretta Thomas v. Verizon PA, Inc.  
R-00016297 City of Lancaster - Water Fund  
R-00016236 The York Water Company  
C-00004308 Marjorie L. Bubner v. Verizon North, Inc.  
C-00003500 Thomas L. Walters v. National Fuel Gas Distribution Corp.  
C-00015337 Cindy Parks v. Pennsylvania-American Water Company  
C-00014733 Edward D. Morra Jr. v. Pennsylvania-American Water Company  
C-20016207 Township of Collier v. Pennsylvania-American Water Company  
A-210103 D's Water Company  
P-00021979 Columbia Water Company

C-20016646	Elizabeth A. Marconi v. Gasco Distribution Systems, Inc.
R-00027982	Pennsylvania-American Water Company
R-00038304	Pennsylvania-American Water Company
R-00038805	Pennsylvania-American Water Company
C-20028372	Office of Consumer Advocate v. Verizon Pennsylvania, Inc
C-20030153	William G. Botti, et al v. Verizon Pennsylvania, Inc.
R-00038805	Aqua Pennsylvania, Inc.
R-00038429	Penn Estates Utilities, Inc. - Water Division
R-00038498	<i>Penn Estates Utilities, Inc. - Sewer Division</i>
R-00049862	City of Lancaster Sewer Fund
C-20055453, et al.	Sylvester et al. v. W.P. Water Company
A-210104F0074	Aqua Pennsylvania, Inc.
C-20026959	Mary Harvey, et al v. Commonwealth Telephone Co.
C-20043414	Keith Tompkins v. United Water Pennsylvania, Inc.
R-00050678	Mesco, Inc.
R-00051167	City of Lancaster Bureau of Water
R-00050671	City of DuBois Water Bureau
R-00061297	Emporium Water Company
A-210104F0074	Application of Aqua Pennsylvania
I-00070114	Investigation of WP Water Co., Inc and WP Sanitary Co., Inc.
R-00072492	City of Bethlehem Bureau of Water

Affiliations

I am a certified public accountant licensed in the state of Pennsylvania and registered in the state of Michigan. I am a member of the Michigan Association of Certified Public Accountants and the Pennsylvania Institute of CPA'S. I am also a member of the Tax and Accounting Committee of the National Association of State Utility Consumer Advocates.

3502.1;1/MJK/smn

OCA EXHIBIT MJK-1

Total Environmental Solutions, Inc.  
 Treasure Lake Sewer Division  
 Summary of Adjustments

Docket No. R-00072495  
 OCA Exhibit MJK-1

4-17-08 JES  
 LTB

Line No.	Description	Amount	Reference
<u>Rate Base</u>			
1	Adjust Cash Working Capital for O&M Adjustments	(18,203)	OCA Statement 1
2	Total Rate Base Adjustments	<u>(18,203)</u>	
<u>Net Operating Income</u>			
Operation & Maintenance Expense Adjustments			
3	Reduce Company's Claim for 2007 Salaries & Wages	(20,309)	OCA Statement 1
4	Remove Payroll Taxes on Salaries & Wages Adj.	(1,554)	OCA Statement 1
5	Increase Normalization Period for Rate Case Expense	(21,333)	OCA Statement 1
6	Reduce Bad Debts Expense to Actual Write-off Amount	(76,277)	OCA Statement 1
Contracted Services AFS (Affiliated):			
7	Balch & Bingham	(948)	OCA Statement 1
8	Weber, Fick & Wilson	(349)	OCA Statement 1
9	Charges Unsupported by Invoices or Unexplained	(19,520)	OCA Statement 1
Miscellaneous Other:			
10	TESI Bank Charges	(3,975)	OCA Statement 1
11	TESI Penalties	(797)	OCA Statement 1
12	Unidentified Charges	(565)	OCA Statement 1
13	Total Operation & Maintenance Expense Adjustments	<u>(145,627)</u>	
14	Total Net Operating Income Adjustments	<u>(145,627)</u>	

COMPANY RESPONSES TO  
OCA INTERROGATORY SET I, NO. 2  
AND  
OTS INTERROGATORY RE-4-D

**Pennsylvania Public Utility Commission**  
**v.**  
**Total Environmental Solutions, Inc.**  
**Treasure Lake Sewer Division**  
**Docket No. R-00072495**  
**Interrogatories of the Office of Consumer Advocate**  
**Set 1**

2. Refer to supporting Schedule 2. Provide the same detail of salaries and wages (i.e., total salaries, amount actually capitalized and amount expensed, by account) for the years 2003, 2004, 2005, and 2006.

**Response:** See attached.

Responsible Party: Wayne Owens

Pennsylvania Public Utility Commission

V.

Total Environmental Solutions, Inc.

Treasure Lake Sewer Division

Docket No. R-00072495

Set 1

# 2

		2003 Total Salaries & Wages	Capitalized	2003 Total Salaries & Wages Expensed
70110 Salaries & Wages	Collection Operations	\$ 848	\$ -	\$ 848
70120 Salaries & Wages	Collection Maintenance	\$ 1,269	\$ -	\$ 1,269
70130 Salaries & Wages	Pumping Operations	\$ 3,324	\$ -	\$ 3,324
70140 Salaries & Wages	Water Treatment Maintenance	\$ 663	\$ -	\$ 663
70150 Salaries & Wages	Treatment & Disposal Operations	\$ 16,823	\$ -	\$ 16,823
70160 Salaries & Wages	Trans & Dist. Maintenance	\$ 2,988	\$ -	\$ 2,988
70170 Salaries & Wages	Customer Accounts	\$ 2,013	\$ -	\$ 2,013
70180 Salaries & Wages	Admin & General	\$ 76,301	\$ -	\$ 76,301
		\$ -	\$ -	\$ -
		<u>\$ 104,229</u>	<u>\$ -</u>	<u>\$ 104,229</u>

		2004 Total Salaries & Wages	Capitalized	2004 Total Salaries & Wages Expensed
70110 Salaries & Wages	Collection Operations	\$ 2,520	\$ -	\$ 2,520
70120 Salaries & Wages	Collection Maintenance	\$ 7,436	\$ -	\$ 7,436
70130 Salaries & Wages	Pumping Operations	\$ 5,072	\$ -	\$ 5,072
70140 Salaries & Wages	Water Treatment Maintenance	\$ 1,035	\$ -	\$ 1,035
70150 Salaries & Wages	Treatment & Disposal Operations	\$ 33,378	\$ -	\$ 33,378
70160 Salaries & Wages	Trans & Dist. Maintenance	\$ 5,591	\$ -	\$ 5,591
70170 Salaries & Wages	Customer Accounts	\$ 2,519	\$ -	\$ 2,519
70180 Salaries & Wages	Admin & General	\$ 30,955	\$ -	\$ 30,955
	Salaries & Wages Capitalized	\$ -	\$ 5,373	\$ 5,373
		<u>\$ 88,506</u>	<u>\$ 5,373</u>	<u>\$ 93,878</u>

		2005 Total Salaries & Wages	Capitalized	2005 Total Salaries & Wages Expensed
70110 Salaries & Wages	Collection Operations	\$ 926	\$ -	\$ 926
70120 Salaries & Wages	Collection Maintenance	\$ 12,566	\$ -	\$ 12,566
70130 Salaries & Wages	Pumping Operations	\$ 5,890	\$ -	\$ 5,890
70140 Salaries & Wages	Water Treatment Maintenance	\$ 1,585	\$ -	\$ 1,585
70150 Salaries & Wages	Treatment & Disposal Operations	\$ 43,715	\$ -	\$ 43,715
70160 Salaries & Wages	Trans & Dist. Maintenance	\$ 10,066	\$ -	\$ 10,066
70170 Salaries & Wages	Customer Accounts	\$ 4,314	\$ -	\$ 4,314
70180 Salaries & Wages	Admin & General	\$ 8,656	\$ -	\$ 8,656
	Salaries & Wages Capitalized	\$ -	\$ 3,191	\$ 3,191
		<u>\$ 87,717</u>	<u>\$ 3,191</u>	<u>\$ 90,908</u>

		2006 Total Salaries & Wages	Capitalized	2006 Total Salaries & Wages Expensed
70110 Salaries & Wages	Collection Operations	\$ 393	\$ -	\$ 393
70120 Salaries & Wages	Collection Maintenance	\$ 10,466	\$ -	\$ 10,466
70130 Salaries & Wages	Pumping Operations	\$ 4,351	\$ -	\$ 4,351
70140 Salaries & Wages	Water Treatment Maintenance	\$ 1,688	\$ -	\$ 1,688
70150 Salaries & Wages	Treatment & Disposal Operations	\$ 42,389	\$ -	\$ 42,389
70160 Salaries & Wages	Trans & Dist. Maintenance	\$ 15,978	\$ -	\$ 15,978
70170 Salaries & Wages	Customer Accounts	\$ 4,924	\$ -	\$ 4,924
70180 Salaries & Wages	Admin & General	\$ 8,383	\$ -	\$ 8,383
	Salaries & Wages Capitalized	\$ -	\$ 3,198	\$ 3,198
		<u>\$ 88,573</u>	<u>\$ 3,198</u>	<u>\$ 91,771</u>

OFFICE OF TRIAL STAFF DATA REQUESTS  
TOTAL ENVIRONMENTAL SOLUTIONS, INC.  
TREASURE LAKE WATER DIVISION

Docket No. R-00072493

Analyst: Debra J. Backer

OTS-RE-4-D

Provide the following information for all employees:

- A. Job Title;
- B. Hourly wage or salary for 2004, 2005 and 2006 and proposed wage after increase;
- C. Frequency of pay date, for example: weekly, biweekly;
- D. For hourly employees, provide the standard number of hours per week or pay period;
- E. Amount of overtime worked for 2004, 2005 and 2006.

Response:

See attached.

Responsible Party: Wayne Owens

EASTERN DIVISION

1	Beatty, Jr, Arthur	01/11/91	10.73	6/9/2001	11.48	2/16/2002	12.50			8/9/2004	13.50
2	Case, Betsy	05/14/90	10.64	6/9/2001	11.38	7/6/2002	12.00			8/9/2004	12.50
3	Chittester, Lisa Larsen	02/23/99	7.25	6/9/2001	8.00			12/23/2003	8.50	8/9/2004	9.00
4	Coxe, John	02/11/04	9.00								
5	Fellin, Richard	07/02/04	10.00							12/8/2004	11.00
6	Halechko, Lynn	11/26/01	7.75			9/14/2002	8.25	11/26/2003	8.75		
7	Hetrick, William	06/24/94	8.50	12/23/2001	8.50					8/9/2004	9.50
8	O'Donnell, Raymond	01/08/91	7.69	6/9/2001	8.15	2/16/2002	8.25			8/9/2004	8.75
9	Smyers, Richard	12/01/87	7.46	6/9/2001	8.00			12/23/2003	8.25	8/9/2004	8.75
10	Penvose, Robert Jr.	06/13/05	8.00								
11	Starr, Michael	07/04/05	13.50								
12	Sulin, Jr., Edward	04/24/95	8.25	6/9/2001	9.00	2/16/2002	11.00	12/23/2003	12.00	8/9/2004	12.50
13	Brian Williams	09/10/07	8.00								
14	Bumbarger, Douglas	11/06/06	9.00								

		2/25/2006	14.50	3/6/07	16.00			16.00	District Supervisor/Treas	12/23
		2/25/2006	12.87	3/12/07	13.26			13.26	Eastern Division Admin	12/23
		2/25/2006	9.50	3/12/07	9.79			9.79	District Billing Supervis	12/23
		1/30/2006	10.00	3/12/07	10.30			10.30	Backhoe Operator	2/11
		2/25/2006	11.50	3/12/07	11.85			11.85	Field Supervisor	7/2
		2/25/2006	9.01	3/12/07	9.28			9.28	Office Manager/Meter R	5/24
		2/25/2006	10.00	3/12/07	10.30			10.30	Electrician/Water Operat	12/23
5/25/2005	9.50							9.50	Asst Wastewater Operate	12/23
		2/25/2006	9.01	3/12/07	9.28			9.28	Meter Reader/Installer	12/23
		10/23/2006	9.00					9.00	Grinder Pump Technicia	6/13
				3/12/07	13.91			13.91	Wast Water Operator	7/4
		2/25/2006	13.50	3/12/07	13.91			13.91	Chief Water Operator	12/23
								8.00	Field Tech	9/10
		2/5/2007	12.50					12.50	Backhoe Operator	11/6

COMPANY RESPONSE TO  
OCA INTERROGATORY SET I, NO. 5

**PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**v.**

**TOTAL ENVIRONMENTAL SOLUTIONS, INC.**

**TREASURE LAKE WATER DIVISION**

**Docket No. R-00072493**

**Interrogatories of the Office of Consumer Advocate**

**Set 1**

5. Provide a list of the filing dates and Commission Orders for the last three rate cases filed by the Treasure Lake Water Division.

**Response:** Total Environmental Solutions, Inc. purchased the Water Division in 2000 from Riviera Utilities. This is the first base rate case filed by Total Environmental Solutions, Inc. To the best of Total Environmental Solutions, Inc.'s understanding, Riviera filed the original tariffs and request for certificate of public convenience in 1986 at A-00106046. The Commission approved the ALJ's decision with regard thereto on August 7, 1986. Riviera Utilities filed one base rate case at Docket No. R-00973992, which was settled and approved by the Commission in an April 10, 1998 Order.

Responsible Party: Counsel

COMPANY RESPONSE TO  
OCA INTERROGATORY SET I, NO. 6

**PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**v.**

**TOTAL ENVIRONMENTAL SOLUTIONS, INC.  
TREASURE LAKE SEWER DIVISION**

**Docket No. R-00072495**

**Interrogatories of the Office of Consumer Advocate**

**Set 1**

6. Provide a list of bad debts actually written off during the years 2003 through 2006.

Response: See attached. Accounts are written off that are two years or older with an existing unpaid balance. There were no write-offs before 2005.

Responsible Party: Wayne Owens

# TOTAL ENVIRONMENTAL SOLUTIONS, INC.

## Eastern Division

### AGED ACCOUNTS-OVER 2 YEARS

Balances Wrote off as of 12/28/2006

#### Treasure Lake Subdivision

BILLING					
GROUP	TYPE	WATER	SEWER	SURCHARGE	TOTAL
4	Residential & Commercial	\$ 917.78	\$ 2,288.00	\$ 300.60	\$ 3,506.38
3	Availability	\$ 12,410.90	\$ 17,394.42	\$ -	\$ 29,805.32
2	Availability	\$ 8,052.08	\$ 11,274.44	\$ -	\$ 19,326.52
1	Availability	\$ 1,950.04	\$ 2,765.71	\$ -	\$ 4,715.75
	TOTALS	\$ 23,330.80	\$ 33,722.57	\$ 300.60	\$ 57,353.97

COMPANY RESPONSES TO  
OCA INTERROGATORY SET II, NO. 3  
OTS INTERROGATORY RD-13-D (updated)  
SAMPLE INVOICES FROM BALCH & BINGHAM, LLC  
SAMPLE INVOICES FROM WEBER, FICK & WILSON

Pennsylvania Public Utility Commission

V.

Total Environmental Solutions, Inc.

Treasure Lake Sewer Division

Docket No. R-00072495

Interrogatories of the Office of Consumer Advocate – Set II

3. Refer to the Company's response to OCA-I-15. Identify the vendor, provide a detailed explanation of the nature of and list the amount of each type of expense included in the test year expense of \$36,133 for Contract Service-AFS. Provide this information for the years 2004 and 2005 as well.

**Response:** A copy of the general ledger detail report totaling \$437,168.42 is provided along with the copies of the checks and supporting invoices for these expenditures. This account represents the expenditures for administrative other contractual services. The account numbers for this claim are:

199 - 63680	\$200,994.29
199 - 63280	\$ 70,865.00
199 - 63380	\$139,339.65
199 - 73280	\$ 9,147.50
199 -73380	\$ 16,821.98

Total	\$437,168.42
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Administrative Contractual Services

Account Balance	\$437,168.42
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PA Share 18%	\$ 78,680.00
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TL Share 70%	\$ 55,453.00
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TL Water Share 35%	\$ 19,320.00
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TL Sewer Share 65%	\$ 36,133.00
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Due to the lack of resources a response detailing what is listed in the detail general ledger due to the large number of transactions is not possible.

Responsible Party: Wayne Owens

3

**OTS-RE-13-D Contract Services (AFS).** The data request seeks to determine what services were provided. The provided response identified what was paid but fails to identify the related service(s).

**Response:**

A copy of the general ledger detail report ~~for~~ totaling \$437,168.42 is provided along with the copies of the checks and supporting invoices for these expenditures. This account represents the expenditures for administrative other contractual services. The account numbers for this claim are:

199 - 63680	\$200,994.29
199 - 63280	\$ 70,865.00
199 - 63380	\$139,339.65
199 - 73280	\$ 9,147.50
199 - 73380	\$ 16,821.98
<b>Total</b>	<b>\$437,168.42</b>

**Administrative Contractual Services**

Account Balance	\$437,168.42
PA Share 18%	\$78,680
TL Share 70%	\$55,453
TL Water Share 35%	\$19,320
TL Sewer Share 65%	\$36,133

ACCOUNT RANGE: 63680 - 63680 DEPARTMENT RANGE: 199 - 199  
COMPANY 000001 SELECTIONS: ACCOUNTING CYCLES: FROM 01-2006 THRU 13-2006 ACCOUNT TYPE: G/L SEQUENCE: ORGANIZATION

CD.	DEPARTMENT	ACCOUNT					AMOUNT		
CY-YR	TRANS DATE	T/C	DESCRIPTION	J/E#	BATCH	REF#	SOURCE	PRIMARY REFERENCE/DOCUMENT	AMOUNT
000001	000199		TOTAL ENVIRONMENTAL SOLUTIONS	063680			CONTRACT SERV-OTHER-ADMIN & GE	BEGINNING BALANCE	00
01-2006	01-12-2006	040	KNOX INSURANCE GROUP		23471		A	I/V 11085 - 11220	798.45
01-2006	01-19-2006	040	KNOX INSURANCE GROUP		23471		A	I/V 11078 - 11220	1,169.70
01-2006	01-19-2006	040	LOUISIANA ONE CALL		23471		A	I/V 122005001- 12600	246.15
01-2006	01-19-2006	040	LOUISIANA ONE CALL		23471		A	I/V 200500111- 12600	460.28
01-2006	01-19-2006	040	MEMBERSHIP DUES FOR 2006		23471		A	I/V TESIBR01 - 12600	25.00
01-2006	01-19-2006	040	LOUISIANA ONE CALL		23471		A	I/V TESIDU01 - 12600	25.00
01-2006	01-19-2006	040	TELE-SEC ANSWERING SVC		23471		A	I/V 010106 - 20300	920.70
01-2006	01-19-2006	040	WASTE MANAGEMENT		23471		A	I/V 047482221- 23200	134.47
01-2006	01-26-2006	040	COMMAND LABOR		23471		A	I/V 01-9603 - 3582	442.25
01-2006	01-26-2006	040	FEDEX		23471		A	I/V 326725577- 6000	231.49
01-2006	01-26-2006	040	FEDEX		23471		A	I/V 327719350- 6000	24.48
01-2006	01-26-2006	040	FEDEX		23471		A	I/V 328918034- 6000	133.06
01-2006	01-26-2006	040	GREATAMERICA LEASING		23471		A	I/V 5151199 - 7659	221.69
01-2006	01-26-2006	040	GREATAMERICA LEASING		23471		A	I/V 5179353 - 7659	351.10
01-2006	02-02-2006	040	FEDEX		23471		A	I/V 330171798- 6000	98.77
01-2006	02-02-2006	040	GREATAMERICA LEASING		23471		A	I/V 5197396 - 7659	81.49
01-2006	02-09-2006	040	FEDEX		23471		A	I/V 31377381 - 6000	159.78
01-2006	02-09-2006	040	GREATAMERICA LEASING		23471		A	I/V 5214970 - 7659	143.75
01-2006	02-09-2006	040	GREATAMERICA LEASING		23471		A	I/V 5214971 - 7659	174.17
01-2006	02-09-2006	040	GREATAMERICA LEASING		23471		A	I/V 5220356 - 7659	193.35
02-2006	02-02-2006	040	TELE-SEC ANSWERING SVC		23510		A	I/V 020206 - 20300	955.40
02-2006	02-07-2006	040	WASTE MANAGEMENT		23510		A	I/V 047940721- 23200	134.66
02-2006	02-16-2006	040	FEDEX		23510		A	I/V 332568073- 6000	141.82
02-2006	02-16-2006	040	FEDEX		23510		A	I/V 333807031- 6000	117.88
02-2006	02-16-2006	040	PEOPLE 2.0 GLOBAL		23510		A	I/V 43211474 - 20024	402.60
02-2006	02-23-2006	040	BALCH & BINGHAM LLP		23510		A	I/V 352164 - 2050	1,905.60
02-2006	02-23-2006	040	DRUG SCREENING		23510		A	I/V 196703 - 9156	105.00
02-2006	02-23-2006	040	ORKIN PEST CONTROL		23510		A	I/V 18406258 - 15500	46.91
02-2006	02-23-2006	040	PEOPLE 2.0 GLOBAL		23510		A	I/V 43211509 - 16102	62.70
02-2006	03-02-2006	040	FEDEX		23510		A	I/V 335050963- 6000	114.42
02-2006	03-02-2006	040	GREATAMERICA LEASING		23510		A	I/V 5249392 - 7659	236.70
02-2006	03-02-2006	040	R & R SUPPORT, LLC		23510		A	I/V 020106 - 17127	6,002.57
02-2006	03-09-2006	040	FEDEX		23510		A	I/V 336261550- 6000	139.16
02-2006	03-09-2006	040	GREATAMERICA LEASING		23510		A	I/V 5269200 - 7659	81.49
02-2006	03-09-2006	040	GREATAMERICA LEASING		23510		A	I/V 5285521 - 7659	143.75
02-2006	03-09-2006	040	GREATAMERICA LEASING		23510		A	I/V 5285522 - 7659	174.17
02-2006	03-09-2006	040	GREATAMERICA LEASING		23510		A	I/V 5291235 - 7659	193.35
03-2006	03-09-2006	040	FEDEX		23552		A	I/V 397443500- 6000	44.68
03-2006	03-09-2006	040	TELE-SEC ANSWERING SERV		23552		A	I/V 030106 - 20300	893.80
03-2006	03-16-2006	040	FAULK & WINKLER		23552		A	I/V 38187 - 5930	1,950.00
03-2006	03-16-2006	040	FAULK & WINKLER		23552		A	I/V 38332 - 5930	10,650.00
03-2006	03-16-2006	040	FAULK & WINKLER		23552		A	I/V 38462 - 5930	2,760.00
03-2006	03-16-2006	040	FAULK & WINKLER		23552		A	I/V 38530 - 5930	2,845.00
03-2006	03-16-2006	040	FAULK & WINKLER		23552		A	I/V 38844 - 5930	4,770.00
03-2006	03-16-2006	040	FAULK & WINKLER		23552		A	I/V 39078 - 5930	4,550.00
03-2006	03-16-2006	040	FAULK & WINKLER		23552		A	I/V 39111 - 5930	8,065.00

ACCOUNT RANGE: 63680 - 63680 DEPARTMENT RANGE: 199 - 199  
COMPANY 000001 SELECTIONS: ACCOUNTING CYCLES: FROM 01-2006 THRU 13-2006 ACCOUNT TYPE: G/L SEQUENCE: ORGANIZATION

CO. CY-yr	DEPARTMENT TRANS DATE	T/C	DESCRIPTION	ACCOUNT	J/E#	BATCH	REF#	SOURCE	PRIMARY REFERENCE/DOCUMENT	AMOUNT
000001	000199		TOTAL ENVIRONMENTAL SOLUTIONS	063680					BEGINNING BALANCE	.00
03-2006	03-16-2006	040	FAULK & WINKLER	23552				A	I/V 39205 - 5930	9,855.00
03-2006	03-16-2006	040	PEOPLE 2.0 GLOBAL INC	23552				A	I/V 43211618 - 16102	422.40
03-2006	03-16-2006	040	WASTE MANAGEMENT OF BR	23552				A	I/V 048378221- 23200	135.86
03-2006	03-23-2006	040	BALCH & BINGHAM LLP	23552				A	I/V 354379 - 2050	759.74
03-2006	03-23-2006	040	BALCH & BINGHAM	23552				A	I/V 354380 - 2050	422.86
03-2006	03-23-2006	040	BALCH & BINGHAM	23552				A	I/V 355328 - 2050	1,547.87
03-2006	03-23-2006	040	BALCH & BINGHAM	23552				A	I/V 357100 - 2050	423.40
03-2006	03-23-2006	040	BALCH & BINGHAM	23552				A	I/V 357753 - 2050	1,783.70
03-2006	03-23-2006	040	BALCH & BINGHAM	23552				A	I/V 357754 - 2050	2,479.00
03-2006	03-23-2006	040	FEDEX	23552				A	I/V 338662478- 6000	171.82
03-2006	03-23-2006	040	GREATAMERICA LEASING	23552				A	I/V 5320903 - 7659	229.52
03-2006	03-23-2006	040	PEOPLE 2.0 GLOBAL INC	23552				A	I/V 43211658 - 16102	841.50
03-2006	03-23-2006	040	R & R SUPPORT, LLC	23552				A	I/V 099 - 17127	375.00
03-2006	03-30-2006	040	FEDEX	23552				A	I/V 339937691- 6000	97.98
03-2006	03-30-2006	040	GREATAMERICA LEASING CORP	23552				A	I/V 5339645 - 7659	81.49
03-2006	03-30-2006	040	INFOLINK SCREENING	23552				A	I/V 198537 - 9156	70.00
03-2006	03-30-2006	040	INFOLINK SCREENING	23552				A	I/V 200385 - 9156	175.00
03-2006	03-30-2006	040	INFOLINK SCREENING	23552				A	I/V 203973 - 9156	145.00
03-2006	03-30-2006	040	URKIN PEST CONTROL	23552				A	I/V 19079437 - 15500	93.82
03-2006	03-30-2006	040	PEOPLE 2.0 GLOBAL	23552				A	I/V 43211697 - 16102	1,080.75
03-2006	03-31-2006	040	FEDEX	23552				A	I/V 34246365 - 6000	39.31
03-2006	04-06-2006	040	FEDEX	23552				A	I/V 341192547- 6000	252.90
03-2006	04-06-2006	040	GREATAMERICA LEASING	23552				A	I/V 5351454 - 7659	143.75
03-2006	04-06-2006	040	GREATAMERICA LEASING	23552				A	I/V 5357216 - 7659	202.25
03-2006	04-06-2006	040	GREATAMERICA LEASING	23552				A	I/V 5361611 - 7659	193.35
03-2006	04-06-2006	040	PEOPLE 2.0 GLOBAL INC	23552				A	I/V 43211738 - 16102	537.90
03-2006	04-13-2006	040	INFOLINK SCREENING	23552				A	I/V 202074 - 9156	140.00
03-2006	04-20-2006	040	INFOLINK SCREENING	23552				A	I/V 205971 - 9156	245.00
03-2006	04-27-2006	040	BALCH & BINGHAM	23552				A	I/V 359148 - 2050	4,026.87
03-2006	04-27-2006	040	BALCH & BINGHAM	23552				A	I/V 359149 - 2050	888.26
03-2006	04-27-2006	040	WEBER FICK & WILSON DIV	23552				A	I/V 096837 - 23305	1,875.00
04-2006	03-31-2006	040	WASTE MANAGEMENT OF	23590				A	I/V 048769215- 23200	136.56
04-2006	04-06-2006	040	TELE-SEC ANSWERING SERV.	23590				A	I/V 040106 - 20300	783.00
04-2006	04-13-2006	040	KNOX INSURANCE GROUP	23590				A	I/V 11338 - 11220	22,500.00
04-2006	04-20-2006	040	DRKIN PEST CONTROL	23590				A	I/V 19657710 - 15500	49.26
04-2006	04-20-2006	040	PEOPLE 2.0 GLOBAL INC	23590				A	I/V 43211836 - 16102	504.90
04-2006	04-27-2006	040	FEDEX	23590				A	I/V 343781931- 6000	230.08
04-2006	04-27-2006	040	FEDEX	23590				A	I/V 345125320- 6000	109.81
04-2006	04-27-2006	040	PEOPLE 2.0 GLOBAL INC	23590				A	I/V 43211888 - 16102	528.00
04-2006	04-27-2006	040	R & R SUPPORT, LLC	23590				A	I/V 040106 - 17127	375.00
04-2006	04-30-2006	040	FEDEX	23590				A	I/V 346487786- 6000	303.51
04-2006	04-30-2006	040	GREATAMERICA LEASING	23590				A	I/V 5396192 - 7659	229.52
04-2006	04-30-2006	040	GREATAMERICA LEASING CORP	23590				A	I/V 5413134 - 7659	81.49
04-2006	04-30-2006	040	GREATAMERICA LEASING	23590				A	I/V 5425450 - 7659	143.75
04-2006	04-30-2006	040	GREATAMERICA LEASING	23590				A	I/V 5429609 - 7659	174.17
04-2006	04-30-2006	040	PEOPLE 2.0 GLOBAL INC.	23590				A	I/V 43211789 - 16102	528.00

ACCOUNT RANGE: 63680 - 63680 DEPARTMENT RANGE: 199 - 199  
COMPANY 000001 SELECTIONS: ACCOUNTING CYCLES: FROM 01-2006 THRU 12-2006 ACCOUNT TYPE: G/L SEQUENCE: ORGANIZATION

CD. CY-YR	DEPARTMENT TRANS DATE	T/C	DESCRIPTION	ACCOUNT	J/E#	BATCH	REF#	SOURCE	PRIMARY REFERENCE/DOCUMENT	AMOUNT
000001	000199		TOTAL ENVIRONMENTAL SOLUTIONS	063680					BEGINNING BALANCE	.00
04-2006	04-30-2006	040	PEOPLE 2.0 GLOBAL INC			23590		A	I/V 43211945 - 16102	438.90
04-2006	05-11-2006	040	FEDEX			23590		A	I/V 347796769- 6000	38.70
04-2006	05-11-2006	040	GREATAMERICA LEASING			23590		A	I/V 5436731 - 7659	193.35
05-2006	05-04-2006	040	WASTE MANAGEMENT OF			23629		A	I/V 049221221- 23200	138.53
05-2006	05-11-2006	040	ORKIN PEST CONTROL			23629		A	I/V 050106 - 15500	2.35
05-2006	05-11-2006	040	PEOPLE 2.0 GLOBAL INC			23629		A	I/V 43211995 - 16102	528.00
05-2006	05-11-2006	040	TELE-SEC ANSWERING SERV.			23629		A	I/V 050106 - 20300	858.60
05-2006	05-18-2006	040	FEDEX			23629		A	I/V 349087649- 6000	155.61
05-2006	05-18-2006	040	KNOX INSURANCE GROUP			23629		A	I/V 11376 - 11220	2,931.00
05-2006	05-18-2006	040	KNOX INSURANCE GROUP			23629		A	I/V 11377 - 11220	146.55
05-2006	05-18-2006	040	LOFTON STAFFING SVC			23629		A	I/V 13387 - 12500	505.60
05-2006	05-18-2006	040	PEOPLE 2.0 GLOBAL			23629		A	I/V 43212044 - 16102	528.00
05-2006	05-25-2006	040	FEDEX			23629		A	I/V 100488686- 6000	29.70
05-2006	05-25-2006	040	GREATAMERICA LEASING			23629		A	I/V 5467161 - 7659	229.52
05-2006	05-25-2006	040	LOFTON STAFFING SVC			23629		A	I/V 13502 - 12500	423.44
05-2006	05-25-2006	040	PEOPLE 2.0 GLOBAL			23629		A	I/V 43120693 - 16102	528.00
05-2006	06-01-2006	040	FEDEX			23629		A	I/V 101840937- 6000	195.57
05-2006	06-01-2006	040	KNOX INSURANCES GROUP			23629		A	I/V 11614 - 11220	941.00
05-2006	06-01-2006	040	KNOX INSURANCES GROUP			23629		A	I/V 11621 - 11220	2,589.30
05-2006	06-01-2006	040	LOFTON STAFFING SVC			23629		A	I/V 13620 - 12500	483.48
05-2006	06-01-2006	040	PEOPLE 2.0 GLOBAL			23629		A	I/V 43212138 - 16102	528.00
05-2006	06-08-2006	040	GREATAMERICA LEASING			23629		A	I/V 5486305 - 7659	81.49
05-2006	06-08-2006	040	INFOLINK SCREENING			23629		A	I/V 207843 - 9156	140.00
05-2006	06-08-2006	040	INFOLINK SCREENING			23629		A	I/V 209725 - 9156	105.00
05-2006	06-08-2006	040	INFOLINK SCREENING			23629		A	I/V 211747 - 9156	140.00
05-2006	06-08-2006	040	PEOPLE 2.0 GLOBAL			23629		A	I/V 4321286 - 16102	528.00
05-2006	06-01-2006	046	A/P VOID CHECK			23629		A	I/V 359149 - 2050	888.26
06-2006	06-08-2006	040	TELE-SEC ANSWERING SERV			23669		A	I/V 060106 - 20300	929.40
06-2006	06-08-2006	040	WASTE MANAGEMENT			23669		A	I/V 049636421- 23200	138.59
06-2006	06-15-2006	040	GREATAMERICA LEASING			23669		A	I/V 5501952 - 7659	143.75
06-2006	06-15-2006	040	GREATAMERICA LEASING			23669		A	I/V 5509133 - 7659	174.17
06-2006	06-15-2006	040	GREATAMERICA LEASING			23669		A	I/V 5509134 - 7659	193.35
06-2006	06-15-2006	040	KNOX INSURANCE GROUP			23669		A	I/V 11625 - 11220	10,975.65
06-2006	06-15-2006	040	KNOX INSURANCE GROUP			23669		A	I/V 11626 - 11220	4,020.00
06-2006	06-15-2006	040	LOFTON STAFFING SVC			23669		A	I/V 13741 - 12500	505.60
06-2006	06-15-2006	040	ORKIN PEST CONTROL			23669		A	I/V 21029815 - 15500	49.26
06-2006	06-15-2006	040	PEOPLE 2.0 GLOBAL INC			23669		A	I/V 43212232 - 16102	495.00
06-2006	06-22-2006	040	FEDEX			23669		A	I/V 106853793- 6000	84.73
06-2006	06-22-2006	040	INFOLINK SCREENING			23669		A	I/V 213710 - 9156	145.00
06-2006	06-22-2006	040	LOFTON STAFFING SVC			23669		A	I/V 13860 - 12500	505.60
06-2006	06-22-2006	040	LOFTON STAFFING SVC			23669		A	I/V 13974 - 12500	562.48
06-2006	06-22-2006	040	PEOPLE 2.0 GLOBAL			23669		A	I/V 43212297 - 16102	528.00
06-2006	06-22-2006	040	R & R SUPPORT, LLC			23669		A	I/V 050106 - 17127	1,000.00
06-2006	06-22-2006	040	R & R SUPPORT			23669		A	I/V 060106 - 17127	500.00
06-2006	06-22-2006	040	UNISHIPPERS BTR			23669		A	I/V 10021953- 20961	282.40
06-2006	06-22-2006	040	WEBER FICK & WILSON DIVIS			23669		A	I/V 097544 - 23305	12,375.00

ACCOUNT RANGE: 63680 - 63680 DEPARTMENT RANGE: 199 - 199  
COMPANY 000001 SELECTIONS: ACCOUNTING CYCLES: FROM 01-2006 THRU 13-2006 ACCOUNT TYPE: G/L SEQUENCE: ORGANIZATION

CO. CY-YR	DEPARTMENT TRANS DATE	T/C	DESCRIPTION	ACCOUNT	J/E#	BATCH	REF#	SOURCE	PRIMARY REFERENCE/DOCUMENT	AMOUNT
000001	000199		TOTAL ENVIRONMENTAL SOLUTIONS	063680					CONTRACT SERV-OTHER-ADMIN & GE BEGINNING BALANCE	.00
06-2006	06-22-2006	040	WEBER FICK & WILSON DIVISI			23669		A	I/V 097552 - 23305	519.76
06-2006	06-22-2006	040	WEBER FICK & WILSON			23669		A	I/V 097872 - 23305	8,715.00
06-2006	06-22-2006	040	WEBER FICK & WILSON			23669		A	I/V 097878 - 23305	58.52
06-2006	06-29-2006	040	AMERICAN MAILING & SHIPPI			23669		A	I/V 60505126 - 1828	644.60
06-2006	06-29-2006	040	KNOX INSURANCE GROUP			23669		A	I/V 11702 - 11220	80.00
06-2006	06-29-2006	040	KNOX INSURANCE GROUP			23669		A	I/V 11703 - 11220	21.00
06-2006	06-29-2006	040	LOFTON STAFFING			23669		A	I/V 14090 - 12500	423.44
06-2006	06-29-2006	040	LOFTON STAFFING SVC			23669		A	I/V 14216 - 12500	543.52
06-2006	06-29-2006	040	PEOPLE 2.0 GLOBAL INC			23669		A	I/V 43212340 - 16102	528.00
06-2006	06-29-2006	040	UNISHIPPERS BTR			23669		A	I/V 100219530- 20961	282.40-
06-2006	06-29-2006	040	UNISHIPPERS BTR			23669		A	I/V 10021953A- 20961	254.25
06-2006	06-30-2006	040	GREATAMERICA LEASING			23669		A	I/V 5583638 - 7659	221.69
06-2006	06-30-2006	040	LOFTON STAFFING SVC			23669		A	I/V 14339 - 12500	529.30
06-2006	06-30-2006	040	PEOPLE 2.0 GLOBAL			23669		A	I/V 43212383 - 16102	488.40
06-2006	06-30-2006	040	UNISHIPPERS BTR			23669		A	I/V 100223587- 20961	305.54
07-2006	06-30-2006	040	TELE-SEC ANSWERING SERV			23709		A	I/V 070106 - 20300	954.20
07-2006	07-13-2006	040	ABITA SPRINGS COMPANY			23709		A	I/V 300033675- 1300	38.15
07-2006	07-13-2006	040	WASTE MANAGEMENT			23709		A	I/V 050049321- 23200	148.14
07-2006	07-13-2006	040	DEBRA DANIELS			23709		A	I/V 071206 -600562	560.00
07-2006	07-20-2006	040	INFOLINK SCREENING			23709		A	I/V 215770 - 9156	105.00
07-2006	07-20-2006	040	INFOLINK SCREENING			23709		A	I/V 217835 - 9156	390.00
07-2006	07-20-2006	040	LOFTON STAFFING SVC			23709		A	I/V 14454 - 12500	505.60
07-2006	07-20-2006	040	PEOPLE 2.0 GLOBAL INC.			23709		A	I/V 43212424 - 16102	528.00
07-2006	07-20-2006	040	PEOPLE 2.0 GLOBAL, INC			23709		A	I/V 43212463 - 16102	528.00
07-2006	07-20-2006	040	R & R SUPPORT, LLC			23709		A	I/V 099-07010- 17127	750.00
07-2006	07-27-2006	040	LANIER WORLDWIDE			23709		A	I/V 86932369 - 12024	250.00
07-2006	07-27-2006	040	LOFTON STAFFING SVC			23709		A	I/V 14582 - 12500	562.48
07-2006	07-27-2006	040	DRKIN PEST CONTROL			23709		A	I/V 21876604 - 15500	49.26
07-2006	07-27-2006	040	PEOPLE 2.0 GLOBAL INC.			23709		A	I/V 43212530 - 16102	528.00
07-2006	07-27-2006	040	WJS ENTERPRISES, INC			23709		A	I/V 0910471 - 23600	381.84
07-2006	08-03-2006	040	INFOLINK SCREENING			23709		A	I/V 219754 - 9156	70.00
07-2006	08-03-2006	040	LOFTON STAFFING			23709		A	I/V 14693 - 12500	505.60
07-2006	08-03-2006	040	PEOPLE 2.0 GLOBAL INC.			23709		A	I/V 43212573 - 16102	528.00
07-2006	08-03-2006	040	UNISHIPPERS BTR			23709		A	I/V 100229756- 20961	268.47
07-2006	08-10-2006	040	BALCH & BINGHAM			23709		A	I/V 364768 - 2050	7,110.57
07-2006	08-10-2006	040	BALCH & BINGHAM			23709		A	I/V 364770 - 2050	63.00
07-2006	08-10-2006	040	BALCH & BINGHAM			23709		A	I/V 365297 - 2050	1,803.00
07-2006	08-10-2006	040	BALCH & BINGHAM			23709		A	I/V 367101 - 2050	1,126.60
07-2006	08-10-2006	040	LOFTON STAFFING SVC			23709		A	I/V 14811 - 12500	398.16
07-2006	08-10-2006	040	UNISHIPPERS BTR			23709		A	I/V 100217077- 20961	10.95
07-2006	08-10-2006	040	UNISHIPPERS BTR			23709		A	I/V 100233339- 20961	240.53
07-2006	08-17-2006	040	GREATAMERICA LEASING			23709		A	I/V 5539916 - 7659	229.52
07-2006	08-17-2006	040	GREATAMERICA LEASING			23709		A	I/V 5616089 - 7659	257.86
07-2006	08-17-2006	040	INFOLINK SCREENING			23709		A	I/V 221752 - 9156	350.00
07-2006	08-24-2006	040	GREATAMERIC LEASING CORP			23709		A	I/V 5653226 - 7659	193.35
08-2006	10-03-2006	MJE	TO RECLASSIFY WEBER FICK		252	51755		M		26,651.30-

ACCOUNT RANGE: 63680 - 63680 DEPARTMENT RANGE: 199 - 199  
COMPANY 000001 SELECTIONS: ACCOUNTING CYCLES: FROM 01-2006 THRU 13-2006 ACCOUNT TYPE: G/L SEQUENCE: ORGANIZATION

CD.	DEPARTMENT	ACCOUNT			REF#	SOURCE	PRIMARY REFERENCE/DOCUMENT	AMOUNT
CY-YR	TRANS DATE	T/C	DESCRIPTION	J/E#	BATCH			
000001	000199	TOTAL ENVIRONMENTAL SOLUTIONS	063680	CONTRACT SERV-OTHER-ADMIN & GE			BEGINNING BALANCE	.00
08-2006	10-03-2006	MJE	TO RECLASSIFY BALCH & BIN	252	51755			2,769.50-
08-2006	10-06-2006	MJE	AMORTIZATION OF LOC COST	257	51782			366.96
08-2006	08-03-2006	040	TELE-SEC ANSWERING SERV		23749	A	I/V 080106 - 20300	1,859.20
08-2006	08-10-2006	040	LOFTON STAFFING SVC		23749	A	I/V 14923 - 12500	505.60
08-2006	08-10-2006	040	PEOPLE 2.0 GLOBAL INC		23749	A	I/V 43212614 - 16102	105.60
08-2006	08-10-2006	040	WASTE MANAGEMENT OF		23749	A	I/V 050485821- 23200	148.69
08-2006	08-17-2006	040	LOFTON STAFFING SVC		23749	A	I/V 15021 - 12500	505.60
08-2006	08-17-2006	040	PEOPLE 2.0 GLOBAL INC		23749	A	I/V 43212657 - 16102	528.00
08-2006	08-17-2006	040	R & R SUPPORT,LLC		23749	A	I/V 080106 - 17127	93.75
08-2006	08-24-2006	040	SNELLING 10268		23749	A	I/V 3694799 - 19456	528.00
08-2006	08-31-2006	040	ABITA SPRINGS COMPANY		23749	A	I/V 300037935- 1300	43.60
08-2006	08-31-2006	040	LOFTON STAFFING SVC		23749	A	I/V 15127 - 12500	505.60
08-2006	08-31-2006	040	ORKIN PEST CONTROL		23749	A	I/V 22586346 - 15500	49.26
08-2006	08-31-2006	040	SNELLING STAFFING SVC		23749	A	I/V 3698381 - 19456	528.00
08-2006	09-07-2006	040	INFOLINK SCREENING		23749	A	I/V 223774 - 9156	280.00
08-2006	09-07-2006	040	KNOX INSURANCE GROUP		23749	A	I/V 11951 - 11220	182.70
08-2006	09-07-2006	040	LOFTON STAFFING SVC		23749	A	I/V 15237 - 12500	505.60
08-2006	09-07-2006	040	UNISHIPPERS BTR		23749	A	I/V 100235272- 20961	414.74
08-2006	09-07-2006	040	UNISHIPPERS BTR		23749	A	I/V 100239052- 20961	265.95
08-2006	09-14-2006	040	LOFTON STAFFING SVC		23749	A	I/V 15353 - 12500	505.60
08-2006	09-14-2006	040	SNELLING STAFFING SERVICE		23749	A	I/V 3703871 - 19456	528.00
08-2006	09-14-2006	040	WEBER FICK & WILSON		23749	A	I/V 09228 - 23305	3,686.30
08-2006	09-14-2006	040	WEBER FICK & WILSON		23749	A	I/V 098240 - 23305	16.02
08-2006	09-14-2006	040	WEBER FICK & WILSON		23749	A	I/V 098536 - 23305	750.00
09-2006	09-07-2006	040	TELE-SEC ANSWERING SVC		23798	A	I/V 090106 - 20300	855.40
09-2006	09-14-2006	040	LOFTON STAFFING SVC		23798	A	I/V 15466 - 12500	600.40
09-2006	09-14-2006	040	WASTE MANAGEMENT OF		23798	A	I/V 050902421- 23200	261.79
09-2006	09-21-2006	040	FEDEX		23798	A	I/V 841415623- 6000	74.91
09-2006	09-21-2006	040	GREATAMERIC LEASING CORP		23798	A	I/V 5729447 - 7659	193.35
09-2006	09-21-2006	040	INFOLINK SCREENING		23798	A	I/V 225922 - 9156	210.00
09-2006	09-21-2006	040	ORKIN PEST CONTROL		23798	A	I/V 23391563 - 15500	49.26
09-2006	09-21-2006	040	SNELLING STAFFING SERVICE		23798	A	I/V 3706356 - 19456	528.00
09-2006	09-21-2006	040	TAYLOR, PORTER, BROOKS, & PHI		23798	A	I/V 111716 - 20025	631.20
09-2006	09-21-2006	040	UNISHIPPERS BTR		23798	A	I/V 100242950- 20961	217.78
09-2006	09-28-2006	040	GREATAMERICA LEASING		23798	A	I/V 5790417 - 7659	515.72
09-2006	09-28-2006	040	UNISHIPPERS BTR		23798	A	I/V 100226175- 20961	307.26
09-2006	10-05-2006	040	SNELLING STAFFING SERVICE		23798	A	I/V 3714163 - 19456	105.60
09-2006	10-05-2006	040	SNELLING STAFFING SERVICE		23798	A	I/V 3717980 - 19456	528.00
09-2006	10-05-2006	040	UNISHIPPERS BTR		23798	A	I/V 100245982- 20961	215.69
09-2006	10-12-2006	040	GREATAMERICA LEASING CORP		23798	A	I/V 5874052 - 7659	174.17
09-2006	10-12-2006	040	GREATAMERICA LEASING CORP		23798	A	I/V 5885564 - 7659	193.35
09-2006	10-12-2006	040	INFOLINK SCREENING		23798	A	I/V 227915 - 9156	140.00
09-2006	10-12-2006	040	MED-AID, INC		23798	A	I/V 000009736- 13171	65.00
09-2006	10-12-2006	040	R & R SUPPORT, LLC		23798	A	I/V 090106 - 17127	6,890.00
09-2006	10-12-2006	040	SNELLING STAFFING SERVICE		23798	A	I/V 3722342 - 19456	528.00
09-2006	10-10-2006	046	A/P VOID CHECK		23798	A	I/V 111716 - 20025	631.20-

ACCOUNT RANGE: 63680 - 63680 DEPARTMENT RANGE: 199 - 199  
COMPANY 000001 SELECTIONS: ACCOUNTING CYCLES: FROM 01-2006 THRU 12-2006 ACCOUNT TYPE: G/L SEQUENCE: ORGANIZATION

CO. CY-YR	DEPARTMENT TRANS DATE	T/C	DESCRIPTION	ACCOUNT	J/E#	BATCH	REF#	SOURCE	PRIMARY REFERENCE/DOCUMENT	AMOUNT
000001	000199		TOTAL ENVIRONMENTAL SOLUTIONS	063680					CONTRACT SERV-OTHER-ADMIN & GE BEGINNING BALANCE	.00
10-2006	10-05-2006	040	TELE-SEC ANSWERING SERV	23865				A	I/V 100106 - 20300	859.00
10-2006	10-12-2006	040	WASTE MANAGEMENT	23865				A	I/V 051324921- 23200	146.32
10-2006	10-17-2006	040	SNELLING STAFFING SERVICE	23865				A	I/V 3725317 - 19456	528.00
10-2006	10-26-2006	040	AUS CONSULTANTS, INC	23865				A	I/V 099583 - 1951	2,595.00
10-2006	10-26-2006	040	GREATAMERICA LEASING CORP	23865				A	I/V 5944870 - 7659	229.52
10-2006	10-26-2006	040	DRKIN PEST CONTROL	23865				A	I/V 24215191 - 15500	49.26
10-2006	10-26-2006	040	SNELLING STAFFING SERVICE	23865				A	I/V 3729422 - 19456	528.00
10-2006	10-26-2006	040	UNISHIPPERS BTR	23865				A	I/V 100249749- 20961	363.05
10-2006	11-02-2006	040	R & R SUPPORT, LLC	23865				A	I/V 100106 - 17127	312.50
10-2006	11-02-2006	040	SNELLING STAFFING SERVICE	23865				A	I/V 3733302 - 19456	495.00
10-2006	11-09-2006	040	SNELLING STAFFING SERVICE	23865				A	I/V 3738084 - 19456	369.60
10-2006	11-09-2006	040	UNISHIPPERS BTR	23865				A	I/V 100253356- 20961	385.33
10-2006	11-09-2006	040	UNISHIPPERS BTR	23865				A	I/V 100257233- 20961	175.19
10-2006	11-28-2006	520	RECORD ADJUSTMENTS		131	51869		M		1,482.19-
11-2006	11-09-2006	040	DRKIN PEST CONTROL	23907				A	I/V 24836647 - 15500	49.26
11-2006	11-09-2006	040	TELE-SEC ANSWERING SERV	23907				A	I/V 110106 - 20300	737.00
11-2006	11-09-2006	040	WASTE MANAGEMENT	23907				A	I/V 051737221- 23200	145.85
11-2006	11-16-2006	040	KNOX INSURANCE GROUP	23907				A	I/V 12289 - 11220	852.75
11-2006	11-16-2006	040	SNELLING STAFFING SERVICE	23907				A	I/V 3740346 - 19456	528.00
11-2006	11-22-2006	040	GREATAMERICA LEASING CORP	23907				A	I/V 6005434 - 7659	174.17
11-2006	11-22-2006	040	GREATAMERICA LEASING CORP	23907				A	I/V 6005435 - 7659	193.35
11-2006	11-22-2006	040	UNISHIPPERS BTR	23907				A	I/V 100259472- 20961	406.33
11-2006	11-30-2006	040	INFOLINK SCREENING	23907				A	I/V 229917 - 9156	280.00
11-2006	11-30-2006	040	SNELLING STAFFING SERVICE	23907				A	I/V 3744216 - 19456	542.85
11-2006	12-07-2006	040	SNELLING STAFFING SERVICE	23907				A	I/V 3747611 - 19456	528.00
11-2006	12-14-2006	040	AUS CONSULTANTS, INC	23907				A	I/V 100143 - 1951	1,350.00
11-2006	12-14-2006	040	GREATAMERICA LEASING	23907				A	I/V 6047562 - 7659	229.52
11-2006	12-14-2006	040	DRKIN PEST CONTROL	23907				A	I/V 25581519 - 15500	49.26
12-2006	02-06-2007	MJE	LT FINANC - WEBER FICK		16	51951		M		750.00-
12-2006	01-04-2007	040	GREATAMERICA LEASING	23949				A	I/V 6124999 - 7659	374.88
12-2006	01-04-2007	040	SNELLING STAFFING SERVICE	23949				A	I/V 3762688 - 19456	422.40
12-2006	01-04-2007	040	UNISHIPPERS BTR	23949				A	I/V 100266416- 20961	353.16
12-2006	12-14-2006	040	SNELLING STAFFING SERVICE	23940				A	I/V 3754704 - 19456	475.20
12-2006	12-14-2006	040	TELE-SEC ANSWERING SERV	23940				A	I/V 120106 - 20300	863.80
12-2006	12-14-2006	040	WASTE MANAGEMENT	23940				A	I/V 023204421- 23200	70.64
12-2006	12-21-2006	040	GREATAMERICA LEASING CORP	23940				A	I/V 6088365 - 7659	193.35
12-2006	12-21-2006	040	INFOLINK SCREENING	23940				A	I/V 231968 - 9156	35.00
12-2006	12-21-2006	040	INFOLINK SCREENING	23940				A	I/V 234052 - 9156	175.00
12-2006	12-21-2006	040	INFOLINK SCREENING	23940				A	I/V 236133 - 9156	175.00
12-2006	12-21-2006	040	SNELLING STAFFING SERVICE	23940				A	I/V 3752968 - 19456	471.90
12-2006	12-21-2006	040	UNISHIPPERS BTR	23940				A	I/V 100262702- 20961	575.04
12-2006	12-21-2006	040	WESTSIDE SOUND & SECURITY	23940				A	I/V 259DEC - 23340	16.00
12-2006	12-28-2006	040	SNELLING STAFFING SERVICE	23940				A	I/V 3758718 - 19456	528.00
12-2006	12-31-2006	040	INFOLINK SCREENING	23949				A	I/V 239952 - 9156	175.00
12-2006	12-31-2006	040	SNELLING STAFFING SERVICE	23949				A	I/V 3765871 - 19456	537.90
									ENDING BALANCE	200,994.29

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TOTAL ENVIRONMENTAL SOLUTIONS, INC.  
DETAIL GENERAL LEDGER

PAGE 1  
WAYNE

COMPANY 000001 SELECTIONS: ACCOUNT RANGE: 63280 - 63280 DEPARTMENT RANGE: 199 - 199  
ACCOUNTING CYCLES: FROM 01-2006 THRU 12-2006 ACCOUNT TYPE: Q/L SEQUENCE: ORGANIZATION

CO.	DEPARTMENT	ACCOUNT							AMOUNT
CY-YR	TRANS DATE	T/C	DESCRIPTION	J/E#	BATCH	REF#	SOURCE	PRIMARY REFERENCE/DOCUMENT	
000001	000199		TOTAL ENVIRONMENTAL SOLUTIONS	063280			CONTRACT SERVICE-ACCT-ADMIN &	BEGINNING BALANCE	.00
06-2006	06-22-2006	040	FAULK & WINKLER		23669		A	I/V 39263 - 5930	13,285.00
06-2006	06-22-2006	040	FAULK & WINKLER		23669		A	I/V 39292 - 5930	15,025.00
06-2006	06-22-2006	040	FAULK & WINKLER		23669		A	I/V 39533 - 5930	10,125.00
06-2006	06-22-2006	040	FAULK & WINKLER		23669		A	I/V 39542 - 5930	4,125.00
06-2006	06-22-2006	040	FAULK & WINKLER		23669		A	I/V 39901 - 5930	9,885.00
06-2006	06-22-2006	040	FAULK & WINKLER		23669		A	I/V 39956 - 5930	2,715.00
06-2006	06-22-2006	040	FAULK & WINKLER		23669		A	I/V 40066 - 5930	2,995.00
09-2006	10-05-2006	040	AUS CONSULTANTS, INC		23798		A	I/V 099211 - 1951	1,522.50
09-2006	10-05-2006	040	FAULK & WINKLER		23798		A	I/V 41000 - 5930	4,630.00
11-2006	11-16-2006	040	R & R SUPPORT, LLC		23907		A	I/V 110106 - 17127	1,375.00
12-2006	02-22-2007	MJE	ACCRUAL OF 2006 EXPENITUR	49	51989		M		2,562.50
12-2006	12-28-2006	040	FAULK & WINKLER		23940		A	I/V 41763 - 5930	2,620.00
								ENDING BALANCE	70,865.00

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TOTAL ENVIRONMENTAL SOLUTIONS, INC.  
DETAIL GENERAL LEDGER

PAGE 1.  
WAYNE

ACCOUNT RANGE: 63380 - 63380 DEPARTMENT RANGE: 199 - 199  
SELECTIONS: ACCOUNTING CYCLES: FROM 01-2006 THRU 12-2006 ACCOUNT TYPE: G/L

COMPANY 000001 SELECTIONS: ACCOUNTING CYCLES: FROM 01-2006 THRU 12-2006 ACCOUNT TYPE: G/L SEQUENCE: ORGANIZATION

CO.	DEPARTMENT	ACCOUNT					AMOUNT	
CO.-YR	TRANS DATE	T/C	DESCRIPTION	J/E#	BATCH	REF# SOURCE PRIMARY REFERENCE/DOCUMENT		
000001	000199		TOTAL ENVIRONMENTAL SOLUTIONS	063380		CONTRACT SERV-LEGAL-ADMIN & GE	BEGINNING BALANCE	.00
01-2006	02-02-2006	040	DUVAL, FUNDERBURK, SUNBERR		23471	A I/V 010306	- 4850	3,403.60
01-2006	02-02-2006	040	DUVAL, FUNDERBURK, SUNBERR		23471	A I/V 120205	- 4850	5,647.25
02-2006	02-23-2006	040	TAYLOR, PORTER, BROOKS		23510	A I/V 102567	- 20025	2,315.51
02-2006	02-23-2006	040	TAYLOR, PORTER, BROOKS		23510	A I/V 103563	- 20025	2,721.59
02-2006	02-23-2006	040	TAYLOR, PORTER, BROOKS		23510	A I/V 104758	- 20025	1,377.15
03-2006	03-30-2006	040	TAYLOR, PORTER, BROOKS, & PHI		23552	A I/V 105906	- 20025	2,968.04
03-2006	04-27-2006	040	DUVAL, FUNDERBURK, SUNBERR		23552	A I/V 020106	- 4850	12,930.34
03-2006	04-27-2006	040	DUVAL, FUNDERBURK, SUNBERR		23552	A I/V 030206	- 4850	7,952.16
03-2006	04-27-2006	040	TAYLOR, PORTER, BROOKS		23552	A I/V 106775	- 20025	1,059.22
04-2006	04-27-2006	040	DUVAL, FUNDERBURK, SUNBERRY		23590	A I/V 040306	- 4850	8,773.14
06-2006	06-22-2006	040	DUVAL, FUNDERBURK, SUNBERRY		23669	A I/V 050106	- 4850	16,135.89
06-2006	06-22-2006	040	DUVAL, FUNDERBURK, SUNBERRY		23669	A I/V 060206	- 4850	3,554.51
07-2006	08-24-2006	040	ARMSTRONG ALLEN, PLLC		23709	A I/V 82879	- 1878	4,204.25
08-2006	10-06-2006	MJE	RECLASS DEBT ACQUI COST	256	51782	M		663.08
08-2006	10-06-2006	MJE	ADD'L AMORT DEBT ACQUI	258	51782	M		369.06
08-2006	09-07-2006	040	DUVAL, FUNDERBURK, SUNBERRY		23749	A I/V 070506	- 4850	6,414.16
08-2006	09-07-2006	040	DUVAL, FUNDERBURK, SUNBERR		23749	A I/V 060106	- 4850	6,711.43
08-2006	09-14-2006	040	FAULK & WINKLER		23749	A I/V 40328	- 5930	7,090.00
08-2006	09-14-2006	040	FAULK & WINKLER		23749	A I/V 40667	- 5930	8,900.00
08-2006	09-14-2006	040	FAULK & WINKLER		23749	A I/V 40704	- 5930	1,075.00
08-2006	09-14-2006	040	FAULK & WINKLER		23749	A I/V 40812	- 5930	855.00
09-2006	09-21-2006	040	BALCH & BINGHAM LLC		23798	A I/V 370303	- 2050	337.75
09-2006	09-21-2006	040	DUVAL, FUNDERBURK, SUNBERR		23798	A I/V 090506	- 4850	9,040.25
09-2006	10-05-2006	040	AUS CONSULTANTS, INC		23798	A I/V 098880	- 1951	8,271.14
09-2006	10-05-2006	040	BALCH & BINGHAM		23798	A I/V 371411	- 2050	71.79
10-2006	10-19-2006	040	C.B. TALLEY, L.C.		23865	A I/V 091206	- 2980	250.00
10-2006	10-19-2006	040	C.B. TALLEY, L.C.		23865	A I/V 091306	- 2980	150.00
10-2006	10-26-2006	040	DUVAL, FUNDERBURK, SUNBERR		23865	A I/V 100206	- 4850	3,766.60
10-2006	11-02-2006	040	BALCH & BINGHAM LLP		23865	A I/V 374198	- 2050	603.74
10-2006	11-02-2006	040	TAYLOR, PORTER, BROOKS&PHIL		23865	A I/V 113069	- 20025	164.60
12-2006	01-31-2007	MJE	RECLASS CK 40828	11	51948	M		574.80
12-2006	02-22-2007	MJE	ACCRUAL OF 2006 EXPENDITU	46	51989	M		1,686.25
12-2006	02-22-2007	MJE	ACCRUAL OF 2006 EXPENDITU	47	51989	M		2,934.69
12-2006	02-22-2007	MJE	ACCRUAL OF 2006 EXPENDITU	47	51989	M		3,100.00
12-2006	12-14-2006	040	DUVAL, FUNDERBURK, SUNBERR		23940	A I/V 120406	- 4850	2,959.66
12-2006	12-21-2006	040	JONES WALKER		23940	A I/V 382050	- 23241	308.00
							ENDING BALANCE	139,339.65

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TOTAL ENVIRONMENTAL SOLUTIONS, INC.  
DETAIL GENERAL LEDGER

ACCOUNT RANGE: 73280 - 73280 DEPARTMENT RANGE: 199 - 199

COMPANY 000001 SELECTIONS: ACCOUNTING CYCLES: FROM 01-2006 THRU 13-2006 ACCOUNT TYPE: B/L SEQUENCE: ORGANIZATION

CO.	DEPARTMENT	ACCOUNT	J/E#	BATCH	REF#	SOURCE	PRIMARY REFERENCE/DOCUMENT	AMOUNT
000001	000199	TOTAL ENVIRONMENTAL SOLUTIONS	073280				CONTRACT SERV-ACCT-ADMIN & GEN BEGINNING BALANCE	.00
06-2006	06-22-2006	040 FAULK & WINKLER		23669		A	I/V 40066 - 5930	2,995.00
09-2006	10-05-2006	040 AUS CONSULTANTS, INC		23798		A	I/V 099211 - 1951	1,522.50
09-2006	10-05-2006	040 FAULK & WINKLER		23798		A	I/V 41000 - 5930	4,630.00
							ENDING BALANCE	9,147.50

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TOTAL ENVIRONMENTAL SOLUTIONS, INC.  
DETAIL GENERAL LEDGER

COMPANY 000001 SELECTIONS: ACCOUNT RANGE: 73380 - 73380 DEPARTMENT RANGE: 199 - 199  
ACCOUNTING CYCLES: FROM 01-2006 THRU 13-2006 ACCOUNT TYPE: G/L SEQUENCE: ORGANIZATION

CO. CY-YR	DEPARTMENT TRANS DATE	T/C	DESCRIPTION	ACCOUNT	J/E#	BATCH	REF#	SOURCE	PRIMARY REFERENCE/DOCUMENT	AMOUNT
000001	000199		TOTAL ENVIRONMENTAL SOLUTIONS	073380					CONTRACT SERV-LEGAL-ADMIN & GE BEGINNING BALANCE	.00
06-2006	06-22-2006	040	DUVAL, FUNDERBURK, SUNBERRY			23667		A	I/V 060206 - 4850	3,554.51
08-2006	10-06-2006	MJE	RECLASS DEBT ACQUI CDST		254	51782		M		663.07
08-2006	10-06-2006	MJE	ADD'L AMORT DEBT ACQUI		258	51782		M		369.05
10-2006	10-19-2006	040	C. B. TALLEY, L. C.			23865		A	I/V 091206 - 2980	250.00
10-2006	10-19-2006	040	C. B. TALLEY, L. C.			23865		A	I/V 091306 - 2980	150.00
10-2006	10-24-2006	040	DUVAL, FUNDERBURK, SUNBERR			23865		A	I/V 100206 - 4850	3,766.59
10-2006	11-02-2006	040	TAYLOR, PORTER, BROOKS&PHIL			23865		A	I/V 113069 - 20025	164.57
12-2006	02-22-2007	MJE	ACCRUAL OF 2006 EXPENDITU		47	51989		M		2,934.69
12-2006	02-22-2007	MJE	ACCRUAL OF 2006 EXPENITUR		49	51989		M		2,009.82
12-2006	12-14-2006	040	DUVAL, FUNDERBURK, SUNBERR			23940		A	I/V 120406 - 4850	2,959.66
									ENDING BALANCE	16,821.98



BALCH & BINGHAM LLP  
 Attorneys and Counselors  
 P. O. Box 306  
 Birmingham, AL 35201  
 (205) 251-8100  
 (205) 226-8799 Fax

South Louisiana Electric Coop. Assoc.  
 101 Wilson Avenue  
 PO Box 3017  
 Houma, LA 70361

December 16, 2005  
 Client ID: 008861  
 Matter ID: 001  
 Invoice: 352164

RE: Purchis Wrongful Termination

Fees for Professional Services Through 11/30/05	1,890.00
Charges Through 11/30/05	15.60
Prepayments Applied to Current Invoice	( .00)
<b>BALANCE DUE ON CURRENT INVOICE</b>	<b>\$ 1,905.60</b>
Balance Due on Previous Invoices	0.00
<b>TOTAL DUE INCLUDING PREVIOUS BALANCE</b>	<b>\$ 1,905.60</b>

**SERVICES SUMMARY**

<u>NAME</u>	<u>HOURS</u>	<u>RATE</u>	<u>AMOUNT</u>
DMT - David M. Thomas II	7.00	270.00	1,890.00

3050

199-63680

1905.60

**POSTED**

Please refer to invoice number 352164 when submitting payment  
 Federal Tax ID# 63-0328165

RE: Purchis Wrongful Termination

## SERVICE DETAIL

<u>DATE</u>	<u>ATTY</u>		<u>HOURS</u>	<u>AMOUNT</u>
11/10/2005	DMT	Review documents and prepare Interrogatory Answers and Responses to Document Requests.	1.75	472.50
11/11/2005	DMT	Prepare Answers to Interrogatories and Requests for Production of Documents.	3.25	877.50
11/14/2005	DMT	Telephone call to Mr. James Funderburk's office regarding discovery responses; revise discovery responses.	1.00	270.00
11/15/2005	DMT	Finalize discovery; letter to Mr. Stephen Mullins regarding same.	1.00	270.00
<b>TOTAL FEES</b>				<b>\$ 1,890.00</b>

---

<u>DATE</u>	<u>CHARGES</u>	<u>AMOUNT</u>
	Photocopying	13.20
	Postage Expense	2.40
<b>TOTAL CHARGES</b>		<b>\$ 15.60</b>

<b>TOTAL FEES PLUS CHARGES</b>	<b>\$ 1,905.60</b>
--------------------------------	--------------------

TOTAL ENVIRONMENTAL SOLUTIONS, INC.

P.O. BOX 14056 • BATON ROUGE, LA 70898-4056

INVOICE NO.	INVOICE DATE	CREDIT MEMO NO.	CREDIT MEMO AMOUNT	GROSS AMOUNT	DISCOUNT	NET AMOUNT
4379	01-19-06	BALCH & BINGHAM LLP		759.74 <del>199</del> 63680	759.74	759.74
4380	01-19-06	BALCH & BINGHAM		422.86 <del>199</del> 63680	422.86	422.86
5328	01-31-06	BALCH & BINGHAM		1547.87 <del>199</del> 63680	1547.87	1547.87
<p>249 - 309 -</p> <p><b>NON-NEGOTIABLE</b></p>						

PLEASE DETACH BEFORE CASHING CHECK

036065

**MAILED**

TOTAL NET AMOUNT

2730.47

MAR 24 2006

036065

TOTAL ENVIRONMENTAL SOLUTIONS, INC.

P.O. BOX 14056  
BATON ROUGE, LA 70898-4056  
GENERAL FUND

84-15  
654

PAY \*\*\*\*\*2,730 DOLLARS AND 47 CENTS

DATE	AMOUNT OF CHECK
03-23-06	***2,730.47

TO THE ORDER OF

VOID AFTER 90 DAYS

02050 BALCH & BINGHAM LLP  
P. O. BOX 306  
BIRMINGHAM AL 35201

**NON-NEGOTIABLE**

Hancock Bank of Louisiana  
Baton Rouge, LA

COUNTER SIGNATURE



OK  
1/26/06

BALCH & BINGHAM LLP  
Attorneys and Counselors  
P. O. Box 306  
Birmingham, AL 35201  
(205) 251-8100  
(205) 226-8799 Fax

Ms. Jo Barger  
Total Environmental Solutions, Inc.  
1824 Ryder Drive  
Baton Rouge, LA 70808

January 19, 2006  
Client ID: 002710  
Matter ID: 001  
Invoice: 354379

RE: General

Fees for Professional Services Through 12/31/05	523.00
Charges Through 12/31/05	236.74
Prepayments Applied to Current Invoice	(.00)
<b>BALANCE DUE ON CURRENT INVOICE</b>	<b>\$ 759.74</b>
Balance Due on Previous Invoices	10,210.80
<b>TOTAL DUE INCLUDING PREVIOUS BALANCE</b>	<b>\$ 10,970.54</b>

SERVICES SUMMARY

<u>NAME</u>	<u>HOURS</u>	<u>RATE</u>	<u>AMOUNT</u>
RJC - Ricky J. Cox	0.70	210.00	147.00
AMB - Amanda M. Beard	0.25	160.00	40.00
CBW - Christian B. Waddell	2.00	160.00	320.00
LM - Leo Manuel	0.10	160.00	16.00

**POSTED**

2050  
198-63480  
759.74

Please refer to invoice number 354379 when submitting payment  
Federal Tax ID# 63-0328165

RE: General

**SERVICE DETAIL**

<u>DATE</u>	<u>ATTY</u>		<u>HOURS</u>	<u>AMOUNT</u>
12/02/2005	RJC	Telephone call from Donald Rafferty, Esq., regarding Waveland's intent to operate water line and facilities in Hancock County and TESI's position regarding future operation and sale of facilities; draft e-mail to Mr. Paul Maeder regarding same; review Mr. Maeder's response.	0.50	105.00
12/06/2005	LM	Telephone conference with C. Waddell regarding Seneca Hills title search status; telephone conference with A. Beard regarding status of Seneca Hills title search.	0.10	16.00
12/06/2005	CBW	Attend Mississippi Public Service Commission docket call; meet with Ms. Melanie Netterville regarding various issues.	1.00	160.00
12/20/2005	AMB	E-mail correspondence to C. Waddell to Seneca Hills matter.	0.25	40.00
12/22/2005	RJC	Telephone call from Donald Rafferty, Esq., regarding status of TESI operations and interest of Waveland to purchase system and certificate.	0.20	42.00
12/30/2005	CBW	Receive and finalize Seneca Hills Petition and exhibits and Facilities Agreement and exhibits.	1.00	160.00
<b>TOTAL FEES</b>			<b>\$</b>	<b>523.00</b>

<u>DATE</u>	<u>CHARGES</u>	<u>AMOUNT</u>
10/28/2005	Lexis Online Legal Research. also researched on 10/19/05.	236.74
<b>TOTAL CHARGES</b>		<b>\$ 236.74</b>
<b>TOTAL FEES PLUS CHARGES</b>		<b>\$ 759.74</b>



BALCH & BINGHAM LLP  
 Attorneys and Counselors  
 P. O. Box 305  
 Birmingham, AL 35201  
 (205) 251-8100  
 (205) 226-8799 Fax

*Call me  
1/23/06*

Ms. Jo Barger  
 Total Environmental Solutions, Inc.  
 1824 Ryder Drive  
 Baton Rouge, LA 70808

January 19, 2006  
 Client ID: 002710  
 Matter ID: 018  
 Invoice: 354380

RE: Jack Strickler

Fees for Professional Services Through 12/31/05	420.00
Charges Through 12/31/05	2.86
Prepayments Applied to Current Invoice	( 00)
<b>BALANCE DUE ON CURRENT INVOICE</b>	<b>\$ 422.86</b>
Balance Due on Previous Invoices	140.00
<b>TOTAL DUE INCLUDING PREVIOUS BALANCE</b>	<b>\$ 562.86</b>

**SERVICES SUMMARY**

<u>NAME</u>	<u>HOURS</u>	<u>RATE</u>	<u>AMOUNT</u>
JWS - Jennifer W. Signs	0.75	210.00	157.50
JPD - Jonathan P. Dyal	0.75	210.00	157.50
DMS - Diana M. Slusher	1.50	70.00	105.00

**POSTED**

*2050  
199-63680  
437-86*

Please refer to invoice number 354380 when submitting payment  
 Federal Tax ID# 63-0328165

RE: Jack Strickler

## SERVICE DETAIL

<u>DATE</u>	<u>ATTY</u>		<u>HOURS</u>	<u>AMOUNT</u>
11/01/2005	DMS	Telephone conference with Mr. Fred Signs regarding title abstract report; conference with J. Dyal regarding same.	0.25	17.50
11/02/2005	DMS	Conferences with J. Dyal and J. Signs regarding obtaining property description from Mr. Fred Signs; prepare letter to Mr. Fred Signs regarding obtaining abstract title report.	0.50	35.00
11/02/2005	JPD	Office conference with J. Signs regarding descriptions of land.	0.25	52.50
11/02/2005	JWS	Review Strickler and Biddix files and locate information needed to provide legal descriptions.	0.50	105.00
11/04/2005	JWS	Draft legal description for Biddix property based on survey.	0.25	52.50
11/21/2005	DMS	Prepare documents pursuant to request of J. Dyal.	0.25	17.50
11/22/2005	DMS	Prepare letter to Brett Furr, Esq.; prepare documents pursuant to request of J. Dyal.	0.50	35.00
11/22/2005	JPD	Receive and review additional property description for Seventh Street well; correspondence to Brett Furr, Esq. with documents; telephone call to Ms. Andree Cullens regarding land descriptions; correspondence to Ms. Andree Cullens with civil action number.	0.50	105.00
<b>TOTAL FEES</b>				<b>\$ 420.00</b>

---

<u>DATE</u>	<u>CHARGES</u>	<u>AMOUNT</u>
	Postage Expense	2.86
<b>TOTAL CHARGES</b>		<b>\$ 2.86</b>
<b>TOTAL FEES PLUS CHARGES</b>		<b>\$ 422.86</b>



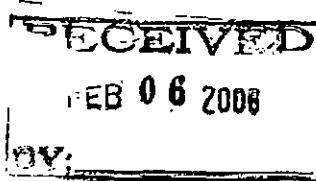
BALCH & BINGHAM LLP  
 Attorneys and Counselors  
 P. O. Box 306  
 Birmingham, AL 35201  
 (205) 251-8100  
 (205) 226-8799 Fax

Ms. Jo Barger  
 Total Environmental Solutions, Inc.  
 1824 Ryder Drive  
 Baton Rouge, LA 70808

January 31, 2006  
 Client ID: 002710  
 Matter ID: 022  
 Invoice: 355328

RE: Purchis

Fees for Professional Services Through 12/31/05  
 Charges Through 12/31/05



1,353.00  
 194.87

Prepayments Applied to Current Invoice

(.00)

**BALANCE DUE ON CURRENT INVOICE**

\$ 1,547.87

Balance Due on Previous Invoices

0.00

**TOTAL DUE INCLUDING PREVIOUS BALANCE**

\$ 1,547.87

SERVICES SUMMARY

<u>NAME</u>	<u>HOURS</u>	<u>RATE</u>	<u>AMOUNT</u>
DMT - David M. Thomas II	4.70	270.00	1,269.00
SJB - Susan J. Butler	0.70	120.00	84.00

**POSTED**

*2050*  
*199-63680*  
*1547.87*

Please refer to invoice number 355328 when submitting payment  
 Federal Tax ID# 63-0328165

RE: Purchis

## SERVICE DETAIL

<u>DATE</u>	<u>ATTY</u>		<u>HOURS</u>	<u>AMOUNT</u>
11/10/2005	DMT	Review discovery responses of TESI defendants; review correspondence to Stephen Mullins, Esq.; receive and review correspondence to Mr. Steve Jones.	0.60	162.00
11/11/2005	DMT	Review Motion for Extension of Time; e-mail to Silas McCharen, Esq. regarding same.	0.40	108.00
11/11/2005	DMT	Telephone conference with Silas McCharen, Esq. regarding Motion for Time and discovery issues.	0.20	54.00
11/11/2005	SJB	PACER docket search for filing of disclosures by all parties.	0.20	24.00
11/14/2005	DMT	Review discovery documentation from Silas McCharen, Esq.	1.00	270.00
11/16/2005	SJB	Prepare Notice of Service of Disclosures for electronic filing and file.	0.50	60.00
11/17/2005	DMT	Receive and review Interrogatory Responses of Total Environmental Solutions, Inc. defendants and receive and review Notice of court scheduled conference.	0.10	27.00
11/23/2005	DMT	Telephone conference with Silas McCharen, Esq. regarding Court Order, case status issues and discovery issues.	0.20	54.00
11/28/2005	DMT	Review time sheets of Mr. Barry Darnell and Warning Notices for Mr. William Purchis.	0.20	54.00
11/28/2005	DMT	Telephone call to Silas McCharen, Esq. regarding discovery issues.	0.10	27.00
11/28/2005	DMT	Telephone conference call with Silas McCharen, Esq., Mr. Steve Jones and Mr. Lee Purvis regarding interview of Mr. Barry Darnell.	0.30	81.00
11/29/2005	DMT	Prepare for and hold investigatory conference call with Silas McCharen, Esq. and Mr. Barry Darnell.	0.80	216.00
11/29/2005	DMT	Telephone conference with Mr. Steve Jones regarding drug policy.	0.10	27.00
11/29/2005	DMT	Telephone conference with Court regarding scheduling of Status Conference.	0.10	27.00
11/30/2005	DMT	Telephone conference with Ms. Penny Anthill regarding drug testing policy; email to and from Silas McCharen, Esq. regarding same.	0.20	54.00
12/02/2005	DMT	Telephone conference with Court Deputy.	0.10	27.00
12/02/2005	DMT	Receive and review Court Order.	0.10	27.00
12/02/2005	DMT	Letter to James Funderburk, Esq. regarding scheduling of Status Conference.	0.20	54.00
<b>TOTAL FEES</b>			<b>\$</b>	<b>1,353.00</b>

BALCH & BINGHAM LLP

ID: 002710-022  
Invoice # 355328

January 31, 2006  
PAGE 3

RE: Purchis

---

<u>DATE</u>	<u>CHARGES</u>	<u>AMOUNT</u>
	Long Distance	1.10
	Photocopying	1.80
	Postage Expense	0.74
	Telefax	6.06
10/28/2005	Online Legal Research. Westlaw	67.10
10/28/2005	Online Legal Research. Westlaw.	118.07
<b>TOTAL CHARGES</b>		<b>\$ 194.87</b>
<b>TOTAL FEES PLUS CHARGES</b>		<b>\$ 1,547.87</b>

INVOICE NO.	INVOICE DATE	CREDIT MEMO NO.	CREDIT MEMO AMOUNT	GROSS AMOUNT	DISCOUNT	NET AMOUNT
097116	02-28-06	WEBER FICK & WILSON DI		11747.00		11747.00
				300 35100	5873.50	
				440 35100	5873.50	
097544	04-03-06	WEBER FICK & WILSON DI		12375.00		12375.00
				199 63680	12375.00	
097552	04-03-06	WEBER FICK & WILSON DIV		519.76		519.76
				199 63680	519.76	

NON-NEGOTIABLE

PLEASE DETACH BEFORE CASHING CHECK

037956 **MAILED**

TOTAL NET AMOUNT

24641.76

JUN 23 2006

**TOTAL ENVIRONMENTAL SOLUTIONS, INC.**

P.O. BOX 14056  
 BATON ROUGE, LA 70898-4056  
 GENERAL FUND

037956

84-15  
 854

PAY \*\*\*\*\*24,641 DOLLARS AND 76 CENTS

TO THE ORDER OF

DATE	AMOUNT OF CHECK
06-22-06	**24,641.76

VOID AFTER 90 DAYS

023305 WEBER FICK & WILSON DIVISION  
 275 GRANDVIEW AVE  
 SUITE 100  
 CAMP HILL PA 17011

Hancock Bank of Louisiana  
 Baton Rouge, LA

MANAGER  
**NON-NEGOTIABLE**

COUNTER SIGNATURE

# AUS

Invoice Number 097116  
Invoice Date February 28, 2006  
PO Number  
Contract TAR  
Project 57-0549  
Page 1

Weber, Fick & Wilson Division  
AUS Consultants  
155 Gaither Drive  
PO Box 1050  
Moorestown, NJ 08057-1050  
856 234 9200

Incorporated FID# 22-1943906  
www.ausinc.com  
Consultant:  
GARY D. SHAMBAUGH  
GSHAMBAUGH@WFV-AUSINC.COM

Paul Maeder  
TESI  
1824 Ryder Drive  
Baton Rouge, LA 70808

	Current Hours	Rate	Current Amount
Professional Services			
GARY D. SHAMBAUGH	75.00	150.00	11,250.00
Administrative Services			
Administrative Staff			400.00
Out of Pocket Expenses			
Production Costs			97.00
Invoice Total			<u>11,747.00</u>

*Handwritten notes:*  
23305  
300-351-587350  
440-351-587350

**POSTED**

Please make check payable to:  
Weber, Fick & Wilson Division  
P.O. Box 1050  
Moorestown, NJ 08057-1050

Invoice due upon presentation

57TOT06

TOTAL ENVIRONMENTAL SOLUTIONS, INC.

P.O. BOX 14056 BATON ROUGE, LA 70898-4056

INVOICE NO.	INVOICE DATE	CREDIT MEMO NO.	CREDIT MEMO AMOUNT	GROSS AMOUNT	DISCOUNT	NET AMOUNT
097872	04-30-06	WEBER FICK & WILSON		8715.00		8715.00
				199 63680	8715.00	

MAILED NON-NEGOTIABLE

PLEASE DETACH BEFORE CASHING CHECK

038211

TOTAL NET AMOUNT

8715.00

JUL 07 2006

TOTAL ENVIRONMENTAL SOLUTIONS, INC.

P.O. BOX 14056  
BATON ROUGE, LA 70898-4056  
GENERAL FUND

038211

84-15  
654

PAY \*\*\*\*\*8,715 DOLLARS AND 00 CENTS

TO THE ORDER OF

DATE	AMOUNT OF CHECK
07-06-06	***8,715.00

VOID AFTER 90 DAYS!

023305 WEBER FICK & WILSON DIVISION  
275 GRANDVIEW AVE  
SUITE 100  
CAMP HILL PA 17011

MANAGER NON-NEGOTIABLE

COUNTER SIGNATURE

Hancock Bank of Louisiana  
Baton Rouge, LA

Moorestown, NJ 08057-1050

Invoice due upon presentation

23305

57TOT04

199-63680  
8715.00

# AUS

Weber, Fick & Wilson Division  
AUS Consultants  
155 Gaither Drive  
PO Box 1050  
Moorestown, NJ 08057-1050  
856 234 9200

Invoice Number 097872  
Invoice Date April 30, 2006  
PO Number  
Contract MSC  
Project 57-0513  
Page 1  
Incorporated FID# 22-1943906  
www.ausinc.com  
Consultant:  
GARY D. SHAMBAUGH  
GSHAMBAUGH@FW-AUSINC.COM

Paul Maeder  
Total Environmental  
Solutions, Inc.  
1824 Ryder Drive  
Baton Rouge, LA 70808

*Due 9-6-06*

**POSTED**

	Current Hours	Rate	Current Amount
Professional Services			
GARY D. SHAMBAUGH	41.50	210.00	8,715.00
Invoice Total			<u>8,715.00</u>

Please make check payable to:  
Weber, Fick & Wilson Division  
P.O. Box 1050  
Moorestown, NJ 08057-1050

Invoice due upon presentation

*23305*

57TOT04

*199-63682  
8715.00*

TOTAL ENVIRONMENTAL SOLUTIONS, INC.

P.O. BOX 14056 BATON ROUGE, LA 70898-4056

INVOICE NO.	INVOICE DATE	CREDIT MEMO NO.	CREDIT MEMO AMOUNT	GROSS AMOUNT	DISCOUNT	NET AMOUNT
097546	04-03-06	WEBER FICK & WILSON DI		17369.81		351 17369.81
			30999	63680	8684.91	
			44999	73680	8684.90	
097878	04-30-06	WEBER FICK & WILSON		58.52		58.52
			199	63680	58.52	

MAILED NON-NEGOTIABLE

PLEASE DETACH BEFORE CASHING CHECK

038105

TOTAL NET AMOUNT

17428.33

JUN 29 2006

TOTAL ENVIRONMENTAL SOLUTIONS, INC.

P.O. BOX 14056  
BATON ROUGE, LA 70898-4056  
GENERAL FUND

038105

84-15  
-654

PAY \*\*\*\*\*17,428 DOLLARS AND 33 CENTS

TO THE ORDER OF

DATE	AMOUNT OF CHECK
06-29-06	**17,428.33

VOID AFTER 90 DAYS!

023305 WEBER FICK & WILSON DIVISION  
275 GRANDVIEW AVE  
SUITE 100  
CAMP HILL PA 17011

MANAGER NON-NEGOTIABLE

Hancock Bank of Louisiana  
Baton Rouge, LA

COUNTER SIGNATURE

Invoice Total

17,369.81

Please make check payable to:  
Weber, Fick & Wilson Division  
P.O. Box 1050  
Moorestown, NJ 08057-1050

Invoice due upon presentation

23305

57TOT06

30999  
300 - 636.8 - 8684.91  
44999 - 736.8 - 8684.90  
440 - 736.8 - 8684.90

# AUS

Weber, Fick & Wilson Division  
AUS Consultants  
155 Gaither Drive  
PO Box 1050  
Moorestown, NJ 08057-1050  
856 234 9200

Invoice Number 097546  
Invoice Date April 03, 2006  
PO Number  
Contract TAR  
Project 57-0549  
Page 1  
Incorporated FID# 22-1943906  
www.ausinc.com  
Consultant:  
GARY D. SHAMBAUGH  
GSHAMBAUGH@WEW-AUSINC.COM

Paul Maeder  
TESI  
1824 Ryder Drive  
Baton Rouge, LA 70808

*Due 6-29-06*

	Current Hours	Rate	Current Amount
<b>Professional Services</b>			
GARY D. SHAMBAUGH	112.50	150.00	16,875.00
<b>Administrative Services</b>			
Administrative Staff			350.00
Out of Pocket Expenses			
Production Costs			125.90
Travel & Related Expenses			18.91
<b>Invoice Total</b>			<u><u>17,369.81</u></u>

**POSTED**

Please make check payable to:  
Weber, Fick & Wilson Division  
P.O. Box 1050  
Moorestown, NJ 08057-1050

Invoice due upon presentation

*23305*

57TOT06

*30999*  
*300 - 636.8 - 8684.91*  
*44999 - 736.8 - 8684.90*  
*440 - 736.8 - 8684.90*

COMPANY RESPONSE TO  
OTS INTERROGATORY RE-1-D

**Office Of Trial Staff Data Requests**

**Total Environmental Solutions  
Treasure Lake Sewer Division**

**Docket No. R-00072495**

**OTS-RE-1-D**

Provide a copy of all affiliated interest agreements.

**Response:** Total Environmental Solutions, Inc. (TESI) has not filed an affiliated interest agreement for the Treasure Lake Sewer Division. However, TESI commissioned a study in 2001 to identify the reasonableness of the affiliated transactions and provide a reasonable basis for the allocation of affiliated expenses that has been utilized by TESI, with minor modifications, since that time. A copy of the study is attached to OTS-RE-1-D in the Water Division proceeding at Docket No. R-00072493, and the current allocations have been provided in the response to OCA, Set I Interrogatories, Question 26 at this docket. TESI intends to file an affiliated interest agreement shortly with the Commission.

Responsible Party: Wayne Owens

COMPANY RESPONSE TO  
OCA INTERROGATORY SET II, NO. 7

Pennsylvania Public Utility Commission

V.

Total Environmental Solutions, Inc.

Treasure Lake Sewer Division

Docket No. R-00072495

Interrogatories of the Office of Consumer Advocate – Set II

7. Refer to the Company's response to OCA-I-21. Identify the vendor, provide a detailed explanation of the nature of and list the amount of each type of expense included in the test year expense of \$13,552 for "Miscellaneous Other." Provide this information for the years 2004 and 2005 as well. Note that the Company's response to OCA-I-21 indicated that at least a portion of Miscellaneous Other expenses relate to telecommunications. If so, explain how these expenses differ from those included in the account for "Telecommunications (AFS)."

**Response:** General ledger details are attached for the following accounts which make up the claimed amount of \$13,552.

60000 – 77580	\$5,214.14
60000 – 92105	\$1,838.25
60000 – 92140	\$ 499.71

In addition, a prorated share of Administrative cost:

199 – 92105	\$3,975.00
199 – 42600	\$ 667.00
199 - 92140	\$ 797.00
Unidentified	\$ 565.00

The AFS costs were allocated in the following manner:

	<b>Bank Charges 199 – 92105</b>	<b>Penalties 199 – 92140</b>	<b>Misc. 199 – 42600</b>
Account	\$48,096.51	\$9,648.00	\$8,074.32
PA Share 18%	\$ 8,657.00	\$1,737.00	\$1,453.00
TL Share 70%	\$ 6,101.00	\$1,224.00	\$1,024.00
TL Water Share 35%	\$ 2,126.00	\$ 426.00	\$ 356.00
TL Sewer Share 65%	\$ 3,975.00	\$ 797.00	\$ 667.00

Upon review of the GL accounts that make up this claim there do not appear to be any telecommunications cost in this category.

General ledger detail is attached for the direct charges but the allocation for prior years is not available.

Responsible Party: Wayne Owens

OCA STATEMENT 1S

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

4-17-08 JES  
HABG

PENNSYLVANIA PUBLIC UTILITY  
COMMISSION

v.

Docket No. R-00072495

TOTAL ENVIRONMENTAL SOLUTIONS, INC.  
TREASURE LAKE SEWER DIVISION

**DOCUMENT FOLDER** also includes  
Exhibit  
MJK-LS

SURREBUTTAL TESTIMONY

OF

MARILYN J. KRAUS

ON BEHALF OF

THE PENNSYLVANIA OFFICE OF CONSUMER ADVOCATE

RECEIVED  
2008 APR 22 PM 2:45  
P.A.U.C.  
SECRETARY'S BUREAU

APRIL 3, 2008

1 Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND OCCUPATION.

2

3 A. My name is Marilyn J. Kraus. My business address is 555 Walnut Street, Forum  
4 Place 5<sup>th</sup> Floor, Harrisburg, PA 17101. I am a certified public accountant currently  
5 employed as a Senior Regulatory Analyst by the Office of Consumer Advocate  
6 (OCA).

7

8 Q. HAVE YOU FILED DIRECT TESTIMONY IN THIS CASE?

9

10 A. Yes. I filed direct testimony in this case in OCA Statement 1.

11

12 Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?

13

14 A. In this surrebuttal testimony, I will provide comments on the rebuttal testimonies  
15 of Mr. Gary D. Shambaugh (TESI Sewer Statement No. 2R) and Mr. Scott D.  
16 Fogelsanger (TESI Sewer Statement No. 1R.) I will specifically address the  
17 comments made by Mr. Shambaugh with respect to the availability fees charged by  
18 the Company and Mr. Fogelsanger's rebuttal testimony related to salaries and  
19 wages and rate case expense.

20

21 Q. PLEASE COMMENT ON THE SUGGESTIONS MADE BY MR.  
22 SHAMBAUGH WITH RESPECT TO THE UNCOLLECTIBLE  
23 AVAILABILITY FEES.

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A. On page 7 of TESI Sewer Statement No. 2R, Mr. Shambaugh offers two alternative approaches to handling availability fees, which represent a majority of the bad debts experienced by the Company. In alternative one, he suggests that the availability fees should be gradually eliminated. While I recognize that availability fees are generally more difficult than usage fees for a utility to collect, I do not agree that they should be eliminated entirely. Availability fees are implemented, generally by “second home” communities like Treasure Lake, with a specific purpose. These systems are sized and constructed for full build-out of the communities so that as homes are constructed, utility services are available. The availability customers, while not actually receiving utility services per se, do obtain value from having the distribution lines installed and the plant capacity to serve them in place. Without the availability of utility service, these lots would have far less value in that no home could be constructed, nor could the lots be sold for as large a price. As such, it is not reasonable to expect the usage customers, those who have already constructed homes, to pay for the lines and capacity that have been installed to serve the entire community. Also, it is unreasonable to ask usage customers to subsidize the benefits obtained by the availability customers. The Treasure Lake availability fees total only \$21.60 per quarter (\$86.40 annually) for water and sewer combined. I do not agree that transferring the burden for 100% of the utility costs to the usage customers is a reasonable solution to the Company’s availability fee collection problem. The Company should maintain aggressive collection practices with respect to the availability customers.

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The second alternative suggested by Mr. Shambaugh is to consider an availability customer “inactive” after eighteen months of non-payment, at which time, the customer would no longer be billed or assigned a proportionate amount of the Company’s annual revenue requirement. In the future, that customer would not be allowed to connect to the system unless the unpaid (eighteen months billings) fees are paid with interest. Just as Mr. Shambaugh’s first suggestion, this proposal has the effect of shifting the burden of non-paying availability customers’ share of the revenue requirement, in excess of eighteen months of charges, to the usage customers. For the same reasons as discussed above, I do not agree that this is a reasonable alternative. Thus, aggressive collection practices should be maintained with respect to the availability customers rather than an elimination of all or a portion of the fees.

Q. PLEASE DISCUSS MR. FOGELSANGER’S REBUTTAL TESTIMONY RELATED TO YOUR RECOMMENDED ADJUSTMENT TO SALARIES AND WAGES.

A. As indicated on pages 3 through 5 of my direct testimony, I recommended an adjustment to the Company’s claim for salaries and wages of \$20,309, based on the lack of support for the proforma increase claimed. The Company specifically stated in Going-Level Adjustment 1, on page 1-15 of the filing (SDF Exhibit No. 1,) that the increase claimed for 2007 was based on the fact that the amount of

1 salaries and wages that was capitalized in the 2006 historic test year was unusually  
2 high. As such, the Company's contention is that less of the salaries will be  
3 capitalized in the future and, conversely, more of the salaries will be charged to  
4 expenses in 2007 and going-forward. As I explained in my testimony, while the  
5 Company stated that 10% of the non-administrative salaries would be capitalized  
6 on a going-forward basis, I found that only 3.5% were capitalized in 2006. Thus,  
7 the proforma increase, based on the reduction to the capitalization rate, is not  
8 justified.

9  
10 On pages 3 and 4 of his rebuttal, Mr. Fogelsanger discusses the reasons why he  
11 disagrees with my recommended adjustment. First, Mr. Fogelsanger indicates that  
12 the statement made by the Company in Going-Level Adjustment 1 regarding the  
13 going-forward reduction to capitalized wages is incorrect. He is now claiming  
14 that, instead, the proforma increase is due to "incorrect coding" of 2006 salaries  
15 and wages. He provides the Company's response to OTS-RE-4-D in support of  
16 this statement (see Attachment 1 to TESI Sewer Statement No. 1R.) Nowhere in  
17 this response does the Company state that the salaries and wages incurred in 2006  
18 were "miscoded." The response merely outlines the total salaries and wages  
19 relative to TESI's "Eastern Division" for 2004, 2005 and 2006, and indicates how  
20 much of the salaries were charged to Treasure Lake Water and Treasure Lake  
21 Sewer in 2006 per the filing and per the general ledger. With respect to the sewer  
22 division, the filing amount agrees (within \$2) with the \$88,562 amount of 2006  
23 salaries and wages charged to Treasure Lake Sewer expenses that were shown in

1 the Company's filing on Supporting Schedule 2 in SDF Exhibit No. 1 (shown as  
2 \$88,573 in response to OCA-I-2, included as Attachment 1 to OCA Statement 1,) upon which I  
3 relied in calculating my recommended adjustment of \$20,309. (I note that the general ledger  
4 amount of TLS salaries and wages expense is listed as \$102,396. The Company did not explain  
5 the discrepancy between this amount and the amount of TLS salaries and wages expense shown  
6 in both Supporting Schedule 2 of SDF Exhibit No. 1 and the response to OCA-I-2.)

8  
9 Second, Mr. Fogelsanger states that I "assume[s] that the salaries and wages at  
10 December 31, 2006 are accurately stated." At no time prior to the filing of my  
11 direct testimony did the Company indicate that any of the claims made in its filing,  
12 or information provided in response to discovery in support of those claims, was  
13 incorrect. Thus, I had no reason to assume that numbers provided by the Company  
14 were not accurately stated.

15  
16 Q. WHAT IS MR. FOGELSANGER'S RECOMMENDATION WITH RESPECT  
17 TO TLS'S CLAIM FOR SALARIES AND WAGES?

18  
19 A. As indicated on page 4 of TESI Sewer Statement No. 1R, Mr. Fogelsanger is now  
20 proposing to include "actual" salaries and wages for 2007. The schedule he  
21 provides in support of this claim (Attachment 2 to TESI Sewer Statement No. 1R)  
22 was not included in the Company's filing, nor was it provided in response to any  
23 discovery in this case. Additionally, no detail is provided with respect to the

1 employees represented on this schedule, the hours charged to each of the entities to  
2 which services are provided, the hourly rates or the amounts capitalized. It is not  
3 reasonable to allow the Company to completely restate its salaries and wages  
4 expense claim at this phase of the case, particularly without proper support. Thus,  
5 I maintain that my recommended adjustment to salaries and wages of \$20,309 and  
6 the corresponding adjustment to payroll taxes of \$1,554 should be adopted by the  
7 Commission in this case.

8  
9 Q. WHAT IS THE COMPANY'S POSITION WITH RESPECT TO YOUR  
10 RECOMMENDED ADJUSTMENT TO INCREASE THE NORMALIZATION  
11 PERIOD FOR RATE CASE EXPENSE?

12  
13 A. As outlined on page 5 of OCA Statement 1, I recommended that the Company's  
14 requested normalization period for rate case expense of three years be increased to  
15 five years. This results in a reduction to annual rate case expense of \$21,333. On  
16 page 8 of TESI Sewer Statement No. 1R, Mr. Fogelsanger states that the Company  
17 is "aware that they should have sought rate relief prior to now." He states further,  
18 that with increasing costs and "potentially" more stringent DEP standards, the  
19 Company believes it is unrealistic that it can wait five years before its next filing  
20 and maintains that its three-year proposal is appropriate. The Commission has  
21 consistently based the allowed normalization period on a company's history of  
22 filing rate cases. My recommended normalization period of five years is actually  
23 conservative considering the fact that the Company did not file a rate case for

1 seven years after acquisition of the TLS system. To base the normalization period  
2 on what the Company believes may occur in the future is inappropriate. The  
3 Commission should accept my recommended five-year normalization period and  
4 reduce the annual amount of rate case expense to be included in rates by \$21,333.

5  
6 Q. HAVE YOU REVISED YOUR SUMMARY OF ADJUSTMENTS TO REFLECT  
7 INFORMATION CONTAINED IN THE COMPANY'S REBUTTAL  
8 TESTIMONY AND REVISED SCHEDULES INCLUDED IN ATTACHMENT 8  
9 TO TESI Sewer STATEMENT NO. 1R?

10  
11 A. Yes, I have revised my Summary of Adjustments, as shown on OCA Exhibit MJK-  
12 1S. Specifically, I have accepted the Company's explanation of TESI bank  
13 charges on page 9 of TESI Sewer Statement No. 1R and have eliminated my  
14 adjustment of \$3,975 to this item. This reduces my recommended adjustment to  
15 cash working capital from \$18,203 to \$17,707. My total adjustments to net  
16 operating income are reduced from \$145,627 to \$141,652. I should note that the  
17 Company accepted my recommended adjustment of \$76,277 to bad debts (see  
18 TESI Sewer Statement No. 2R, page 7.) The Company provided no rebuttal  
19 testimony with respect to my adjustments to affiliated contract services of \$948,  
20 \$349 and \$19,520 or my adjustments to miscellaneous other expenses of \$797 and  
21 \$565.

22

1 Q: WHAT IS THE OVERALL RECOMMENDATION ON THE REVENUE  
2 INCREASE REQUESTED BY THE COMPANY?

3 A: While I have proposed a number of adjustments to the Company's revenue  
4 increase claims, as I pointed out in my direct testimony, I do not adopt the Company's  
5 proposed rate of return. The Company's proposed rate of return is unrealistically high.  
6 The Commission should employ a rate of return similar to those approved by the  
7 Commission for companies similar in size and with similar risk profiles. Counsel  
8 informs me that the OCA will attach schedules to its Main Brief that examine the full  
9 impact of my adjustments to the Company's base rate claim taking all these  
10 considerations into account.

11

12 Q. DOES THAT CONCLUDE YOUR SURREBUTTAL TESTIMONY?

13

14 A. Yes, it does.

15

16 98611

Total Environmental Solutions, Inc.  
 Treasure Lake Sewer Division  
 Summary of Adjustments

Docket No. R-00072495  
 OCA Exhibit MJK-1S

477-8 JEG  
 HBSL

Line No.	Description	Amount	Reference
<u>Rate Base</u>			
1	Adjust Cash Working Capital for O&M Adjustments	(17,707)	OCA Statement 1
2	Total Rate Base Adjustments	<u>(17,707)</u>	
<u>Net Operating Income</u>			
Operation & Maintenance Expense Adjustments			
3	Reduce Company's Claim for 2007 Salaries & Wages	(20,309)	OCA Statement 1
4	Remove Payroll Taxes on Salaries & Wages Adj.	(1,554)	OCA Statement 1
5	Increase Normalization Period for Rate Case Expense	(21,333)	OCA Statement 1
6	Reduce Bad Debts Expense to Actual Write-off Amount	(76,277)	OCA Statement 1
Contracted Services AFS (Affiliated):			
7	Balch & Bingham	(948)	OCA Statement 1
8	Weber, Fick & Wilson	(349)	OCA Statement 1
9	Charges Unsupported by Invoices or Unexplained	(19,520)	OCA Statement 1
Miscellaneous Other:			
10	TESI Bank Charges	-	OCA Statement 1
11	TESI Penalties	(797)	OCA Statement 1
12	Unidentified Charges	(565)	OCA Statement 1
13	Total Operation & Maintenance Expense Adjustments	<u>(141,652)</u>	
14	Total Net Operating Income Adjustments	<u>(141,652)</u>	