

solely responsible for all Company operations and management. Mr. Russo, a former Commission Staff member, is self-employed as a consultant and was retained by Gascony to assist the Company with expert witness matters. Mr. Hoesch and Mr. Russo each filed Direct Testimony and Surrebuttal Testimony in this matter.

Positions on Contested Issues

1. Revenue Requirement / Expenses

a. What amount of President of Company's compensation should be included in Company's cost of service?

RESPONSE: \$9,733 should be included for Mr. Hoesch's operational responsibilities, and a total overall annual salary of \$27,510 should be included in the Company's cost of service.

Russo Direct, pp. 3-5.
Russo Surrebuttal, pp. 2, 3-9.
Hoesch Surrebuttal, pp. 7-10.

b. What amount of office rents should be included in Company's cost of service?

RESPONSE: The appropriate level of rent for the Saint Louis office is \$2,159 annually.

The appropriate level of rent expense for the Gascony Village office is \$2,210 annually.

Russo Direct, pp. 5-7.
Hoesch Direct, pp. 7-8.
Russo Surrebuttal, pp. 9-10.
Hoesch Surrebuttal, pp. 10-11.

c. What amount of travel expense relating to President of Company's travel costs should Company be allowed to include?

RESPONSE: The Commission should continue the practice of allowing the Company to recover mileage reimbursement at the federal mileage rate. OPC's recommendation to the contrary should be rejected.

Hoesch Direct, p. 8.
Russo Surrebuttal, p. 15.

d. What is the appropriate amount of rate case expense to include in the cost of service for Company and what is the appropriate mechanism to apply to rate case expense costs for Company?

RESPONSE: The Company should be allowed to include in its cost of service the total amount of prudently incurred rate case expenses, including legal and expert witness fees, to be amortized over a period of six years.

Russo Direct, pp. 7-8.
Russo Surrebuttal, pp. 10-12.

e. What amount of depreciation expense should be included and what is the mechanism to apply such depreciation?

RESPONSE: \$3,358 in depreciation expense should be included.

Russo Surrebuttal, Schedule SUR-jr1.

f. What is the total annual revenue required to recover the cost of providing utility service to Company's customers?

RESPONSE: The total revenue requirement for the Company is approximately \$57,300.

Revenues generated by current tariffed rates (those set in 1999) are approximately \$36,149. An increase of \$21,148 is required in order for the Company to recover the present cost of providing utility service to its customers. In contrast, Staff supports an increase of only \$1,231 over the revenue requirement authorized for the Company in 1999 – nearly 20 years ago. OPC supports an increase of only \$952.

Russo Direct, p. 10.
Russo Surrebuttal, Schedule SUR-jr1.

2. Rate Base

a. Should Company be allowed to include in its rate base values real property identified as Lot 27 and real property identified as the Storage Building Lot (also referred to as the Shed Property or Shed Lot)? If so, what is a reasonable amount to be allowed?

RESPONSE: Yes, rate base should include values for the real property identified as Lot 27 (\$10,000) and the Storage Building Lot (\$7,500). It would be unjust and unreasonable to deny the Company's requests in this regard.

Russo Direct, pp. 8-9.
Hoesch Direct, pp. 5-6.
Russo Surrebuttal, pp. 2-3.
Hoesch Surrebuttal, pp. 1-4.

b. Should Company be allowed to include in its rate base values equipment identified as a trencher and a utility task vehicle ("UTV")? If so, what is a reasonable amount to be allowed?

RESPONSE: Yes, rate base should include values for the trencher (\$8,000) and the UTV (\$3,500).

Russo Direct, pp. 9-10.
Hoesch Direct, pp. 6-7.
Hoesch Surrebuttal, pp. 4-7.

3. Rate Design: What are the appropriate Customer Equivalency Factors that will be used to determine rates for the various customer classes?

RESPONSE: The customer equivalent factor (for comparing part-time and full-time customers) should be increased from .35 to .5. Additionally, the swimming pool customer equivalent factor should be increased from 3.56 to 6; the kitchen customer equivalent factor should be increased from 0.565 to 2; and the dump station customer equivalent factor should be increased from 1.65 to 2.5.

Russo Direct, pp. 12-16.
Russo Surrebuttal, pp. 12-13.

4. Miscellaneous: Should the Company ensure all new customers complete an application for service per the Company's tariff and should this requirement be completed within thirty (30) days of the resolution of the case?

RESPONSE: The Company has no objection to implementing the Staff-suggested policy of requiring new customers to complete an application for service per the Company's tariff.

The dispute between the parties is regarding the Staff-suggested requirement, which is supported by OPC, that the Company “complete” the requirement within thirty days. The Company submits that there is no way to “complete” this requirement within thirty days. There may not be new customers within the thirty days following resolution of this case, and, of course, there may be new customers following the first thirty-day period. The Company has no objection to making an application available, per the Company’s tariff, for new customers to fill out upon a request for new service.

Russo Direct, pp. 17-18.
Russo Surrebuttal, pp. 13-14.

WHEREFORE, Gascony respectfully submits its Statement of Positions. Gascony requests such relief as is just and proper under the circumstances.

/s/ Diana C. Carter
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CERTIFICATE OF SERVICE

I hereby certify that the above and foregoing document was filed in EFIS on this 12th day of March, 2018, with notice of the same being sent to all counsel of record.

/s/ Diana C. Carter