

**BEFORE THE  
MISSOURI PUBLIC SERVICE COMMISSION**

In the Matter of the Stipulation	)	
Respecting Adjustments to Sewer Charges	)	
Applicable to Four Seasons Racquet and	)	Case No. SO-2011-0046
Country Club Condominium Owner's	)	
Association, Inc.	)	

**Four Seasons Racquet and Country Club Condominium  
Property Owners Association, Inc.'s  
Reply to OPC's Response to Order**

Intervenor Four Seasons Racquet and Country Club Condominium Property Owners Association, Inc. ("Intervenor") hereby submits the following Reply to OPC's September 7, 2010 Response to the Commission's September 1, 2010 Order Regarding Motions for Rehearing, Reconsideration, and Clarification:

1. Public Counsel asked for rehearing of the Stipulation extension request on the grounds that the extension created an issue of potential rate subsidization, and that OPC was cut off from any chance to bring its position on that issue before the Commission.

**OPC has not been cut off**

2. Intervenor disagrees that OPC has been disallowed any opportunity to raise the issue of potential rate subsidization. The Commission's Order of August 26, 2010 created this new docket in which to consider the Stipulation, and permitted a temporary extension until November 1, 2010, with the additional requirement of an October 15, 2010 status report. Intervenor fails to see how OPC has been prevented from opposing extensions beyond November 1.

### **The Stipulation's Goal is to prevent subsidization**

3. Intervenor respectfully disagrees with OPC's view that an extension of flow-meter installation stipulation, in and of itself, will result in potential customer rate subsidization. The potential for subsidization has not been eliminated by the Stipulation. The Stipulation, when the installations are consummated, will only eliminate the possibility of subsidization between two customers.

4. The stipulation keeps Intervenor's usage based on water meter readings until the flow-meter installations are certified as accurate. This usage was assimilated into the test year utilized for ratemaking. As long as the installation is accomplished prior to the rate case due in three years, there will be no subsidization different than that in place during the test year.

5. The subsidization argument assumes, without substantiation, that Lake Region receives more sewage quantities at its treatment plants than it bills customers whose flow is received at any respective treatment plant.

6. No party has established, and the Commission has not found, that different customers contribute disproportionate levels of inflow and infiltration (I&I) to any plant.

7. In order for either the Shawnee Bend or Horseshoe Bend sewer rates and usage to be structured to eliminate I&I subsidization, each should be completely based on flow-meter usage readings that capture the I&I of each customer. In order to accurately measure usage, including I&I, without any possibility of subsidization, all customers should be converted to flow-meter usage, not just one. Until all customers are converted to flow-meter readings, there will always be the

possibility that customers with disproportionate I&I will be subsidized by other customers.

8. When a single customer's billing is converted to flow-meter usage, but the rest of the customer's remain on water meter usage, the possibility that customers remaining on water meter usage are having excessive I&I subsidized by other customers is not eliminated.

9. When Intervenor was placed on a flow-meter prior to institution of the rate case, Intervenor was placed in the position of possibly subsidizing other customers, whose usage remained based on water meter readings. More specifically, because Intervenor's flow-meter measured usage from the Hotel and Intervenor, but Hotel's usage remained based on water meter usage, Intervenor was then billed for, and subsidized Hotel for, any I&I contributed by Hotel, if any.

10. While Intervenor remains concerned that giving Lake Region the unfettered discretion to determine which customers to bill based on water meter readings, and which to bill based on flow-meter readings, will continue to permit arbitrary or capricious subsidization, Intervenor believes the Stipulation provides a reasonable resolution of the concern with respect to I&I and subsidization for two larger commercial customers.

11. Upon consummation of the flow-meter installation, the Stipulation should result in elimination of any subsidization of Intervenor by other customers, if any ever existed. It is Intervenor's view that OPC's goal of minimizing subsidization is furthered by the Stipulation, as the Commission sees fit to extend the flow-meter installation deadline(s).

Respectfully submitted,

**/s/ Craig S. Johnson**

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**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of this pleading was electronically mailed to the following attorneys of record in this proceeding this 8th day of September, 2010:

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