

Exhibit No.:	
Issue(s):	Availability Fees
Witness:	Nancy Cason
Type of Exhibit:	Surrebuttal
Sponsoring Party:	Four Seasons Lakesites Property Owners Association
Case Numbers:	SR-2010-0110 WR-2010-0111
Date Testimony Submitted:	March 12, 2010

**SURREBUTTAL TESTIMONY**

**OF**

**NANCY CASON**

Submitted on Behalf of  
Four Seasons Lakesites  
Property Owners Association

LAKE REGION WATER & SEWER COMPANY

Case Nos. SR-2010-0110 & WR-2010-0111

March 12, 2010

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

In the Matter of Lake Region Water & Sewer )  
Company's Application to Implement a General ) **File No. SR-2010-0110**  
Rate Increase in Water & Sewer Service. )


In the Matter of Lake Region Water & Sewer )  
Company's Application to Implement a General ) **File No. WR-2010-0111**  
Rate Increase in Water & Sewer Service. )

AFFIDAVIT OF NANCY CASON

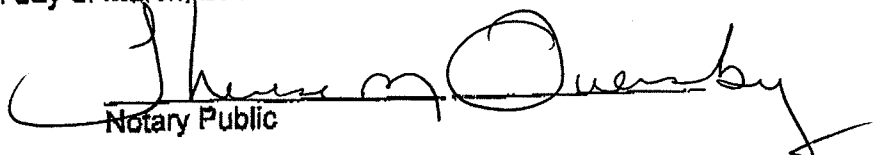
STATE OF MISSOURI )  
 ) ss  
COUNTY OF CAMDEN )

Nancy Cason, of lawful age and begin first duly sworn, deposes and states:

1. My name is Nancy Cason. I am the President of the Four Seasons Lakesites Property Owners Association.
2. Attached hereto and made a part hereof for all purposes is my surrebuttal testimony.
3. I hereby swear and affirm that my statements contained in the attached testimony are true and correct to the best of my knowledge and belief.

  
Nancy Cason, President  
Four Seasons Lakesites Property  
Owners Association

Subscribed and sworn to me this 12th day of March, 2010.

  
Notary Public

My Commission expires \_\_\_\_\_

THERESE M. OWENSBY  
Notary Public - Notary Seal  
State of Missouri  
Commissioned for St. Louis County  
My Commission Expires: July 20, 2011  
Commission Number: 07475068

1 SURREBUTTAL TESTIMONY  
2 OF NANCY CASON

3  
4 LAKE REGION WATER AND SEWER COMPANY  
5 CASE NO. SR-2010-0110  
6 CASE NO. WR-2010-0111  
7  
8

9 Q. PLEASE STATE YOUR NAME AND ADDRESS.

10 A. Nancy Cason, 422 Grand Cove Road, Sunrise Beach, Missouri 65079

11 Q. HOW LONG HAVE YOU LIVED AT THIS ADDRESS?

12 A. Since 1999 when my husband and I built our home.

13 Q. ON WHOSE BEHALF ARE YOU SUBMITTING THIS TESTIMONY?

14 A I am submitting this testimony as President of the Four Seasons Lakesites  
15 Property Owners Association ("POA"), an intervenor in this case, with members  
16 who live on both the Shawnee Bend and Horseshoe Bend peninsulas. I am also a  
17 resident of Porto Cima on Shawnee Bend that would be personally affected by the  
18 rate increase proposed by Lake Region Water and Sewer ("Lake Region" or the  
19 "Company.")

20 Q. WHEN DID YOU JOIN THE BOARD OF FOUR SEASONS LAKESITES  
21 PROPERTY OWNERS ASSOCIATION?

22 A. I joined the Board in 2005.

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

24 A. The purpose of this surrebuttal testimony is to respond to the rebuttal testimony of  
25 Staff witness James Merciel filed on February 19, 2010. More specifically, the  
26 purpose of this surrebuttal testimony is to present the Four Seasons Lakesites  
27 Property Owners' Association (Four Seasons Lakesites POA) position regarding

1 water and sewer utility availability charges as discussed in Mr. Merciel's  
2 testimony and to provide factual information relating to availability charges being  
3 charged to members of the Four Seasons Lakesites POA.

4 Q. HOW MANY PROPERTY OWNERS ARE IN YOUR POA?

5 A. There are approximately 7200.

6 Q. HAS THE FOUR SEASONS LAKESITES POA PREVIOUSLY INTERVENED  
7 IN A UTILITY CASE AT THE PUBLIC SERVICE COMMISSION?

8 A. No.

9 Q. WHY DID THE FOUR SEASONS LAKESITES POA INTERVENE IN THIS  
10 PARTICULAR CASE?

11 A. The Board of the POA is concerned about the large percentage increase for water  
12 and sewer service and the effect it will have on the members of the POA. We  
13 believe that the availability fees being paid to Lake Utilities should be used to  
14 offset the expenses of Lake Region Water and Sewer Company. Such an offset  
15 would negate the need for this rate increase.

16 Q. HAVE YOU READ THE TESTIMONY OF OTHER PARTIES TO THIS  
17 CASE?

18 A. Yes I have and I agree with the testimony relating to availability fees in the direct  
19 testimony of Office of Public Counsel Witness Robertson and the rebuttal  
20 testimony of Staff Witness Merciel.

21 Q. HOW MANY UNDEVELOPED PROPERTIES ON SHAWNEE BEND PAY  
22 AVAILABILITY FEES?

1 A. There are currently 1,285 undeveloped lots on Shawnee Bend. All but a few of  
2 those lots are charged an availability fees

3 Q. HOW MUCH DOES THE OWNER OF EACH LOT PAY FOR  
4 AVAILABILITY FEES AND HOW MUCH IS PAID ANNUALLY?

5 A. Currently, the Availability fees for Shawnee Bend are \$180 per undeveloped lot  
6 per year for sewer and \$120 per undeveloped lot per year for water. Even if only  
7 1,250 lots are paying the \$300 per year (and we believe more than that are), that is  
8 \$375,500 per year that should be considered as revenue to offset expenses.

9 Q. WHEN DID YOU FIRST LEARN ABOUT AVAILABILITY FEES THAT  
10 WERE BEING CHARGED FOR UNDEVELOPED LOTS ON SHAWNEE  
11 BEND?

12 A. I was not aware of the availability fee charge until after I closed on my property. I  
13 learned of the availability fee charge when I received my first bill to pay the fees.  
14 Later, I received the *Third Amended Declaration of Restrictive Covenants* (the  
15 governing document at the time) which addressed availability fees starting at page  
16 18 (see Merciel Rebuttal Attachment 3).

17 Q. ARE THE AVAILABILITY FEES PAID TO LAKE REGION WATER AND  
18 SEWER?

19 A. No, they are paid to a company called Lake Utilities Availability

20 Q. IS THAT A SEPARATE COMPANY?

21 A. The name is different but the bills look the same and are paid to the same address  
22 and phone number and use the same exact lot number as Lake Region Water &  
23 Sewer Company bills (see Merciel Rebuttal Attachment 6).

1 Q. DID YOU ALWAYS KNOW THAT THE AVAILABILITY FEES WERE  
2 BEING PAID TO A DIFFERENT COMPANY?

3 A. I never really noticed—I guess because of the similarity of the bills described  
4 above. It wasn't until a suit between Camden County Public Water Supply  
5 District No. 4 and various concerned property owners at Four Seasons Lakesites  
6 that I realized the payments were going to another company.

7 Q. DO YOU REMEMBER WHEN IT FIRST CAUGHT YOUR ATTENTION IN  
8 THAT SUIT?

9 A. My most significant memory was when I was reading the transcript of a  
10 Deposition of Robert Schwermann, the Water District's financial advisor, that  
11 was taken on September 12, 2007 and referred to the availability fees going to  
12 Lake Utility. (see Deposition of Robert P. Schwermann in Cause No. 07CM-  
13 CC00013, marked as Attachment 1, pages 35-47).

14 Q. ARE THERE UNDEVELOPED LOTS ON HORSESHOE BEND?

15 A. Yes, there are 3,348.

16 Q. DO THOSE LOTS PAY AVAILABILITY FEES?

17 A. Yes, they pay approximately \$87 per year to Ozark Shores for water availability  
18 fees, totaling approximately \$291,276, but those availability fees are considered  
19 in the revenue of Ozark Shores by the Public Service Commission as I understand  
20 it. The undeveloped lots on Horseshoe Bend do not pay availability fees to Lake  
21 Region for sewer service.

22 Q. PLEASE EXPLAIN THE CONCERNS OF THE FOUR SEASONS LAKESITES  
23 POA WITH THE AVAILABILITY FEES PAID TO LAKE UTILITIES?

1 A. Concerns include:

- 2 1. There are no apparent limits on the amount of the fees;
- 3 2. There is no limitation on the length of time fees can be charged to property
- 4 owners. We have confirmed fees have been charged as far back as 1994;
- 5 3. The property owners' perception was that the fees/revenue were going
- 6 back into the Lake Region Water and Sewer to compensate for the costs of
- 7 the initial development of the water and sewer system, the purchase of the
- 8 company and infrastructure from the previous owners, as well as upgrades
- 9 and improvements to the water and sewer system over the years.
- 10 4. In addition, the property owners believed that the fees might defer any rate
- 11 increases or at least reduce the amount of a rate increase that might be
- 12 needed in the future.

13 Q. WHY DO YOU BELIEVE THE MISSOURI PUBLIC SERVICE

14 COMMISSION SHOULD HAVE REGULATORY AUTHORITY OVER THE

15 AVAILABILITY FEES?

16 A. Every document given to property owners, from the *Sewer and Water Agreement*

17 circa 1995 (see Attachment 7 to Merciel Surrebuttal) to the *Third Amended and*

18 *Restated Declaration of Restrictive Covenants* (see Attachment 3 to Merciel

19 Surrebuttal at pp18 & 19), indicates that the availability charges and any changes

20 thereto will be under the authority of the Missouri PSC or its successors.

21 Q. DO YOU BELIEVE AVAILABILITY FEE REVENUES SHOULD BE

22 INCLUDED IN DETERMINING A RATE INCREASE?

Surrebuttal Testimony of Nancy Cason  
Lake Region Water and Sewer Company  
Case Nos. SR-2010-0110 and SR-2010-0111

1 A. Yes. I feel that the Missouri PSC should take those fees into consideration and  
2 offset the expenses of the Company to lessen the proposed rate increases. I think  
3 it is unconscionable that nearly \$400,000 per year in availability fees being paid  
4 by customers of the Company are not being used by Lake Region Water and  
5 Sewer for support of company revenue, but instead are going to another company,  
6 Lake Utilities, and to the owners of that company as well as some to the  
7 Developer.

8 Q. DOES EVERYONE ON SHAWNEE BEND SERVED BY LAKE REGION  
9 WATER AND SEWER PAY AVAILABILITY FEES FOR UNDEVELOPED  
10 LOTS?

11 A. No. To the best of my knowledge, the neighboring areas of Shawnee Bend 6 and  
12 the Villages of Shawnee Bend, which are also served by Lake Region Water and  
13 Sewer, pay no availability fees even though they have undeveloped lots.

14 Q. ARE THOSE CUSTOMERS INCLUDED IN THE 1285 UNDEVELOPED  
15 LOTS DESCRIBED ABOVE?

16 A. No. They are separate and apart from that.

17 Q. WHAT ARE YOU ASKING THE PSC TO DO?

18 A. I believe that fairness dictates that the amount of availability fees should be  
19 included in the Lake Region Water and Sewer revenue calculation and as an  
20 offset to the expenses of the Company.

21 Q. DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?

22 A. Yes it does.