

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

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| In the Matter of the Application of Mid Mo |) | |
| Sanitation, LLC for a Small Company Rate |) | |
| Increase |) | <u>Case No. SR-2010-0095</u> |

**STAFF’S STATEMENT OF FACTS, LIST OF ISSUES,
STATEMENT OF POSITION, AND LIST OF WITNESSES**

COMES NOW, the Staff of the Missouri Public Service Commission (Staff), and for its Statement of Facts, List of Issues, Statement of Position, and List of Witnesses, states as follows.

STATEMENT OF FACTS

1. On September 11, 2009, Mid Mo Sanitation, LLC (Mid Mo or Company) initiated a small company rate increase proceeding with the Missouri Public Service Commission. Mid Mo was required to file a rate case within 90 days according to the terms of a Unanimous Stipulation and Agreement approved by the Commission in its request for Certificate of Convenience and Necessity, Case No. SA-2009-0319. Mid Mo provides service to 28 customers, the vast majority of which are residential customers.

2. On April 9, 2010, the Staff filed a Notice of Company/Staff Agreement Regarding Disposition of Small Sewer Company Revenue Increase Request (Company/Staff Agreement).

3. A local public hearing was requested by the Office of the Public Counsel (OPC) on April 15, 2010. The requested local public hearing was held on April 29, 2010. However, due to issues of customers receiving the proper notice, an additional local public hearing was held on June 3, 2010. No material information was obtained during either local public hearing that was not previously available that might result in changes to the Company/Staff Agreement.

4. In accordance with 4 CSR 240-3.050 (19), OPC requested that the Commission hold an evidentiary hearing. OPC included a list of issues that it believes should be the subject of the hearing.

5. On June 17, 2010, the Commission held a prehearing conference that was attended by the Staff, Mid Mo, and OPC.

6. On June 29, 2010, the Commission ordered the parties to file a list of issues to be presented, position statements, list of witnesses and statement of facts. This pleading responds to the June 29 Order.

LIST OF ISSUES AND STATEMENT OF POSITION

1. What is the appropriate level of salary for the management, accounting, and billing/collections for the sewer utility to be included in Mid Mo's revenue requirement?

Salary figures calculated by the Staff reflect a reasonable income for the management of a regulated sewer utility based on competitive market rates and similarly situated companies.

2. How should Mid Mo's plant be reflected in rate base?

The prior owners of Mid Mo Sanitation left Mid Mo to Mr. William Bright and three other individuals, with each having a 25% share in the company. Mr. Bright subsequently acquired 100% of the company through Relinquishment of Owner Rights from the other three owners in a manner similar to a stock transfer. As the sole remaining owner of Mid MO, Mr. Bright is entitled to the opportunity to earn a reasonable return on the full prudent equity investment in Mid Mo's current net plant. Accordingly, while the Staff has treated a certain amount of Mid Mo's

plant as being contributed for rate purposes, the remainder of Mid Mo's net plant of approximately \$52,800 should be entirely included in rate base.

3. Should an amortization of the contributed plant be included as an offset to depreciation?

The Staff has subtracted \$1,082 from its annualized depreciation expense calculation to account for amortization of contributed plant. No further amortization of contributed plant should be reflected in this proceeding since the remainder of Mid Mo's net plant has been appropriately included in rate base by the Staff. The Staff's recommended annualized revenue increase of \$1,312 takes into account the amortization of contributed plant.

4. Should the amount of the PSC annual assessment included in rates reflect the current amount assessed to Mid Mo?

Yes, the current 2011 PSC assessment of \$1,198.75 is the appropriate number to use. The Staff's recommended annualized revenue increase of \$1,312 takes into account the 2011 PSC assessment.

5. Should rate case expenses be included?

Litigating this case will require Mid Mo to incur additional attorney fees. Reasonable rate case expenses can be included in rates and should this case proceed to evidentiary hearing, rate case expenses could potentially exceed \$5,000.

STAFF LIST OF WITNESSES

1. James Russo, Rate and Tariff Examination Supervisor
2. Keith Foster, Utility Regulatory Auditor

WHEREFORE, the Staff respectfully submits this Statement of Facts, List of Issues, Statement of Position, and List of Witnesses

Respectfully submitted,

/s/ Samuel D. Ritchie

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of this Agreement Notice has been provided, either by first-class mail, by electronic mail, by facsimile transmission or by hand-delivery, to each attorney and/or party of record for this case on this 13th day of July, 2010.

/s/ Samuel D. Ritchie