

**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)
Rate Increase in Water & Sewer Service.) **File No. SR-2010-0110**

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

**TRUE-UP BRIEF OF THE
OFFICE OF THE PUBLIC COUNSEL**

Christina Baker #58303
Office of the Public Counsel
Governor Office Building
200 Madison Street, Suite 650
P.O. Box 2230
Jefferson City, MO 65102
Telephone: (573) 751-5565
Facsimile: (573) 751-5562
christina.baker@ded.mo.gov

**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.)

TRUE-UP BRIEF OF THE OFFICE OF THE PUBLIC COUNSEL

COMES NOW the Office of the Public Counsel (Public Counsel) and states for its True-Up Brief as follows:

(1) Rate Base

On June 23, 2010, the Staff of the Missouri Public Service Commission (Staff) filed a Late-Filed Exhibit which presented rate base amounts for the true-up as of May 18, 2010. In its filing, Staff presented the rate base of Shawnee Bend Water as \$874,282, of Shawnee Bend Sewer as \$1,486,680, and of Horseshoe Bend Sewer as \$584,138. Public Counsel believes the evidence in the case supports Staff's rate base amounts.

(2) Availability Fees

Availability Fees is an on-going issue, which will be discussed in a separate brief.

(3) Executive Management Fees

There was no true-up change to the amounts which were originally identified in Public Counsel's Post Hearing Brief – Part I filed on May 28, 2010.

(4) Rate Case Expense

Rates set by the Commission must be just and reasonable and therefore any rate case expense included in rates must also be just and reasonable. Much of the rate case expense in this case revolves around the issue of availability fees.

Lake Region Water & Sewer Company (Lake Region) provided testimony and updated information (as of May 31, 2010) as reflected in Staff's Reconciliation filed on June 23, 2010, regarding its estimate of rate case expense. The costs incurred by Lake Region to support its position regarding the availability charge issue were not incurred in the interest of the utility or its ratepayers. The costs were incurred solely to support the owners of the utility's continued recovery of the "free" cash flow they currently enjoy and as such ratepayers should not be required to reimburse the utility or its owners for the costs. Those same owners, via the utility, have during the processing of the general rate increase case consistently attempted to block the dissemination of information regarding this issue that would have provided the Commission, the Staff and Public Counsel with a much clearer view of number of persons paying the fees and the amounts collected. Ratepayers should not be required to fund the costs incurred for private interests. Had the availability fees not been an issue in this case, it is likely that the case could have been processed via the small rate case procedure and that would have led to a much lower level of rate case costs actually being incurred by the utility.

Public Counsel witness Mr. Ted Robertson provided testimony regarding rate case expense. Additionally, Mr. Robertson reviewed the updated rate case expense information as of May 31, 2010 provided by Lake Region and made appropriate adjustments as shown in Attachment A. As reflected in Staff's June 23, 2010 Reconciliation, after adjustment for costs that should be disallowed for recovery in the cost of service, Public Counsel argues that the evidence shows Lake Region should be allowed to recover approximately \$25,830 of its

expenditures over a normalized basis of 5 years. The annual normalized expense would then be \$5,166 (i.e., \$25,830 divided by 5) with 1/3 of that amount (\$1,722) allocated to each Lake Region operating entity. The evidence shows this utility has not been in for a rate case for approximately 11 or 12 years. Additionally, the evidence shows the current owners of the utility have owned the utility for approximately 5 years. Given that the evidence shows that the current owners waited approximately 5 years after their purchase of the utility to request a rate change, a 5 year normalization period is reasonable.

Respectfully submitted,

OFFICE OF THE PUBLIC COUNSEL

/s/ Christina L. Baker

By: _____
Christina L. Baker (#58303)
Senior Public Counsel
P O Box 2230
Jefferson City, MO 65102
(573) 751-5565
(573) 751-5562 FAX
christina.baker@ded.mo.gov

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, emailed or hand-delivered to the following this 24th day of June 2010:

General Counsel Office
Missouri Public Service Commission
200 Madison Street, Suite 800
P.O. Box 360
Jefferson City, MO 65102
GenCounsel@psc.mo.gov

Jaime Ott
General Counsel Office
Missouri Public Service Commission
200 Madison Street, Suite 800
P.O. Box 360
Jefferson City, MO 65102
jaime.ott@psc.mo.gov

Lake Region Water and Sewer Co.
Mark Comley
P.O. Box 537
601 Monroe Street, Suite 301
Jefferson City, MO 65102-0537
comleym@ncrpc.com

Four Seasons Racquet and Club Condo Property Owners Assoc., Inc
Craig Johnson
P.O. Box 1606
304 E. High Street, Ste. 100
Jefferson City, MO 65102
craigsjohnson@berrywilsonlaw.com

Four Seasons Lakesites Property Owners Association, Inc
Lisa Langeneckert
515 North Sixth Street
One City Centre, 15th Floor
St. Louis, MO 63101
llangeneckert@sandbergphoenix.com

/s/ Christina L. Baker

Attachment A

Lake Region Water & Sewer Company
Case No. SR-2010-0110
Rate Case Expense

Source: Company Email April 8, 2010
Company Email April 12, 2010
Company Email June 16, 2010
Company Email June 17, 2010

Date	Vendor	Invoice	Company \$	OPC Disallow	Recommend	Total Allow	Description	Reason For Disallowance
9/25/2009	Newman, Comley & Ruth	45484	175.00	0.00	0.00	175.00	Rate Case Schedule/Review Tariffs/MFRs	No Disallowance - Case Filing Services
10/25/2009	Newman, Comley & Ruth	45660	2,075.50	0.00	0.00	2,075.50	Review Tariffs/MFRs/Testimony	No Disallowance - Case Filing Services
12/25/2009	Newman, Comley & Ruth	46600	843.50	(178.50)	0.00	665.00	Review Schedule/Comments Cards/Discovery/Objections	Disallow Service Related To Objections and Information Not Provided
1/11/2010	John R. Summers	Exp. Rpt.	87.45	0.00	0.00	87.45	Mileage Rate Case/PSC Mtg./PSC System Tour	No Disallowance - Case Filing Services
1/18/2010	Arrowhead Printing	14405	344.96	0.00	0.00	344.96	Customer Notice Postage	No Disallowance - Case Filing Services
1/18/2010	Arrowhead Printing	14405	227.37	0.00	0.00	227.37	Customer Notice/Mailing/Tabbing	No Disallowance - Case Filing Services
1/25/2010	Newman, Comley & Ruth	46915	2,758.74	(316.75)	0.00	2,441.99	Review DRs/Objections/Public Hearings/Comment Cards/Testimony	Disallow Service Related To Objections and Information Not Provided
2/2/2010	John R. Summers	Exp. Rpt.	269.64	0.00	0.00	269.64	Mileage PSC Mtg./Rate Case/Racquet Club Mtg./Public Hearing/Mail CD OPC/PSE&RC Mtg./Dinner After Public Hearing	No Disallowance - Case Filing Services
2/17/2010	John R. Summers	Exp. Rpt.	254.58	(73.96)	0.00	180.62	Bind Filings/Parking S. Conf./Lunch&Dinners S. Conf. Summers, Stump, Schwermann & Comley	Disallow Portion Of Meals For All But Summers & Stump
2/25/2010	Newman, Comley & Ruth	47320	5,691.00	(1,526.00)	0.00	4,165.00	Public Hearing/Stipulation/Objections/Rebuttal Testimonies/Availability Fee Documents	Disallow Service Related To Objections and Availability Fees
3/2/2010	John R. Summers	Exp. Rpt.	113.86	0.00	0.00	113.86	Mileage Bind Materials/S. Conf./Lunch Summers & Stump/Mail DRs/Rate Case And Binding Material Exp.	No Disallowance - Case Filing Services
3/4/2010	FedEx Overnight	701071844	25.72	0.00	0.00	25.72	Ozark Shores Paid Stump Rebuttal Affidavit Shipping	No Disallowance - Case Filing Services
3/16/2010	John R. Summers	Exp. Rpt.	71.48	0.00	0.00	71.48	Parking RC Mtg./Bind Testimony For RC	No Disallowance - Case Filing Services
4/1/2010	FedEx Overnight	704171919	25.96	0.00	0.00	25.96	Ozark Shores Paid Stump Surrebuttal Affidavit Shipping	No Disallowance - Case Filing Services
4/5/2010	Camden County PWSD#4	1877009	36.70	0.00	0.00	36.70	A+ Conference Calling 121 Minutes	No Disallowance - Case Filing Services
4/5/2010	National Dep	STL95882	724.00	0.00	0.00	724.00	Transcript Evidentiary Hearing Vol 3	No Disallowance - Case Filing Services
4/5/2010	National Dep	STL95844	318.95	0.00	0.00	318.95	Transcript Evidentiary Hearing Vol 5	No Disallowance - Case Filing Services
4/5/2010	Camden County PWSD#4	Exp. Rpt.	36.70	0.00	0.00	36.70	A+ Conference Calling 121 Minutes	No Disallowance - Case Filing Services
4/5/2010	Camden County PWSD#4	Exp. Rpt.	347.25	(9.55)	0.00	337.70	Duplicate Conference Calling Bill	No Disallowance Duplicate Reversal
4/6/2010	John R. Summers	Exp. Rpt.	347.25	(9.55)	0.00	337.70	Mileage/Meals/Parking S. Conf. & Rate Hearing	No Disallowance Duplicate
3/25/2010	Newman, Comley & Ruth	47603	4,193.10	(1,748.25)	0.00	2,444.85	Data Requests/Review Summers & Stump Testimonies/Motion In Limine/Stipulation/Reconciliation/Objection/Settlement/Motion To Strike/LOI/SOP/Prepare For Hearing	Disallow Service Related To Availability Fees
4/6/2010	National Dep	STL95842	614.10	0.00	0.00	614.10	Transcript Evidentiary Hearing Vol 4	No Disallowance - Case Filing Services
4/25/2010	Newman, Comley & Ruth	47975	14,210.64	(9,397.99)	0.00	4,812.65	Review Testimony/Prepare Examination/Objections	Disallow Service Related To Availability Fees, objections, quash subpoenas, etc.
4/28/2010	John R. Summers	Exp. Rpt.	59.10	0.00	0.00	59.10	Bind TUP Testimony/Exhibits/Lunch/Parking	No Disallowance - Case Filing Services
5/3/2010	John R. Summers	STL98239	186.00	0.00	0.00	186.00	Mileage Various Rate Case Activities	No Disallowance - Case Filing Services
5/12/2010	National Dep	STL98490	223.50	0.00	0.00	223.50	Transcript True Up Hearing Vol 5	No Disallowance - Case Filing Services
5/13/2010	National Dep	48199	101.50	0.00	0.00	101.50	Transcript Prehearing Conference Vol 6	No Disallowance - Case Filing Services
5/25/2010	Newman, Comley & Ruth	200972	7,081.50	(4,731.30)	0.00	2,350.20	Various Issues and Objections	Disallow Service Related To Availability Fees, objections, quash subpoenas, etc.
6/17/2010	Stump, Vernon	200972	3,667.89	(916.97)	0.00	2,750.92	Rate Case Expenses	Disallow 25% For Service Related To Availability Fees
Total			44,728.99	(18,999.27)	0.00	25,829.72		

Normalization Period (Years) 5
Total Annual Normalization Amount To Include In Expense 5,165.04

Utility Allocator 1/3 Each 3.00

Utility Annual Expense Per Entity 1,721.98

Note: Recommended Disallowances Based On Review And Allocation Of Specific Costs Detailed In Invoices