

Exhibit No.: 4
Issue: Overview and Support for
Rate Increase Request
Witness: John R. Summers
Sponsoring Party: Lake Region Water & Sewer Company
Case No.: Case Nos. WR-2010-_____ and SR-2010-_____.
_____.

LAKE REGION WATER & SEWER COMPANY

Case Nos. WR-2010-_____ and SR-2010-_____

DIRECT TESTIMONY

OF

JOHN R. SUMMERS

Lake Ozark, Missouri
October, 2009

Lake
Region Exhibit No. 4
Date 3-22-10 Reporter _____
File No. SR-2010-0110
WR-2010-0111

In the Matter of Lake Region Water & Sewer Company)
Application to Implement a General Rate Increase) Case Nos. WR-2010-_____
in Water and Sewer Service.) and SR-2010-_____

[illegible]

3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct to the best of my personal knowledge, information and belief.

/s/ Cynthia Goldsby
Notary Public for Camden County, MO
Commission No. 07340510
Commission expires: 10-31-2011

1 DIRECT TESTIMONY

2 OF

3 JOHN R. SUMMERS

4 CASE NOS. WR-2010-_____ AND SR-2010-_____

5 **Q. Please state your full name and business address.**

6 A. My name is John R. Summers. My business address is 62 Bittersweet Road, Four
7 Seasons, MO 65049.

8
9 **Q. By whom and in what capacity are you employed?**

10 A. I am employed by Public Water Supply District Number Four of Camden County as
11 General Manager. I have held that position since September 2002. I am also in a
12 management position with Lake Region Water & Sewer Company ("Lake Region")
13 as I explain below.

14
15 **Q. Please describe your educational background and employment experience.**

16 A. I graduated from Missouri Valley College in 1978 with a Bachelor of Science
17 Degree in Accounting. I received a Master of Business Administration Degree from
18 Rockhurst University in 1987 while working full time for Missouri Public Service
19 Company. My relevant continuing education includes a Certification in Principles of
20 Public Utilities Operation and Management through the Public Utilities Reports
21 Guide in 1990 and continuing education units through the EEI Electric Rate
22 Fundamentals Course conducted by the Graduate School of Business at Indiana
23 University in 1987.

1

2 I began a 13 year career with Missouri Public Service Company, an electric, gas and
3 water utility, in 1978 beginning as a staff accountant and progressing to Vice
4 President – Administration. From 1987 to 1989 I served as Treasurer and Director
5 of Regulatory Affairs. Beginning in 1991 I spent the next 10 years in the
6 telecommunications industry operating in 47 states serving in various capacities
7 including Chief Financial Officer and Vice President - Operations.

8

9 Since 2002 I have been the General Manager of Public Water Supply District
10 Number Four of Camden County. In this capacity I have served as the de facto
11 General Manager for Ozark Shores Water Company, The Meadows Water
12 Company and Lake Region Water & Sewer Company in Missouri as well as
13 Northern Illinois Investment Group which operates a small water system in Illinois.
14 I currently hold a Class D Wastewater Treatment license and a DS I Water
15 Distribution license issued by the Missouri Department of Natural Resources.

16

17 **Q. What is the purpose of your testimony?**

18 **A.** The purpose of my testimony is to:

- 19 (a) Provide the Commission with an overview of Lake Region's operations;
20 (b) Provide the Commission with a summary of our rate request;
21 (c) Explain how granting the relief requested by Lake Region will enable the
22 Company to continue to deliver reliable service to its customers and
23 maintain its financial health.

1

2

OVERVIEW OF OPERATIONS

3

Q. Please provide a description of the Company's operations.

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A. The company provides water and sewer service to approximately 600 customers in the area of the Lake of the Ozarks commonly known as Shawnee Bend. The supporting infrastructure for these customers includes two wells, an elevated water storage tank, sewage pumping stations and a wastewater treatment plant.

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11

The company also provides sewer service to approximately 140 customers in the area known as Horseshoe Bend. The Company operates and maintains three sewage pump stations and four wastewater treatment plants in this area.

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The majority of the company's customers are single family residential. However, approximately 40% of the company's revenues are derived from commercial sewer customers located in the Horseshoe Bend area.

17

SUMMARY OF RATE INCREASE

18

Q. Why is the Company seeking a rate increase.

19

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A. The Company's existing water and sewer rates for the Shawnee Bend territory became effective in July 1997 and the existing sewer rates for the Horseshoe Bend territory became effective in August 1998. The existing rates for the Shawnee Bend territory were set based on certain assumptions due to the limited number of customers on the system at that time. The company now has over a decade of actual

1 operating history. Additionally, during the past decade the company has constructed
2 significant additional infrastructure including a 100,000 gallon per day wastewater
3 treatment plant and a 200,000 gallon elevated water storage tank. In both the
4 Shawnee Bend and the Horseshoe Bend territories operating expenses have
5 increased more rapidly than revenue growth. The rate increases contained in the
6 revised tariffs proposed in this case are designed to recover the increased expenses
7 and costs of improvements to, and operation and maintenance of, the Company
8 facilities.

9
10 **Q. Were the proposed revised tariffs that were filed as part of this case prepared**
11 **by you or under your supervision?**

12 **A. Yes they were.**
13

14 **Q. Please describe the overall effect of the proposed tariffs.**

15 **A. The proposed tariffs are designed to generate an aggregate revenue increase of**
16 **approximately \$331,223.00, or 50%. The increase will affect all Company**
17 **customers. Those customers reside in the counties of Camden and Miller and the**
18 **community of The Village of Four Seasons. I have also attached to my testimony**
19 **JRS Schedule 1 which I have prepared to illustrate for the Commission more**
20 **general information regarding the filing of the type described in the Commission**
21 **rules at 4 CSR 240-3.030 (3)(B) 2-5.**

22

1 The revenue numbers contained in JRS Schedule 1 are calendar year 2008 results
2 and correspond to the amounts reported in the Company's Water and/or Sewer
3 Annual Report Small Company to the Missouri Public Service Commission and the
4 Company proposes to use a 2008 test year. Customer numbers represent the number
5 of customers at 2008 year end.

6
7 Water revenue in 2008 totaled \$167,144.00 and \$123,279.00 was generated by
8 customers utilizing the standard residential meter. Horseshoe Bend sewer revenues
9 totaled \$314,902.00 and 18 large customers accounted for \$267,128.00 of this total.
10 Sewer revenues on Shawnee Bend totaled \$176,889.00 with 589 residential
11 customers accounting for \$158,486.00 of the total.

12
13 **Q. Has the Company prepared or filed any press release relating to this filing?**

14 A. No, not at this time.

15
16 **Q. Why is this rate increase important for the Company?**

17 A. Without the rate increase the Company will lack revenue by which to continue
18 reliable and highest quality service to its customers.

19
20 **Q. Does this conclude your direct testimony?**

21 A. Yes.

**LAKE REGION WATER & SEWER COMPANY
GENERAL RATE FILING INFORMATION
JRS Schedule 1**

	No. Of Cust.	Revenue	Avg Bill	Proposed Revenue	Revenue Increase	Percentage Increase	Proposed Avg Bill
5/8" Meter	573	123,279	17.93	157,797	34,518	28%	22.95
3/4" Meter	-	-	-	-	-	-	-
1" Meter	18	6,486	30.03	8,302	1,816	28%	38.44
1 1/2" Meter	23	13,389	48.51	17,138	3,749	28%	62.09
2" Meter	14	11,714	69.73	14,994	3,280	28%	89.25
4" Meter	3	8,330	231.39	10,662	2,332	28%	296.18
6" Meter	1	3,946	328.83	5,051	1,105	28%	420.91
Total Water	632	167,144		213,944	46,800	28%	
 HB Single Family Residential	 124	 47,774	 32.11	 72,139	 24,365	 51%	 48.48
HB Multi Family/Commercial	18	267,128	1,236.70	403,363	136,235	51%	1,867.42
Total HB Sewer	142	314,902		475,502	160,600	51%	
 SB Single Family Residential	 589	 158,486	 22.42	 269,426	 110,940	 70%	 38.12
SB Multi Family/Commercial	11	18,403	139.42	31,285	12,882	70%	237.01
Total SB Sewer	600	176,889		300,711	123,822	70%	
 Total Aggregate Revenue	 1,374	 658,935		 990,158	 331,223	 50%	