

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**
) Tariff No. YS-2010-0250
) **File No. WR-2010-0111**
) Tariff No. YW-2010-0251

NOTICE OF AFFIDAVIT

COMES NOW the Staff of the Missouri Public Service Commission (Staff) by and through counsel and pursuant to Sections 536.070(10) hereby gives notice of two affidavits which will be offered into evidence on June 24, 2010 at the scheduled evidentiary hearing. Attached to this notice is a copy of the affidavits from RPS Properties' corporate designee, Brian Schwermann.

Respectfully submitted,

/s/ Jaime N. Ott _____
Jaime N. Ott
Assistant General Counsel
Missouri Bar No. 60949

Attorney for the Staff of the
Missouri Public Service Commission
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Jefferson City, MO 65102
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jaime.ott@psc.mo.gov

Certificate of Service

I hereby certify that copies of the foregoing have been mailed by U.S. First Class Mail in accordance to Section 536.070(12), RSMo (2000), to all counsel of record this 15th day of June 2010.

/s/ Jaime N. Ott _____

STATE OF KANSAS)
)
COUNTY OF JOHNSON)

AFFIDAVIT OF W. BRIAN SCHWERMANN

I, W. Brian Schwermann, of lawful age and being first duly sworn on oath, hereby state that I am a designated representative of RPS Properties, L.P. ("RPS"), and that each of the following responses to the questions posed by the Missouri Public Service Commission Staff, in its letter dated May 6, 2010, which I am providing on behalf of RPS, is true and correct to the best of my knowledge, information, and belief.

QUESTIONS AND RESPONSES

1. What role does RPS Properties, L.P., (RPS) have in charging availability fees, connection fees, standby fees or reservation fees (fees charged for the right to receive water services in the future) at the Shawnee Bend area at Lake Ozark?

RESPONSE: This question is unclear insofar as it seeks information regarding RPS's role in "charging" certain fees. With respect to availability fees, those fees are charged pursuant to the terms of a written contract between the property owner of each undeveloped lot and one or more developers of the Shawnee Bend area at Lake Ozark. RPS was not a party to those contracts; however, sometime after those contracts were formed, RPS, along with other parties, acquired the right to collect and retain a portion of those availability fees. RPS has no right to collect or retain all or any part of any connection fees, standby fees, or reservation fees that relate to water service provided in the Shawnee Bend area.

2. How did RPS obtain the right to charge, bill, collect or receive these availability fees?

RESPONSE: RPS initially obtained the right to collect the availability fees charged to certain lot owners in the Shawnee Bend area of Lake Ozark through an assignment agreement between and among Waldo Morris, RPS, and Sally Stump. RPS's rights to the availability fees subsequently were modified by the terms of a confidential Settlement Agreement dated April 15, 2005, among and between RPS, Sally Stump, Lake Region Water & Sewer Company, and Four Seasons Lakesites, Inc.

3. Please provide any documents that show that RPS has the right to charge or collect these fees.

RESPONSE: A copy of the Contract Regarding Availability Fees, dated September 10, 2004, between and among Waldo Morris, RPS, and Sally

Stump is attached to these responses as Exhibit A. A copy of a confidential Settlement Agreement referenced in response to the preceding question, which dealt, in part, with RPS's rights to the availability fees, is attached to these responses as Exhibit B. Because the terms of the Settlement Agreement are confidential, it has been marked "Highly Confidential" and should be treated as such in accordance with applicable rules of the Missouri Public Service Commission ("Commission"). In addition, RPS believes that one or more lot sale contracts may exist that contain terms obligating the purchasers of the lots to pay availability fees, but none of those contracts is in RPS's possession or under its control.

4. Who is responsible for sending bills to people who pay these availability fees?

RESPONSE: The Camden County PWSD4 is responsible for sending bills for the availability fees payable to RPS.

5. Who is responsible for collecting the fees paid?

RESPONSE: The Camden County PWSD4 is responsible for collecting the availability fees payable to RPS.

6. What relationship does RPS have with Cynthia Goldsby or the Camden County Public Water Supply District #4 to charge or collect these fees?

RESPONSE: RPS has no direct relationship with Cynthia Goldsby. On information and belief, Ms. Goldsby is an employee of the Camden County PWSD4. RPS has no direct relationship with the Camden County PWSD4; however, the Camden County PWSD4 is responsible for billing and collecting availability fees payable to RPS.

7. Please provide any documents that show the relationship between RPS and Goldsby and the Water District.

RESPONSE: RPS has no documents that are responsive to this request.

8. How many entities or individuals in Shawnee Bend are currently billed for these fees?

RESPONSE: On information and belief, 1,345 bills for availability fees were sent in January 2010.

9. Are the fees the same for each entity and how much are the fees per month or year?

RESPONSE: The annual availability fee charged to each lot owner is \$300.

10. How much money did RPS receive for these availability fees for the calendar year 2008?

RESPONSE: During 2008, the total amount of availability fees collected was \$396,154; however, RPS retained only a portion of that total.

11. Please provide any documents that support your answer to #10.

RESPONSE: A report verifying this information provided in the response to the preceding question is attached to these Responses as Exhibit C.

12. How does RPS distribute the monies collected for these fees from Shawnee Bend?

RESPONSE: Distribution of the availability fees is governed by the terms of the assignment agreement, Exhibit A, and also the confidential Settlement Agreement, Exhibit B.

13. What governs the way monies from these fees are distributed?

RESPONSE: Distribution of the availability fees is governed by the terms of the assignment agreement, Exhibit A, and also the confidential Settlement Agreement, Exhibit B.

14. Please provide any documentation that governs distribution of the fees collected.

RESPONSE: See response to Question 13.

15. If RPS does not distribute these monies, what entity does?

RESPONSE: RPS writes checks distributing availability fees in accordance with the terms of the assignment agreement, Exhibit A, and also the confidential Settlement Agreement, Exhibit B.

16. Provide an accounting of expenses associated with billing, collecting, and distributing the monies from these fees.

RESPONSE: The parties entitled to receive the availability fees do not separately account for expenses associated with billing, collecting, and distributing those fees.

17. Provide the total amount collected for availability fees and the time period since RPS has been involved in collecting them.

RESPONSE: RPS began collecting availability fees sometime in 2005. From that time through May 12, 2010, a total of approximately \$2,309,019 has been collected.

18. If you are unable to answer any questions or provide any documentation requested in this letter, please indicate the person or entity with the authority to provide it.

RESPONSE: Not applicable.

W. Brian Schwermann

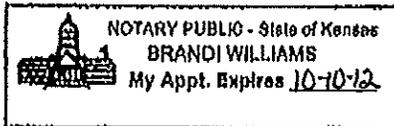
W. Brian Schwermann

The foregoing was subscribed and sworn before me this 13 day of May, 2010.

Brandi Williams

Notary Public

My commission expires: 10-10-2012



CONTRACT REGARDING AVAILABILITY FEES

For valuable consideration, the receipt of which is hereby acknowledged, and on the express condition that the Stock Purchase Agreement made and entered into by and between Waldo I. Morris ("Seller"), Robert P. Schwermann and Sally J. Stump ("Buyers") and Lake Region Water & Sewer Co. ("Company") dated September 10, 2004, is consummated and closed. Then on the closing date of said Stock Purchase Agreement and for the additional consideration of the payment of One Dollar (\$1.00), the undersigned Seller hereby agrees to execute and deliver to the said Robert P. Schwermann and Sally J. Stump an Assignment of Availability Fees in form and substance equivalent to Exhibit A attached hereto and to transfer to Robert P. Schwermann and Sally J. Stump title and ownership of approximately \$180,000.00 now in escrow relative to the Four Seasons availability fee lawsuit against Waldo I. Morris and Lake Region Water & Sewer Co. as referred to in Section 6.03 of the separate Stock Purchase Agreement made and entered into by and between Seller and Buyers.

The availability fees and the approx. \$180,000.00 may be affected by the outcome of the lawsuit. Part of the availability fees and all of the \$180,000.- would go to Four Seasons Lakesites if we lose the lawsuit.

SELLER:

Waldo I. Morris
Waldo I. Morris

BUYERS:

Robert P. Schwermann
Robert P. Schwermann

Sally J. Stump
Sally J. Stump

Waldo Morris
9-10-04

R.P.S
9-10-04

Exhibit A

ASSIGNMENT OF AVAILABILITY FEES

This Assignment is made and entered into this _____ day of _____, 2004, by and between Waldo I. Morris of Marion, Iowa ("Assignor") and Robert P. Schwermann and Sally J. Stump, as tenants in common ("Assignee").

In consideration of One Dollar (\$1.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, effective as of _____, 2004, Assignor hereby transfers, assigns, conveys and delivers to Assignee all of Assignor's current and future rights, title, and interest in and to any and all water, sewer service stand-by fees, availability fees, and connection fees in which Assignor may be entitled to receive, now or in the future, relating to existing or future water and/or sewer customers located in and around Camden County, Missouri including, without limitation, such rights that were acquired by Roy Slates and Cindy Slates from Four Season Lakesites, Inc. and Four Seasons Water & Sewer Co., by an Assignment dated on or about August 17, 1998. Lake Region Water & Sewer Co. received an assignment of all water and sewer stand-by fees, availability fees and connection fees from Roy Slates and Cindy Slates on April 12, 2000. Assignor received an assignment of all assignment of all water and sewer stand-by fees, availability fees and connection fees from Lake Region Water & Sewer Co. on April 12, 2000 as well.

W.I.M.
R.P.S. 9-10-04

Waldo I. Morris

STATE OF KANSAS)
)
COUNTY OF JOHNSON)

AFFIDAVIT OF W. BRIAN SCHWERMANN

I, W. Brian Schwermann, of lawful age and being first duly sworn on oath, hereby state that I am a designated representative of RPS Properties, L.P. ("RPS"), and that each of the following responses to the questions posed by the Missouri Public Service Commission Staff, in its letter dated May 20, 2010, which I am providing on behalf of RPS, is true and correct to the best of my knowledge, information, and belief.

QUESTIONS AND RESPONSES

1. On the "Simple Audit Receipts" with customer names provided by RPS, one of the columns is called "Paid Thru." Please explain what this term means and what the date in the column represents.

RESPONSE: "Paid Thru" is short for "Date Paid Thru." This column is not used and we do not pay attention to the date shown in the column.

2. Please explain why the payment amounts differ in the column called "Pymnt Recd."

RESPONSE: The amount in the "Pymnt Recd" column represents the actual amount paid by the customer on that date.

3. Please explain what the term "Usage" means on the Simple Audit Receipts and what the symbol "1" or "0" represents.

RESPONSE: The "Usage" column is exactly as indicated. Because an availability fee is not a utility service, it is not based on usage. Values are listed in the column because the field must be populated to generate a flat rate bill. We use the "0" and "1" values for that purpose.

4. What does RPS pay Cynthia Goldsby for any services she provides to RPS?

RESPONSE: RPS makes no payments to Cynthia Goldsby.

5. Does RPS pay the Camden County Public Water Supply District #4 for services rendered that pertain to RPS?

RESPONSE: No.

6. Please provide the amount of money received for availability fees for the calendar years 2006, 2007, and 2009.

RESPONSE: 2006 - \$416,536.19; 2007 - \$393,644.82; and 2009 - \$365,413.61.

W. Brian Schwermann

W. Brian Schwermann

The foregoing was subscribed and sworn before me this 24 day of May, 2010.

Brandi Williams

Notary Public

My commission expires: 10-10-2012

