

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

In the Matter of the Stipulation Respecting)	
Adjustments to Sewer Charges Applicable to Four)	<u>File No. SO-2011-0046</u>
Seasons Racquet and Country Club Condominium)	
Association, Inc.)	

STAFF’S REPLY AND RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission (Staff), by and through counsel, and for its reply to the Office of Public Counsel (Public Counsel) and Four Seasons Racquet and Country Club Condominium Owners Association, Inc. (Racquet Club), and for its recommendation regarding the reasonable time frame for parties to satisfy the terms of the *Partial Non-Unanimous Stipulation Respecting Adjustments to Sewer Charges Applicable to the Four Seasons Racquet and Country Club Condominium Owners Association, Inc.*, and further states:

1. On September 7, 2010, Public Counsel filed its *Response* regarding its objection and concerns of Lake Region Water and Sewer Company (Lake Region) and the Racquet Club’s request for an extension to comply with the implementation of the *Partial Non-Unanimous Stipulation Respecting Adjustments to Sewer Charges Applicable to the Four Seasons Racquet and Country Club Condominium Owners Association, Inc.* (Stipulation).

2. On September 8, 2010, the Racquet Club filed its *Reply* regarding the extension for complying with the terms of the Stipulation.

3. On September 9, 2010, the Commission issued an Order directing Staff to file a reply to both Public Counsel and the Racquet Club’s explanation of their positions regarding the extension.

4. Staff agrees with Public Counsel that the actual wastewater flow is unknown and that Lake Region should measure the wastewater flow. Staff also believes that a deadline should be established to ensure the terms of the Stipulation are met. However, this deadline should be practical and specify steps in which Lake Region could reasonably take at this time. Staff cannot foresee what and when the goal of the Stipulation – accurate measurement of the wastewater flow on an ongoing basis to the satisfaction of the parties to the Stipulation – will be accomplished.

5. Staff does not agree with Public Counsel’s suggestions that the parties are “seeking to change the unanimous agreement.” (Public Counsel *Response* ¶ 9). Paragraph 4 of the Stipulation states “unless this date needs to be postponed for good cause.” Parties are not attempting to change the terms of the Stipulation, but rather recognize that postponement is for good cause. The initial installation equipment does not appear to be technically workable and accurate. There is good cause to allow time for Lake Region to reevaluate the equipment and make a determination as to what equipment will satisfactorily meet the terms of the Stipulation.

6. Staff agrees with the Racquet Club that the Stipulation’s goal is to prevent subsidization. Staff also agrees that the Stipulation should result in elimination of any subsidization by the Racquet Club to other customers, if any subsidization ever existed. (*See Racquet Club’s Reply*, ¶ 11). However, the Stipulation is between Lake Region, the Racquet Club and Staff, not other customers. It is Staff’s understanding that the issue of subsidization does not exist for any other commercial customers; as they are either billed based on sewage flow measurement or simply do not have inflow and infiltration (I/I) issues.

7. Staff provides its recommendation to the Commission in the attached Appendix A, and herein incorporated by reference, regarding a reasonable timeline to be established in this matter in order for the terms of the Stipulation to be met.

WHEREFORE, Staff respectfully submits its *Reply and Recommendation* to the Commission.

Respectfully submitted,

/s/ Jaime N. Ott

Jaime N. Ott
Assistant General Counsel
Missouri Bar No. 60949

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Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 17th day of September 2010.

/s/ Jaime N. Ott

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
File No. SO-2011-0046

FROM: Martin Hummel, Engineer, Water & Sewer Department

/s/ Martin Hummel 9/17/10

Utility Operations Division/ Date

/s/ Jaime Ott 9/17/10

Staff Counsel's Office / Date

SUBJECT: Staff Recommendation Regarding the Stipulation and Agreement between Four Seasons Racquet Club and Country Club Condominium Owners Association, Inc. and Lake Region Water and Sewer Company

DATE: September 17, 2010

BACKGROUND

This issue derives from a Stipulation and Agreement between Lake Region Water & Sewer Company (Lake Region), Four Seasons Racquet Club and County Club Condominium Owners Association, Inc (Racquet Club), and Staff of the Public Service Commission (Staff) in Case No. SR-2010-0110 (general rate case), and approved by the Commission on April 14, 2010. On January 14, 2010, in the general rate case, Staff filed direct testimony addressing the inflow and infiltration (I/I) issue between Lake Region and the Racquet Club. In Staff's direct testimony, Staff recommended that the Racquet Club and Lake Region work together in using the installed flow meter to measure sewer flow for billing and evaluating efforts to eliminate excessive I/I into Lake Region's system from the POA's collection system.

I/I is rain and groundwater entering the sewer system. Infiltration is the entry of clean water through cracks and holes in the pipes and manholes. Inflow is entry of clean water from roof drains, driveway drains or other intentional pipe connections. I/I may also come from excess irrigation. Virtually all sewer systems have some I/I, but excessive I/I is the issue of concern in this case. In the short term, excessive I/I can cause operational problems and in the long term, it can cause capacity problems.

The Racquet Club intervened in SR-2010-0110 because it disagreed with the billing for its sewer service. Lake Region was trying to bill based on total flow which included I/I and the resulting bill appeared to be very excessive to the Racquet Club. The Racquet Club disputed the accuracy of the flow measurement.

STAFF'S RECOMMENDATION

Staff recommends a new timeline be established for the Racquet Club and Lake Region to comply with the Stipulation and Agreement entered into in the general rate case SR-2010-0110. While the parties were optimistic and ambitious with their short timeline during the general rate case, the task has proven to be much greater than anticipated. Accurate flow measurement is a prerequisite to addressing the issues of whether there is excessive flow from the Racquet Club and Hotel building complex (complex), which shares the same collection systems, and how to properly bill for impact/costs of treatment.

An initial flow meter, installed prior to the rate case, was to measure the total flow of sewage from the complex, but the Racquet Club and the Company agreed that that flow measurement was not accurate enough for billing purposes. Subsequently, it appeared that the installation of multiple flow measurement devices could be used and was agreed upon in the Stipulation and Agreement filed in the general rate case and approved by the Commission. An additional benefit to accurate flow measurement is that the Racquet Club would be able to use the measurement results to observe the reduction of I/I from its improvements on the sewers it owns. At this time the adequacy of the installation of the first initial meter has not been accomplished.

Additionally, the installation of multiple meters has shown to be more complicated than anticipated. This is because of limitations of the original equipment selected and difficult physical character of the expected installation sites, including the steep grade of the sewers. Staff understands that the original flow measurement device was installed under the direct guidance of the supplier and detrimental effects of excessive turbulent flow were not recognized. Lake Region has had to reconsider which equipment will work, possibly obtaining different equipment from a different supplier.

Please note that the installation of flow measurement in this case is doable but it is not routine.

Staff recommends that one (1) flow measurement assembly be installed and verified for accuracy before any additional installations are made.

Staff's also recommends the following times be established:

- 1.) That Lake Region should reinstall a total flow measurement assembly completed by December 1, 2010;
- 2.) Lake Region should test and verify the accuracy by January 30, 2011;
- 3.) After such verification, total flow data should be collected for six (6) months, February through July 2011; and
- 4.) In August 2011, the data from those six (6) months, which includes both winter and summer flow measurements, will be available to evaluate the options in measuring flow at other complex locations toward reducing and billing for excess flow. At that time Lake Region should file a report as to its current results and future plans.

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OF THE STATE OF MISSOURI**

In the Matter of the Stipulation)	
Respecting Adjustments to Sewer)	
Charges Applicable to Four Seasons)	Case No. SO-2011-0046
Racquet and Country Club)	
Condominium Owners Association, Inc.)	

AFFIDAVIT OF MARTIN HUMMEL


STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Martin Hummel, of lawful age, on oath states: that he participated in the preparation of the foregoing Staff Recommendation in memorandum form, to be presented in the above case; that the information in the Staff Recommendation was provided to him; that he has knowledge of the matters set forth in such Staff Recommendation; and that such matters are true to the best of his knowledge and belief.



Martin Hummel

Subscribed and sworn to before me this 17 day of September, 2010.



Notary Public



CASSIE M. MELLOWAY
My Commission Expires
October 30, 2011
Cole County
Commission #07337959