

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Lake Region Water & Sewer)	File No. SR-2010-0110
Company's Application to Implement a General)	Tariff No. YS-2010-0250
Rate Increase in Water & Sewer Service)	

In the Matter of Lake Region Water & Sewer)	File No. WR-2010-0111
Company's Application to Implement a General)	Tariff No. YW-2010-0251
Rate Increase in Water & Sewer Service)	

STAFF'S POSITION STATEMENTS

COMES NOW the Staff of the Missouri Public Service Commission (Staff) and states its position on the issues filed in the *List of Issues* as follows:

1. Availability Fees

- a. Should charges for availability fees collected from owners of undeveloped lots in LRWS's service territory and billed and retained by an affiliate company be classified as LRWS revenue or applied against rate base?

Yes, fees collected for the availability of water and/or sewer services from an affiliate company are revenue and should be included in the general revenue requirement for the Lake Region Water & Sewer System.

- b. If the Commission finds charges for availability fees of undeveloped lots are not to be classified as LRWS revenue, or applied against rate base, then what costs should be identified and excluded from LRWS's cost of service?

If the availability fees are excluded, then those costs associated with availability fees should be excluded from rates. The availability fee costs should be allocated to Lake Utility Availability 1.

2. Executive Management Compensation/Management Fees

- a. What is the appropriate level of executive management compensation to be included in LRWS's revenue requirement for setting LRWS's rates?

An appropriate level of executive management compensation for services provided to the utilities by the management/ownership group (Robert Schwermann, Brian Schwermann and Vernon Stump), per Staff's last EMS run is approximately \$27,901 – allocated between the three operating systems of Shawnee Bend Water \$7,115, Shawnee Bend Sewer \$7,477 and Horseshoe Bend Sewer \$13,309 – and should be included in LRWS's cost of service.

Respectfully submitted,

/s/ Jaime N. Ott

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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 23rd day of March, 2010.

/s/ Jaime N. Ott