

Exhibit No.:  
Issues: Rate Design  
Miscellaneous Tariff Changes  
Witness: James M. Russo  
Sponsoring Party: MO PSC Staff  
Type of Exhibit: Direct Testimony  
Case No.: WR-2010-0111  
SR-2010-0110  
Date Testimony Prepared: January 21, 2010

**MISSOURI PUBLIC SERVICE COMMISSION**

**UTILITY OPERATIONS DIVISION**

**DIRECT TESTIMONY**

**OF**

**JAMES M. RUSSO**

**LAKE REGION WATER & SEWER COMPANY**

**CASE NO. WR-2010-0111 &  
SR-2010-0110**

**Jefferson City, Missouri  
January 2010**

Staff Exhibit No. 2  
Date 3-29-10 Reporter KF  
File No SR-2010-0110/LR-2010-0111

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**DIRECT TESTIMONY**

**OF**

**JAMES M. RUSSO**

**LAKE REGION WATER & SEWER COMPANY**

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

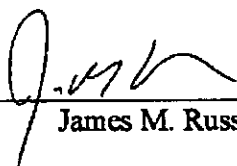
In the Matter of Lake Region Water & )  
Sewer Company's Application to )  
Implement a General Rate Increase in )  
Water and Sewer Service. )

Case No. SR-2010-0110 &  
WR-2010-0111

**AFFIDAVIT OF JAMES M. RUSSO**

STATE OF MISSOURI     )  
                                  ) ss  
COUNTY OF COLE     )

James M. Russo of lawful age, on his oath states: that he has participated in the preparation of the following Direct Testimony in question and answer form, consisting of 4 pages of Direct Testimony to be presented in the above case, that the answers in the following Direct Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true to the best of his knowledge and belief.

  
\_\_\_\_\_  
James M. Russo

Subscribed and sworn to before me this 20<sup>th</sup> day of January, 2010.



SUSAN L. SUNDERMEYER  
My Commission Expires  
September 21, 2010  
Callaway County  
Commission #06942086

  
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Notary Public

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**DIRECT TESTIMONY**

**OF**

**JAMES M. RUSSO**

**LAKE REGION WATER & SEWER COMPANY**

**CASE NO. WR-2010-0111 &  
SR-2010-0110**

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Q. Please state your name and business address.

A. James M. Russo, P.O. Box 360, Jefferson City, Missouri 65102.

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

A. I am the Rate and Tariff Examination Supervisor in the Water & Sewer Department with the Missouri Public Service Commission (Commission or Staff).

**BACKGROUND OF WITNESS**

Q. Please describe your educational background and other qualifications?

A. I graduated from California State University-Fresno, Fresno, California, and received a Bachelor of Science degree in Accounting. Prior to my employment with the Commission, local elected officials in county government employed me in various capacities. I was the assistant treasurer-tax collector for San Joaquin and El Dorado Counties in California. My responsibilities included all financial dealings of the counties and all accounting activities of the agency. In addition, I was the supervising accountant auditor in El Dorado County for two years. My division was responsible for internal audits of all county agencies, special districts, and franchise/lease agreements.

Q. What has been the nature of your duties with the Commission?

Direct Testimony of  
James M. Russo

1           A.     From April 1997 to December 2001, I worked in the Accounting Department  
2 of the Commission, where my duties consisted of directing and assisting with various audits  
3 and examinations of the books and records of public utilities operating within the State of  
4 Missouri under the jurisdiction of the Commission. From  
5 December 16, 2001 to August 2003, I was a Regulatory Auditor IV in the Energy Tariffs/Rate  
6 Design Department, where my duties consisted of analyzing applications, reviewing tariffs,  
7 and making recommendations based upon these evaluations. On August 16, 2003, I assumed  
8 the position of Rate and Tariff Examination Supervisor in the Water & Sewer Department  
9 where my duties consist of reviewing tariffs, preparing and analyzing cost of service and rate  
10 design, and performing accounting functions.

11           Q.     Have you previously filed testimony before this Commission?

12           A.     Yes. A list of cases in which I have filed testimony before this Commission is  
13 attached as Schedule 1 to my direct testimony.

14           **EXECUTIVE SUMMARY**

15           Q.     With reference to Case Nos. SR-2010-0110 and WR-2010-0111, have you  
16 made an examination and study of the material filed by Lake Region Water & Sewer  
17 Company (Lake Region or Company) relating to its proposed increase in water rates?

18           A.     Yes, I have.

19           Q.     What is the purpose of your direct testimony?

20           A.     The purpose of my direct testimony is to provide an overview of the Staff's  
21 position relating to rate design and two miscellaneous tariff issues.

22           **RATE DESIGN**

23           Q.     Did the Company file a Class Cost of Service Study?

Direct Testimony of  
James M. Russo

1           A.     No.

2           Q.     Does the Company have a position relating to rate design?

3           A.     Yes. The proposed rate increases included in the Company's initial filing on  
4     October 7, 2009 reflect an increase of 28% for the water operations, 51% for the Horseshoe  
5     Bend sewer operations, and 70% for the Shawnee Bend sewer operations. The tariff sheets  
6     included in the filing by the Company increase the current rates for each operation by the  
7     percentage listed above.

8                     The Company filed revised increase amounts on December 7, 2009. The  
9     Company did not file revised tariff sheets. However, Staff has no reason to believe the  
10    Company has changed its position on rate design from the original filing.

11          Q.     What is Staff's position relating to rate design?

12          A.     Staff is proposing an increase in the current rates for each customer type by the  
13    percentage increase for the Company's water operations and the Shawnee Bend sewer  
14    operations. Staff is proposing changing the way the commercial customer charge is  
15    calculated for the Horseshoe Bend sewer operations and increasing the commodity charge for  
16    any remaining expenditures needing to be collected from Staff's Cost of Service as a result of  
17    this change.

18    **MISCELLANEOUS TARIFF CHANGES**

19          Q.     What is Staff's position on the current returned check charge in the Company's  
20    existing water and sewer tariffs?

21          A.     Staff is proposing the current charge of \$15.00 be increased to \$25.00.

Direct Testimony of  
James M. Russo

1           Q.     What is Staff's position on the current language in the Company's existing  
2 water tariff for Disconnect for Non-payment, Special Request Service Termination or  
3 Reconnection Charge language additions?

4           A.     Staff believes the current language is deficient and only allows the Company to  
5 terminate or reconnect water service upon the request of the customer. Staff proposes that the  
6 language be expanded to allow the Company to disconnect a customer for non-payment.

7           Q.     Does this conclude your direct testimony?

8           A.     Yes it does.

RATE CASE PROCEEDING PARTICIPATION

**JAMES M. RUSSO**

<u>COMPANY</u>	<u>CASE NO.</u>
Union Electric Company	GR-97-393
Gascony Water Company	WA-97-510
St. Joseph Light and Power Company	EC-98-573
St. Joseph Light and Power Company	HR-99-245
St. Joseph Light and Power Company	GR-99-246
St. Joseph Light and Power Company	ER-99-247
UtiliCorp United Inc./St. Joseph Light and Power Company	EM-2000-292
UtiliCorp United Inc./Empire District Electric Company	EM-2000-369
Osage Water Company	WR-2000-557
Osage Water Company	SR-2000-556
Missouri Gas Energy	GR-2001-292
Southern Missouri Gas Company, L.P.	GR-2001-0388
Environmental Utilities	WA-2002-65
Laclede Gas Company	GR-2002-356
Laclede Gas Company	GA-2002-429
Missouri Gas Energy	GT-2003-0033
Aquila Networks L & P	GT-2003-0038
Southern Missouri Gas Company, L.P.	GT-2003-0031
Atmos Energy Corporation	GT-2003-0037
Fidelity Natural Gas, Inc.	GT-2003-0036
Laclede Gas Company	GT-2003-0032
Union Electric Company	GT-2003-0034
Union Electric Company	GR-2003-0517
Missouri Gas Energy	GT-2004-0049
Aquila Inc.	GR-2004-0072
Missouri Gas Energy	GC-2004-0216
Missouri Gas Energy	GC-2004-0305
Algonquin Water Resources of Missouri, LLC	WR-2006-0425



Missouri-American Water Company

WR-2007-0216

Missouri-American Water Company

SR-2007-0217

Timber Creek Sewer Company

SR-2008-0080

Missouri-American Water Company

WR-2008-0311

Missouri-American Water Company

SR-2008-0312