

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

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| In the Matter of Lake Region Water & Sewer |) | |
| Company's Application to Implement a General |) | <u>File No. SR-2010-0110</u> |
| Rate Increase in Water & Sewer Service. |) | |

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| In the Matter of Lake Region Water & Sewer |) | |
| Company's Application to Implement a General |) | <u>File No. WR-2010-0111</u> |
| Rate Increase in Water & Sewer Service. |) | |

THE OFFICE OF THE PUBLIC COUNSEL'S POSITION STATEMENT

COMES NOW the Office of the Public Counsel (Public Counsel) and states its position on the issues in this case as follows:

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

Public Counsel believes that, in addition to the fact that the costs being charged appear excessive and unnecessary for a utility the size of Lake Region and that the utilities operations have been contracted out, the management activities described, by the Company, are more representative of those performed by a utility's Board of Directors rather than employees. Therefore, Public Counsel recommends that the Commission authorize a reasonable level of annual Board of Directors fees be included in the Company's cost of service and that the remaining management fees booked be disallowed.

B. 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. Public Counsel believes that the availability fees assessed and collected, current and past, should be remitted to the regulated utility to meet the needs of its authorized operation and maintenance, and to the extent those needs are/were satisfied, the excess should be used to reduce the regulated utility's investment costs.

C. 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?

Public Counsel did not file testimony on this issue and reserves the right to base a final position on the testimony provided at hearing.

WHEREFORE, Public Counsel respectfully submits its Position Statement on the issues in this case.

Respectfully submitted,

OFFICE OF THE PUBLIC COUNSEL

/s/ Christina L. Baker

By:_____

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, emailed or hand-delivered to the following this 23rd day of March 2010:

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