

**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	)	<u>File No. SR-2010-0110</u>
Rate Increase in Water & Sewer Service.	)	

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 RECOMMENDATIONS
REGARDING TEST YEAR AND TRUE-UP

COMES NOW the Office of the Public Counsel (Public Counsel) and for its Recommendations Regarding Test Year and True-Up states as follows:

1. On October 7, 2009, Lake Region Water & Sewer Company (Lake Region) initiated a general rate increase request with the Missouri Public Service Commission (Commission) for its water and sewer utility service. In its filing, Lake Region recommended that the Commission establish the twelve (12) month period ending December 31, 2008 as the test year for its proposed general rate increase.
2. On October 8, 2009, the Commission issued its *Suspension Order and Notice*. The Order directed the Staff of the Missouri Public Service Commission (Staff), Public Counsel and any intervenors to file pleadings indicating concurrence with, or alternatives to, Lake Region's recommended test year no later than November 6, 2009. The Order also required the parties to file any request for a true-up proceeding no later than November 6, 2009.

3. On October 29, 2009, issued its *Order Modifying Procedural Schedule*, extending the deadline for recommendations regarding the test year and true-up periods to November 16, 2009.
4. Public Counsel has no objection to Lake Region's recommendation to establish the twelve months ending December 31, 2008 as the test year.
5. Public Counsel does not believe that it is necessary for the Commission to determine at this early stage that a true-up is necessary.
6. Public Counsel was not the moving party in this case and has not yet performed any independent audit or analysis in order to verify whether a true-up proceeding is necessary in this case to reflect a change in the revenue/expense/rate base relationship. If Public Counsel's analysis and investigation of Lake Region's case reveals that a significant cost of service item will change past December 31, 2008, Public Counsel's direct testimony will inform the Commission of this and, if appropriate, recommend a true-up process as part of its direct testimony to be filed in this case.
7. Public Counsel would propose that in the event a party does believe a true-up is necessary, that the Commission direct the parties to update the test year for known and measurable changes through March 2010. This will ensure that information used to determine the revenue requirement is not well over a year old as of the operation of law date in this proceeding. The update for known and measurable changes should contain any factors any party believes is necessary to properly reflect the revenue/expense/rate base relationship as of said date.
8. Although Public Counsel does not believe that it is necessary for the Commission to determine at this early stage that a true-up is necessary, Public Counsel recommends

that the Commission keep proposed true-up hearing dates open on the Commission's calendar in the event it is later determined that a true-up is necessary.

9. Public Counsel also recommends that the Commission direct all parties to file their true-up recommendations with their direct testimony on revenue requirement.

WHEREFORE, Public Counsel respectfully offers these recommendations regarding test year and true-up.

Respectfully submitted,

OFFICE OF THE PUBLIC COUNSEL

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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 16th day of November 2009:

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