

**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 & Sewer Service.) **File No. SR-2010-0110**

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

**THE OFFICE OF THE PUBLIC COUNSEL'S RESPONSE TO STAFF'S
OBJECTION REGARDING TEST YEAR AND TRUE-UP**

COMES NOW the Office of the Public Counsel (Public Counsel or OPC) and for its Response to Staff's Objection Regarding Test Year and True-Up states as follows:

1. On October 7, 2009, Lake Region Water & Sewer Company (Lake Region or Company) 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 stated that "the Company proposes to use a 2008 test year."¹ Lake Region did not propose an update period to the test year or request a true-up in its October 7, 2009 filing.
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.

¹ *Direct Testimony of John R. Summers*, pg. 5.

3. On October 29, 2009, the Commission issued its *Order Modifying Procedural Schedule*, extending the deadline for recommendations regarding the test year and true-up periods to November 16, 2009.
4. In Public Counsel's November 16, 2009 filing, Public Counsel stated that it had no objection to Lake Region's proposed 2008 test year. Additionally, Public Counsel stated that while it does not believe that it is necessary for the Commission to determine at this early stage that a true-up is necessary, in the event a party does believe a true-up is necessary, Public Counsel proposed that the Commission direct the parties to update the test year for known and measurable changes "through March 2010." (Emphasis added.)
5. In Staff's November 16, 2009 filing, Staff concurred with Lake Region's proposed 2008 test year, but recommended that it be updated for known and measurable changes through September 30, 2009. In addition, Staff apparently believed that a true-up is necessary since it recommended that the Commission implement a true-up date of March 31, 2010, to reflect significant and material revenue requirement impacts.
6. On November 24, 2009, Staff filed its *Response to the Office of the Public Counsel's Recommendations Regarding Test Year and True-Up Period* wherein it states that Staff opposes Public Counsel's suggestions for changes to the procedural schedule Staff filed on November 16, 2009. While the exact reasons for Staff's objections are unclear, Public Counsel will attempt to reply to Staff's Response.
7. In its Response, Staff apparently objects to Public Counsel's November 16, 2009 filing merely because Staff wishes to update the Company's proposed 2008 test year for known and measurable changes through September 30, 2009. Public Counsel now states that it has no objection to Staff's recommendation that the 2008 test year suggested by

Lake Region be updated for known and measurable changes through September 30, 2009.

If this is the reason for Staff's objection, the objection is now moot.

8. Additionally, in its Response, Staff misquotes Public Counsel's November 16, 2009 filing when it states:

On November 16, 2009, OPC filed its *Recommendations Regarding Test year and True-Up* stating that it had no objection to the Lake Region's proposed test year, however, did not "believe that it is necessary for the Commission to determine at this early state [sic] that a true-up is necessary." OPC then suggested that if a true-up is necessary, "that the Commission direct the parties to update the test year for known and measurable changes through March 10, 2010."² (Emphasis added)

In reality, Public Counsel's suggested true-up "through March 2010," is exactly the same as Staff's recommended true-up date of March 31, 2009. Public Counsel sees no reason for Staff to have an objection to Public Counsel's suggestion of a true-up date when it matches Staff's own recommended date. If this misquotation is the basis for Staff's objection, it is erroneous.

WHEREFORE, Public Counsel respectfully offers its Response.

Respectfully submitted,

OFFICE OF THE PUBLIC COUNSEL

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² On November 24, 2009, Staff filed *Staff's Corrected Response* stating "Staff removes the "10" from the fourth paragraph, fifth line, so that March 10, 2010, should now read March 2010."

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, emailed or hand-delivered to the following this 25th day of November 2009:

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