

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

In the Matter of P.C.B., Inc.'s Request)
for Increase in Annual Sewer System) **File No. SR-2014-0068**
Operating Revenues.

**THE OFFICE OF THE PUBLIC COUNSEL'S POSITION STATEMENT
AND REQUEST FOR COMMISSION ORDER**

COMES NOW the Office of the Public Counsel (Public Counsel) and offers its Position Statement and Request for Commission Order as follows:

1. On September 9, 2013, P.C.B., Inc. (PCB), through its interim receiver Johansen Consulting Services, LLC (JCS), initiated a small company rate increase proceeding with the Missouri Public Service Commission (Commission) requesting an increase of 100% in its regular monthly customer rates.
2. On April 8, 2014, the Staff of the Missouri Public Service Commission (Staff) filed a *Notice of Company/Staff Agreement Regarding Disposition of Small Company Rate Increase Request* (Company/Staff Agreement) indicating agreement between Staff and PCB for an increase in annual operating revenues of \$81,420 (166.42%). Public Counsel did not join in the agreement.
3. Revised tariff sheets reflecting the proposed rates agreed to in the Company/Staff Agreement were filed by PCB on April 15, 2014, bearing an effective date of June 1, 2014. The proposed tariffs were subsequently suspended by the Commission until October 15, 2014.
4. On September 5, 2014, Staff filed a *Notice of Updated Company/Staff Agreement Regarding Disposition of Small Company Rate Increase Request* (Updated Company/Staff

Agreement) indicating updated agreement between Staff and PCB for an increase in annual operating revenues of \$64,592 (118.94%).

5. Revised tariff sheets reflecting the proposed rates agreed to in the Updated Company/Staff Agreement were filed on September 6, 2014, replacing those filed on April 15, 2014 and suspended until October 15, 2014.

6. Public Counsel now states its position that it will not object to the Updated Company/Staff Agreement or the revised tariff sheets. However, Public Counsel notes several inconsistencies in the documents contained in the Updated Company/Staff Agreement filing packet. For example, the Water & Sewer Unit Memorandum (Attachment G) and the Auditing Unit Recommendation Memorandum (Attachment H) have not been updated and in many cases are now in conflict with other attachments, mainly the Ratemaking Income Statement (Attachment A) and the EMS Run (Attachment B). Additionally, there is an inconsistency between the depreciation rates utilized in the EMS Run (Attachment B) and the Schedule of Depreciation Rates (Attachment D). While these inconsistencies do not affect the accuracy of the revised tariff sheets reflecting the proposed rates agreed to in the Updated Company/Staff Agreement, the inconsistencies may cause confusion for those who look to these documents in the future.

7. Public Counsel also states that it does not agree with the capital structure and return on equity utilized in the Updated Company/Staff Agreement. However, given the fact that the company has no rate base, these items have no effect on the rates to be borne by the customer.

8. Public Counsel does have a concern which it wishes to bring to the attention of the Commission. In its September 24, 2013, *Order Approving Interim Rates*, the Commission noted

that the tariff sheets it approved were subject to an Agreement in a related receivership case.¹ A copy of the Agreement between PCB, the Missouri Department of Natural Resources (DNR), Staff and Public Counsel was attached as Appendix A to the September 20, 2013, *Staff Recommendation* filed in this case.

9. The Agreement between the parties in SO-2014-0052 specifically states the following:

3) The emergency rates will consist of additional dollars to support receiver salary and expenses, initial sludge hauling, and initial grass mowing. If sludge removal services can be found for a lower cost than what has initially been discussed, the less expensive costs will be built into rates. The monthly emergency interim rates will be as follows: for M.P.B.'s Lake Virginia service territory, rates will be \$6.04; for M.P.B.'s Villa Ridge service territory, rates will be \$12.26; and for P.C.B., rates will be \$10.44. **The emergency rates will be subject to refund if the actual costs of these emergency items are less than the actual amount collected through the emergency rates.** If the rate cases are not completed within six months after the effective date of the emergency rates, the emergency rates will all be reduced to \$5.75/month, which represent the dollars needed to support the above-referenced receiver salary and expenses, until the conclusion of the rate cases. [Emphasis added]

However, Public Counsel has not been provided sufficient information by PCB in order to determine what actual costs have been incurred to-date for the listed emergency items of receiver salary and expenses, initial sludge hauling and initial grass mowing. Public Counsel also has not been provided with sufficient information to determine the actual amount collected through the emergency rates.

10. Public Counsel has made numerous attempts to gain this information from PCB and while some information has been provided, Public Counsel has recently been informed that PCB is seriously behind on its billing of customers.

11. At the time of this filing, PCB had apparently just sent out bills for utility service that was provided in April 2014. Given this rate of delay in billing, PCB is expected to continue sending out bills containing the emergency rates for approximately six months past the effective date of

¹ File No. SO-2014-0052

rates in this case. Therefore, Public Counsel has no way at this time to determine whether or not a portion of the emergency rates should be refunded to the customer as agreed to by PCB.

12. As stated above, Public Counsel will not object to the Updated Company/Staff Agreement or the revised tariff sheets filed on September 6, 2014, replacing those filed on April 15, 2014 and suspended until October 15, 2014. However, Public Counsel asks the Commission to order PCB to provide a detailed listing of what actual costs have been incurred for the listed emergency items of receiver salary and expenses, initial sludge hauling and initial grass mowing, and a detailed listing of the actual amount collected through the emergency rates so the Commission may determine in the next rate case whether a portion of the emergency rates should be refunded to the customer as agreed to by PCB, DNR, Staff and Public Counsel in SO-2014-0052.

WHEREFORE, Public Counsel respectfully submits its Position Statement and Request for Commission Order.

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 15th day of September 2014:

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