

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

In the Matter of the Application of Lincoln )  
County Sewer & Water, LLC for Approval )  
of a Rate Increase. )

**File No. SR-2013-0321**

**THE OFFICE OF THE PUBLIC COUNSEL’S NOTICE TO THE COMMISSION**

COMES NOW the Office of the Public Counsel (Public Counsel) and for its Notice to the Commission states as follows:

1. On May 8, 2014, Lincoln County Sewer & Water, LLC (LCSW or Company) filed a Motion to Establish Rate Case Expense and for Expedited Treatment seeking recovery of the following rate case expense:

- Johansen Consulting Services: \$10,106.00
- Brydon, Swearngen & England P.C.: \$26,330.00
- McIlroy and Millan: \$4,147.50
- “Company time” plus expenses: \$25,194.00
- **Total Rate Case Expense: \$65,777.50**

2. On May 13, 2014, Public Counsel filed an Objection to the Motion filed by LCSW stating that the rate case expense claimed by LCSW was excessive, unaudited and unverified and as such was not just and reasonable. Public Counsel also noted that much of the information provided by LCSW in its May 8<sup>th</sup> filing was provided to the Commission and the parties for the first time even though the dates for claimed activities were long before the evidentiary hearing and in some cases long before the rate case was even filed.

3. On May 16, 2014, the Staff of the Missouri Public Service Commission (Staff) filed a Response in Opposition to LCSW's Motion. In its Response, Staff requested that the Commission (1) either disallow the claimed Company time and expenses or, alternatively, permit

Staff to audit those claimed costs; and (2) include the costs of the Company's attorneys and consultant in revenue requirement and normalize those costs to rates over five years; and grant such other and further relief as the Commission believes is just in the premises.

4. On May 22, 2014, the Commission issued its Order Setting Hearing on Motion to Establish Rate Case Expense setting a hearing date for June 13, 2014, to consider evidence of rate case expense and to hear the parties' arguments.

5. Unfortunately, the only guaranteed outcome for the June 13<sup>th</sup> hearing will be an even greater amount of rate case expense ultimately to be borne by the customer. Public Counsel asks the Commission to take all steps just and reasonable to reduce further rate case expense and protect the customers. To accomplish that result, the Commission must limit the amount of issues and time spent by the parties and their representatives at the June 13<sup>th</sup> hearing.

6. Public Counsel now gives notice that the specific issues it will present for Commission determination are: (1) what is a reasonable date range for costs to be considered for inclusion as rate case expense in rates; (2) what specific costs within that date range are just and reasonable to include as rate case expense in rates, and (3) how is rate case expense to be recovered in rates.

7. Public Counsel has verified that much of the information provided by LCSW in its May 8<sup>th</sup> filing pertaining to costs for "Company time" plus expenses is being provided to the Commission and the parties for the first time. Public Counsel continues to hold the position that LCSW's claim of \$25,194.00 for "Company time" plus expenses is excessive, unaudited, unverified and therefore not just and reasonable. As a result, Public Counsel gives notice to the Commission that it will focus mainly on these costs in the June 13<sup>th</sup> hearing.

8. Additionally, a review of the information provided by LCSW regarding the charges by McIlroy and Millan shows \$927.50 of these expenses have been erroneously included as rate

case expense when they are more properly included as legal services expense. (See Attachment A–HC) As seen on the Attachment, the description of the services rendered and the timing of those services indicate the charges were for legal services pertaining to changes to subdivision Restrictions and Bylaws and do not pertain to rate case activities. As a result, Public Counsel will also focus on the specific charges shown on Attachment A-HC in the June 13<sup>th</sup> hearing.

9. Public Counsel requests that on June 13<sup>th</sup> the Commission take up the specific charges reflected in Attachment A–HC as the first item of the day in order to excuse the representative of McIlroy and Millan from the hearing as soon as possible thereby reducing any further rate case expense for this entity.

10. Public Counsel has no plans to take up any of the other charges claimed by LCSW at the June 13<sup>th</sup> hearing except as they ultimately relate to the determination of a reasonable date range for costs to be considered for inclusion in rates and how costs are to be recovered in rates. Public Counsel asks that the Commission excuse representatives from the remaining entities from the hearing in order to reduce any further rate case expense for those entities.

11. Public Counsel maintains its position on rate case expense as raised in its Post-Hearing Brief and its Application for Rehearing. Therefore, nothing in this filing should be seen as a waiver or dismissal of the rate case expense issue as presented in Public Counsel’s Application for Rehearing.

**WHEREFORE**, Public Counsel respectfully submits its notice.

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 5<sup>th</sup> day of June 2014:

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**/s/ Christina L. Baker**

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