

FILED³
FEB 27 2014
**Missouri Public
Service Commission**

Exhibit No.:
Issues: Rate Design
Witness: James M. Russo
Sponsoring Party: MO PSC Staff
Type of Exhibit: Direct Testimony
Case No.: WR-2013-0461
Date Testimony Prepared: November 21, 2013

MISSOURI PUBLIC SERVICE COMMISSION

REGULATORY REVIEW DIVISION

DIRECT TESTIMONY

OF

JAMES M. RUSSO

LAKE REGION WATER & SEWER COMPANY

CASE NO. WR-2013-0461

*Jefferson City, Missouri
November 2013*

Staff Exhibit No. 5
Date 2/12/14 Reporter PSG
File No. WR-2013-0461

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

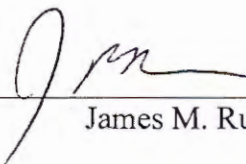
In the Matter of Lake Region Water &)
Sewer Company's Application to)
Implement a General Rate Increase in)
Water & Sewer Service)

Case No. WR-2013-0461

AFFIDAVIT OF JAMES M. RUSSO

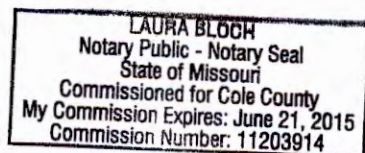
STATE OF MISSOURI)
) ss
COUNTY OF COLE)

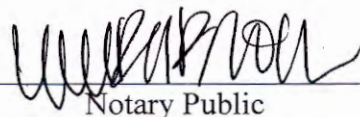
James M. Russo, of lawful age, on his oath states: that he has participated in the preparation of the following Direct Testimony in question and answer form, consisting of 4 pages of Direct Testimony to be presented in the above case, that the answers in the following Direct Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true to the best of his knowledge and belief.



James M. Russo

Subscribed and sworn to before me this 21st day of November, 2013.





Notary Public

1
2
3
4
5
6
7
8
9
10
11

DIRECT TESTIMONY
OF
JAMES M. RUSSO
LAKE REGION WATER & SEWER COMPANY
CASE NO. WR-2013-0461
TABLE OF CONTENTS

BACKGROUND OF WITNESS 1

EXECUTIVE SUMMARY 2

RATE DESIGN..... 2

MISCELLANEOUS TARIFF CHANGES 3

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 0
- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 0
- 1
- 2
- 3

2
3
4
5
6
7
8
9
0
1
2
3
4
5
6
7
8
9
0
1
2
3
4
5
6
7
8
9
0
1
2
3

3
4
5
6
7
8
9
0
1
2
3
4
5
6
7
8
9
20
21
22
23

4
5
6
7
8
9
0
1
2
3
4
5
6
7
8
9
0
1
2
3

5
6
7
8
9
0
1
2
3
4
5
6
7
8
9
20
21
22
23

6
7
8
9
0
1
2
3
4
5
6
7
8
9
0
1
2
3

7
8
9
0
1
2
3
4
5
6
7
8
9
20
21
22
23

8
9
0
1
2
3
4
5
6
7
8
9
20
21
22
23

9
0
1
2
3
4
5
6
7
8
9
20
21
22
23

1
2
3
4
5
6
7
8
9
20
21
22
23

2
3
4
5
6
7
8
9
20
21
22
23

3
4
5
6
7
8
9
20
21
22
23

21
22
23

22

23

1 and examinations of the books and records of public utilities operating within the State of
2 Missouri under the jurisdiction of the Commission. From December 16, 2001, to August
3 2003, I was a Regulatory Auditor IV in the Energy Tariffs/Rate Design Department, where
4 my duties consisted of analyzing applications, reviewing tariffs, and making
5 recommendations based upon these evaluations. On August 16, 2003, I assumed the position
6 of Rate and Tariff Examination Supervisor in the Water & Sewer Unit where my duties
7 consist of reviewing tariffs, preparing and analyzing cost of service and rate design, and
8 performing accounting functions.

9 Q. Have you previously filed testimony before this Commission?

10 A. Yes. A list of cases in which I have filed testimony before this Commission is
11 attached as Schedule 1 to my direct testimony.

12 **EXECUTIVE SUMMARY**

13 Q. With reference to Case No. WR-2013-0461, have you made an examination
14 and study of the material filed by Lake Region Water & Sewer Company (Lake Region or
15 Company) relating to its proposed increase in water rates?

16 A. Yes I have.

17 Q. What is the purpose of your direct testimony?

18 A. The purpose of my direct testimony is to provide an overview of Staff's
19 position relating to rate design and two miscellaneous tariff issues.

20 **RATE DESIGN**

21 Q. Did the Company file a Class Cost of Service Study?

22 A. No.

23 Q. Does the Company have a position relating to rate design?

1 A. Yes. The Company proposes using the method used in Case No. WR-2010-
2 0111. This method applied any increase as an equal percentage to the different customers
3 within the water or sewer operating district.

4 Q. What is Staff's position relating to rate design?

5 A. Staff agrees with the Company to continue this rate design in this case.

6 **MISCELLANEOUS TARIFF CHANGES**

7 Q. What is the Company's current late payment charge?

8 A. \$6.50 per notice per month.

9 Q. What is the Company's proposed changes to the late payment charge?

10 A. The Company proposes to eliminate the \$6.50 per notice per month and
11 replace it with 10% of the first \$15.00 of each bill and 5% on amounts in excess of \$15.00.

12 Q. Does Staff agree with the Company's proposed changes to the late payment
13 charge?

14 A. No.

15 Q. What is Staff's position on the current late payment charge in the Company's
16 tariff?

17 A. Staff is proposing the late payment fee be similar to the late payment fee staff
18 currently recommends for small water and sewer companies. Staff recommends the late fee
19 be the current \$6.50 per delinquent bill or 3% of the delinquent amount, whichever is greater.
20 The 3% of the delinquent amount would be new tariff language.

21 Q. What is the Company's current charge for reconnecting customers outside of
22 normal business hours?

23 A. The current charge is \$70.00.

1 Q. What are the Company's proposed changes to the charge for reconnecting
2 customers outside of normal business hours?

3 A. The Company is proposing that the charge for reconnecting customers outside
4 of normal business hours be increased to \$85.00.

5 Q. Does Staff agree with the Company's proposed increase for reconnecting
6 customers outside of normal business hours who have been disconnected for non-payment?

7 A. Yes. Staff has reviewed the Company's response to Staff Data Request No. 29
8 and agrees that the costs required to provide this service warrants an increase in the charge for
9 reconnecting customers outside of normal business hours.

10 Q. Does this conclude your direct testimony?

11 A. Yes it does.

RATE CASE PROCEEDING PARTICIPATION

JAMES M. RUSSO

<u>COMPANY</u>	<u>CASE NO.</u>
Union Electric Company	GR-97-393
Gascony Water Company	WA-97-510
St. Joseph Light and Power Company	EC-98-573
St. Joseph Light and Power Company	HR-99-245
St. Joseph Light and Power Company	GR-99-246
St. Joseph Light and Power Company	ER-99-247
UtiliCorp United Inc./St. Joseph Light and Power Company	EM-2000-292
UtiliCorp United Inc./Empire District Electric Company	EM-2000-369
Osage Water Company	WR-2000-557
Osage Water Company	SR-2000-556
Missouri Gas Energy	GR-2001-292
Southern Missouri Gas Company, L.P.	GR-2001-0388
Environmental Utilities	WA-2002-65
Laclede Gas Company	GR-2002-356
Laclede Gas Company	GA-2002-429
Missouri Gas Energy	GT-2003-0033
Aquila Networks L & P	GT-2003-0038
Southern Missouri Gas Company, L.P.	GT-2003-0031
Atmos Energy Corporation	GT-2003-0037
Fidelity Natural Gas, Inc.	GT-2003-0036
Laclede Gas Company	GT-2003-0032
Union Electric Company	GT-2003-0034
Union Electric Company	GR-2003-0517
Missouri Gas Energy	GT-2004-0049
Aquila Inc.	GR-2004-0072
Missouri Gas Energy	GC-2004-0216
Missouri Gas Energy	GC-2004-0305
Algonquin Water Resources of Missouri, LLC	WR-2006-0425

Missouri-American Water Company	WR-2007-0216
Missouri-American Water Company	SR-2007-0217
Timber Creek Sewer Company	SR-2008-0080
Missouri-American Water Company	WR-2008-0311
Missouri-American Water Company	SR-2008-0312
Lake Region Water & Sewer Company	SR-2010-0110
Lake Region Water & Sewer Company	WR-2010-0111
Missouri-American Water Company	WR-2010-0311
Missouri-American Water Company	WR-2011-0337
Emerald Pointe Utility Company	SR-2013-0016