

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

In the Matter of Lake Region Water & Sewer) **File No. SR-2010-0110**
Company's Application to Implement a General) Tariff No. YS-2010-0250
Rate Increase in Water and Sewer Service)

In the Matter of Lake Region Water & Sewer) File No. **WR-2010-0111**
Company's Application to Implement a General) Tariff No. YW-2010-0251
Rate Increase in Water and Sewer Service)

ORDER DIRECTING DISCOVERY AND DIRECTING FILING

Issue Date: April 8, 2010

Effective Date: April 8, 2010

The Commission convened the evidentiary hearing on March 29, 2010, and recessed it on March 31. During the hearing numerous questions arose that appeared to the Commission to be better addressed to individuals that were not scheduled witnesses. Because the Commission requires a complete record upon which to issue its decision, it directs its Staff to use interrogatories, depositions upon written questions or oral examination, or any other appropriate discovery device to obtain this information.

At minimum the following questions shall be directed to one or more of the following individuals: one or both of the current owners of Lake Region Water and Sewer Company, i.e. Sally Stump or Robert Schwermann; one or both of the original developers, i.e. Harold Koplar or Peter Brown; and to Lake Region's accountant, Cynthia Goldsby. The Commission needs to know:

- 1) What was the original purpose for assessing the availability fees? Was it to recover initial investment in the water and sewer system, or was it to be used to maintain the water and sewer system?
- 2) Did and does the price for purchasing a lot in this development include any recovery for the water and sewer infrastructure?

3) Were availability fees ever considered part of revenue for Four Seasons Lakesites Water and Sewer Company for purposes of setting rates?

4) Please disclose the terms of the confidential settlement that resolved the dispute over the availability fees related to the 1998 sale of Four Seasons Lakesites Water and Sewer Company to Roy and Cindy Slates and the related assignment of rights to collect availability fees from the Shawnee Bend subdivisions, as is described in the answer to Staff's Data Request 44.1, but only to the extent those terms identify any availability fees that are subject to collection by Lake Utility Availability 1?

5) How many of the 1285 identified undeveloped lots in Lake Region's service territory have been purchased and how many are still owned by the developer?

6) How many owners of undeveloped lots are obligated to pay availability fees to Lake Utility Availability 1?

7) How many owners of undeveloped lots are billed by Lake Utility Availability 1 for availability fees, and how many owners of undeveloped lots actually pay availability fees to Lake Utility Availability 1? Please provide totals for the years 2004 through the present, including how many owners of undeveloped lots were billed for and paid availability fees to Lake Utility Availability 1 during the test year for this case.

8) How much of the \$5.1 million original contribution of plant has been recovered?

9) How much of the \$5.1 million original contribution of plant has been recovered from charging availability fees?

10) Please provide an accounting of all expenses associated with the billing, collection and accounting for the availability fees.

Staff may choose what it believes will be the most effective discovery device and it shall file status reports with the Commission regarding its findings. Staff may inquire into additional matters it believes are relevant at its discretion. Any objection to discovery requests will be filed within seven days of their receipt, and the Commission will set a deadline for filing requests for additional evidentiary hearings in relation to the new discovery.

Additionally, Staff will be directed to file a scenario using the same methodology used for accounting for availability fees used in the rate case for Ozark Shores Water Company. Thus, what would Lake Region's revenue requirement be if availability fees for the test year were included in revenue, but there was a corresponding addition to rate base as was testified to by Mr. Vernon Stump on page 561 of the Transcript?

THE COMMISSION ORDERS THAT:

1. The Commission's Staff shall comply with the directives in this order to pursue additional discovery immediately. Staff shall file biweekly status reports.
2. Any objections to any discovery device employed by the Commission's Staff shall be filed within seven days of receiving the discovery request.
3. No later than April 30, 2010, the Commission's Staff shall file the revenue requirement scenario described in the body of this order.
4. Any party wishing to have additional hearing time in relation to the new discovery shall file its request no later than May 21, 2010.
5. This order shall become effective immediately upon issuance.

(S E A L)

BY THE COMMISSION



Steven C. Reed
Secretary

Harold Stearley, Senior Regulatory Law Judge
by delegation of authority pursuant to
Section 386.240, RSMo 2000.

Dated at Jefferson City, Missouri,
on this 8th day of April, 2010.