

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

In the Matter of the Application of Peaceful Valley)
Service Company Request for Increase in Sewer) **File No. SR-2014-0153**
Operating Revenues.)

In the Matter of the Application of Peaceful Valley)
Service Company Request for Increase in Water) **File No. WR-2014-0154**
Operating Revenues.)

THE OFFICE OF THE PUBLIC COUNSEL'S POSITION STATEMENT

COMES NOW the Office of the Public Counsel (Public Counsel) and for its Position Statement states as follows:

1. On November 20, 2013, Peaceful Valley Service Company (Peaceful Valley) initiated the above stated small company rate increase proceedings with the Missouri Public Service Commission (Commission) requesting a \$93,840 (139%) increase in its annual sewer system operating revenues. Peaceful Valley requested no increase in its annual water system operating revenues.
2. On April 21, 2014, the Staff of the Missouri Public Service Commission (Staff) filed in each case a *Notice of Company/Staff Agreement Regarding Disposition of Small Company Rate Increase Request* (Company/Staff Agreements) indicating agreement between Staff and Peaceful Valley for an increase of \$5,125 (21%) in operating revenues for the sewer system and a decrease of \$646 (-1.71%) in operating revenues for the water system. Public Counsel did not join in the agreements.

3. Revised tariff sheets reflecting the proposed rates agreed to in the Company/Staff Agreements were filed by Peaceful Valley on April 24, 2014, bearing an effective date of June 15, 2014. Subsequently the tariffs were suspended by the Commission until August 22, 2014.
4. On June 25, 2014, a local public hearing was held to allow customers to comment on the proposed rate increase.
5. On July 9, 2014, the Staff of the Missouri Public Service Commission (Staff) filed in each case a *Notice of Updated Company/Staff Agreement Regarding Disposition of Small Company Rate Increase Request* (Updated Company/Staff Agreements) indicating updated agreement between Staff and Peaceful Valley for an increase of \$2,335 (9.57%) in operating revenues for the sewer system and a decrease of \$965 (-2.55%) in operating revenues for the water system.
6. On July 10, 2014, Staff filed in each case a *Corrected Notice of Updated Company/Staff Agreement Regarding Disposition of Small Company Rate Increase Request* (Corrected & Updated Company/Staff Agreements) which still contained the same updated agreement between Staff and Peaceful Valley for an increase of \$2,335 (9.57%) in operating revenues for the sewer system and a decrease of \$965 (-2.55%) in operating revenues for the water system.
7. It is expected that new revised tariff sheets reflecting the proposed rates agreed to in the Corrected & Updated Company/Staff Agreements will be filed in the near future, replacing those filed on April 24, 2014 and suspended until August 22, 2014.
8. 4 CSR 240-3.050 (19) requires Public Counsel to file, no later than ten (10) working days after the local public hearing, a pleading stating its position regarding the Company/Staff Agreements and the related tariff revisions, or requesting that the Commission hold an evidentiary hearing, and providing the reasons for its position or request.

9. Public Counsel continues to have concerns with the calculated cost of service for Peaceful Valley as presented in the Corrected & Updated Company/Staff Agreements. The Corrected & Updated Company/Staff Agreements unreasonably contain a depreciation reserve reallocation for a fully depreciated account which allows that account to now be falsely recorded as not fully depreciated. It is Public Counsel's position that it is not just and reasonable for customers to be expected to continue to pay depreciation on a fully depreciated plant account.

10. However, in this instance the effect on rates of this unreasonable depreciation reserve reallocation is de minimus. As a result, while Public Counsel does not agree with the Corrected & Updated Company/Staff Agreements, it will not oppose their approval by the Commission.

11. Therefore, in compliance with 4 CSR 240.3-050 (19), Public Counsel now states its position that while it does not agree with the Corrected & Updated Staff/Company Agreements, Public Counsel will not oppose their approval by the Commission.

WHEREFORE, Public Counsel respectfully submits its Position Statement.

Respectfully submitted,

OFFICE OF THE PUBLIC COUNSEL

/s/ Christina L. Baker

By: _____

Christina L. Baker (#58303)
Deputy Public Counsel
P O Box 2230
Jefferson City, MO 65102
(573) 751-5565
(573) 751-5562 FAX
christina.baker@ded.mo.gov

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, emailed or hand-delivered to the following this 10th day of July 2014:

General Counsel Office
Missouri Public Service Commission
200 Madison Street, Suite 800
P.O. Box 360
Jefferson City, MO 65102
staffcounsel@psc.mo.gov

Kevin Thompson
General Counsel Office
Missouri Public Service Commission
200 Madison Street, Suite 800
P.O. Box 360
Jefferson City, MO 65102
Kevin.Thompson@psc.mo.gov

Peaceful Valley Service Company
3408 B Peaceful Valley Road
Owensville, MO 65066
pvsc@fidmail.com

/s/ Christina L. Baker
