

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

In the Matter of the Application of Stockton)
Hills Water Company for an Increase in) Case No. WR-2010-0202
Annual Water System 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 January 7, 2010, Stockton Hills Water Company (Stockton Hills) initiated a small company rate increase proceeding with the Missouri Public Service Commission (Commission) requesting an increase in its water rates of \$20,198 (69.9%) per year.
2. On June 7, 2010, the Staff of the Missouri Public Service Commission (Staff) filed a *Notice of Company/Staff Agreement Regarding Disposition of Small Water Company Revenue Increase Request* (Company/Staff Agreement) indicating agreement between Staff and Stockton Hills for a water rate increase of \$6,873 annually (approximately 23.61%). 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 Stockton Hills on June 11, 2010.
4. On August 10, 2010, a local public hearing was held to allow customers to comment on the proposed water rate increase.
5. 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

Agreement and the related tariff revisions, or requesting that the Commission hold an evidentiary hearing, and providing the reasons for its position or request.

6. Public Counsel now states that it believes the Company/Staff Agreement includes depreciation expense as calculated by Staff which violates proper regulatory ratemaking theory and practice. However, this improper calculation has a minimal effect on the proposed rates agreed to in the Company/Staff Agreement and reflected in the revised tariff sheets.

7. Public Counsel does not wish to burden the customers with the additional rate case expense resulting from an evidentiary hearing, nor does Public Counsel wish to penalize Stockton Hills from implementing a necessary rate increase while the propriety of Staff's calculation is brought before the Commission.

8. Therefore, Public Counsel now states that while it does not agree with the Company/Staff Agreement, it will not oppose the Company/Staff Agreement nor it will not oppose the revised tariff sheets reflecting the proposed rates agreed to in the Company/Staff Agreement.

WHEREFORE, Public Counsel respectfully submits its Position Statement.

Respectfully submitted,

OFFICE OF THE PUBLIC COUNSEL

/s/ Christina L. Baker

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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 23rd day of August 2010:

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