

**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)	File No. WR-2013-0461
Rate Increase in Water and Sewer Service)	

THE OFFICE OF THE PUBLIC COUNSEL'S STATEMENT OF POSITION

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

1. Availability Fees

- a. Should availability fees collected from owners of undeveloped lots in Lake Region's service territory be classified as Lake Region revenue or applied against rate base?**

It is Public Counsel's position that availability fees should be applied against rate base as contributions in aid of construction.

2. Capital Structure

- a. Should the capital structure for Lake Region be based on its actual capital structure or a hypothetical capital structure?**

It is Public Counsel's position that the capital structure for Lake Region should be based on the Company's actual capital structure.

- b. If the capital structure for Lake Region should be based on its actual capital structure, what is Lake Region's actual capital structure?**

It is Public Counsel's position that Lake Region's actual capital structure is 53.00% debt and 47.00% equity.

- c. If the capital structure for Lake Region should be based on a hypothetical capital structure, what is a balanced and reasonable capital structure for Lake Region?**

As it is Public Counsel's position that the capital structure for Lake Region should be based on the Company's actual capital structure, Public Counsel did not file testimony addressing this question. Public Counsel reserves the right to express a final position on this question based on the testimony provided at the hearing.

3. Return on Equity

- a. What is the appropriate return on equity for Lake Region?**

It is Public Counsel's position that Lake Region's current Commission authorized return on equity of 8.50% be authorized again by the Commission in this case.

4. Depreciation Reserve/Depreciation Expense Relating to the Shawnee Bend Lagoon Retirement

- a. Should depreciation expense included in current rates and accumulated in depreciation reserve, relating to the retirement of land for the Shawnee Bend lagoon, be removed from depreciation reserve balances?

This issue has been settled by the Parties and is no longer an unresolved issue to be taken up at the evidentiary hearing.

5. Depreciation Reserve/Depreciation Expense for Omitted Plant in Prior Case

- a. **For plant additions and retirements that were unintentionally omitted in a prior case, what is the appropriate date on which depreciation expense calculation should commence?**

This issue has been settled by the Parties and is no longer an unresolved issue to be taken up at the evidentiary hearing.

- b. **For plant additions and retirements that were unintentionally omitted in a prior case, what is the appropriate depreciation reserve balance as of the end of the test year?**

This issue has been settled by the Parties and is no longer an unresolved issue to be taken up at the evidentiary hearing.

6. Consulting Fee

- a. **Should the consulting fee paid to Lake Region's General Manager, John Summers, be included in the calculation of rates for Lake Region?**

Public Counsel did not file testimony on this issue and reserves the right to base a final position on the testimony provided at the hearing.

7. Legal Fees

- a. **Should the legal fees incurred during the test year for *Shawnee Bend Development Company, LLC v. Lake Region Water & Sewer* be included in the calculation of rates for Lake Region?**

It is Public Counsel's position that the legal fees are a non-recurring expense and should not be included in the calculation of rates for Lake Region.

b. If so, what is the appropriate mechanism for recovery of these costs?

As it is Public Counsel's position that the legal fees should not be recovered in rates, Public Counsel did not file testimony addressing this question. Public Counsel reserves the right to express a final position on this question based on the testimony provided at the hearing.

8. Sludge Hauling

a. What is the appropriate amount of sludge hauling expense to include in the calculation of rates for Lake Region?

This issue has been settled by the Parties and is no longer an unresolved issue to be taken up at the evidentiary hearing.

9. Rental Equipment

a. What is the appropriate level of rental expense to include for the equipment Lake Region currently rents from Camden County Public Water Supply District 4?

Public Counsel supports Staff's position on this issue.

WHEREFORE, Public Counsel respectfully submits its statement of position on the issues in this case.

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 10th day of February 2014:

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