

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

In the Matter of a Rate Increase for)
Lakeland Heights Water Company, Inc.) **File No. WR-2012-0266**

**THE OFFICE OF THE PUBLIC COUNSEL'S REQUEST
FOR LOCAL PUBLIC HEARING**

COMES NOW the Office of the Public Counsel (Public Counsel) and for its Request for Local Public Hearing states as follows:

1. On January 31, 2012, Lakeland Heights Water Company, Inc. (Lakeland or Company) initiated a small company rate increase proceeding with the Missouri Public Service Commission (Commission) requesting an increase of \$3,960 (approximately 25%) in its total annual water service operating revenues.
2. On August 28, 2012, the Staff of the Missouri Public Service Commission (Staff) filed a Notice of Company/Staff Agreement Regarding Disposition of Small Company Rate Increase Request (Company/Staff Agreement) indicating an agreement between Staff and Lakeland for an annualized water operating revenue increase of \$6,582 (approximately 29%) annually. The Company/Staff Agreement included a recommended return on equity of 12.22%.
3. Revised tariff sheets reflecting the proposed rates agreed to in the Company/Staff Agreement were filed by Lakeland on September 4, 2012, bearing an effective date of October 22, 2012.

4. Public Counsel did not join in the agreement because it believes the Company/Staff Agreement overstates the revenue requirement of Lakeland and recommends an unreasonable return on equity for this Company.

5. As the Company/Staff Agreement was executed by only Lakeland and Staff, 4 CSR 240.3-050(15) requires Public Counsel to file a pleading stating its position regarding the Company/Staff Agreement and the related tariff revisions, or requesting a local public hearing or an evidentiary hearing no later than five (5) working days after the end of the comment period for the written customer notice contemplated in 4 CSR 240-3.050(14).

6. Affording customers the opportunity to speak to the Commission at a hearing is a critical part of the ratemaking process. The amount of increase proposed in the Company/Staff Agreement is quite significant for the customer and higher than what the Company originally requested. The recommended return on equity is very high given the current economic times and greatly affects the customer's view of the proposed increase as well as the perception of the affordability of the proposed rates. Customers should have the opportunity to voice their comments and concerns regarding this proposed increase to the Commission at a local public hearing.

7. Therefore, pursuant to 4 CSR 240-3.050(15), Public Counsel requests a local public hearing.

8. Public Counsel does not object to the Commission scheduling the hearing promptly, as long as customers are given sufficient notice.

9. Section 393.150 RSMo provides that the Commission may suspend tariff sheets for a maximum period of 120 days plus six months. Scheduling and providing notice of a local public hearing in this case would require additional time beyond the October 22nd effective date of the

proposed tariff revisions. Therefore, Public Counsel requests that the Commission suspend the proposed revised tariff sheets for a sufficient period to allow adequate time for a local public hearing and subsequent case disposition as appropriate.

WHEREFORE, Public Counsel respectfully requests that the Commission schedule a local public hearing.

Respectfully submitted,

OFFICE OF THE PUBLIC COUNSEL

/s/ Christina L. Baker

By: _____

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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 4th day of October 2012:

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