

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

In the Matter of the application of Branson Cedars)
Resort Utility Company LLC for Certificates of) File No. WA-20015-0049
Convenience and Necessity Related to Water and)
Sewer Systems.)

**OFFICE OF THE PUBLIC COUNSEL'S RESPONSE
TO STAFF'S RECOMMENDATION**

COMES NOW the Office of the Public Counsel (Public Counsel) and for its Response to Staff's Recommendation states as follows:

1. On August 15, 2014, The Tranquility Group, LLC d/b/a Branson Cedars Resort (Tranquility) filed applications with the Missouri Public Service Commission (Commission) requesting that the Commission grant Tranquility a Certificate of Convenience and Necessity (CCN) to own, operate, control, manage and maintain water and sewer systems in Taney County, Missouri. Tranquility requested the CCN to allow it to provide water and sewer service in that area.
2. On August 18, 2014, the Commission issued an Order holding the applications in abeyance and requiring The Tranquility Group, LLC d/b/a Branson Cedars Resort to file entries of appearance by an attorney qualified to practice before the Commission no later than September 18, 2014.
3. On August 21, 2014, legal counsel for Tranquility refilled the Applications with the Commission per the Commission's Order.
4. On October 29, 2014, Tranquility filed its First-Amended Application substituting Branson Cedars Resort Utility Company LLC (BCRU) as the entity requesting a Certificate of

Convenience and Necessity (CCN) to own, operate, control, manage and maintain water and sewer systems in Taney County, Missouri.

5. On November 6, 2015, the applications, originally denoted under File No. WA-2015-0049 and. File No. SA-2015-0107, were consolidated under File No. WA-20015-0049 for future consideration by the Commission.

6. On March 31, 2015, the Staff of the Public Service Commission (Staff) filed its Recommendation which requested the Commission issue an Order granting BCRU's CCN request subject to the conditions contained in Appendix A - Official Case File Memorandum, attached to Staff's Recommendation.

7. On April 1, 2015, the Commission issued its Order Directing Filing requiring each party other than Staff to file a response to the Staff Recommendation no later than April 13, 2015.

8. Public Counsel now states that it objects to Staff's Recommendation. Public Counsel has reviewed what information and workpapers that have been provided by Staff in this case. However, due to the unavailability of pertinent Staff members, Public Counsel has not been able to procure all the necessary information needed to perform a thorough review. Also, Public Counsel has not been able to discuss the information with those who could answer Public Counsel's questions.

9. Public Counsel's limited review of Staff's Recommendation has revealed several issue of concern. For example, page 6 of Appendix A - Official Case File Memorandum, states the following:

Tranquility or BCRU currently charges flat rates of \$60 per month for combined water and sewer service, and \$50 per month for water service for those commercial customers that do not have sewer service. In its application, the Company requests \$85 for water and sewer service combined.

Based on its audit of expenses and estimate of rate base levels, Staff recommends the Commission approve monthly residential flat rates of \$53.91 for water service and \$48.82 for sewer service, which results in monthly bills of \$102.73 combined.

Additionally, page 10 states that Staff recommends that the Commission issue an order that:

b. Approves residential flat rates of \$53.91 for water service and \$48.82 for sewer service, with factored flat rates for various commercial customers as shown on Attachment F;¹

However, Staff makes no recommendation that customers be notified of this proposed rate increase or that customers be allowed to provide comment to the Commission before being subjected to an almost doubling of their rates. As a result, Public Counsel finds Staff's Recommendation to be unreasonable and premature.

10. Public Counsel is also concerned that much of the usage by customers has been estimated. As a result, rates are not being set based on usage or cost of service, but on pure estimations made by Staff. Public Counsel notes that on page 10, Staff recommends that the Commission issue an order that requires BCRU to install a master meter on each of its two wells, and water meters for four of the commercial customers. Public Counsel agrees that it is imperative that meters be installed so that all commercial usage will be known and rates can be set based on usage not on estimation.

11. Public Counsel has concerns that Staff's flat rate factor rate design as shown on Attachment H result in higher rates for residential customers than is reasonable. Public Counsel questions assigning the same flat rate factor of 1.0 to both a residential home and a commercial laundry facility. Public Counsel also questions assigning only a factor of 1.5 to landscaping for a resort. As a result of this, Public Counsel is concerned that residential customers are being asked to bear an unreasonable share of the costs compared to their share of the usage. Public Counsel believes a more reasonable flat rate factor rate design should be employed. Additionally, Public

¹ This information is actually shown on Attachment H.

Counsel believes Staff's Recommendation should contain a requirement for a rate case in the near future and a refund/credit provision pending the outcome of that future rate case.

12. As a result, Public Counsel opposes Staff's Recommendation. Public Counsel asks the Commission to require a customer notice of the proposed rates at this time. Public Counsel also asks the Commission to issue an order setting a procedural conference with the intent of scheduling an evidentiary hearing after customer comments have been provided and after Public Counsel has had sufficient time to develop its issues fully. Public Counsel intends to continue to work with Staff and to seek a joint resolution to the issues in this case.

WHEREFORE, Public Counsel respectfully submits its Response to Staff's Recommendation.

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 13th day of April 2015:

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