

Sharpe, Sarah

From: Sharpe, Sarah
Sent: Tuesday, July 23, 2013 12:12 PM
To: 'John R Summers'
Subject: RE: Lake Region Water & Sewer Company - 2012 MO PSC annual report - Deficiency

Mr. Summers,

In regards to Lake Region's previous 2012 Annual Report deficiency notice sent to you on 7/9/13, I appreciate your patience while an additional investigation regarding the deficiency items was performed. Please see the below comments regarding each outstanding item:

Item 1) The filing submission option box on the front cover of the report was not checked. This information allows the Commission Staff to properly designate your submission either public or non-public.

Since your preference was not indicated, the Commission has entered your report as **PUBLIC**, if this designation is incorrect **please notify the Commission immediately** so that we can change the status.

If you are in agreement with the Public status of your annual reports, no further response is required for this item.

Item 2) On page 2, row 3, column (a), the class and series of stock was omitted.

In light of the current extenuating circumstances including the filing of your application for a rate case, and for purposes of this annual report filing only, Staff *will not* require a response to this deficiency.

Item 3) On page W-6, column (g), the depreciation rates being used for plant assets do not agree to the rates on file for Lake Region Water & Sewer Company.

Item 4) On page S-5, column (g), the depreciation rates being used for plant assets do not agree to the rates on file for Lake Region Water & Sewer Company.

Again, in light of the current extenuating circumstances including the filing of your application for a rate case, and for purposes of this annual report filing only, Staff *will not* require a response to this deficiency.

However, given there seems to be some discrepancy in the rates you show and what Staff has on file, this is an issue that will need to be addressed during your rate proceeding. Generally, during a rate proceeding, Staff from the Engineering Management Services Unit reviews your depreciation rates and will make a recommendation as to your asset's applicable depreciation rates.

While your report has been initially accepted by the Commission, further reviews are possible based upon the types of information provided. Should a subsequent review reveal deficiencies not previously identified, you will be notified of the deficiencies and any actions you are required to take.

The above response is for informational purposes only and **DOES NOT REQUIRE A COMPANY RESPONSE**, however, if you have any questions, please feel free to contact me.

When contacting the Commission concerning your report, please reference the following identification number: **BMAR-2014-0008 and BMAR-2014-0009**.

Thank you for your help!

Sarah Sharpe

Utility Regulatory Auditor II
Missouri Public Service Commission

111 North 7th Street, Saint Louis, MO 63101, Suite 105
(314) 340-4700, Ext. 21
sarah.sharpe@psc.mo.gov

From: John R Summers [mailto:jrsommers@lakeozarks.com]
Sent: Tuesday, July 16, 2013 1:09 PM
To: Sharpe, Sarah
Subject: RE: Lake Region Water & Sewer Company - 2012 MO PSC annual report - Deficiency

Sarah,

Thank you. If it helps, here are the depreciation rates Karen Herrington gave us at the start of the cases you referenced in your email. These rates do not show the 20% computer rate either.

We were ordered to file another case for both water and sewer this year which we'll probably do today or tomorrow. This should give us a good venue to correct any rates for which there is confusion.

Thanks again for your help.

John R. Summers
General Manager
Camden County PWSD4
Ozark Shores Water Company
Lake Region Water & Sewer Company
573-365-6792 Phone
573-365-6793 Fax

From: Sharpe, Sarah [mailto:Sarah.Sharpe@psc.mo.gov]
Sent: Tuesday, July 16, 2013 11:57 AM
To: 'John R Summers'
Subject: RE: Lake Region Water & Sewer Company - 2012 MO PSC annual report - Deficiency

Mr. Summers,

I just wanted to let you know that I'm working on confirming your depreciation rates. Due to the fact that your last rate case went to hearing, there has been a little ambiguity as to which set of rates are your commission-approved rates. As soon as I can get a consensus about which rates are appropriate for you to use, I will be able to answer your question. I'll let you know as soon as I do.

Thanks!

Sarah Sharpe

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Missouri Public Service Commission
111 North 7th Street, Saint Louis, MO 63101, Suite 105
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sarah.sharpe@psc.mo.gov

From: John R Summers [mailto:jrsommers@lakeozarks.com]
Sent: Friday, July 12, 2013 11:45 AM

To: Sharpe, Sarah
Subject: RE: Lake Region Water & Sewer Company - 2012 MO PSC annual report - Deficiency

Sarah,

Thank you for reviewing the report so quickly. I have corrected items 1 & 2 and am prepared to file the revised report once we clear up the depreciation issue.

I have reviewed both your email and the Staff schedules from our last rate cases (WR-2010-0111 and SR-2010-0110). I need some help identifying which rates you believe are incorrect. I have had two additional people compare the rates we used in the annual report to the rates on the attached schedules and believe they are accurate.

I do note that your email shows a depreciation rate for computer equipment of 20% and certainly agree a 5 year life for computers is more accurate than a 20 year life. However, I do not believe we have been authorized to utilize the 20% rate and it was not used in the cases noted above as evidenced by the schedules attached.

If you agree that our depreciation rates as filed match those used in the last cases I will file the revised report Monday.

Have a good weekend!
John R. Summers
General Manager
Camden County PWSD4
Ozark Shores Water Company
Lake Region Water & Sewer Company
573-365-6792 Phone
573-365-6793 Fax

From: Sharpe, Sarah [<mailto:Sarah.Sharpe@psc.mo.gov>]
Sent: Tuesday, July 09, 2013 10:20 AM
To: jrsommers@lakeozarks.com
Subject: Lake Region Water & Sewer Company - 2012 MO PSC annual report - Deficiency

Thank you for submitting your 2012 Annual Report to the Missouri Public Service Commission. As a result of my review, I have identified the following item(s) that need to be corrected:

1. The filing submission option box on the front cover of the report was not checked. This information allows the Commission Staff to properly designate your submission either public or non-public.

If you wish to elect the Highly Confidential status, there are additional materials that are required to be filed pursuant to Commission rule 4 CSR 204-3.540, Section 392.210, RsMo., and/or Section 393.140, RsMo. The guidelines for submitting a confidential annual report are outlined in the general instructions of your annual report form; please refer to these instructions for an explanation of how to submit your annual report as Highly Confidential.

2. On page 2, row 3, column (a), the class and series of stock was omitted. Please provide the class and series of stock applicable to the company in this area.
3. On page W-6, column (g), the depreciation rates being used for plant assets do not agree to the rates on file from the last rate case for Lake Region Water & Sewer Company. If you are in disagreement with the rates we show on file for your Company, please let us know. The rates below are for your Company from case No. WR-2010-0111:

<u>Acct. No.</u>	<u>Description of Account</u>	<u>Rate</u>
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314	Wells & Springs		2.0%
316	Supply Mains		2.0%
325	Electric Pumping Equipment		10.0%
328	Other Pumping Equipment		5.0%
332	Water Treatment Equipment		2.9%
342	Distribution Reservoirs & Standpipes		2.5%
343	Transmission & Distribution Mains		2.0%
346.1	Meters - Bronze Chamber	(35 yr, +5% salv)	2.7%
346.2	Meters - Plastic Chamber	(10 yr, 0 salv)	10.0%
346.3	Meter Installations	(Services Rate)	2.9%
348	Hydrants		2.5%
391	Office Furniture & Equipment		5.0%
391.1	Office Computer Equipment		20.0%
392	Transportation Equipment	(7 yr, +9% salv)	13.0%
394	Tools, Shop, Garage Equipment		5.0%
395	Laboratory Equipment		5.0%
396	Power Operated Equipment		6.7%
397	Communication Equipment		6.7%

4. On page S-5, column (g), the depreciation rates being used for plant assets do not agree to the rates on file from the last rate case for Lake Region Water & Sewer Company. If you are in disagreement with the rates we show on file for your Company, please let us know. The rates below are for your Company from case No. SR-2010-0110:

<u>Acct. No.</u>	<u>Description of Account</u>	<u>Annual Rate</u>
311	Structures & Improvements	3.0%
352.1	Collection Sewers (Force)	2.0%
352.2	Collection Sewers (Gravity)	2.0%
353	Other Collection Plant	4.0%
354	Services to Customers	2.0%
355	Flow Measurement Devices	3.3%
362	Receiving Wells & Pump Pits	5.0%
363	Pumping Equipment	10.0%
372	Oxidation Lagoons	4.0%
373	Treatment & Disposal Facilities	4.5%
374	Plant Sewers	4.5%

375	Outfall Sewers	2.0%
376	Other Treatment & Disposal Plant	5.0%
391	Office Furniture & Equipment	5.0%
392	Transportation Equipment (7 yr ,+ 9% salv)	13.0%
393	Other General Equipment	10.0%
394	Tools, Shop, Garage Equipment	5.0%
395	Laboratory Equipment	5.0%
396	Power Operated Equipment	6.7%
397	Communication Equipment	6.7%
398	Miscellaneous Equipment	5.0%

A response for this/these item(s) is required in order to show your report as complete and remove it from deficiency status.

You **must resubmit** the annual report, in its entirety, with the appropriate changes and the reference number below for it to be properly entered into the system. An updated verification attesting to the new/updated information is also required.

Your prompt attention to resolving this matter is appreciated. The Commission's rule 4 CSR 240-3.540 (3) and (9) states that a utility company which receives a notice of deficiency for the information provided in the annual report shall respond to that notice within **20 days**, or the utility company is subject to a **penalty of \$100** for each day that it is late in filing its response to the deficiency.

The completed document/revision should be submitted electronically under EFIS (accessible from the Commission's Web page <http://www.psc.mo.gov/>) or mailed to:

Data Center
Missouri Public Service Commission
200 Madison Street, Suite 100, Jefferson City, MO 65101
(P.O. Box 360, Jefferson City, MO 65102-0360)

When contacting the Commission concerning your report, please reference the following identification number: **BMAR-2014-0008 and BMAR-2014-0009**.

Should you have any questions or need assistance in this process, please contact me.

A COMPANY RESPONSE TO THE ABOVE DEFICIENCIES IS REQUIRED.

Sincerely,

Sarah Sharpe

Utility Regulatory Auditor I
Missouri Public Service Commission
111 North 7th Street, Saint Louis, MO 63101, Suite 105
(314) 340-4700, Ext. 21
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