

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

In the Matter of Lake Region Water &	)	<b>File No. SR-2010-0110</b>
Sewer Company's Application to	)	Tariff No. YS-2010-0250
Implement a General Rate Increase in	)	
Water & Sewer Service.	)	<b>File No. WR-2010-0111</b>
	)	Tariff No. YW-2010-0251

**NOTICE OF AFFIDAVIT**

COMES NOW the Staff of the Missouri Public Service Commission (Staff) by and through counsel and pursuant to Sections 536.070(10) hereby gives notice of two affidavits which will be offered into evidence on June 24, 2010 at the scheduled evidentiary hearing.

Attached to this notice is a copy of the affidavits from Peter N. Brown.

Respectfully submitted,

**/s/ Jaime N. Ott**\_\_\_\_\_

Jaime N. Ott  
Assistant General Counsel  
Missouri Bar No. 60949

Attorney for the Staff of the  
Missouri Public Service Commission  
P. O. Box 360  
Jefferson City, MO 65102  
(573) 751-8700 (Telephone)  
(573) 751-9285 (Fax)  
[jaime.ott@psc.mo.gov](mailto:jaime.ott@psc.mo.gov)

**Certificate of Service**

I hereby certify that copies of the foregoing have been mailed by U.S. First Class Mail in accordance to Section 536.070(12), RSMo (2000), to all counsel of record this 15<sup>th</sup> day of June 2010.

**/s/ Jaime N. Ott**\_\_\_\_\_

In the Matter of Lake Region Water & Sewer ) File No. SR-2010-0110  
Company's Application to Implement a General ) Tariff No. YS-2010-0250  
Rate Increase in Water & Sewer Service )

In the Matter of Lake Region Water & Sewer ) File No. WR-2010-0111  
Company's Application to Implement a General ) Tariff No. YW-2010-0251  
Rate Increase in Water & Sewer Service )

STATE OF MISSOURI )  
 ) SS  
COUNTY OF Camden )

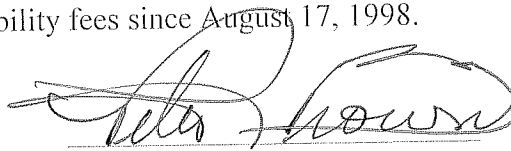
Comes Now Peter N. Brown after being duly sworn, being of lawful age and from his personal knowledge, information and belief, upon his oath states as follows:

1. I am Co-Chairman of the Board of Four Seasons Group, Inc. and President of Four Seasons Lakesites, Inc.
2. Prior to August 17, 1998, I was President of Four Seasons Water & Sewer Co. On that date all of the issued and outstanding stock of that Company was sold to Roy and Cindy Slates, who changed the name of the Company to Lake Region Water & Sewer Company. I have not been an officer or director since that date.
3. The purpose of the availability fees was to recover the investment in the water and sewer systems, not to subsidize the operations of the systems.
4. My understanding is that the rates charged to the customers of Four Seasons Water & Sewer Co. were approved by the Missouri Public Service Commission in the original certification case without taking into account the availability fees. The records relating to the original certification and rate setting should be in the custody of the Commission.
5. All of the lots developed by Four Seasons Lakesites, Inc on Shawnee Bend have been sold. All or virtually all, of the sales contracts require the purchasers to pay water and sewer availability fees. Four Seasons Lakesites, Inc, the Developer, owns no lots in Shawnee Bend Subdivisions except for a few anomalies such as deed backs, foreclosures, lots held for a specific purpose, etc. Four Seasons Lakesites, Inc., no longer sells lots on Shawnee Bend and its operations have ceased except for a few minor unrelated activities. It no longer has the sales staff, construction staff or accounting staff.

6. Four Seasons Lakesites, Inc. became involved in litigation with various parties over ownership of the availability fees, and that litigation was settled on April 15, 2005. In a confidential settlement agreement, Sally J. Stump and RPS Properties, L.P. received the right to collect the availability fees.

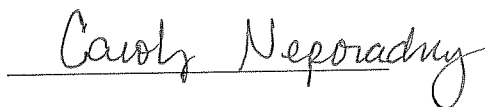
7. The subpoena duces tecum in this case as to which I have filed objections and a motion to quash are unreasonable and burdensome. I was served as an Individual at my home and not as the custodian of records. None of the records requested are in my personal possession. Additionally, the subpoena is unclear as to which records are requested. There are over one thousand customers who purchased lots on Shawnee Bend. There are many transfer cases of documents that relate to the development and sale of the lots at Shawnee Bend. Many if not all of these are in storage. Four Seasons Lakesites, Inc. has no staff to accumulate and copy these documents. It would require that the Company hire former employees or others to locate and produce the files and copy them. The volume of such files makes reproduction difficult, if not impossible to do. It would be very burdensome and costly to require the Company to do this or require me to do this without the advancement of expenses by the party seeking discovery. Four Seasons Group, Inc. is undergoing its annual audit and has no staff available to produce and copy records requested herein.

8. Neither Four Seasons Group, Inc, nor Four Seasons Lakesites, Inc. have been involved with the billing and collection of availability fees since August 17, 1998.

  
Peter N. Brown

Subscribed and sworn to before me this the 29<sup>th</sup> day of April, 2010.

My Commission expires:



Notary

(Seal)



CAROLYN NEPORADNY  
My Commission Expires  
August 30, 2013  
Camden County  
Commission #09452654

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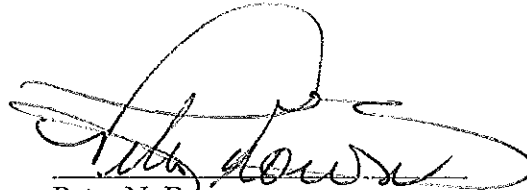
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STATE OF MISSOURI )  
                                  ) SS  
COUNTY OF CAMDEN )

**AFFIDAVIT OF PETER N. BROWN**

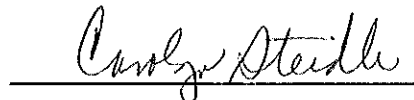
Comes Now Peter N. Brown after being duly sworn, being of lawful age and from his personal knowledge, information and belief, upon his oath states as follows:

1. I am Co-Chairman of the Board of Four Seasons Group, Inc. and President of Four Seasons Lakesites, Inc.
2. The documents listed on Exhibit A hereto are corporate records of Four Seasons Lakesites, Inc., and are kept in the regular course of business of Four Seasons Lakesites, Inc.
3. The response to the Supplemental Requests is true to the best of my current information and belief.

  
Peter N. Brown

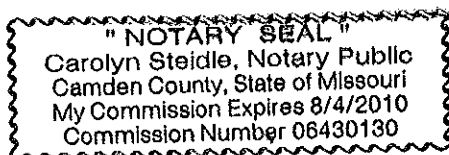
Subscribed and sworn to before me this the 3 day of June, 2010.

My Commission expires:



Notary

(Seal)



## EXHIBIT A

1. Audited financial statements of Four Seasons Lakesites, Inc. for the years 1994-2003.
2. 3<sup>rd</sup> Amended & Restated Declaration of Restrictive Covenants.
3. Four Seasons Lakesites, Inc. land sale contract package.
4. Brochure depicting Four Seasons Lakesites, Inc. development on Shawnee Bend (Porto Cima).

### Supplemental Requests

1. Do the Financial Statements provided by Four Season's Lakesites reflect that the price received for sales of undeveloped lots exceeded the expenses associated with the development of Porta Cima located at Lake Ozark on Shawnee Bend?

*Yes*

2. Were the undeveloped lots Porta Cima priced to sell for the book value of all assets and development costs plus a premium amount?

*No*

3. Was the original investment in the land developed to be the now named Porta Cima located on Shawnee Bend by Four Season's Lakesites an estimated \$300.00 per acre? If not, what is the estimated cost per acre of the original investment for this development?

*The book value of the property was approximately \$300-350 per acre, and represented the historical cost of the land when it was acquired in about 1968. The fair market value of the land was considerably higher at the time of development.*

4. Do the Financial Statements provided by Four Season's Lakesite, Inc. reflect an assigned amount to availability fees or otherwise reflect inclusion of availability fees at all?

*No. Four Seasons Water & Sewer Company was a wholly owned subsidiary of Four Seasons Group, Inc. until it was sold to an unrelated third party on August 17, 1998. No Four Seasons entity received any availability fees from that date until the settlement with Lake Region Water & Sewer Co. on April 26, 2005. It is believed that any availability fees paid prior to August 17, 1998 would have been recorded on the books of Four Seasons Water & Sewer Co., which should be in the possession of the Public Service Commission. Due to the passage of time, changes in personnel and computer systems, it is unclear as to the exact amount of availability fees actually received prior to August 17, 1998 and recorded on the books of the water and sewer company (which were filed with the PSC).*

5. Do the Financial Statements provided for the year 1994 – 2003 net income for all years equal \$9,315,282.00? If so, does this amount properly reflect expenses for initial infrastructure for the development of Porta Cima located on Shawnee Bend, Lake Ozark?

*The audited financial statements speak for themselves as to the amount of income earned by Four Seasons Lakesites, Inc. (FSL). FSL would have expensed all of the costs of development, including, but not limited to, the cost of sales and marketing, roads, water, sewer and other utilities*

*installation. The plan was to recover the cost of providing water and sewer utilities from the lot purchasers by standby or availability fees. All (or virtually all) lot purchasers are obligated by written contract to pay standby or availability fees to the developer or its assigns. When those fees are received, they become income to the receiving entity. As a matter of private contract, these fees are not subject to regulation by the PSC or modification of any kind by any governmental entity as both the United States and Missouri Constitutions contain provisions that prohibit passing laws that impair the obligation of contract.*