

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

In the Matter of Lake Region Water and Sewer)	
Company's Application to Implement a General)	Case No. SR-2013-0459
Increase in Water and Sewer Service)	

In the Matter of Lake Region Water and Sewer)	
Company's Application to Implement a General)	Case No. WR-2013-0461
Increase in Water and Sewer Service)	

RECONCILIATION

COMES NOW the Staff of the Missouri Public Service Commission, by and through counsel, and states as follows:

Attached as Appendix A is a reconciliation of the direct cases – after corrections following the filing of surrebuttal, after a joint stipulation of undisputed facts, after a joint stipulation of additional material undisputed facts, after a partial settlement, and after correction of an error in CIAC amortization¹ – of (1) Staff, (2) Office of Public Counsel (“Public Counsel”), and (3) Lake Region Water & Sewer Company (“Lake Region”).

WHEREFORE, Staff respectfully submits the attached reconciliation of the direct cases.

¹ On February 13, 2014, the parties discovered an error in the Accounting Schedules (Appendices A, B, & C) attached to the *Unanimous Partial Stipulation and Agreement* filed on February 11, 2014. The error was in the calculation of CIAC amortization expense, the correction of which causes a decrease in revenue requirements under all scenarios. Staff has corrected this error for the purposes of presenting this reconciliation and has agreed with the parties to correct the error on its accounting schedules during the True-up of this case.

Respectfully submitted,

/s/ Tim Opitz

Tim Opitz
Legal Counsel
Missouri Bar No. 65082

Amy E. Moore
Deputy Counsel
Missouri Bar No. 61759

Attorneys for the Staff of the
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102
(573) 751-4140 (Telephone)
(573) 751-9285 (Fax)
amy.moore@psc.mo.gov

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed with first-class postage, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 14th day of February, 2014.

/s/ Tim Opitz

Lake Region Water and Sewer Company
Case No. WR-2013-0461
Case Reconciliation

Company Revenue Requirement Option 1

No availability fees included, Company recommended hypothetical capital structure, Company recommended rate on equity and inclusion of legal fees.

	Horseshoe Bend <u>Sewer</u>	Shawnee Bend <u>Sewer</u>	Shawnee Bend <u>Water</u>
Revenue Requirement as of February 13, 2014 Per Staff Accounting Schedules	\$36,989	\$(172,162)	\$(75,466)
1. Availability Fees ¹		\$139,704	\$93,136
2. Company Hypothetical Capital Structure ²	\$30,102	\$2,334	\$22,663
3. Company ROE (13.89%) ³			
4. Legal Fees ⁴			
Company Revenue Requirement with Company hypothetical capital structure	\$67,091	\$(34,124)	\$40,333

Company Revenue Requirement Option 2

No availability fees included, Company recommended actual capital structure, Company recommended rate on equity and inclusion of legal fees.

	Horseshoe Bend <u>Sewer</u>	Shawnee Bend <u>Sewer</u>	Shawnee Bend <u>Water</u>
Revenue Requirement as of February 13, 2014 Per Staff Accounting Schedules	\$36,989	\$(176,162)	\$(75,466)
1. Availability Fees ¹		\$139,704	\$93,136
2. Company Actual Capital Structure ⁵	\$38,596	\$2,928	\$29,382
3. Company ROE (13.89%) ³			
4. Legal Fees ⁴			
Company Revenue Requirement with Company actual capital structure	\$75,585	\$(33,530)	\$47,052

¹ Lake Region is recommending that availability fees not be included in the Company's revenues. This would increase the revenue requirement, due to lower amounts of revenue collected.

² Per Lake Region's Statement of Position (60% debt and 40% equity)

³ Per Lake Region's Statement of Position, Company is recommending Staff's recommended ROE.

⁴ Staff and Lake Region both recommend recovery of legal fees.

⁵ Per Lake Region's Corrected Statement of Position (56.2% debt and 43.8% equity)

Lake Region Water and Sewer Company
Case No. WR-2013-0461
Case Reconciliation

Public Counsel Revenue Requirement

Availability fees included as contribution in aid of construction, Public Counsel recommended actual capital structure, Public Counsel recommended return on equity and no inclusion of legal fees.

	<u>Horseshoe Bend Sewer</u>	<u>Shawnee Bend Sewer</u>	<u>Shawnee Bend Water</u>
Revenue Requirement as of February 13, 2014 Per Staff Accounting Schedules	\$36,989	\$(176,172)	\$(75,466)
1. Availability Fees ⁶		\$107,657	\$58,103
2. Public Counsel Actual Capital Structure ⁷	\$46,408	\$0 ⁸	\$21,127
3. Public Counsel ROE (8.5%)	\$(51,084)	\$0 ⁸	\$(24,452)
4. Legal Fees		\$(1,549)	\$(1,524)
Public Counsel Revenue Requirement	\$32,313	\$(70,054)	\$(22,212)

Staff Revenue Requirement Option

Availability fees included in revenue, Company recommend hypothetical capital structure, Staff alternative recommended return on equity and inclusion of legal fees.

	<u>Horseshoe Bend Sewer</u>	<u>Shawnee Bend Sewer</u>	<u>Shawnee Bend Water</u>
Revenue Requirement as of February 13, 2014 Per Staff Accounting Schedules	\$36,989	\$(176,162)	\$(75,466)
1. Availability Fees ¹			
2. Company Hypothetical Capital Structure ²	\$30,102	\$2,334	\$22,663
3. Staff Alternative ROE (11.93%) ⁹	\$(16,127)	\$(1,234)	\$(11,880)
4. Legal Fees ⁴			
Staff Revenue Requirement with Company hypothetical capital structure and alternative ROE	\$50,964	\$(175,062)	\$(64,683)

⁶ Public Counsel is recommending availability fees be applied against rate base as contributions in aid of construction. This would lower rate base.

⁷ Per Public Counsel's statement of position (53% debt and 47% equity)

⁸ Public Counsel's recommendation concerning availability fees results in a rate base that equals \$0, thus the change in capital structure and return on equity does not impact rates when applied to OPC's recommendation.

⁹ Staff and Lake Region both recommend a return on equity of 13.89%; however, Staff's recommendation is a lower return on equity of 11.93% if the Commission accepts Lake Region's proposed capital structure.