

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

| | | |
|--|---|-------------------------|
| 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 |) | |

RECONCILIATION

COME NOW the Staff of the Missouri Public Service Commission (Staff) and states:

1. Attached as Appendix A is a reconciliation of the true-up cases – after the filing of true-up rebuttal – of (1) Staff, (2) Office of Public Counsel, and (3) Lake Region Water & Sewer Company.

WHEREFORE the Staff submits the attached reconciliation of the true-up cases.

Respectfully submitted,

/s/ Jaime N. Ott
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Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 23rd day of April 2010.

/s/ Jaime N. Ott

Lake Region Water & Sewer Company
Case Nos. WR-2010-0110 & SR-2010-0111

TRUE-UP Reconciliation

| | <u>Shawnee Bend Water</u> | <u>Shawnee Bend Sewer</u> | <u>Horseshoe Bend Sewer</u> |
|---|--|--|--|
| Revenue Requirement at Time of True-Up Direct Filed April 16, 2010 | \$19,372 | \$101,204 | \$32,394 |
| Revenue Requirement at Time of True-Up Hearings corrected-- April 21, 2010: | \$23,078 | \$105,533 | \$41,120 |

TRUE-UP ISSUES:

1a. Availability Charges (Fees)¹

| | | | |
|----------------|-----------|-----------|--------------|
| Company | --\$0-- | --\$0-- | --\$0-- |
| Staff | (129,600) | (194,400) | --0-- |
| Public Counsel | (154,200) | (231,300) | --0-- (A) |

(A) No Availability Charges
for Horseshoe Bend Sewer

The above amounts of Availability Charges for Staff and Public Counsel would result in a reduction to the above true-up revenue requirement amounts depending on which position the Commission adopts for this issue. Staff amounts reflect a reduction for uncollectibles of 10% cited by Lake Region at the evidentiary hearings March 31, 2010. Public Counsel's position is advocating that no reduction be made for uncollectibles.

If the Commission adopts the Company's position no reduction to the above revenue requirements is necessary.

¹ Lake Region does not agree that availability charges constitute a relevant issue in this proceeding for any purpose and objects to any reconciliation including estimates of those charges as part of the case. Lake Region further objects to the alternative set out in the surrebuttal testimony of Mr. Featherstone as it depends upon analysis of availability fees.

Staff is not advocating that the inclusion of the Availability Charges result in a rate reduction, but eliminating any resulting rate increase for the Shawnee Bend Water and Sewer operating systems as follows:

| | | | |
|---|------------------|------------------|--------------|
| Revenue Requirement at Time of True-Up Hearings corrected-- April 21, 2010: | \$23,078 | \$105,533 | \$41,120 |
| Staff | <u>(129,600)</u> | <u>(194,400)</u> | <u>--0--</u> |
| Net Rate Increase/ (Decrease) | --0-- | ---0-- | \$ 41,120 |

Pubic Counsel is advocating that the availability fees result in a reduction to Lake Region's Shawnee Bend Water and Sewer rates as follows:

| | | | |
|---|------------------|------------------|--------------|
| Revenue Requirement at Time of True-Up Hearings corrected-- April 21, 2010: | \$23,078 | \$105,533 | \$41,120 |
| Public Counsel | <u>(154,200)</u> | <u>(231,300)</u> | <u>--0--</u> |
| Net Rate Increase/ (Decrease) | (\$131,122) | (\$125,767) | \$ 41,120 |

b. In the alternative, if the Commission does not treat Availability Charges in the Lake Region rate structure, Staff is proposing to treat Lake Utility Availability as a separate entity assigning certain costs to it through a re-allocation of these costs that have initially been assigned to Lake Region in the above true-up revenue requirements at true-up hearing. As presented in Staff surrebuttal [Featherstone surrebuttal- page 19 & Featherstone True-Up direct page 39] there is a \$17,493 reduction in executive management compensation and payroll costs broken out as:

| Operating System | Payroll Allocation | Amount of cost reduction assigned to each operating system |
|--------------------|-----------------------|---|
| Shawnee Bend Water | 25.5% | (\$4,461) |
| Shawnee Bend Sewer | 26.8% | (4,688) |

| | | |
|----------------------|--------------|----------------|
| Horseshoe Bend Sewer | <u>47.7%</u> | <u>(8,344)</u> |
| Total Cost Reduction | 100.0% | (\$17,493) |

The above amounts would be a reduction to each of the three Lake Region operating systems if the Commission excludes Availability Charges in the rate structure but adopts Staff's alternative position.

Public Counsel reserves the right to address Staff's alternative position regarding Availability Charges at a later date.

2. Executive Management Compensation/ Management Fees (True-up did not change amounts identified in the Original Reconciliation filed March 19, 2010)

| | Shawnee Bend Water <u>25.5%</u> | Shawnee Bend Sewer <u>26.8%</u> | Horseshoe Bend Sewer <u>47.7%</u> | Total <u>100%</u> |
|---------------------------------|--|--|--|----------------------|
| Company | \$25,422 | \$26,718 | \$47,555 | \$99,695 |
| Revised Position at Hearings | \$12,711 | \$13,359 | \$23,777 | \$49,848 |
| Staff | 7,115 | 7,477 | 13,309 | 27,901 |
| Public Counsel | 200 | 200 | 200 | 600 |

The amount of executive management compensation for Staff is reflected in the starting true-up revenue requirements at true-up hearings above.

If the Commission adopts the Company position the difference between Staff and Company would be added to the above starting true-up revenue requirements at time of true-up hearings.

If the Commission adopts Public Counsel's position the difference between Staff and Public Counsel would be subtracted from the above starting true-up revenue requirements at time of true-up hearings.

3. Rate Case Expense (Issue Presented at True-Up Hearings)

| | |
|----------------------------------|---|
| Company (3-year recovery) | Total \$26,449 amortized 3-year |
| | Annual \$8,816 (Summers True-up p 2) allocated 1/3 to each operating entity: |
| | Shawnee Bend Water \$2,939 |
| | Shawnee Bend Sewer \$2,939 |
| | Horseshoe Bend Sewer \$2,939 |
| Staff (3-year recovery) | Total \$22,498 amortized 3-year |
| | Annual \$7,499 (EMS Runs) allocated 1/3 to each operating entity: |
| | Shawnee Bend Water \$2,500 |
| | Shawnee Bend Sewer \$2,500 |
| | Horseshoe Bend Sewer \$2,500 |
| Public Counsel (5-year recovery) | Total \$15,585 amortized 5-year |
| | Annual \$3,117 (Robertson True-up p 2) allocated 1/3 to each operating entity: |
| | Shawnee Bend Water \$1,039 |
| | Shawnee Bend Sewer \$1,039 |
| | Horseshoe Bend Sewer \$1,039 |

(Public Counsel proposes disallowance of certain costs)

If Commission adopts Company's position the difference between Staff and Company annual totals would be added to the above starting true-up revenue requirements for each operating system at the time of true-up hearings.

If the Commission adopts Public Counsel's position the difference between Staff and Public Counsel annual totals would be subtracted from the above starting true-up revenue requirements for each operating system at the time of true-up hearings.