

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

In the Matter of a Request for Increases)
in Annual Sewer and Water System)
Operating Revenues.) **File No. SR-2013-0258**

In the Matter of a Request for Increases)
in Annual Sewer and Water System)
Operating Revenues.) **File No. WR-2013-0259**

**THE OFFICE OF THE PUBLIC COUNSEL’S REQUEST
FOR EVIDENTIARY HEARING**

COMES NOW the Office of the Public Counsel (Public Counsel) and for its Request for Evidentiary Hearing states as follows:

1. On November 2, 2012, Gladlo Water & Sewer Company, Inc. (Gladlo), through its court-appointed receiver, Heartland Utilities, LLC, initiated small company rate increase proceedings with the Missouri Public Service Commission (Commission) requesting an increase of \$5,281 in its annual sewer system operating revenues and an increase of \$9,186 in its annual water system operating revenues.
2. On April 3, 2013, the Staff of the Missouri Public Service Commission (Staff) filed a *Notice of Company/Staff Agreement Regarding Disposition of Small Company Rate Increase Request* (Company/Staff Agreement) in each of the above stated cases indicating agreement between Staff and Gladlo for a proposed increase of \$9,690 (68.11%) in operating revenues for the sewer system and a proposed increase of \$4,749 (25.50%) in operating revenues for the water system. Public Counsel did not join in the agreements.
3. Revised tariff sheets reflecting the proposed rates agreed to in the Company/Staff Agreements were filed by Gladlo on April 8, 2013, bearing an effective date of May 24, 2013. In its April 9, 2013, *Order Granting Request for Local Public Hearing and Suspending Tariff*,

the Commission suspended the proposed revised tariffs until September 21, 2013, or until otherwise ordered by the Commission.

4. On May 29, 2013, a local public hearing was held to allow customers to comment on the proposed rate increases.

5. 4 CSR 240-3.050 (19) requires Public Counsel to file, no later than ten (10) working days after the local public hearing, a pleading stating its position regarding the Company/Staff Agreements and the related tariff revisions, or requesting that the Commission hold an evidentiary hearing, and providing the reasons for its position or request. 4 CSR 240-3.050 (20) states that if Public Counsel requests an evidentiary hearing, the request shall include a specified list of issues that the Public Counsel believes should be the subject of the hearing.

6. Therefore, pursuant to the requirements in 4 CSR 240-3.050 (19) and (20), Public Counsel submits its request for an evidentiary hearing and states that its specified list of issues and reasons for its request are as follows:

a) Special Amortization: The Company/Staff Agreements include a special amortization to allow Gladlo to more rapidly collect through rates the costs for not yet installed plant items such as a fence and a chlorination/dechlorination system. It is Public Counsel's position that as these items are not yet used and useful they should not be included in rates at this time. It is also Public Counsel's position that there is no reason for a special amortization as the Company/Staff Agreements would provide sufficient cash flow to Gladlo to cover these costs.

b) Return on Equity: The Company/Staff Agreements contemplate collecting money from customers to pay a return on equity for Gladlo even though Gladlo has been abandoned by its owner and is currently under the control of a court-appointed receiver.

It is Public Counsel's position that as there is no viable owner for Gladlo at this time, it is not just and reasonable to require the customers to pay a return on equity as a profit to a non-viable entity.

c) Capital Structure: The Company/Staff Agreements include a hypothetical capital structure for Gladlo of 50% equity and 50% debt while the actual capital structure is known to be 100% equity for both the water and sewer systems. It is Public Counsel's position that since it is known, the actual capital structure should be utilized rather than a hypothetical capital structure.

d) Grass Mowing Expense: The Company/Staff Agreements contain an annualized expense for grass mowing which greatly exceeds the actual expense incurred by Gladlo as observed in the test years for both the present rate case and the previous rate case. Therefore, Public Counsel believes the grass mowing expense included in the Company/Staff Agreements are excessive.

WHEREFORE, Public Counsel respectfully requests that the Commission schedule evidentiary hearings in the above stated cases.

Respectfully submitted,

OFFICE OF THE PUBLIC COUNSEL

/s/ Christina L. Baker

By: _____

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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 3rd day of June 2013:

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