

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

In the Matter of Central Rivers Wastewater)	
Utility, Inc.'s Small Company Rate Increase)	<u>Case No. SR-2014-0247</u>
Request.)	

STAFF'S STATEMENT OF POSITIONS

COMES NOW the Staff of the Missouri Public Service Commission, by and through counsel, and submits the following *Statement of Positions on the Issues*:

1. REVENUE REQUIREMENT –

Should Central Rivers be granted an increase in its revenue requirement?

If so, how much?

The Revenue Requirement should be the actual cost of providing safe and adequate service plus a fair return on the net value of the owner's investment. If the revenue currently realized from rates is less than that amount, rates should be increased to meet the deficiency. However, Central Rivers has not provided detailed financial records to Staff such as are necessary to support a rate increase; therefore, no increase should be granted.

2. CONNECTION FEE –

Should the Connection Fees found in Central Rivers' current tariff be changed?

If so, what should be the new fee?

The Connection Fee should be the actual cost of installation. If the revenue currently realized from fees is less than that amount, fees should be increased to meet the deficiency. However, Central Rivers has not provided detailed financial records to Staff such as are necessary to support a fee increase; therefore, no increase should be granted.

3. STEP AND STEG INSTALLATIONS --

Should entities other than Central Rivers be allowed to install STEP and STEG systems?

If so, are changes to Central Rivers' tariff necessary to provide for this?

If so, what changes should be made?

Central Rivers' tariff should be revised to provide that customers may contract with the contractor of their choice to install STEP and STEG systems that meet Central Rivers' specifications. Tariff revisions should include:

- *Parts and installation specifications, inspections, etc.;*
- *Defining what Customers must do and what Central Rivers will do (example tap the collecting sewer and construct service sewer stub with appurtenances);*
- *New charges for inspections and charges reflecting the cost of whatever work Central Rivers will do;*
- *Maintenance responsibility of STEP or STEG units, if rules are modified and Central Rivers no longer repairs and maintains pump units, then costs for maintenance presently included in rates must be removed from the cost of service;*
- *Various rules and definitions throughout the tariff will need modification from what existing rules say.*

4. RATE CASE EXPENSE --

What amounts should be included in rate case expense?

What is a reasonable time frame for inclusion of rate case expense?

Should rate case expense be normalized or amortized?

Over what period should rate case expense be normalized/amortized?

All reasonable and prudent rate case expenses incurred for outside counsel and consultants should be normalized over six years. No amount should be recovered for the participation of Construction Company employees in the rate case.

5. NON-STEP CIAC DEPRECIATION OFFSET –

Should amounts be updated to reflect the update period in this case?

Is there an effect on rate base, cost of service and revenue requirement that needs to be accounted for?

Yes, to the extent that other accounts are updated, Non-CIAC Depreciation Offset should also be updated. This account necessarily impacts rate base.

6. PREVIOUS STEP INSTALLATIONS –

Does the Commission have the authority to address in this case and to order a refund of previously received STEP installation fees?

If so, what amount should be refunded, should this amount include interest, over what time period should the refund be made and if interest should be included, what is a reasonable interest rate?

Is there an effect on rate base, cost of service and revenue requirement that needs to be accounted for?

This issue is properly the subject of a complaint case but may be taken up in the rate case as a matter of economy of resources if the Company consents to that treatment. If the Company does not consent, Staff will file a complaint and will seek penalties.

The amount to be refunded must be determined by a thorough audit which considers the difference between (1) the fee each customer was actually charged and (2) the tariffed fee that each customer should have been charged.

Any refund must be designed to permit the Company to continue operating successfully. Refunds should include interest at the judgment rate. Rate base treatment is not appropriate.

7. CUSTOMER DEPOSITS –

Does the Commission have the authority to address in this case and to order a refund of previously received customer deposits?

If so, what amount should be refunded, should this amount include interest, and over what time period should the refund be made?

Is there an effect on rate base, cost of service and revenue requirement that needs to be accounted for?

This issue is properly the subject of a complaint case but may be taken up in the rate case as a matter of economy of resources if the Company consents to that treatment. If the Company does not consent, Staff will file a complaint and will seek penalties.

The amount to be refunded must be determined by a thorough audit. Any refund must be designed to permit the Company to continue operating successfully.

Refunds should include interest at the judgment rate. Rate base treatment is not appropriate.

WHEREFORE, Staff prays on behalf of all of the parties herein that the Commission will accept *Staff's Statement of Positions*.

Respectfully submitted,

/s/ Kevin A. Thompson

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served, either electronically or by hand delivery or by First Class United States Mail, postage prepaid, on this **16th day of December, 2014**, on the parties of record as set out on the official Service List maintained by the Data Center of the Missouri Public Service Commission for this case.

/s/ Kevin A. Thompson