

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

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

STATEMENT OF POSITION

COMES NOW Central Rivers Wastewater Utility, Inc. (Central Rivers or Company), and,
as its Statement of Position, respectfully states as follows to the Missouri Public Service
Commission (“Commission”):

Central Rivers will set forth a brief statement of position in regard to each of the issues that were identified on the List of Issues, List and Order of Witnesses, Order of Opening Statements, and Order of Cross-Examination that was filed on December 16, 2014.

ISSUES AND COMPANY POSITIONS

1. REVENUE REQUIREMENT –

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

Central Rivers Position: Yes. The evidence Central Rivers has provided in regard to its investments and expenses justify an increase in its annual revenue requirement and, accordingly, its rates.

If so, how much?

Central Rivers Position: \$60,460, plus an amount for rate case expense, and as further adjusted to address CIAC calculations, as discussed below.

2. CONNECTION FEE –

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

Central Rivers Position: Yes. The current fees do not represent the actual cost of such installations.

If so, what should be the new fee?

Central Rivers Position: \$6,000.

3. STEP AND STEG INSTALLATIONS –

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

Central Rivers Position: Central Rivers is not opposed to permitting such a practice if the tariff is modified to address the additional issues that will result.

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

Central Rivers Position: Yes.

If so, what changes should be made?

Central Rivers Position: The tariff would need to be modified to provide detailed specifications as to the type and quality of materials used, and a process included for determining the location of the systems. Additionally, there would need to be requirements for Company inspection of the materials prior to installation, inspection of the system after installation, a provision for the Company to tap the sewer main, and observation of the startup of the system and a charge included in the tariff for each of these activities.

4. RATE CASE EXPENSE -

What amounts should be included in rate case expense?

Central Rivers Position: The Company is incurring rate case expense in order to bring the matters in dispute before the Commission. These expenses are reasonable. Accordingly, an allowance for rate case expense should be included in the rate to be set in this proceeding that includes time spent by contract personnel on behalf of the Company, invoices of the attorney,

and invoices of the consultant, Dale Johansen. Through the current date, the invoices received total \$18,965.

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

Central Rivers Position: The Commission should bring these expenses forward to a date that will allow the majority of costs to be captured in the Commission's order. Many of a company's rate case expenses are not incurred until the hearing and will continue to accumulate even after the Commission issues its report and order. As a result, the Commission should use a cut-off date of at least one week after the filing of post-hearing briefs.

Should rate case expense be normalized or amortized?

Central Rivers Position: It should be amortized, which protects both the Company and the customer.

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

Central Rivers Position: Three years is an appropriate time period for such amortization.

5. NON-STEP CIAC DEPRECIATION OFFSET --

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

Central Rivers Position: Yes.

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

Central Rivers Position: Yes, as described in the testimony of Office of the Public Counsel witness Addo.

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?

Central Rivers Position: No. In *In the Matter of Emerald Pointe Utility Company*, the Commission stated as follows in regard to the inclusion of such allegations in a rate case:

These issues concern allegations that Emerald Pointe has overcharged its customers in the past. Thus, they are in the nature of a complaint that could have been brought as a separate action by the complaining parties. By agreement of the parties, the Commission heard evidence regarding the complaint along with evidence regarding the rate case issues.

In the Matter of Emerald Pointe Utility Company, Revised Report and Order, 2013 Mo.PSC LEXIS 877, 37* (MoPSC 2013). Central Rivers does not agree to the hearing of the security deposit and past STEP installation refund issues in this case.

Further, the Commission may only authorize its General Counsel to pursue an action in circuit court as the Commission “cannot order any monetary or pecuniary award, refund or reparation.” *See LaHoma Paige v. Kansas City Power & Light Company*, Case No. EC-84-274, 27 Mo.P.S.C. (N.S.) 363 (1985), *citing B.G. DeMaranville v. Fee Fee Trunk Sewer, Inc.*, 573 S.W.2d 674 (Mo.App. 1978). *See also, State ex rel. Laundry, Inc. v. Public Service Com.*, 34 S.W.2d 37, (Mo. 1931) (“The Public Service Commission is an administrative body only, and not a court, and hence the Commission has no power to exercise or perform a judicial function, or to promulgate an order requiring a pecuniary reparation or refund.”); *State ex rel. City of Joplin v. PSC of Mo.*, 186 S.W.3d 290 (Mo.App. 2005) (“The Commission also argues, and we agree, that it lacks the authority to refund money”).

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?

Central Rivers Position: Any refunds should be limited to the last five years as Commission Rule 4 CSR 240-13.025 provides that billing adjustments for overcharges may not exceed sixty (60) months or five years.

No interest should be applied to any such refund as there is no authority for the addition of such interest in the tariffs or statute.

If amounts are ultimately to be returned to customers, they should be returned over a period of time that avoids a situation where the Company's revenue would not be sufficient to cover the required refunds and the known obligations related to the maintenance of the sewer systems.

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

Central Rivers Position: Yes. Rate base should be adjusted for any such refund and that adjustment will impact cost of service and revenue requirement.

7. CUSTOMER DEPOSITS --

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

Central Rivers Position: No. See the response to Issue 6 above.

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

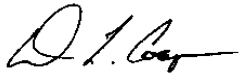
Central Rivers Position: It is Central Rivers' intention to voluntarily make the customer deposit refunds identified by Staff witness Young in the manner he describes. This will result in all deposits currently held will be returned to the effected customers, including the 6% simple interest called for in the tariff, over a two-year period. Central Rivers further has no objection and will voluntarily provide reports to Staff and the Public Counsel every six (6) months identifying the progress of those refunds.

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

Central Rivers Position: Yes. The deposits should be removed as an offset to the company's rate base. That removal will impact cost of service and revenue requirement.

WHEREFORE, Central Rivers respectfully requests that the Commission consider this Statement of Position.

Respectfully submitted,



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**ATTORNEYS FOR CENTRAL RIVERS
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CERTIFICATE OF SERVICE

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