

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

In the Matter of a Working Case to Investigate)	
Solutions to Problems Facing Small Water and)	File No. WW-2009-0386
Sewer Public Utilities.)	

THE OFFICE OF THE PUBLIC COUNSEL’S RESPONSE

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

1. On July 30, 2010, the Staff of the Missouri Public Service Commission (Staff) filed a *Report on Assessments* which represented Staff’s position on Missouri Public Service Commission (Commission) Assessment Charges.
2. On July 30, 2010, a group of small water/sewer companies filed *Comments and Recommendations of the Small Water/Sewer Companies – PSC Annual Assessment*. The document was filed in the Commission’s Electronic Filing Information System (EFIS) by Timber Creek Sewer Company, but did not include a comprehensive list of the small water/sewer companies joining this filing. In the document, the small companies submitted recommendations regarding the Assessment Charges and requested an oral presentation and dialogue with the Commission to openly discuss their concerns and collaborate on potentially agreeable solutions.
3. Public Counsel now states that it takes no position at this time regarding the Commission’s Assessment Charges. However, Public Counsel does not waive its right to take a position on Assessment Charges at some future date.
4. Public Counsel also states that it opposes the “pass-through” of the Commission’s Assessment Charges as detrimental to utility customers as well as to the utility itself. The small

water/sewer utilities suggest a “pass-through” for Assessment Charges in lieu of having to file rate cases when Assessment Charges change. However, the rate case process accounts for changes in all revenue and costs, not just Assessment Charges. The addition of a “pass-through” for Assessment Charges would require customers to bear changes in rates based on only one aspect of costs without a determination of the variation in other revenues and costs to the utility. This could provide for a windfall for the utility if other costs go down or could be to the detriment of the utility if other costs go up. Only a rate case can properly set rates since those rates would be based on the overall revenue and costs of the utility at that time.

5. Utilities have the means to protect themselves and their customers through fair and reasonable rates. If a utility believes rates are not sufficient to cover an increase in Assessment Charges, it is proper that the utility initiate a rate case so that all revenues and costs may be audited to ensure that rates are just and reasonable. The small water/sewer companies have the added benefit of being able to file a less time-consuming and less-costly small rate case procedure. While having to face a rate case with an audit of the utilities’ books and records may be a daunting and time-consuming proposition, this is a normal and expected cost of business.

WHEREFORE, Public Counsel submits its Response.

Respectfully submitted,

OFFICE OF THE PUBLIC COUNSEL

/s/ Christina L. Baker

By:_____

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CERTIFICATE OF SERVICE

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