

RDE Water Company  
1782 North Deffer Drive  
Nixa, Missouri 65714

February 14, 2001

FILED

FEB 21 2001

Mr. Dale Hardy Roberts  
Secretary/Chief Regulatory Law Judge  
Missouri Public Service Commission  
P.O. Box 360  
Jefferson City, MO 65102

Missouri Public  
Service Commission

RE: **RDE Water Company**  
Small Company Rate Increase Request  
Mo. PSC Tariff **File No. 2001 00050 (Water)**

WR-2001-457

Dear Mr. Roberts:

I am enclosing for filing with the Commission an original and three copies of revised tariff sheets that include rate and language changes reflecting an agreement between the RDE Water Company (Company) and the Commission Staff (Staff) on the above subject. The Company initiated the subject rate increase requests on July 17, 2000, under the Commission's small company rate increase procedure, and the requests were assigned the above-referenced file numbers.

Additionally, consistent with the Commission's small company rate increase procedure, I am enclosing an Agreement Regarding Disposition of Small Company Rate Increase Request (Disposition Agreement) for water service. This Agreement reflects a "settlement" between the Company and the Staff regarding all matters related to the Company's rate increase requests. The Office of the Public Counsel (OPC) has yet to take a final position regarding the Company's rate increase requests. OPC is requesting that a second customer notice be mailed. The Company will mail a second customer notice as soon as practicable.

The Disposition Agreement calls for, and the revised tariff sheets contain, customer rates intended to produce an increase of approximately \$36,582 (an approximate 21.2 % increase) in the Company's annual operating revenues for its water operations.

The Agreement is between the Company and the Staff only; therefore the enclosed tariff sheets bear an effective date that is 45 days from the issue date (day filing is received at the Commission).

200100050

RDE Water Company  
File No. 2001 00050  
Small Company Rate Procedure "Agreement"

The Company notes that it and Staff have agreed to an extension of the 150-day tariff filing period as contained in 4 CSR 240-2.200(1)(G).

It is my understanding that the Staff will be providing additional information about the Company's rate increase request and the related Staff audit and investigation, for filing in the case papers following the creation of a formal docket.

Please contact me at your convenience if you need anything further.

Sincerely,  
RDE WATER COMPANY



LaVada Cottrill  
President

enclosures

copies (w/enclosures):

Wendell R. Hubbs - PSC Staff  
Office of the Public Counsel - John B. Coffman  
Dale Johansen - PSC Staff

**Agreement Regarding Disposition of**  
**Small Company Rate Increase Request**

**RDE Water Company**

**(Commission File No. 2001 00050)**

The Rex Deffenderfer Water Company (Company) initiated the small company rate increase request (Request) for water service that is the subject of the above-referenced Commission case through its submittal of a letter to the Secretary of the Commission on July 17, 2000. The Company submitted its Request under the provisions of Commission Rule 4 CSR 240-2.200, Small Company Rate Increase Procedure (the informal rate case procedure). In its Request, the Company represented that it was asking for Commission approval of customer rates intended to generate an increase of \$42,000 in its total annual water service operating revenues.

The Company provides water service to approximately 908 customers.

Upon review and acceptance of the Company's Request, the Commission's Records Department assigned Tariff File No. 2001 00050 to the Request for purposes of identification and tracking. The Records Department then forwarded the Request to the Commission's Water & Sewer Department for processing under the informal rate case procedure.

Pursuant to the provisions of the informal rate case procedure, the Staff of the Commission (Staff) initiated an audit of the Company's books and records and an inspection of the Company's system and the operation thereof.

Based upon the results of the Staff's audit, the Company and the Staff hereby state their agreement that: (1) an increase of \$36,582 (an approximately 21.2% increase) in the Company's annual water revenues is reasonable; and (2) the depreciation rates set out on Attachment A hereto should be the prescribed depreciation rates for the Company, as these were the depreciation rates used by the Staff in its revenue requirement analysis; and, (3) an after hours reconnection charge of \$40 after service has been discontinued for non-payment is reasonable.

The Company and the Staff further agree that the tariff sheets filed contemporaneously with this Agreement properly reflect the terms of the Agreement.

Additionally, the Company acknowledges that the Staff will file additional information about the details of its audit within two weeks of the filing of this document.

Lastly, the Company and the Staff ask the Commission to note that no action need be taken on the Company's tariff sheets until after the Staff files its formal recommendation for approval of the tariff sheets.

This disposition agreement is a compromise that has resulted from negotiations between the Company and the Staff and no party has agreed to any particular ratemaking principal (except those items specifically stated in this agreement) in arriving at the dollar amount.

This Agreement is effective as of the 1<sup>st</sup> day of March 2001.

Agreement Signed and Dated:

Lavada Cottrill - 02-16-01  
Lavada Cottrill, President  
RDE Water Company

Dale W. Johansen 2/21/01  
Dale W. Johansen - Manager  
Water and Sewer Department  
Public Service Commission Staff

**Rex Deffenderfer Enterprises, Inc.**

**DEPRECIATION RATES**

**RDE Water Company**

**File No. 2000 00050 (Water)**

<u>ACCOUNT NUMBER</u>	<u>ACCOUNT</u>	<u>DEPRECIATION RATE %</u>	<u>AVERAGE SERVICE LIFE (YEARS)</u>
311	Structures & Improvements	2.5%	40
314	Wells & Springs	2.0%	50
325	Electric Pumping Equipment	10.0%	10
325.1	Submersible Pumping Equipment	10.0%	10
342	Distribution Reservoirs & Standpipes	2.5%	40
343	Transmission & Distribution Mains	2.0%	50
345	Services	2.5%	40
346.1	Meters - Bronze Chamber	2.9%	35
346.2	Meters - Plastic Chamber	10.0%	10
347.1	Meter Installations - Bronze	2.9%	35
347.2	Meter Installations - Plastic	10.0%	10
348	Hydrants	2.0%	50
391	Office Furniture & Equipment	5.0%	20
391.1	Office Computer Equipment	20.0%	5
392	Transportation Equipment	12.5%	8
393	Stores Equipment	4.0%	25
396	Power Operated Equipment	6.7%	15

**Attachment A**