

**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION  
JEFFERSON CITY**

**April 5, 2001**

**CASE NO: WR-2001-457**

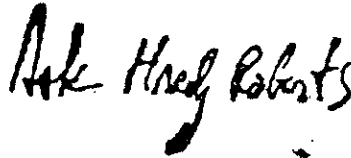
**Office of the Public Counsel**  
P.O. Box 7800  
Jefferson City, MO 65102

**Lavada Cottrill, President**  
RDE Water Company  
1670 North Owen Road  
Nixa, MO 65714

**General Counsel**  
Missouri Public Service Commission  
P.O. Box 360  
Jefferson City, MO 65102

**Enclosed find certified copy of an ORDER in the above-numbered case(s).**

**Sincerely,**

A handwritten signature in black ink that reads "Dale Hardy Roberts". The signature is written in a cursive, slightly slanted style.

**Dale Hardy Roberts  
Secretary/Chief Regulatory Law Judge**

**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION**

At a session of the Public Service  
Commission held at its office  
in Jefferson City on the 5th  
day of April, 2001.

In the Matter of the Request of RDE Water	)	
Company for a General Rate Increase Pursuant	)	<b><u>Case No. WR-2001-457</u></b>
to the Small Company Rate Increase Procedure,	)	Tariff No. 200100050
4 CSR 240-2.200.	)	

**ORDER GRANTING RATE INCREASE  
AND APPROVING TARIFF**

**Procedural History and Discussion:**

On February 21, 2001, Rex Deffenderfer Enterprises, Inc., doing business as RDE Water Company (RDE), filed its cover letter, Agreement and Tariff seeking a general rate increase under the Commission's Small Company Rate Increase Procedure at Rule 4 CSR 240-2.200. RDE seeks approximately \$36,582 in increased annual water service revenues, an increase of approximately 21.2 percent. In its cover letter, RDE stated its consent to an extension of the 150-day time limit imposed by the cited regulation. The filed Agreement was signed by RDE and by the Staff of the Missouri Public Service Commission (Staff). The effective date of the proposed tariff sheets is April 7, 2001, 45 days after the date of issue.

On March 5, 2001, the Commission issued its Order Directing Filing, setting March 13 as the deadline for submitting requests for a Local Public Hearing. If no Local Public Hearing was requested, the order required the Office of the Public Counsel (Public Counsel) to file a pleading by March 19 stating its agreement or disagreement with the proposed rate increase. No request for a Local Public Hearing was received

and Public Counsel timely filed its pleading on March 12 stating its agreement with the proposed rate increase.

On March 23, 2001, Staff filed its Memorandum and Recommendation, recommending approval of RDE's proposed rate increase and tariffs, effective April 7. In its Memorandum, Staff states that RDE initiated the small company rate increase procedure by a letter received on July 17, 2000. RDE stated in the letter that it served 908 customers and sought an annual water service revenue increase of \$42,000. RDE notified its customers of the rate increase request by letter on August 14, 2000, using a format previously approved by Staff. Based on its audit of RDE's books and records, its evaluation of RDE's depreciation rates and an analysis of RDE's capital structure and cost of capital, Staff concluded that a revenue increase of \$36,582 was justified.

In January and February 2001, RDE and Staff negotiated a Disposition Agreement (Agreement) reflecting a rate increase designed to generate additional operating revenue in the amount approved by Staff. RDE executed the Agreement on February 16 and Staff executed the Agreement on February 21. The Agreement also included depreciation rates to be used by RDE and an after-hours reconnection fee of \$40 for after-hours reconnection after service termination due to nonpayment. On March 1, 2001, RDE sent a second notice to its customers concerning the Agreement and the related rate increase.

On March 26, 2001, Staff filed its Supplement to its Recommendation, to which were attached various attachments inadvertently omitted from Staff's Memorandum and Recommendation. Attachment C-3 shows that the residential customer charge will be increased by 51.5 percent, from \$4.25 monthly to \$6.44 monthly, and that the commodity charge will be increased by 8.5 percent, from \$1.42 for 1,000 gallons to \$1.54 for 1,000 gallons. The combined impact of both the customer charge increase

and the commodity charge increase on a typical residential customer using 6,600 gallons monthly will be approximately \$2.98.

### **Findings of Fact:**

The Commission has reviewed the application, Agreement and proposed tariff sheets filed by RDE, as well as Staff's Memorandum and Recommendation and Supplement and the pleading filed by the Public Counsel. Based on the record herein, the Commission makes these findings of fact:

The Commission finds that RDE has complied in all respects with the Commission's small company rate increase procedure, 4 CSR 240-2.200. The Commission further finds that a revenue increase of \$36,582 is justified based on an audit of RDE's books and records, an evaluation of RDE's depreciation rates and an analysis of RDE's capital structure and cost of capital, in that that amount of additional operating revenue is necessary to cover RDE's prudently incurred operating expenses and to provide a fair return on invested capital actually used for water service. Finally, the Commission finds that the impact of the proposed rate increase upon a typical residential customer using 6,600 gallons monthly will be approximately \$2.98.

### **Conclusions of Law:**

Based on its findings of fact herein, the Commission concludes that the rate increase contained in the Agreement of the parties is just and reasonable and should be approved. The Commission further concludes that RDE should implement the depreciation rates proposed by Staff and that an after-hours reconnection fee of \$40 is reasonable. The Commission will approve the Agreement of the parties containing the rate increase and other terms and will approve the proposed tariff sheets which implement the rate increase.

**IT IS THEREFORE ORDERED:**

1. That the Agreement filed herein on February 21, 2001, and entered into by Rex Deffenderfer Enterprises, Inc., doing business as RDE Water Company, and the Staff of the Missouri Public Service Commission, and assented to by the Office of the Public Counsel, is approved. Rex Deffenderfer Enterprises, Inc., doing business as RDE Water Company, shall comply with its terms.

2. That the proposed tariff sheets filed by Rex Deffenderfer Enterprises, Inc., doing business as RDE Water Company, on February 21, 2001, Tariff No. 200100050, are approved for service on and after April 7, 2001. The specific sheets approved are:

P.S.C. Mo. No. 1

5th Revised Sheet No. 4, Cancelling 4<sup>th</sup> Revised Sheet No. 4  
1<sup>st</sup> Revised Sheet No. 4A Cancelling Original Sheet No. 4A

3. That Rex Deffenderfer Enterprises, Inc., doing business as RDE Water Company, henceforth shall utilize the depreciation rates contained in Attachment A to the Agreement referred to in Ordered Paragraph No. 1, above, with respect to water service.

4. That this order shall be effective on April 7, 2001.

5. That this case may be closed on April 8, 2001.

( S E A L )

**BY THE COMMISSION**



**Dale Hardy Roberts  
Secretary/Chief Regulatory Law Judge**

Lumpe, Ch., Drainer, Murray, and  
Simmons, CC., concur.  
Gaw, C., not participating.

Thompson, Deputy Chief Regulatory Law Judge

ALJ/Secretary: Thompson / Payne  
4-2  
Date Circulated WR-2001-457  
CASE NO.  
Lampe, Chair JS  
Draher, Vice Chair MS  
Murray, Commissioner MS  
Simmons, Commissioner MS  
Gaw, Commissioner MS  
Agenda Date 4-5  
Action taken: 4-045  
Must Vote Not Later Than \_\_\_\_\_

STATE OF MISSOURI

OFFICE OF THE PUBLIC SERVICE COMMISSION

I have compared the preceding copy with the original on file in this office and  
I do hereby certify the same to be a true copy therefrom and the whole thereof.

WITNESS my hand and seal of the Public Service Commission, at Jefferson City,  
Missouri, this 5<sup>th</sup> day of April 2001.

Dale Hardy Roberts  
Dale Hardy Roberts  
Secretary/Chief Regulatory Law Judge

