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STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a session of the Public Service
Commission held at its office
in Jefferson City on the 3rd
day of March, 1995.

In the matter of Capital City Water Company's tariff)
revisions designed to increase rates for water service) Case No. WR-94-297
provided to customers in the Missouri service area of)
company.)
)

ORDER DENYING MOTIONS FOR REHEARING

On February 21, 1995, Capital City Water Company (Company), the
Office of the Public Counsel (OPC), and the City of Jefferson, Missouri
(Jefferson City), each filed individual motions for rehearing of the Commission
Report And Order which was issued on February 8, 1995.

The Company has requested a rehearing because it differs with the
Commission's determination that the agreement between the Company and the
District which was originally executed in 1977 is still imprudent. As stated at
page 5 of the Commission's Report And Order:

"The district contract is still imprudent due to the
uncertain, fluctuating and unrelated benefits and costs
associated with the contract during any given period of
time. The 1990 amendments to the contract did not cure
the imprudence of the contract in that there is still no
limit in the agreement on potential deliveries of
Company-treated water to the District."

Jefferson City has requested a rehearing on the grounds that the
Commission Report And Order excludes certain variable costs attributable to the
District contract.

Jefferson City's assertion that the Commission Report And Order
excludes certain variable costs is not correct as demonstrated in the following
excerpt from page 9 of such Report And Order:

"The value of the water which originated at the District wells is \$0.34 per ccf. The unit cost of water originating at the District's wells is derived by taking the fully-allocated cost of the Company to operate and maintain the District's facilities and dividing by the production of the District facilities (i.e.: **\$167,512** ÷ 495,369 = \$0.34 per ccf). (Ex. 36, p. 3, Rev. Sch. 10).". (Emphasis added).

The \$167,512 emphasized above includes the specific items of variable cost that Jefferson City asserts are not in the Report And Order (i.e., \$14,460 for maintenance, \$64,702 for electricity and \$2,032 for chemicals).

The Office of the Public Counsel bases its motion partially on the same reasoning as that of Jefferson City as discussed above. OPC also argues that the Commission's determination that rates should be established at a rate which affords the Company an opportunity to earn 11.75 percent on equity is not supported by competent and substantial evidence. There is competent and substantial evidence in the record supporting this finding by the Commission which can be found in the direct testimony of Commission Staff witness Moore. (Ex. 17).

The Commission, having carefully considered the arguments of Capital City Water Company, the City of Jefferson, Missouri, and the Office of the Public Counsel, in support of their respective motions finds, pursuant to Section 386.500, R.S.Mo. 1994, that sufficient reason to grant a rehearing has not been made to appear. Therefore, the Commission will deny each of the three motions for rehearing.

IT IS THEREFORE ORDERED:

1. That the motion for rehearing filed by the Capital City Water Company be, and is, hereby denied.
2. That the motion for rehearing filed by the City of Jefferson, Missouri be, and is, hereby denied.
3. That the motion for rehearing filed by the Office of the Public Counsel be, and is, hereby denied.

4. That this order shall become effective on the date hereof

BY THE COMMISSION

A handwritten signature in cursive script, reading "David L. Rauch".

**David L. Rauch
Executive Secretary**

(S E A L)

Mueller, Chm., McClure, Perkins,
Kincheloe and Crumpton, CC., concur.