

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a Session of the Public Service
Commission held at its office
in Jefferson City on the 7th
day of April, 1992.

In the matter of Riverside Utility)	
Company's tariff to increase water)	
rates pursuant to Commission's)	<u>Case No. WR-92-159</u>
informal rate procedure.)	(Consolidated with
)	SR-92-163)
In the matter of Riverside Utility)	
Company's tariff to increase sewer)	
rates pursuant to Commission's)	
informal rate procedure.)	

ORDER APPROVING TARIFFS AND AGREEMENT

On September 9, 1991, the Riverside Utility Company (Company) filed for a water and sewer rate increase pursuant to the Commission's informal rate procedure, 4 CSR 240-2.060(8). Copies of Company's filing were provided to the Office of Public Counsel (OPC). Staff conducted an investigation of Company's books, records and operations and made copies of same available to all parties, including a customer of company. Company first advised its customers of the pendency of its application by a direct mailing dated January 13, 1992.

On February 5, 1992, the Office of Public Counsel requested that a local hearing be conducted and that additional notice of the proposed rate increases be provided to each of Company's customers. The record reflects that Company has 122 water customers and 51 sewer customers. The Commission granted OPC's motion and ordered Company to send its customers an additional notice on or around February 18, 1992, advising of the date and time of said hearing and, as prayed by OPC, providing the same rate information as Company's earlier notice mailed on January 13, 1992. The notice mailed on or about February 5, 1992 indicates, in part, Company's then current rate for water and sewer, the rate originally requested by Company, and the rate subsequently agreed to by Company and Staff. As regards rates, said notice provides:

WATER RATES

	<u>CURRENT RATE</u>	<u>COMPANY REQUESTED</u>	<u>RECOMMENDED RATE</u>
MONTHLY MINIMUM (includes 3,000 gallons)	\$ 7.60	\$11.30	\$ 9.48
ALL USAGE OVER 3,000 GALLONS, PER 1,000 GALLONS	\$ 1.50	\$ 2.73	\$ 2.29

SEWER RATES

	<u>CURRENT RATE</u>	<u>COMPANY REQUESTED</u>	<u>RECOMMENDED RATE</u>
MONTHLY CHARGE	\$10.00	\$30.00	\$22.00

Said notice invited Company's customers to attend the hearing, comment on the proposed charges, and to relate any service problems to the Office of Public Counsel.

The local hearing was held on the evening of March 5, 1992, at Cummings Auditorium at College of the Ozarks. Customers stated that the sewer treatment plant was frequently malodorous; some said the water itself had a disagreeable odor. Many stated that the water was often discolored and "rusty," a phenomenon which Staff attributed to minerals in the water forming sediment in the pipes, especially after a shut down or water line breakage. Some residents said they had filtering systems, others made no mention of said systems. When one witness stated that he desired sewer service, Mr. Leeds, Company's President, agreed to discuss the matter at the conclusion of the hearing.

The witnesses, and those in attendance, many of whom live on fixed incomes, were uniformly opposed to the rate increases, particularly the sharp increase in the sewer rate. Some witnesses were of the opinion that Mr. Leeds, after purchasing an unprofitable system, should not now be permitted to "recoup"

his investment all at once, to the detriment of the captive water and sewer users.

Having considered the issues raised at the public hearing and reviewed the agreement and recommendation below mentioned, the Commission finds that Company cannot profitably operate this water and sewer system by charging the same rates as its predecessor. While rates for water and sewer services must be reasonable, they must also be high enough to sustain the system and to provide a return on investment. If not, no one will be willing to provide water or sewer service. The Commission also finds that the complaints regarding the system should be further addressed by Company, particularly those regarding the sewer treatment plant.

On March 12, 1992, Staff, the Company, and the OPC filed an agreement, attached hereto as Attachment A and incorporated herein by reference. On March 31, 1992, Staff filed its recommendation, which states: "Staff, Company, and Public Counsel have agreed to a proposed rate increase" and which references the agreement. Staff, Company and OPC propose the following water rate:

WATER

Monthly Minimum:	\$9.48
(minimum includes 3,000 gallons)	
All usage over 3,000 gallons	\$2.29
per 2,000 gallons.	

The parties also propose that the Commission approve a two-step, or phase-in, sewer rate as more specifically described in Attachment A. The crux of the proposed sewer rate is as follows:

- a. From April 16, 1992 to September 16, 1992 - \$16.00 monthly
- b. From September 16, 1992, forward - \$22.00 monthly

The rates proposed in the agreement and Staff's recommendation would increase Company's annual water revenues by \$5,169.00, or 34 percent. Company's annual sewer revenues would, after September 16, 1992, increase to \$7,337.00, an increase of 120 percent. For consumption of 5,000 gallons of water a month, (an

average on this system), an average water bill would increase from \$10.60 to \$14.06. The proposed sewer bill would increase from \$10.00 to \$16.00 (until September 16, 1992), and then from \$16.00 to \$22.00.

Having considered Staff's recommendation and the agreement between Staff, OPC, and Company (Attachment A), the Commission finds that the rates therein agreed to and recommended are reasonable and should be approved. The Commission also finds that the increase in sewer rates should be implemented as set out in this order and by Attachment A. Since the proposed rate increase exceeds seven percent, the Commission will direct Company to submit the information required by Section 393.275 RSMo, 1986.

IT IS THEREFORE ORDERED:

1. That the Agreement, Attachment A, entered into between Riverside Utility Company, the Staff, and the Office of Public Counsel, filed on March 12, 1992, be hereby approved.

2. That the tariff for water service filed on February 13, 1992, by the Riverside Utility Company, extended until April 16, 1992, identified as "PSC MO No. 1, 2nd revised sheet No. 3 cancelling PSC MO No. 1, 1st revised sheet No. 3" be hereby approved for service rendered on and after April 16, 1992.

3. That the substitute tariff for sewer service filed on March 23, 1992, by the Riverside Utility Company, identified as "PSC MO No. 1, 2nd revised sheet No. 2 cancelling PSC MO No. 1, 1st revised sheet No. 2" be hereby approved for service rendered on and after April 16, 1992.

4. That Riverside Utility Company is authorized hereby to file tariff sheets for sewer service rendered on and after September 16, 1992, as provided herein by Attachment A, and in conformity with this Report and Order.

5. That Riverside Utility Company shall file with the Commission, the names of any city(s) and county(s) which impose a business tax license on its operations, with an estimate of the annual increase in gross receipts resulting

from the tariff increase from customers residing in that city or county on or before April 16, 1992.

6. That this order shall be effective on April 16, 1992.

BY THE COMMISSION

Brent Stewart

Brent Stewart
Executive Secretary

(S E A L)

McClure, Chm., Mueller, Rauch
Perkins and Kincheloe, CC., Concur.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the matter of Riverside Utility)
Company's tariff to increase water) Case No. WR-92-159(Consolidated
rates pursuant to Commission's) with SR-92-163)
Informal Rate Procedure.)

In the matter of Riverside Utility)
Company's tariff to increase sewer)
rates, pursuant to Commission's)
Informal Rate Procedure.)

AGREEMENT

In an effort to resolve this case to the satisfaction of all parties, Riverside Utility Company (Company), the Staff of the Public Service Commission (Staff), and the Office of the Public Counsel (Public Counsel) have reached the following agreement:

1. The signatories agree to allow the tariff sheet submitted by Company on February 1, 1992 and which proposes new rates for **water** service to go into effect on April 16, 1992.

2. The signatories agree to a total increase of \$7,337 in Company's **sewer** division revenue requirement. The proposed revenue increase will generate rates which are just and reasonable. The signatories further agree that these rates are to be implemented according to the two-step phase-in which is described in paragraphs (3) and (4) below, and which is designed to soften the potential "rate shock" to company's sewer customers.

3. Company shall be authorized to file a revised sewer rate schedule charging \$16.00 per month, to be effective for sewer service rendered on or after April 16, 1992 and increasing Company's sewer division revenue requirement by \$3,669, approximately one-half of the total increase to the revenue requirement agreed upon by the signatories.

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4. Company shall be authorized to subsequently file for Commission approval a revised sewer rate schedule charging \$22.00 per month, to be effective for sewer service rendered on or after September 16, 1992, and increasing Company's sewer division revenue requirement an additional \$3,668 - the remainder of the total increase to Company's sewer division revenue requirement agreed upon by the signatories.

5. Neither the Commission nor the signatories hereto shall be deemed to have approved or acquiesced in any ratemaking principle or any method of cost determination or cost allocation underlying or allegedly underlying this agreement and the rates provided for herein.

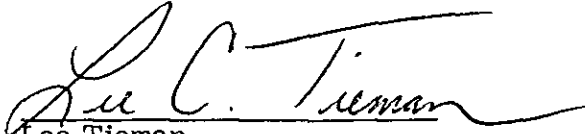
6. The terms of this Agreement are interdependent. In the event the Commission does not approve and adopt this Agreement in total, or in the event any of the revised water or sewer rate schedules do not become effective in accordance with the provisions contained herein, this Agreement shall be void and no signatory shall be bound by any of the agreements or provisions hereof.

7. The Staff shall have the right to submit to the Commission by filing with the case papers in memorandum form an explanation of its rationale for entering into this Agreement, and to provide to the Commission whatever further explanation the Commission requests. The Staff's memorandum shall not bind or prejudice the Staff in any future proceeding. In the event the Commission does not approve this Agreement, the Staff's memorandum shall not bind or prejudice the Staff in this proceeding. Any rationales advanced by the Staff in such a memorandum are its own and are not acquiesced in or otherwise adopted by the other signatories.

WHEREFORE, Company, Staff and Public Counsel respectfully request that the Commission issue its Order approving this Agreement and directing the Company to file tariffs conforming to the terms hereof.

Respectfully submitted.

STAFF OF THE MISSOURI
PUBLIC SERVICE COMMISSION



Lee Tieman
Assistant General Counsel
Missouri Public Service
Commission
P.O. Box 360
Jefferson City, MO 65102
(314) 751-3966

OFFICE OF THE PUBLIC COUNSEL



John B. Coffman
Assistant Public Counsel
Office of the Public Counsel
P.O. Box 7800
Jefferson City, MO 65102
(314) 751-5565

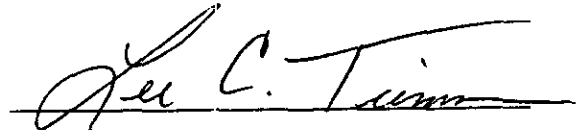
RIVERSIDE UTILITY COMPANY



Milton E. Leeds
President
Riverside Utility Company
312 Lafayette Street
P.O. Box 7017
Jefferson City, MO 65102
(314) 635-2157 - Jefferson City
(417) 335-5423 - Branson

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed or hand-delivered to all counsel of record as shown on the attached service list this twelfth day of March, 1992.



Service List
Case WR-92-159

Milton Leeds
312 Lafayette Street
P. O. Box 7017
Jefferson City, MO 65102

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