

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a Session of the Public Service
Commission held at its office
in Jefferson City on the 22nd
day of December, 1993.

In the matter of Port Perry Service Company's)
tariff sheet designed to increase rates for) CASE NO. WR-94-121
water service pursuant to the Commission's)
informal rate procedure.)

In the matter of Port Perry Service Company's)
tariff sheet designed to increase rates for) CASE NO. SR-94-122
sewer service pursuant to the Commission's)
informal rate procedure.)

ORDER APPROVING TARIFFS AND AGREEMENT

Port Perry Service Company (Company) is a water and sewer corporation and a public utility subject to the jurisdiction of the Missouri Public Service Commission (Commission). Section 386.250(3)-(4) RSMo (Cum. Supp. 1992). Company provides water service to 104 customers and sewer service to 49 customers. By letter dated October 26, 1992, the Company requested that the Commission approve a rate increase for both its water and sewer operations under the small company rate proceeding set out in 4 CSR 240-2.060(8). References in the official file indicate that letters went out to Company's customers advising them of the requested increases.

In response to recommendations from the Staff of the Public Service Commission (Staff), Company filed a revised sewer tariff sheet on October 12, 1993, and filed a revised water tariff on October 15, 1993. Each carried a 30 day effective date. Apparently a second notice to customers was sent in accordance with 4 CSR 240-2.060(8)(E) on or about September 29, 1993.

On October 27, 1993, the Office of Public Counsel filed a Request for Local Public Hearing (OPC Motion), citing numerous telephone calls, letters, and one petition "protesting the proposed rates" and including "questions and complaints regarding water service."

On October 29, 1993, the Commission issued its Order Rejecting Tariffs and Setting Public Hearing. The Commission rejected the tariffs for failure to comply with the rule governing small company rate proceedings, 4 CSR 240.2-060(8), which requires a 45-day effective date on tariffs with which OPC is not in agreement. The Commission also pointed out the failure of Company and Staff to complete the small company proceeding within the requisite 150 days. 4 CSR 240.2-060(8)(H). The Commission granted OPC's motion and scheduled a public hearing for November 10, 1993.

The Commission conducted the public hearing in this matter on November 10, 1993, in Perryville, Missouri. Approximately 40 customers of the Company attended, 19 of whom made statements. Most of those testifying stated that the proposed rate increase was too high.

OPC responded to the public hearing by filing a Motion to Suspend Tariffs on November 19, 1993. Staff filed no formal response to that motion. The Company filed substitute tariffs on December 10, 1993, pursuant to a negotiated agreement among Company, Staff and OPC.

A letter from the Company dated February 11, 1993, requesting an extension of time to complete the small company rate proceeding was filed with the Commission on November 2, 1993, after the Commission's Order Rejecting Tariffs and Setting Public Hearing had been issued. The letter did not name a date certain to which the extension should be granted and, furthermore, 313 additional days have passed since the writing of that letter with no further request for extension made. Even assuming the most egregious circumstances, the delay in this case goes beyond any reasonable extension request.

Staff conducted an investigation into the books, records, and operations of Port Perry Service Company and filed its recommendation on December 17, 1993. Staff concluded that a revenue increase was needed for both the sewer and water operations because the Company had been operating at a loss

for more than five consecutive years and had no increase in rates in more than nine years. During this time insurance expense, accounting fees, and equipment maintenance and repairs expense had increased while the Company had only a small increase in customers. In addition, until very recently the Company billed all its water customers on a flat rate which resulted in relatively small charges for large usages in some cases. The system is now metered.

Based upon its audit, the accounting staff found justification for a rate increase for water service of approximately \$10,859, and for sewer service of approximately \$2,983. Based on Staff's recommendation the monthly water rates would increase as follows:

<u>Water Service</u>			
<u>MONTHLY</u>	<u>CURRENT</u>	<u>RECOMMENDED</u>	<u>% INCREASE</u>
Based on usage of 4,000 gal./month	\$ 15.00	\$ 20.38	36

<u>Sewer Service</u>			
<u>MONTHLY</u>	<u>CURRENT</u>	<u>RECOMMENDED</u>	<u>% INCREASE</u>
Full time resident	\$ 12.50	\$ 18.94	52

The Staff recommended approval of the substitute tariffs. Staff recommended to the Company a closer monitoring of their financial position to obtain rate increases when needed. Staff also recommended that Company keep detailed mileage logs and employee time sheets to facilitate future audits.

OPC filed its Statement of Public Counsel Position on December 14, 1993, stating that OPC agrees with the accounting data and rate design and agrees that the proposed rates are reasonable.

Upon review of the case papers, the Company's substitute tariffs filed December 10, 1993, OPC's position statement, and Staff's recommendation, the Commission finds that the tariffs agreed to by the Company, Staff, and OPC

are just and reasonable and in the public interest. The Commission finds that the Company is in need of an increase in revenues because it has been operating at a loss and has had no rate increase for more than nine years to offset increasing expenses. The Commission thus concludes that the proposed tariffs should be approved. The Commission also finds that the Staff's recommendations regarding maintenance of mileage logs and employee time sheets are appropriate and Company should be ordered to maintain its records in accordance with that recommendation.

IT IS THEREFORE ORDERED:

1. That the following tariff sheets filed by Port Perry Service Company on December 10, 1993, are hereby approved for services on and after January 1, 1994:

P.S.C.Mo. No. 2

1st Revised Sheet No. 5, cancelling Original Sheet No. 5;
3rd Revised Sheet No. 1, cancelling 2nd Revised Sheet No. 1.

2. That the Company shall maintain records in accordance with Staff recommendations, documenting fully all employee time and mileage expenses.

3. That this Order shall become effective on January 1, 1994.

BY THE COMMISSION



David L. Rauch
Executive Secretary

(S E A L)

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