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BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of United Water Missouri)	<u>Case No. WR-99-326</u>
Inc.'s Tariffs Designed to Increase Rates)	Tariff No. 9900553
for Water Service)	

SUSPENSION ORDER AND NOTICE

On February 2, 1999, United Water Missouri Inc. (Company) submitted to the Commission tariffs reflecting increased rates for water service provided to approximately 10,490 customers in Jefferson City, Cole County, Missouri. The proposed tariffs were assigned tariff number 9900553 and bear a requested effective date of March 4, 1999. The proposed tariffs are designed to produce an annual increase of approximately 36.35 percent (\$1,157,392) in the Company's gross annual revenues.

To allow sufficient time to study the effect of the proposed tariffs and to determine if they are just, reasonable and in the public interest, the Commission will suspend the proposed tariffs for a period of 120 days plus an additional six months beyond the requested effective date, unless otherwise ordered by the Commission.

Inasmuch as the Commission is required by law to give rate increase cases preference over all other questions pending before it and to decide such cases as quickly as possible, and since the burden of proof that the proposed rates are just and reasonable is upon the Company proposing such

rates, the Company should file its prefiled direct testimony in support of its proposed rate increase within 30 days of the issuance of this order.

Company shall include in its prefiled testimony its recommendation concerning the proper test year to be used in these proceedings. The Company should submit any request for a true-up in a motion concurrent with its prefiled direct testimony. This request should include a proposed date to which the Company's financial data is to be brought forward as well as a proposed time for a true-up hearing. The Company's proposal should also specify a complete list of accounts or items of expense, revenues and rate base designed to prevent any improper mismatch in those areas. The Commission will not consider a true-up of isolated adjustments, but will examine only a "package" of adjustments designed to maintain the proper revenue-expense-rate base match at a proper point in time. Re: Kansas City Power & Light Company, 26 Mo. P.S.C. (N.S.) 104, 110 (1983).

The Commission will schedule the filing of direct testimony by the Company and the hearing dates for this case in this order to ensure this matter is heard as expeditiously as possible. Additionally, establishment of the hearing dates will allow for notice to be sent to customers. Company shall give notice to customers as directed in the ordered paragraphs below.

The Commission's Staff, the Public Counsel and all intervenors shall state their positions regarding the Company's true-up and test year proposals as hereinafter ordered. The test year is the 12-month period

which is used to audit a company's books to determine the proper amounts of rate base, expenses and revenues to be used in calculating a revenue requirement for a company. A resolution of the test year issue must be made early in the proceedings so that parties' testimony can be reconciled to the same period. The test year involves an audit of all books and records of a company so that a total revenue requirement can be calculated.

Company's, Staff's and other parties' test year proposals should include a specific 12-month period as a test year and should include any additional period for which Staff or another party has updated significant items from the test year. The test year with the additional period will be called a test year as updated, or updated test year. In addition to a proposed test year or a proposed test year as updated, a party may request isolated changes, such as those imposed by governmental bodies, as part of its case and the Commission will consider whether those isolated changes are known and measurable and whether they should be included in Company's revenue requirement. An issue to be considered in this determination is whether the proposed adjustment affects the matching of rate base, expenses and revenue.

The Records Department of the Commission should serve a copy of this order upon the mayor of each city and the county commission of each county in the Company's service area. In addition, the Information Office shall send notice of this order to the publisher of each newspaper located in the counties in which the Company provides service, as listed in the newspaper directory of the current Official Manual of the State

of Missouri, and to the members of the General Assembly representing the Missouri area served by the Company.

Any proper entity desiring to intervene in this proceeding shall file its application to intervene as ordered herein.

IT IS THEREFORE ORDERED:

1. That all proposed tariff sheets submitted on February 2, 1999, by United Water Missouri Inc. for the purpose of increasing rates for water service are hereby suspended for a period of one hundred twenty (120) days from March 4, 1999, to July 2, 1999.

2. That the tariffs suspended in ordered paragraph 1 are hereby suspended an additional six (6) months beyond July 2, 1999 to January 2, 2000, unless otherwise ordered by the Commission.

3. That anyone wishing to intervene shall file an application to intervene no later than March 10, 1999, with:

Secretary of the Missouri Public Service Commission
Post Office Box 360
Jefferson City, Missouri 65102.

Copies of the application to intervene should be sent to:

W.R. England, III
Brydon, Swearengen & England, P.C.
Post Office Box 456
Jefferson City, Missouri 65102

and

Office of the Public Counsel
Post Office Box 7800
Jefferson City, Missouri 65102

4. That the Company shall file 15 copies of its prepared direct testimony and schedules and minimum filing requirements with the

Executive Secretary of the Commission on or before March 22, 1999.
Company shall provide 11 additional copies of its testimony to Staff.

5. That the Company shall file its recommendation concerning the proper test year for use in this case in a separate pleading concurrent with its prepared direct testimony and exhibits.

6. That the Company shall file any request for a true-up audit and hearing in a separate pleading concurrent with its prepared direct testimony and exhibits.

7. That Commission Staff, the Office of the Public Counsel and intervenors shall file, on or before April 21, 1999, a pleading indicating concurrence in Company's recommended test year, or shall recommend alternatives to Company's recommended test year.

8. That Commission Staff, the Office of the Public Counsel and intervenors shall file, concurrent with their prefiled direct testimony, a pleading stating their recommendation concerning a true-up.

9. That an evidentiary hearing is hereby scheduled for this case beginning August 16, 1999, to continue through August 20, 1999. The hearing will commence at 9:00 a.m. on August 16, 1999, and be held in the Commission's hearing room, fifth floor, Harry S Truman State Office Building, 301 West High Street, Jefferson City, Missouri. Any person(s) with special needs as addressed by the Americans with Disabilities Act should contact the Missouri Public Service Commission at least ten (10) days prior to the hearing at one of the following numbers: Consumer Services Hotline -- 1-800-392-4211, or TDD Hotline -- 1-800-829-7541.

10. That Company shall notify each affected customer of the hearings scheduled in this case by either a notice on or accompanying a bill, or in a separate notice, at least ten (10) days but not more than forty-five (45) days prior to the first day of the hearings, unless otherwise ordered by the Commission. The notice shall be in the following form:

NOTICE

United Water Missouri Inc. has filed revised tariffs with the Missouri Public Service Commission (PSC) which would increase Company's Missouri jurisdictional annual gross revenues by approximately 36.35 percent. For the average residential customer, who uses 700 cubic feet per month, the proposed increase would be approximately \$6.09 a month.

An evidentiary hearing has been set before the PSC, beginning at 9:00 a.m., August 16, 1999, in the PSC's hearing room on the fifth floor of the Harry S Truman State Office Building, 301 West High Street, Jefferson City, Missouri. If you wish to comment or secure information, you may contact the Office of the Public Counsel, Post Office Box 7800, Jefferson City, Missouri 65102, telephone (573) 751-4857.

If any person has special needs as addressed by the Americans with Disabilities Act, please contact the Missouri Public Service Commission at least ten (10) days prior to the hearing at one of the following numbers: Consumer Services Hotline -- 1-800-392-4211, or TDD Hotline -- 1-800-829-7541.

11. That the Records Department and Information Office of the Commission shall serve a copy of this order and provide notice as described in this order.

12. That this order shall become effective on March 1, 1999.

BY THE COMMISSION



Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

(S E A L)

Shelly A. Register, Regulatory Law Judge
by delegation of authority
pursuant to 4 CSR 240-2.120(1),
(November 30, 1995) and Section 386.240,
RSMo 1994.

Dated at Jefferson City, Missouri,
on this 18th day of February, 1999.

RECEIVED

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COMMISSION COUNSEL
PUBLIC SERVICE COMMISSION