

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a Session of the Public Service
Commission held at its office
in Jefferson City on the 28th
day of June, 1996.

In the Matter of Noel Water Company, Inc.'s)
Tariff Designed to Increase Rates for Water) CASE NO. WR-96-411
Service Pursuant to the Commission's Small)
Company Informal Rate Procedure.)

ORDER APPROVING TARIFF SHEETS

On February 12, 1996, Noel Water Company, Inc. (Noel) filed a letter requesting a rate increase in its water operations under the Commission's informal rate procedure for small companies, pursuant to 4 CSR 240-2.200. Noel serves approximately 592 customers in the City of Noel, Missouri. On May 30, 1996, Noel filed tariff sheets reflecting increased rates for water service.

The Staff of the Commission (Staff) completed an investigation of Noel's books, records, and operations related to providing water service, and on June 18, 1996, filed a memorandum concerning Noel's request. Staff indicated that Staff, Noel and the Office of the Public Counsel (Public Counsel) have agreed the Commission should approve the rates contained in the tariff sheets filed by Noel on May 30, 1996, with an effective date of July 1, 1996. The proposed tariff sheets are designed to increase Noel's annual water revenue by \$32,000 or 13 percent. For an average customer using 6,000 gallons, the change will be as follows:

| | <u>CURRENT</u> | <u>PROPOSED</u> |
|------------------|----------------|-----------------|
| Monthly Minimum | \$3.21 | \$3.39 |
| Commodity Charge | <u>\$5.60</u> | <u>\$6.50</u> |
| Total | \$8.81 | \$9.89. |

Noel's customers were notified of Noel's requested rate increase by written notice on February 29, 1996. Staff indicated it received one complaint in response to the initial notice. This complaint requested that Noel's phone number be listed separately from the lumber yard office where Noel's office is located. Staff noted that Noel's phone number is listed separately in the telephone book.

Noel's customers were subsequently notified of the tariff sheets filed by Noel on May 30, 1996. Staff indicated it received one complaint in response to the second notice. This complaint requested information on the type of maintenance performed by Noel. Staff noted that the requested information was provided.

In addition, Staff recommended that the small company depreciation rates for small water companies (attached hereto as Attachment A) be approved for use by Noel. Staff stated that the Water Treatment Account No. 332 will remain at 8.83 percent to recognize the gas chlorination treatment process utilized by Noel and that the proposed depreciation rates have been used in the calculation of the revenue requirement proposed in this case.

Staff stated that the proposed tariff sheets will have no effect on any other matters involving Noel that may be pending before the Commission. Staff recommended that the Commission approve the tariff sheets filed by Noel on May 30, 1996, for service on and after July 1, 1996.

The standard for Commission approval of the proposed rates are whether they are just and reasonable. The burden of proof to demonstrate that the proposed rates are just and reasonable is upon Noel.

Noel has experienced increases in operating expenses since its last rate increase in December, 1993 and has invested in extensive improvements to its water system. The proposed rates have resulted from extensive negotiations between Staff, Noel and Public Counsel. The

resulting increased revenues will allow Noel to cover its increased cost of providing safe and adequate service. Thus, the Commission finds that the proposed rates are just and reasonable and determines that the tariff sheets filed by Noel on May 30, 1996, should be approved for service on and after July 1, 1996.

IT IS THEREFORE ORDERED:

1. That the following tariff sheets filed by Noel Water Company, Inc. are hereby approved for service on and after July 1, 1996:

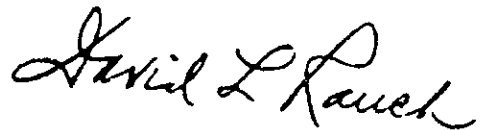
P.S.C. MO. No. 2

10th Revised Sheet No. 1 Canceling 9th Revised Sheet No. 1;
10th Revised Sheet No. 2 Canceling 9th Revised No. 2.

2. That the depreciation rates attached hereto as Attachment A are hereby approved for use by Noel Water Company, Inc.

3. That this Order shall become effective on July 1, 1996.

BY THE COMMISSION



David L. Rauch
Executive Secretary

(S E A L)

Zobrist, Chm., McClure, Kincheloe,
Crumpton, and Drainer, CC., Concur.

ALJ: Grothoff.

NOEL WATER COMPANY

WATER

DEPRECIATION RATES

CASE NO. WR-96-411

| <u>Acct. No.</u> | <u>Description of Account</u> | <u>Annual Rate Percent</u> |
|------------------|--|--------------------------------|
| 311 | Structures & Improvements | 2.5% |
| 312 | Collecting & Impounding Reservoirs | 2.0% |
| 313 | Lake, River & Other Intakes | 2.5% |
| 314 | Wells & Springs | 2.0% |
| 315 | Infiltration Galleries & Tunnels | 2.0% |
| 316 | Supply Mains | 2.0% |
| 317 | Other Water Source Plant | 2.0% |
| 321 | Structures & Improvements | 2.5% |
| 323 | Other Power Production Equipment | 4.0% |
| 325 | Electric Pumping Equipment | 10.0% |
| 326 | Diesel Pumping Equipment (35 yr, +5% salv) | 2.7% |
| 327 | Hydraulic Pumping Equipment | 2.5% |
| 328 | Other Pumping Equipment | 5.0% |
| 331 | Structures & Improvements | 2.5% |
| 332 | Water Treatment Equipment | 8.83% |
| 341 | Structures & Improvements | 2.5% |
| 342 | Distribution Reservoirs & Standpipes | 2.5% |
| 343 | Transmission & Distribution Mains | 2.0% |
| 344 | Fire Mains | 2.0% |
| 345 | Services | 2.9% |
| 346.1 | Meters - Bronze Chamber (35 yr, +5% salv) | 2.7% |
| 346.2 | Meters - Plastic Chamber | 10.0% |
| 347 | Meter Installations | 2.9% |
| 348 | Hydrants | 2.5% |
| 349 | Other Transmission & Distribution Plant | 3.3% |
| 390 | Structures & Improvements | 2.9% |
| 391 | Office Furniture & Equipment | 5.0% |
| 392 | Transportation Equipment (7 yr, +10% salv) | 13.0% |
| 393 | Stores Equipment | 4.0% |
| 394 | Tools, Shop, Garage Equipment | 5.0% |
| 395 | Laboratory Equipment | 5.0% |
| 396 | Power Operated Equipment | 6.7% |
| 397 | Communication Equipment | 6.7% |
| 398 | Miscellaneous Equipment | 5.0% |