

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a session of the Public Service
Commission held at its office
in Jefferson City on the 29th
day of October, 1993.

In the matter of Cat-Pac Waterworks, Inc., tariff)
sheet designed to implement a surcharge to satisfy) CASE NO. WR-94-110
the EIERA loan pursuant to the Commission's informal)
rate procedure.)

ORDER APPROVING TARIFFS AND AGREEMENT

Cat-Pac Waterworks, Inc. (Company) is a water corporation and a public utility subject to the jurisdiction of the Missouri Public Service Commission (Commission). Section 386.250(3) RSMo Cum. Supp. (1992). Company serves approximately 144 residential customers in Jefferson County. By letter dated October 27, 1992, the Company requested that the Commission approve a rate increase for its water operations under the small company rate proceeding set out in 4 CSR 240-2.060(8). The Company requested an increase of 20 percent in revenues in order to provide an adequate return on owners' investment.

On January 5, 1993, the Company sent written notice of these requested increases to its customers. Staff received three telephone calls, seven letters, and one petition complaining of service problems and protesting that the requested rates were too high. In response to Staff recommendations Company made numerous improvements in the plant and in the procedure for handling complaints. In order to finance the plant improvements Company was granted an Environmental Improvement and Energy Resources Authority (of the State of Missouri) (EIERA) loan of \$14,600 with Commission approval on September 28, 1993, in Case No. WF-94-84. Company and Staff agreed that a surcharge was needed to repay the EIERA funds used for improvements. The Company filed its tariff sheet on September 30, 1993, to implement the surcharge with a proposed effective date of November 1, 1993. The Company sent notice to its customers of the surcharge.

Staff received three telephone calls and two letters questioning the need for the surcharge. According to Staff those complaints were resolved on the telephone or by written response.

Staff conducted an investigation into the books, records, and operations of Company and filed its recommendation on October 26, 1993. Based upon its audit, the accounting staff concluded there was justification for a quarterly surcharge for water service of \$5.91 to be applied to principal, interest, and tax expenses of repaying \$14,600.00 in EIERA funds borrowed by the Company to finance plant improvements. Staff's recommendation was that the surcharge continue for five years and be subject to annual review and to refund if appropriate. Staff recommended approval of the revised tariff sheet filed September 30, 1993, for service provided on and after November 1, 1993.

After its own investigation, and after negotiations with Company and Staff, the Office of Public Counsel (OPC) disagreed with the recommended surcharge and filed its Motion to Suspend Tariff on October 25, 1993. OPC made six specific objections and requested an evidentiary hearing. Subsequently the parties pursued further negotiations and reached agreement on October 27, 1993. On October 28, 1993, OPC filed the Public Counsel's Recommendation stating that agreement had been reached on a revised surcharge of \$3.82 per quarter.

Company filed a substitute tariff sheet on October 27, 1993, requesting approval of the surcharge of \$3.82, subject to refund, to terminate when \$11,000 of principal and interest has been paid or on October 1, 1998. Staff filed its Revised Memorandum on October 28, 1993, reflecting the same surcharge. In addition, Staff and OPC recommend that Company establish a set of books and records in accordance with the Uniform System of Accounts.

Upon review of Staff's memorandum and revised memorandum, the Company's substitute tariff filed October 27, 1993, and Public Counsel's Recommendation, the Commission finds that the surcharge agreed to by the Company, Staff, and the

OPC and filed with the Commission is justified in order to repay EIERA money used for necessary improvements to the water delivery system. The Commission finds that the substitute tariff is just and reasonable and in the public interest and concludes that the tariff should be approved. The Commission also finds that the recommendations of Staff and OPC regarding recording keeping are appropriate and Company should be ordered to maintain its records in accordance with that recommendation.

IT IS THEREFORE ORDERED:

1. That the following substitute tariff sheet filed by Cat-Pac Waterworks, Inc. on October 27, 1993, is hereby approved for services on and after November 1, 1993:

P.S.C.MO. No. 1

Original Sheet No. 1-B.

2. That Cat-Pac Waterworks, Inc., shall maintain records in accordance with the Uniform System of Accounts.

3. That this Order shall become effective on November 1, 1993.

BY THE COMMISSION



David L. Rauch
Executive Secretary

(S E A L)

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