

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a Session of the Public Service
Commission held at its office
in Jefferson City on the 24th
day of November, 1992.

In the matter of the Gladlo Water and Sewer)
Company, Inc.'s tariff to increase sewer rates) Case No. SR-93-114
pursuant to the informal rate procedure.)

ORDER APPROVING TARIFF

On September 24, 1992, Gladlo Water and Sewer Company, Inc. (Gladlo) filed with the Commission a request for a rate increase for both its water and sewer services as the result of an informal rate procedure initiated May 11, 1992, pursuant to Commission Rule 4 CSR 240-12.060(8). Initial notice of the proposed rate increase for both sewer and water service was sent to customers by Gladlo on May 27, 1992. Subsequently, notice was given to all customers by Gladlo on October 1, 1992 of the proposed sewer rate increase only, reviewed and recommended by the Staff of the Commission. In that notice, customers were advised that comments on the proposed rate increase could be made to the Commission within 30 days.

In regard to the proposed rate increase for the water service, pursuant to 4 CSR 240-2.060(8)(E), agreement was apparently not reached between Staff and Gladlo, as no notice was sent to customers subsequent to the tariff filing, as prescribed. Pursuant to 4 CSR 240-22.060(8)(D) therefore, Gladlo is required to file application for formal rate proceeding if it wishes to proceed. It has not done so and therefore the Commission may not consider the proposed rate increase for the water system, and this request must be considered abandoned by Gladlo for purposes of this application.

In regard to the proposed increase for the sewer system, after review, the Commission Staff has made a recommendation that this proposed rate be approved. Staff states that, after examination of Gladlo's books, the sewer and

water service portions of which are required to be kept separate, the Staff first assigned a percentage figure of 10 percent for rate of return. This figure was derived from past experience with level of operating costs of similar sized water and sewer companies. Upon completion of improvements made by Gladlo to its waste treatment lagoon, Staff calculated a new gross revenue requirement for Gladlo including the cost of the lagoon improvements and arrived at the conclusion that Gladlo required additional gross revenue of \$1,493.

Based on this requirement, Staff calculated a monthly rate increase necessary to meet this increased revenue requirement based on the current level of 63 customers and found that the fixed monthly sewer rate should be raised from \$6.90 per month to \$8.87 per month, a proposed increase of 28 percent.

Upon notification of this proposed increase, Staff received three customer responses opposed to the increase and one non-related customer service complaint, which was resolved.

On this basis the Commission concludes that a public hearing is not necessary and therefore finds as follows.

Gladlo Water and Sewer Company, Inc. provides public water and sewer service for 63 customers in the vicinity of Rolla, Missouri and is subject to Commission regulation. Gladlo has undertaken to make improvements to its sewage lagoon and therefore has filed this application to recover the costs of this improvement by an increase in rates. Gladlo has completed the lagoon improvement project and Staff, after review of the company's books, records and operations, has recommended a 28 percent rate increase for sewer service. After notice, only three customer objections to this were tendered, a de minimus number.

After review of the accounting procedures performed by Staff, information indicating the proposed lagoon project was complete, and the de minimus nature and number of customer responses, the Commission finds that the proposed sewer rate increase is justified and will allow Gladlo to provide safe,

adequate and reliable service at reasonable rates, and therefore should be approved. Since the proposed rate increase exceeds seven percent, the Commission will direct Gladlo to submit the information required by Section 393.275, RSMo 1986.

IT IS THEREFORE ORDERED:

1. That the tariff filed by Gladlo Water and Sewer Company, Inc. on September 24, 1992, be hereby approved for service on and after December 1, 1992.
2. That Gladlo Water and Sewer Company, Inc. shall file with the Commission the names of any and all cities and counties 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 within ten (10) days of the date of approval of this Order.
3. That this Order shall become effective on December 1, 1992.

BY THE COMMISSION

Brent Stewart

Brent Stewart
Executive Secretary

(S E A L)

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