



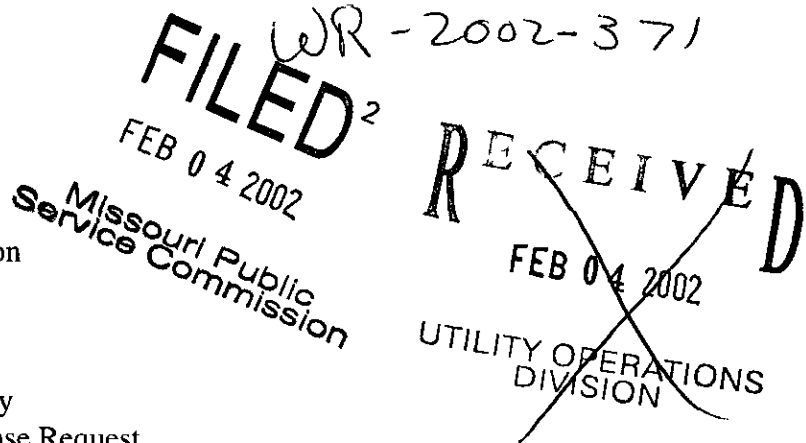
408 Hillcrest Drive
Union, MO. 63084
Phone: 636-583-8415

ARGYLE ESTATES WATER SUPPLY

January 30, 2002

Mr. Dale Hardy Roberts
Secretary to the Commission
Missouri Public Service Commission
P.O. Box 360
Jefferson City, Missouri 65102

RE: Argyle Estates Water Supply
Small Company Rate Increase Request
Mo. PSC Tariff File No. 2001 01195 (Water)



Dear Mr. Roberts:

I am enclosing for filing with the Commission an original and three copies of revised tariff sheets that include rate and language changes reflecting an agreement between the Argyle Estates Water Supply (Company) and the Commission Staff (Staff) on the above subject. The Company initiated the subject rate increase request on June 18, 2001, under the Commission's small company rate increase procedure, and the request was assigned the above-referenced file number.

Additionally, consistent with the Commission's small company rate increase procedure, I am enclosing an Agreement Regarding Disposition of Small Company Rate Increase Request (Agreement). The Agreement reflects a "settlement" between the Company and the Staff regarding all matters related to the Company's water service rate increase request.

The Agreement calls for, and the revised tariff sheets contain, customer rates intended to produce an increase of \$5,433 (an approximate 58.9% increase) in the Company's annual operating revenues for its water operations. Additionally, the revised tariff sheets and Agreement call for implementing new miscellaneous charges and the modification of a previously tariffed miscellaneous charge. The Agreement also requests Commission authorization of the depreciation rates of the Company's water operations.

Also, please note that the Company has consented to the extension of the time period beyond 150 days from the date the letter initiation the procedure was filed with the Commission.

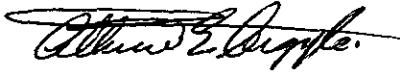
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It is my understanding that the Staff will be providing additional information about the Company's rate increase request and the related Staff audit and investigation, for filing in the case papers following the creation of a formal docket.

Please contact me at your convenience if you need anything further.

Sincerely,

ARGYLE ESTATES WATER SUPPLY

A handwritten signature in cursive script, appearing to read "Albert E. Argyle".

Albert E. Argyle
President & COO

enclosures

copies (w/enclosures):

Wendell R. Hubbs - PSC Staff
Office of the Public Counsel - Ruth O'Neill

Argyle Estates Water Supply For: Certificated Sewer Service Areas in Franklin County
Name of Issuing Company Community, Town or City

Rules Governing
Rendering of Water Service

*

Schedule of Rates*

General Service:

Availability: This rate is available to any customer located on company's mains for supplying the service requested.

+Quarterly Minimum Charge:

For 6,000 gallons or less - \$ 37.94 per quarter

+Commodity Charge:

For all metered usage over 6,000 gallons per quarter -
\$ 2.46 per 1,000 gallons

+Taxes:

All applicable Federal, State or local taxes shall be added separately to the bill in addition to the above charges.

***Late Payment Charge:**

Billing will be made and distributed at quarterly intervals. Bills will be rendered net, bearing the last date on which payment will be considered delinquent. The period after which the payment is considered delinquent is 21 days after rendition of the bill. A charge of \$5.00 per month or three percent (3%) per month times the unpaid balance, whichever is larger, will be added to delinquent amounts. Late payment charges shall accrue and be billed monthly.

***Bad Check Charge:**

A bad check charge of \$15 per check will be paid on all checks returned from the bank for insufficient funds.

* indicates new rate or text

+ indicates change

Date of Issue 2/4/02

Date Effective 3/22/02

Issued By: Albert E. Argyle, President 408 Hillcrest Drive, Union, MO 63084
Name of Officer Title Address

Argyle Estates Water Supply For: Certificated Sewer Service Areas in Franklin County
 Name of Issuing Company Community, Town or City

Rules Governing
 Rendering of Water Service +

Schedule of Rates (cont.)

+Tap-on Fee:

+Water main tap-on fee \$100.00
 (tap-on fee includes tapping of the main and tapping saddle)

***Meter Test Charge:**

This charge of \$30 will be billed for a customer requested meter test consistent with Rule 12, Sheet No. 30, of this tariff.

***Connection Charge:**

Connection charge (a non-tap-on connection) requested by customer.
 Connection Charge: \$ 15.00

Discontinuance of Service for Non-Payment of Bill:

+Disconnect turn-off charge \$15.00
 *Reconnect turn-on charge \$15.00

***Door Collection Charge:**

A door collection charge of \$15.00 will be applicable when a customer pays the serviceman at the time of scheduled disconnection (turn-off) of service to prevent such disconnection.

***Emergency Call Out Charge:**

An Emergency Call-Out Charge of \$15.00 per occurrence will be assessed where a customer requests a shut-off of service and the emergency exists entirely on the customer owned facilities.

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408 Hillcrest Drive, Union, MO 63084

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Agreement Regarding Disposition of
Small Company Rate Increase Request

Argyle Estates Water Supply

Tariff File No. 2001 01195

Argyle Estates Water Supply (Company) initiated the small company rate increase request (Request) for water service that is the subject of the above-referenced Commission "file" through its submittal of a letter to the Commission's Executive Secretary. The Company submitted its Request under the provisions of Commission rule 4 CSR 240-2.200, Small Company Rate Increase Procedure (the informal rate case procedure). The date the Company's letter was received at the Commission's offices was June 18, 2001. In its Request, the Company represented that it was asking for Commission approval of customer rates intended to generate an increase of \$5,700 in its total annual water service operating revenues. The Company provides water service to approximately 49 customers.

Upon review and acceptance of the Company's Request, the Commission's Records Department assigned Tariff File No. 2001 01195 to the Request for purposes of identification and tracking. The Records Department then forwarded the Request to the Commission's Water & Sewer Department for processing under the informal rate case procedure.

Pursuant to the provisions of the informal rate case procedure, the Staff of the Commission (Staff) initiated an audit of the Company's books and records and an inspection of the Company's system and the operation thereof.

Based upon the results of the Staff's audit, the Company and the Staff hereby state their agreement that: (1) an increase of \$5,433 (approximately 58.9%) in the Company's annual water revenues is reasonable; (2) the depreciation rates set out on Attachment A hereto should be the prescribed depreciation rates for the Company, as these were the depreciation rates used by the Staff in its revenue requirement analysis; (3) the addition of a "Late Payment Charge" is reasonable; (4) the addition of a "Bad Check Charge" of \$15 per bad check is reasonable; (5) the addition of a "Meter Test Charge" of \$30 for all tests after the first one in any 12 month period, is reasonable; (6) the addition of a "Connection Charge" of \$15 is reasonable; (7) the addition of a "Door Collection Charge" of \$15 is reasonable; (8) the addition of an "Emergency Call Out Charge" of \$15 is reasonable; (9) that increasing the "Tap-on Fee" \$50 to \$100 is reasonable; and, (10) that replacing the "Reconnection Charge" for tariff rule violations of \$5, with a "Disconnect turn-off charge" of \$15 and a Reconnect turn-on charge" of 15 is reasonable.

The Company agrees to list its business telephone number and its emergency service number on all of its quarterly bills.

Argyle Estates Water Supply – File No. 2001 01195 Water
Small Company Rate Procedure "Agreement"

The Company agrees to print the payment due date on all of its quarterly bills.

The Company agrees to keep a "customer contact log", whereby the company will maintain for a three year period all customer complaints and inquiries. This log will contain detail including the type of contact and its resolution.

The Company agrees to obtain a fireproof file cabinet to keep utility documents stored.

The Company agrees to install a master meter and take meter readings from it on a monthly basis.

Additionally, the Company acknowledges that the Staff will file additional information about the details of its audit with the Commission following the creation of a formal docket.

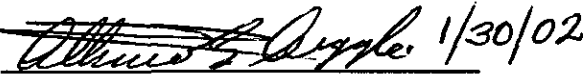
This Agreement is only between the Company and the Staff. The Office of the Public Counsel (OPC) has verbally notified the Staff that it is requesting a second customer notice be sent to the Company's customers.

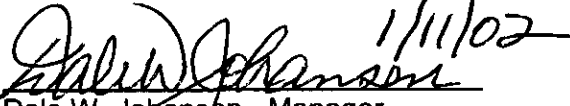
Lastly, the Company and the Staff ask the Commission to note that no action need be taken on the Company's tariff sheets until after the Staff files its formal recommendation for approval of the tariff sheet. That filing will take place soon after filing of this Agreement and the revised tariff sheets.

Other than the specific conditions agreed to by the Company, this agreement is a compromise that has resulted from extensive negotiations between Staff and the Company and no party has agreed to any particular ratemaking principal (except those items specifically stated in this agreement) in arriving at the dollar amount.

This Agreement is effective as of the 11th day of January 2002.

Agreement Signed and Dated:


Mr. Albert E. Argyle, President & COO
Argyle Estates Water Company


Dale W. Johansen - Manager
Water and Sewer Department
Public Service Commission Staff

**Argyle Estates Water Supply
DEPRECIATION RATES**

(WATER)

File No. 2001 01195

| <u>ACCOUNT NUMBER</u> | <u>ACCOUNT</u> | <u>DEPRECIATION RATE %</u> | <u>AVERAGE SERVICE LIFE (YEARS)</u> |
|---------------------------|---|--------------------------------|---|
| 311 | Structures & Improvements | 2.5% | 40 |
| 314 | Wells & Springs | 2.0% | 50 |
| 325 | Electric Pumping Equipment | 10.0% | 10 |
| 325.1 | Submersible Pumping Equipment | 10.0% | 10 |
| 325.2 | High Service or Booster Pumping Equipment | 6.7% | 15 |
| 342 | Distribution Reservoirs & Standpipes | 2.5% | 40 |
| 343 | Transmission & Distribution Mains | 2.0% | 50 |
| 348 | Hydrants | 2.0% | 50 |
| 394 | Tools, Shop, Garage Equipment | 5.0% | 20 |
| 398 | Miscellaneous Equipment | 5.0% | 20 |

Attachment A