

STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION

At a session of the Public Service  
Commission held at its office  
in Jefferson City on the 10th  
day of December, 1998.

In the Matter of Ozark Shores Water Company for     ) Case No. WR-99-183  
a Small Company Rate Increase.                             ) (Tariff File 9700873)

**ORDER APPROVING TARIFF**

Pursuant to the Commission's informal rate procedure, on June 27, 1997, Ozark Shores Water Company (Company) filed a tariff designed to increase its rate for water service. In its request, the Company stated that it was seeking changes to its monthly customer rates that would result in an increase of \$81,123 (15 percent) in its total annual water operating revenues. The Company also wished to increase certain service charges. At the time of its request, the Company provided water service to approximately 1,009 residential customers and 16 commercial customers.

The Company notified its customers of its request by a letter dated July 15, 1997. The contents of this letter had been previously approved by the Staff of the Public Service Commission (Staff). The Staff received one letter as a result of the Company's July 1997 customer notice. The letter requested denial of the rate increase if it applies to unimproved lot owners in Four Seasons. Staff noted, however, that the rate increase does not apply to unimproved lot owners. The Office of the Public Counsel (OPC) received two customer letters addressing the initial customer notice. The first letter, a fax, referred to complaints about

the mineral content in the water. The second letter expressed a complaint that the proposed 15 percent increase seemed steep, and stated that substantial growth has greatly increased the Company's income.

Based upon its audit of the Company's books and records, an evaluation of the Company's depreciation rates and an analysis of the Company's capital structure and cost of capital, the Staff concluded that the Company could justify an increase of \$75,283 in its annual water service operating revenues. In addition, the Staff concluded that, based upon an analysis of charges for other utilities, the requested increase in the reconnection charges to \$25.00 from \$10.00 is appropriate. The Staff also determined that a "Returned Check Fee" is appropriate and recommended that a "Reconnection of Service for Seasonal Disconnects Charge" be implemented. The Staff recommended no changes to the Company's system operations as a result of its investigation of the Company's request.

By a letter dated August 24, 1998, the Company stated its agreement with the Staff's recommended increase of \$75,283 in the Company's annual operating revenues. On September 22, 1998, Mr. John Coffman of the OPC verbally advised the Staff that the OPC had not yet made a final decision about the recommended increase, but that it agreed with Staff that the company should send a notice to its customers regarding the Staff's recommended increase.

On October 27, 1998, the Company submitted a written Agreement Regarding Disposition of Small company Rate Increase Request and a copy of the Company's notice to its customers regarding the rate increase

agreement between the Company and the Staff. As with the first notice, the Company requested that its customers' questions or comments be directed to the Staff and/or the OPC.

Regarding the Company's second customer notice, the Staff received one customer fax and one customer telephone call. The customer who telephoned complained about the magnitude of the increase and requested that a public hearing be held. The customer that submitted the fax complained about the period allowed for payments, requested the Company initiate an automatic payment withdrawal program, requested more time to pay the water bill before shutting off the water, and stated that the language regarding seasonal reconnections was confusing. Additionally, the OPC advised the Staff of two customer responses (one letter and one fax) which it had received in response to the second customer notice. The fax received by OPC was the same one that the Staff received. The letter OPC received complained that the increase "is outrageous."

The OPC sent a letter on November 19, to the Staff and the Company which indicated that the OPC was in agreement with the proposal. On November 30, the Staff filed a recommendation that the Commission approve the tariff sheets listed below, for service rendered on and after December 11, 1998:

P.S.C. MO. No. 1

1st Revised Sheet No. 11, Canceling Original Sheet No. 11  
3rd Revised Sheet No. 14, Canceling 2nd Revised Sheet No. 14  
1st Revised Sheet No. 14A, Canceling Original Sheet No. 14A

The Staff further recommended and requested that the Commission's order include approval of the depreciation rates set out in Attachment G to the recommendation.

The Commission finds the proposed tariff sheets (tariff file 9700873), as submitted on October 27, 1998, to be reasonable and justified. The Commission will adopt the proposed tariff for service on or after December 11, 1998.

**IT IS THEREFORE ORDERED:**

1. That the following tariff sheets, filed October 27, 1998, by Ozark Shores Water Company, are approved for service on or after December 11, 1998:

P.S.C. MO. No. 1

1st Revised Sheet No. 11, Canceling Original Sheet No. 11  
3rd Revised Sheet No. 14, Canceling 2nd Revised Sheet No. 14  
1st Revised Sheet No. 14A, Canceling Original Sheet No. 14A

2. That the depreciation rates set out in an attachment to the Staff's November 30, 1998, memorandum are approved.

3. That this order shall become effective on December 11, 1998.

4. That this case may be closed after December 12, 1998.

**BY THE COMMISSION**

( S E A L )

*Dale Hardy Roberts*

**Dale Hardy Roberts**  
**Secretary/Chief Regulatory Law Judge**

Lumpe, Ch., Crumpton, Drainer,  
Murray and Schemenauer, CC.,  
concur.

Ruth, Regulatory Law Judge

RECEIVED

DEC 11 1998

COMMISSION COUNSEL  
PUBLIC SERVICE COMMISSION