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At a session of the Public Service Commission held at its office in Jefferson City on the 2nd day of September, 1998.

In the Matter of Ascension Resorts, Ltd. Tariff)
Pursuant to Small Company Rate Increase Request) **Case No. WR-99-32**
for Water Service.) (Tariff File #9700686)
)

ORDER APPROVING TARIFF

Pursuant to the Commission's informal rate procedure, on April 4, 1997, Silverleaf Resorts, Inc. (Company), formerly Ascension Resorts, Ltd., 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 \$168,258 in its annual water operating revenues. The Company was also seeking increases in certain of its service charges, the establishment of certain new service charges, and changes in the design of its monthly customer rates. At the time of its request, the Company provided water service to approximately 580 customers.

The Company notified its customers of its request by a letter dated April 14, 1997 (the first notice to the customers). The contents of this letter had been previously approved by the Staff of the Public Service Commission (Staff). The Staff received seventeen customer letters and one customer telephone call as a result of this April 14 letter. The letters and the call dealt exclusively with the level of the rate increase requested by the Company. The customers expressed no specific complaints regarding service problems.

On June 17, 1998, the Office of the Public Counsel (OPC) advised the Staff that the OPC had not yet made a final decision about the recommended increase, and that it wanted the Company to send a second notice to its customers regarding the Staff/Company agreements. By a letter dated July 16, 1998, the Company provided a second notice to its customers regarding the agreements between the Company and the Staff. As with the first notice, the Company's second notice requested that its customers direct questions or comments to the Staff and/or the OPC. Following the second notice, the Staff received one customer letter.

The Staff conducted an audit and investigation of the Company's books and records and the Company's operations. Based upon the results of its audit and investigation, the Staff and the Company entered into an *Agreement Regarding Disposition of Small Company Rate Increase Request*, which was signed on July 16, 1998.

On July 20, the Company filed the following items: a letter, dated July 17, to the Public Service Commission with the Company's revised tariff sheets; the *Agreement Regarding Disposition of Small Company Rate Increase Request*, including attachments; and a copy of the July 16 letter mentioned above (the second notice to customers), which the Company used to notify its customers of the proposed rate increase. The attachments to the Agreement included a summary of non-service charges and fees for water service, and a summary of monthly customer rates for water service.

On August 4, 1998, the OPC sent a letter to the Staff, with a copy sent to the Company, indicating that the OPC's position was that the accounting and rate design proposals agreed upon between the Company and the Staff were reasonable. The letter also stated that the OPC's

position was that the changes to the various fees and charges in the proposed tariffs were reasonable.

On August 20, the Staff filed a recommendation reflecting the agreement between the Staff and the Company regarding the proposed rate increase in the Company's tariff. In its memorandum, Staff stated it had concluded that the Company could justify an increase of \$9,244 in its annual water operating revenues. The Staff also concluded that the requested changes/additions to the Company's "non-service" charges and fees were reasonable, and that a change in the design of the Company's monthly customer rates was appropriate.

In its August 20, memorandum, the Staff recommends that the Commission issue an order approving the following tariff sheets, for service rendered on and after September 1, 1998:

P.S.C. MO. No. 2

1st Revised Sheet No. 4, Canceling Original Sheet No. 4

1st Revised Sheet No. 5, Canceling Original Sheet No. 5

On August 27, 1998, Company extended the tariff effective date from September 1, 1998, to September 4, 1998.

The Commission finds the proposed tariff sheets, as submitted on July 20, to be reasonable and justified. The Commission will adopt the proposed tariff for service on or after September 4, 1998.

IT IS THEREFORE ORDERED:

1. That the following tariff sheets, filed July 20, 1998, by Silverleaf Resorts, Inc., formerly Ascension Resorts, Ltd., are approved for service on or after September 4, 1998:

P.S.C. MO. No. 2

1st Revised Sheet No. 4, Canceling Original Sheet No. 4

1st Revised Sheet No. 5, Canceling Original Sheet No. 5

2. That this order shall become effective on September 4, 1998.
3. That this case may be closed after September 5, 1998.

BY THE COMMISSION

A handwritten signature in black ink that reads "Dale Hardy Roberts". The signature is written in a cursive, slightly slanted style.

Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

(S E A L)

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

Ruth, Regulatory Law Judge