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**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a Session of the Public Service
Commission held at its office
in Jefferson City on the 26th
day of March, 1998.

In the Matter of L.T.A. Water)
Company, Inc.'s Tariff for Approval) **Case No. WR-98-321**
of Implementing a Rate Increase.)

ORDER APPROVING TARIFF

On July 18, 1997, L.T.A. Water Company, Inc., (Company) requested an increase of annual revenue by \$13,307.00 or 94 percent pursuant to the Missouri Public Service Commission's small company rate procedure. The Company requested authority to increase the monthly minimum water rate from \$8.10 to \$16.00, which includes 2,000 gallons of water use, and to increase the charge for each additional 1,000 gallons from \$1.21 to \$2.30. The Company also requested a \$100.00 increase in its service connection charge, from \$175.00 to \$275.00. The Company serves approximately 84 residential customers in Taney County, Missouri. Pursuant to 4 CSR 240-2.200(1)(G), the Company filed a consent to extend the 150-day period to reach an agreement and file tariff sheets.

The Commission's Staff filed a memorandum to the official case file on March 20, 1998. Staff states the customers were notified in writing on July 28, 1997 of the Company's initial request for a rate increase. Staff received and answered nine letters and three phone calls after the notice was sent. Customers complained that the Company's proposed increase was too high and some raised service-related concerns.

After investigating the Company's books, records, and operations, Staff determined that a rate increase of 27 percent is justified. The

Company agreed with the Staff's proposal and filed its tariff sheet on January 30, with an effective date of April 1. The tariff sheet, 3rd Revised Sheet No. 2, Canceling 2nd Revised Sheet No. 2, provides for a monthly minimum charge of \$8.62 including the first 2,000 gallons of usage and a commodity charge of \$1.93 per 1,000 gallons of usage over 2,000 gallons. The tariff sheet provides for an increased service connection charge from \$175.00 to \$275.00.

The customers were notified in writing on or about January 28 of the proposed 27 percent rate increase. Staff received no letters and only one phone call complaining that the proposed increase was too high. On March 2, 1998, the Office of the Public Counsel filed its consent to the proposed rate increase.

Staff recommends that the Commission approve the tariff for service rendered on and after April 1, 1998. Staff indicates that based on its audit, the \$100.00 increase in the Company's service connection charge is appropriate. Staff further recommends that the Commission approve the depreciation rates attached to its memorandum and set forth in Attachment 1 to this order.

The Commission has reviewed the tariff and the Staff's memorandum. The Commission determines that the rates under the tariff filing are just and reasonable and that the tariff filing is in the public interest. The Commission determines this rate increase is necessary to cover the cost of operating and maintaining the system. Thus, the Commission determines the tariff filing and the depreciation rates set forth in Attachment 1 to this order should be approved.

IT IS THEREFORE ORDERED:

1. That the following tariff sheet filed by L.T.A. Water Company,

Inc., on January 30, 1998, is approved for service rendered on and after April 1, 1998.

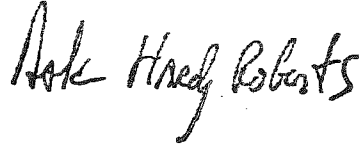
P.S.C. MO. No. 1

3rd Revised Sheet No. 2, Canceling 2nd Revised Sheet No. 2

2. That the depreciation rates set forth in Attachment 1 to this order are approved for L.T.A. Water Company, Inc.

3. That this order shall become effective on April 1, 1998.

BY THE COMMISSION



Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

(S E A L)

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

G. George, Regulatory Law Judge

L.T.A. WATER COMPANY, INC.
RECOMMENDED DEPRECIATION RATES
CASE NO. WR-98-321
(File No. 9800061)

<u>Account No.</u>	<u>Account Description</u>	<u>Annual Rate</u>
301.100	Intangible Plant - Organization Costs	0.0%
304.200	Structures & Improvements	2.5%
307.200	Wells & Springs	2.0%
305.200	Supply Mains	2.0%
311.200	Pumping Equipment	10.0%
320.300	Water Treatment Equipment	2.9%
330.400	Distribution Reservoir & Standpipe	2.5%
331.400	Transmission & Distribution Mains	2.0%
333.400	Services	2.9%
334.400	Meters & Meter Installations	10.0%
335.400	Hydrants	2.9%
340.500	Office Furniture & Equipment	20.0%

RECEIVED

MAR 26 1998

Attachment 1

COMMISSION COUNSEL
 PUBLIC SERVICE COMMISSION