

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of West 16th Street Sewer
Company's Request for a Small Company
Rate Increase.

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Case No. SR-2007-0355
Tariff File No. YS-2007-0685

**RECOMMENDATION REGARDING DISPOSITION
OF SMALL COMPANY RATE INCREASE REQUEST**

COMES NOW the Staff of the Missouri Public Service Commission ("Staff"), by and through counsel, and for its Recommendation Regarding Disposition of Small Company Rate Increase Request ("Recommendation") states the following to the Missouri Public Service Commission ("Commission").

1. On March 28, 2007 (unless noted otherwise, all dates herein refer to the year 2007), West 16th Street Sewer Company, Inc. ("Company") submitted to the Commission a proposed revised tariff sheet to implement increases in its sewer service rates and charges, and the instant case was established.

2. As is noted in the Company's tariff filing transmittal letter, the changes contained in the proposed revised tariff sheet are based upon a *Unanimous Agreement Regarding Disposition of Small Sewer Company Rate Increase Request* ("Disposition Agreement") entered into by the Company, the Staff and the Office of the Public Counsel (OPC). As is also noted in the Company's tariff filing transmittal letter, the Disposition Agreement pertains to the small company rate increase request ("Request") that the Company submitted to the Commission on September 11, 2006, under the provisions of Commission Rule 4 CSR 240-3.330, Sewer Utility Small Company Rate Increase Procedure ("Small Company Rate Increase Procedure"). Initially, the Company's Request was assigned Tracking No. QS -2007-0004.

3. On March 30, the Staff filed the above-referenced Disposition Agreement. Included with the agreement were the attachments listed below, as well as affidavits from the Staff members that were responsible for the preparation of each of the attachments.

- * Attachment A – Example Tariff Sheets
- * Attachment B – Ratemaking Income Statement
- * Attachment C – Audit Workpapers
- * Attachment D – Rate Design Worksheet
- * Attachment E – Customer Billing Comparison
- * Attachment F – Schedule of Depreciation Rates
- * Attachment G – Engineering & Management Services Department Report

4. The specific agreements between the Company, the Staff and the OPC regarding the disposition of the Company's Request are set out on Pages 2 and 3 of the Disposition Agreement.

5. The Staff notes that the capital structure of 100% equity and the rate of return on equity of 9.00% listed in item number 3 on page 2 of the Disposition Agreement are incorrect. The correct capital structure is 29.41% equity and the correct rate of return on equity is 8.56%. However, the correction of these items has no effect on the agreed-upon increase in the Company's operating revenues as the Staff used the correct numbers in its cost-of-service calculations.

6. In addition to the information that has been filed in the case file for this case, the following documents are included in the Tracking File for the Company's Request.

- * Item 1 Company's Original Request Letter
- * Item 4 Company's Customer Notice
- * Item 5 Staff Report Regarding Customer Comments Received
in Response to Company's Customer Notice

7. Pursuant to a review of available electronic information maintained by the Commission's Budget & Fiscal Services Department and Data Center, and in the Commission's electronic filing and information system, the Staff notes that the Company had no delinquencies regarding the payment of its Commission assessments or the submission of its Commission annual reports when it submitted its Request, and that the Company remains current on those matters as of the date of this Recommendation. The assessment information reviewed covers fiscal years 2000 thru 2007, and the annual report information reviewed covers calendar years 1997 thru 2005.

8. Based upon contacts with appropriate personnel at the Department of Natural Resources ("DNR"), the Staff notes that the Company currently has no outstanding DNR compliance issues.

9. The Company currently has no other matters pending before the Commission. As a result, approval of the Company's proposed revised tariff sheets will not affect any other matter before the Commission with regard to the Company.

10. The Commission has the authority to approve the subject proposed tariff revisions in accordance with Sections 393.140(11) and 393.150, RSMo. Additionally, Section 393.130.1, RSMo provides that all charges made by any sewer corporation for sewer service rendered or to be rendered shall be "just and reasonable". The Staff's and the OPC's agreement with the proposed tariff revisions are evidence that the rates and charges contained in the tariff revisions are just and reasonable.

11. The procedure followed in this case complies with the requirements of the Small Company Rate Increase Procedure in general, and with 4 CSR 240-3.330(1)(C) in particular.

WHEREFORE, based upon the above, the Staff respectfully recommends that the Commission issue an order that: (a) approves the revised tariff sheets the Company submitted to the Commission on March 28 to be effective for service rendered on and after April 27; (b) approves the Disposition Agreement submitted in this case; (c) directs the Company to comply with the terms of the Disposition Agreement submitted in this case; and (d) prescribes the schedule of depreciation rates included as Attachment F to the Disposition Agreement submitted in this case as the schedule of depreciation rates authorized for the Company's use.

Respectfully Submitted,

/s/ **Keith R. Krueger**

Keith R. Krueger
Deputy General Counsel
Missouri Bar No. 23857

Attorney for the Staff of the
Missouri Public Service Commission

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CERTIFICATE OF SERVICE

I hereby certify that copies of this Recommendation have been mailed with first-class postage, hand-delivered, transmitted by facsimile or transmitted via e-mail to all counsel and/or parties of record this 11th day of April 2007.

/s/ **Keith R. Krueger**

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

AFFIDAVIT OF DALE W. JOHANSEN

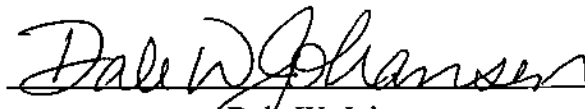
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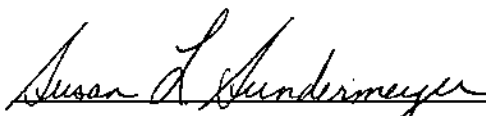
CASE NO. SR-2007-0355

COUNTY OF COLE)

COMES NOW Dale W. Johansen, being of lawful age, and on his oath states the following: (1) that he is the Manager of the Missouri Public Service Commission's Water & Sewer Department; (2) that he participated in the preparation of the foregoing Recommendation; (3) that he has knowledge of the information presented in the foregoing Recommendation; and (4) that the information presented in the foregoing Recommendation is true and correct to the best of his knowledge, information and belief.


Dale W. Johansen

Subscribed and sworn to before me this 10th day of April 2007.


Notary Public



SUSAN L. SUNDERMEYER
My Commission Expires
September 21, 2010
Callaway County
Commission #06942086

My Commission Expires: 9-21-10