

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

In the Matter of the Application of Cannon     )  
Home Association for a Small Company     )  
Rate Increase     )

**Case No. SR-2009-0144**

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

COMES NOW the Staff of the Missouri Public Service Commission (Staff), by and through the undersigned counsel, and for its *Recommendation Regarding Disposition of Small Company Revenue Increase Request* (Recommendation) states the following:

1. On March 23, 2009, Cannon Home Association (Cannon or the Company) filed proposed revised tariff sheets with the Missouri Public Service Commission (the Commission) intending to implement miscellaneous changes to its tariff. The Company's tariff submission has been assigned Tracking No. YS-2009-0684 in the Commission's Electronic Filing and Information System (EFIS).

2. As is noted in the Company's tariff filing transmittal letter, the changes contained in the proposed revised tariff sheets are based upon a *Company/Staff Agreement Regarding Disposition of Small Sewer Company Revenue Increase Request* (Disposition Agreement) entered into by the Company and Staff. As is also noted in the Company's tariff filing transmittal letter, the Disposition Agreement pertains to the small company revenue increase request (Request) that the Company submitted to the Commission on October 20, 2008, pursuant to Commission Rule 4 CSR 240-3.050, Small Utility Rate Case Procedure.

3. On March 16, 2009, Staff filed the above-referenced Disposition Agreement. Included with the agreement are the attachments listed below, as well as affidavits from the Staff members that were responsible for the preparation of each attachment.

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

4. The agreements between the Company and Staff regarding the disposition of the Company's Request are set out on pages 2 through 4 of the Disposition Agreement.

5. Since the Disposition Agreement was only executed between the Company and Staff, Cannon was required to send a second written notice to its customers regarding the terms of the agreement. This notice was mailed to customers by the Company on March 30, 2009. A copy of the notice was filed by Staff on April 13, 2009.

6. The Office of the Public Counsel (OPC) has not filed a request for a local public hearing to be conducted in this matter.

7. Pursuant to a review of available electronic information maintained by the Commission's Budget & Fiscal Services Department and in EFIS, Staff notes that the Company has no delinquencies regarding the payment of its Commission assessments or the submission of its annual reports.

8. Based upon contacts with appropriate personnel at the Department of Natural Resources (DNR) 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 (2000)<sup>1</sup>.

11. Additionally, Section 393.130.1 provides that all charges made by any sewer corporation for sewer service rendered or to be rendered shall be "just and reasonable". Staff and the Company's agreement with the proposed tariff revisions support that the rates and charges contained in the tariff revisions are just and reasonable, and necessary to maintain effective operation of the Company for safe and adequate service to its customers.

12. The procedure followed in this case complies with the requirements of the Small Utility Rate Case Procedure found in Commission Rule 4 CSR 240-3.050.

**WHEREFORE**, based upon the above, Staff respectfully recommends that the Commission issue an order that: (a) approves the proposed revised tariff sheets that the Company submitted to the Commission on March 23, 2009 to be effective for service rendered on and after May 7, 2009; (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.

---

<sup>1</sup> All references to statute refer to the Missouri Revised Statutes (2000), as currently supplemented.

Respectfully submitted,

/s/ Eric Dearmont

Eric Dearmont  
Assistant General Counsel  
Missouri Bar No. 60892

Attorney for the Staff of the  
Missouri Public Service Commission  
P. O. Box 360  
Jefferson City, MO 65102  
(573) 751-5472 (Telephone)  
(573) 751-9285 (Fax)  
[eric.dearmont@psc.mo.gov](mailto:eric.dearmont@psc.mo.gov)

### **CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been mailed with first-class postage, hand-delivered, transmitted by facsimile or electronically mailed to all parties and counsel of record this 24<sup>th</sup> day of April, 2009.

/s/ Eric Dearmont