

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

In the Matter of the Request of LW Sewer)
Corporation for a Rate Increase Pursuant to)
the Commission's Small Company Rate)
Increase Procedure)

Case No. SR-2005-0338

**NOTICE OF AGREEMENT 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 Notice of Agreement Regarding Disposition of Small Company Rate Increase Request states the following to the Missouri Public Service Commission ("Commission").

1. By a letter dated March 30, 2005¹, which was stamped "Received" and entered into the Commission's electronic filing and information system on March 31, LW Sewer Corporation ("Company") submitted to the Commission revised tariff sheets to implement an increase in its sewer service rates and charges, and other tariff changes, and the instant case was established.

2. As stated in the Company's tariff filing transmittal letter, the rates and charges, and other tariff changes, contained in the subject revised tariff sheets are based upon a *Unanimous Agreement Regarding Disposition of Small Sewer Company Rate Increase* ("Disposition Agreement") entered into by the Company, the Staff and the Office of the Public Counsel, which pertains to the small company rate increase request that the Company submitted to the Commission on May 3, 2004 (Work I.D. No. QS-2004-0010).

3. On April 11, the Commission issued its **Order Directing Filing** ("April 11 Order") in this case, in which it directed the Staff to file the Disposition Agreement referenced in the

¹ Unless noted otherwise, all dates herein refer to the year 2005.

Company's tariff filing transmittal letter and directed the Company to file written consent of the extension of the 150-day tariff filing period that normally applies to small company rate increase requests, with both filings due on April 15.

4. In compliance with the Commission's April 11 Order, a copy of the signed Disposition Agreement and related attachments, which are referenced in the Company's tariff filing transmittal letter, are included in the document that is attached hereto and identified as Appendix A.

5. Included as a part of the Disposition Agreement is acknowledgement of the Company/Staff agreement regarding extensions of the 150-day tariff filing period that normally applies to small company rate increase requests (third paragraph on page 3 of the agreement).²

6. As the Disposition Agreement includes acknowledgement of the Company/Staff agreement regarding extensions of the 150-day tariff filing period that normally applies to small company rate increase requests, the Staff believes this filing should be considered as sufficient to meet the filing requirement applicable to the Company set out in the Commission's April 11 Order.

WHEREFORE, the Staff respectfully submits the attached *Unanimous Agreement Regarding Disposition of Small Sewer Company Rate Increase* (and related attachments) for the Commission's information and consideration in this case, and respectfully requests that the Commission consider this filing as sufficient to meet the filing requirement applicable to the Company set out in the Commission's April 11 Order.

² The Staff also notes that written extension agreements were submitted to the EFIS Tracking File (Work I.D. No. QS-2004-0010) pertaining to the Company's rate increase request, per established internal operating procedures.

Respectfully Submitted,

DANA K. JOYCE
General Counsel

/s/ Keith R. Krueger

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

Attorney for the Staff of the
Missouri Public Service Commission

P.O. Box 360
Jefferson City, MO 65102
573-751-4140 (telephone)
573-751-9285 (facsimile)
keith.krueger@psc.mo.gov (e-mail)

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing 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 15th day of April 2005.

/s/ Keith R. Krueger

Keith R. Krueger

NOTICE OF AGREEMENT REGARDING DISPOSITION OF SMALL COMPANY RATE INCREASE REQUEST

APPENDIX A

Disposition Agreement and Attachments

Note: To browse through this document by item, click on the "Bookmark" tab at the top of the menu bar to the left of the screen and then click on the item that you want to see.

Table of Contents for Disposition Agreement Filing Packet

LW Sewer Corporation

MO PSC Work I.D. No. QS-2004-0010

- Item 1: Company/Staff Disposition Agreement
- Item 2: Attachment 1 to Agreement – Example Tariff Sheets
- Item 3: Attachment 2 to Agreement – Ratemaking Income Statement
- Item 4: Attachment 3 to Agreement – Rate Design Worksheet
- Item 5: Attachment 4 to Agreement – Schedule of Depreciation Rates

Company/Staff Agreement Regarding Disposition
Of Small Sewer Company Rate Increase Request

UNANIMOUS AGREEMENT REGARDING DISPOSITION OF
SMALL SEWER COMPANY RATE INCREASE REQUEST

L W SEWER CORPORATION

MO PSC WORK I.D. No. QS-2004-0010

BACKGROUND

L W Sewer Corporation ("Company") initiated the small company rate increase request ("Request") for sewer service that is the subject of the above-referenced Missouri Public Service Commission ("Commission") tracking file by submitting a letter to the Secretary of the Commission. The Company submitted its Request under the provisions of Commission Rule 4 CSR 240-3.330, Sewer Utility Small Company Rate Increase Procedure ("Small Company Rate Increase Procedure"). The date the Company's Request was received at the Commission's offices was May 3, 2004.

By its request letter, the Company was requesting Commission approval of customer rates intended to generate an increase of \$28,524.60 in its total annual sewer service operating revenues. The Company provides service to approximately 199 customers, all of which are residential customers.

Upon receipt of the Company's Request, personnel in the Commission's Data Center entered the Request into the Commission's electronic filing and information system and Work I.D. No. QS-2004-0010 was assigned to the Request. The Request was then forwarded to the Commission's Water & Sewer Department for processing under the Small Company Rate Increase Procedure.

Pursuant to the provisions of the Small Company Rate Increase Procedure and related internal operating procedures, the Staff of the Commission ("Staff") initiated an audit of the Company's books and records, a review of certain of the Company's general business practices, an inspection of the Company's facilities and a review of the Company's operation of its facilities. (Hereafter, these activities will be collectively referred to as the Staff's "investigation" of the Company's Request.)

Upon completion of its investigation of the Company's Request, the Staff provided the Company and the Office of the Public Counsel ("OPC") various information regarding the results of the investigation, as well as its initial recommendations for resolution of the Company's Request.

RESOLUTION OF THE COMPANY'S RATE INCREASE REQUEST

Pursuant to negotiations held subsequent to the Company's and the OPC's receipt of the above-referenced information regarding the Staff's investigation of the Company's Request, the Staff, the Company and the OPC hereby state the following agreements.

- (1) That for the purpose of implementing the agreements set out herein, the Company will file tariff revisions with the Commission containing the rates and language set out in the example tariff sheets attached hereto as Attachment A.
- (2) That the ratemaking income statement attached hereto as Attachment B accurately reflects the Company's annualized revenues generated by its current customer rates, the Company's total annualized cost of providing service and the agreed-upon annualized operating revenue increase of \$4,740, which is required to recover the Company's cost of service.
- (3) That the rates set out in the attached example tariff sheets, the development of which is shown on the rate design worksheet attached hereto as Attachment C, are designed to generate revenues sufficient to recover the Company's total annualized cost of service, and that the provisions of the attached example tariff sheets also properly reflect all other agreements set out herein, where necessary.
- (4) That the rates included in the attached example tariff sheets are just and reasonable.
- (5) That the depreciation rates set out on Attachment D hereto should be the prescribed sewer plant depreciation rates for the Company, as these were the depreciation rates used by the Staff in its revenue requirement analysis.
- (6) That the Company provide Staff proof of Workman's Compensation coverage on a semi-annual basis.
- (7) That the Company will initiate action to ensure that all new and existing customers receive a copy of the Company's "Billing Policy and Non-Payment Procedure".
- (8) That the Company will include appropriate Company contact telephone number(s) on customers' bills for customers to use when they have an inquiry or complaint.
- (9) That the Company will comply with Commission Rule 4 CSR 240-60.010(4) and maintains a file of customer complaints received on the service it provides.
- (10) That the above agreements satisfactorily resolve all issues identified by the Staff and the Company regarding the Company's Request, except as otherwise specifically stated.

ADDITIONAL MATTERS

Since this Disposition Agreement is between the Staff, the Company and the OPC, the Small Company Rate Increase Procedure does not require that the Company send a notice to its customers regarding the rates and charges that would result from implementation of the provisions of this Disposition Agreement, nor does it provide for a local public hearing, unless the Commission orders otherwise.

Other than the specific conditions agreed upon and expressly set out herein, the terms of this Disposition Agreement reflect compromises between the Staff, the Company and the OPC, and none of the parties have agreed to any particular ratemaking principle in arriving at the amount of the annual operating revenue increase specified herein.

The Company and the Staff acknowledge that they have previously agreed on three extensions of the normal 150-day tariff filing date for small company rate increase requests, so that Staff could evaluate additional information supplied to Staff from the Company.

The Company and the OPC acknowledge that the Staff will be making an additional filing with the Commission regarding this matter, with that filing including the following: (a) the Staff's recommendation for approval of the subject tariff revisions; (b) background information regarding the Company's Request and the Staff's investigation thereof; (c) the Staff's audit workpapers; (d) a general overview of the Company, including an overview of the Company's customer service procedures and practices; (e) information regarding the status of the Company's payment of its Commission assessments; (f) the status of the Company's submission of its Commission annual reports; (g) the status of the Company's submission of its Commission annual statement of operating revenues; (h) any other pending cases that the Company may have before the Commission; (i) any recent Notices of Violations issued to the Company by the Missouri Department of

Natural Resources; and (j) the status of the Company's corporate standing with the Missouri Secretary of State. Additionally, the Company and the OPC agree that the Staff shall have the right to provide whatever oral explanation the Commission may request regarding the rate case that will be created when the Company files the tariff revisions called for in this agreement, at any agenda meeting at which that case is noticed to be considered by the Commission. To the extent reasonably practicable, the Staff will provide the Company and the OPC with advance notice of any such agenda meeting so that they may have the opportunity to also be represented at the meeting.

EFFECTIVE DATE AND SIGNATURES

This Disposition Agreement shall be considered effective as of the date that the Company files the tariff revisions required herein with the Commission.

Agreement Signed and Dated:



Dale W. Johansen
Manager – Water & Sewer Department
Missouri Public Service Commission Staff

03/30/05

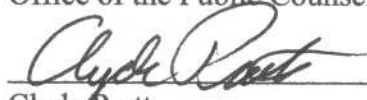
Date



M. Ruth O'Neill
Senior Public Counsel
Office of the Public Counsel

3/30/05

Date



Clyde Pratt
President
L W Sewer Corporation

03-28-05

Date

List of Attachments

Attachment A – Example Tariff Sheets

Attachment B – Ratemaking Income Statement

Attachment C – Rate Design Worksheet

Attachment D – Schedule of Depreciation Rates

Attachment 1 – Example Tariff Sheets

P.S.C. MO No. 1

5th Revised Sheet No. 4

Canceling 4th Revised Sheet No. 4

L W Sewer Corporation
Name of Issuing Company

For: Lake Wauwanoka, Hillsboro
Community, Town or City
Jefferson County, Missouri

Rules Governing +
the Rendering of Sewer Service +

Single Family Residence *

AVAILABILITY: This rate is available in service area to single family residences for domestic sewage only.

RATE TABLE:

New Service Connection and Inspection Charge - - - - \$600.00

Monthly Service Charge - - - - - 15.16 *

PAYMENT TERMS: Bills are net, are rendered quarterly, and are due and payable on receipt.

RULES AND REGULATIONS: The general rules and regulations set forth in this tariff shall govern the supply of service under this rate.

* Indicates New Rate or Text

+ Indicates Changed Rate or Text

Issue Date: March 30, 2005
Month/Day/Year

Effective Date: May 1, 2005
Month/Day/Year

Issued By: Clyde Pratt-President
Name & Title of Issuing Officer

P.O. Box 265 Hillsboro MO 63050
Company Mailing Address

P.S.C. MO No. 1

2nd Revised Sheet No. 4A

Canceling 1st Original Sheet No. 4A

L W Sewer Corporation
Name of Issuing Company

For: Lake Wauwanoka, Hillsboro
Community, Town or City
Jefferson County, Missouri

**Rules Governing
the Rendering of Sewer Service**

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* Indicates New Rate or Text

+ Indicates Changed Rate or Text

Issue Date: March 30, 2005
Month/Day/Year

Effective Date: May 1, 2005
Month/Day/Year

Issued By: Clyde Pratt-President
Name & Title of Issuing Officer

P.O. Box 265 Hillsboro MO 63050
Company Mailing Address

Attachment 2 – Ratemaking Income Statement

L W Sewer Corporation

Rate Making Income Statement

Operating Revenues at Current Rates

1	Tariffed Rate Revenues *	\$	31,474
2	Other Operating Revenues *	\$	20
3	Total Operating Revenues	\$	31,494
4	* See "Revenues - Current Rates" for Details		

Cost of Service

Item	Amount
1 Pumping Equipment-Purchased Power	\$ 2,116
2 Sewer Treatment Expense-Chemicals	\$ 899
3 Sludge Removal	\$ 2,100
4 Maintenance of Parts/Equipment	\$ 4,987
5 Maintenance Expense-Materials & Supplies	\$ -
6 Water Meters	\$ -
7 Administration & General - Salaries	\$ 13,955
8 Office Supplies	\$ 672
9 Bookkeeping	\$ 113
10 Insurance	\$ 639
11 Workman's Compensation Insurance	\$ 3,214
12 Postage	\$ 270
13 Permits and Registration Fees	\$ 1,045
14 Regulatory Commission Expense	\$ 2,550
15 Telephone & Pagers	\$ 300
16 Sub-Total Operating Expenses	\$ 32,860
17 Property Taxes	\$ -
18 MO Franchise Taxes	\$ -
19 Employer FICA Taxes	\$ -
20 Federal Unemployment Taxes	\$ -
21 State Unemployment Taxes	\$ -
22 State & Federal Income Taxes	\$ -
23 Sub-Total Taxes	\$ -
24 Depreciation Expense	\$ 1,350
25 Amortization of Utility Plant (computer system)	\$ -
26 Sub-Total Depreciation/Amortization	\$ 1,350
27 Return on Rate Base	\$ 2,024
28 Total Cost of Service	\$ 36,234
29 Overall Revenue Increase Needed	\$ 4,740

Attachment 3 – Rate Design Worksheet

L W Sewer Corporation

Development of Tariffed Rates

Agreement is to increase currently tariffed rates by a percentage equal to the agreed-upon overall revenue increase divided by the revenues generated by the currently tariffed rates.

Revenues Generated by Current Tariffed Rates	\$ 31,474
Agreed-Upon Overall Revenue Increase	\$ 4,740
Percentage Increase Needed	15.061%

Metered Customer Rates

	Current Service Charge	Proposed Service Charge	Current Usage Rate	Proposed Usage Rate
Monthly	\$ 13.18	\$ 15.16	\$ -	\$ -
Quarterly	\$ 39.54	\$ 45.49	\$ -	\$ -

Attachment 4 – Schedule of Depreciation Rates

LW SEWER COMPANY

DEPRECIATION RATES (SEWER)

QS-2004-0010

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	DEPRECIATION RATE	AVERAGE SERVICE LIFE (YEARS)
311	Structures & Improvements	2.50%	40
352.2	Collection Sewers (Gravity)	2.00%	50
355	Flow Measurement Devices	3.30%	30
363	Electric Pumping Equipment	10.00%	10
373	Treatment & Disposal Facilities	5.00%	20
391.1	Office Computer Equipment	14.30%	7