

**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
May, 2005.

In the Matter of the Request of LW Sewer)	
Corporation for a Rate Increase Pursuant)	<u>Case No. SR-2005-0338</u>
to the Commission's Small Company Rate)	Tariff No. YS-2005-0897
Increase Procedure)	

**ORDER APPROVING AGREEMENT REGARDING
DISPOSITION OF SMALL COMPANY RATE
INCREASE REQUEST AND APPROVING TARIFF**

Issue Date: May 26, 2005

Effective Date: May 31, 2005

Syllabus: This order approves the agreement among the Staff of the Commission, the Office of the Public Counsel, and LW Sewer Corporation. It also approves LW Sewer's tariff. The tariff will implement a rate increase for the company.

Procedural History

On May 3, 2004, LW Sewer initiated a small company rate increase under Commission Rule 4 CSR 240-3.330. LW Sewer asked for a rate increase intended to generate an additional \$28,524.60 in sewer service operating revenues. LW Sewer serves approximately 199 residential customers in Jefferson County.

On March 31, 2005, after working with the Commission's Staff and the Office of the Public Counsel, LW Sewer filed a tariff designed to increase its rate for sewer service. LW Sewer also filed a letter requesting that the Commission approve its revised tariff

sheets for an increase in its sewer service rates and the *Agreement Regarding Disposition of Small Company Rate Increase Request*.

On April 15, Staff filed its Notice of Agreement Regarding Disposition of Small Company Rate Increase Request. That agreement stated that Staff would file a Recommendation. Because the tariff effective date was May 1, the Commission ordered Staff to file its Recommendation no later than April 20.

On April 20, instead of a Recommendation, Staff moved the Commission to suspend the tariff. Staff stated that LW Sewer was late with its 2004 Annual Report, and that the Commission should suspend the tariff for 30 days to give LW Sewer more time to file it.

On April 26, the Commission suspended the tariff until May 31. The Commission also ordered Staff to explain what remedy, if any, the Commission should pursue due to LW Sewer's late report. Furthermore, the Commission ordered Staff to explain how the parties arrived at the \$600 connection charge.

Staff Recommendation

On May 13, Staff recommended that the Commission approve the tariff, the disposition agreement, and the depreciation rates attached to the agreement. Based upon its audit of LW Sewer's books and records, an evaluation of its depreciation rates, and an analysis of its capital structure and cost of capital, Staff concluded that LW Sewer could justify an increase of \$4,740 in its annual sewer service operating revenues.

Included in Staff's Recommendation was its report on LW Sewer's 2004 Annual Report. Staff stated that LW Sewer produced a receipt that showed that it mailed the report on April 14, one day before it was due. The Commission did not receive that report until

April 25. In response to Staff's concerns about the missing report, LW Sewer mailed a second copy on April 25. The Commission received it on April 28. Staff stated that it had a good working relationship with LW Sewer during this case. Based upon that good relationship, and LW Sewer's mail receipt, Staff recommends that the Commission not sanction LW Sewer for its late-filed report.

Also, Staff explained that the \$600 connection charge has been in LW Sewer's tariff since 1976. Although Staff has no documentation on how LW Sewer arrived at that amount, Staff notes that the charge was, in part, related to what a developer or customer paid for a main extension. Furthermore, Staff believes that the \$600 charge is close to LW Sewer's actual cost of extending service to individual customers.

Decision

The Commission finds the agreement among Staff, Public Counsel, and LW Sewer to be reasonable, and will approve the agreement. Also, the Commission finds the tariff sheets to be reasonable, and will approve them. Furthermore, the Commission finds the depreciation rates that Staff proposed to be reasonable, and will approve them.

IT IS THEREFORE ORDERED:

1. That the Unanimous Agreement Regarding Disposition of Small Company Rate Increase Request is approved.
2. That the following tariff sheets filed by LW Sewer Corporation, and assigned Tariff File No. YS-2005-0897, are approved for service on or after May 31, 2005:

P.S.C. MO No. 1

5th Revised Sheet No. 4, Canceling 4th Revised Sheet No. 4
2nd Revised Sheet No. 4A, Canceling 1st Original Sheet No. 4A

3. That the Depreciation Schedule in Attachment 4 to the Agreement Regarding Disposition of Small Company Rate Increase Request is approved.

4. That this order shall become effective on May 31, 2005.

5. That this case may be closed on June 1, 2005.

BY THE COMMISSION

A handwritten signature in black ink, appearing to read 'CMD', is positioned above the printed name and title.

Colleen M. Dale
Secretary

(S E A L)

Davis, Chm., Murray, Gaw, Clayton and Appling, CC., concur

Pridgin, Regulatory Law Judge