

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

<b>In the Matter of the Small Company Rate</b>	)	
<b>Increase Request of Spokane Highlands</b>	)	<b><u>Case No. WR-2008-0314</u></b>
<b>Water Company</b>	)	

**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 to the Missouri Public Service Commission (Commission).

1. On April 3, 2008 (unless noted otherwise, all dates herein refer to the year 2008), Spokane Highlands Water Company (Company) filed proposed revised tariff sheets with the Commission to implement increases in its water service rates and charges, and other changes to its tariff, 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 Water Company Revenue 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 revenue increase request (Request) that the Company submitted to the Commission on November 14, 2007, under the provisions of Commission Rule 4 CSR 240-3.635, Water Utility Small Company Rate Increase Procedure (Small Company Procedure). Initially, the Company's Request was assigned Tracking No. QW-2008-0003 in the Commission's Electronic Filing and Information System.

3. On April 15, 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 agreements between the Company, the Staff and the OPC regarding the disposition of the Company's Request are set out on Pages 1 through 3 of the Disposition Agreement.

5. 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 2 Company's Initial Customer Notice
- \* Item 3 Staff Report Regarding Customer Comments Received  
in Response to Company's Initial Customer Notice

6. Pursuant to a review of available electronic information maintained by the Commission's Budget & Fiscal Services Department 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 on the submission of its Commission annual reports, or on the submission of its statements of annual operating revenues when it submitted its Request. Further, the Staff notes that the Company remains current on those matters as of the date of this Recommendation. The assessment information reviewed covers fiscal years 2000

thru 2008, the annual report information reviewed covers calendar years 2002 thru 2007, and the statement of annual operating revenues information covers years through 2007. Also, the Company is in good standing with the Missouri Secretary of State.

7. 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.

8. 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.

9. 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 water corporation for water 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.

10. The procedure followed in this case complies with the requirements of the Small Company Procedure in general, and with 4 CSR 240-3.635(1)(C) in particular.

**WHEREFORE**, based upon the above, the 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 April 3 to be effective for service rendered on and after May 7; (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

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

### **CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of this Recommendation has been provided, either by first-class mail, by electronic mail, by facsimile transmission or by hand-delivery, to each attorney and/or party of record for this case on this 28th day of April 2008.

/s/ **Keith R. Krueger**