

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 19th day of
April, 2007.

In the Matter of West 16th Street Sewer Company's)	<u>Case No. SR-2007-0355</u>
Request for a Small Company Rate Increase)	Tariff No. YS-2007-0685

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

Issue Date: April 19, 2007

Effective Date: April 27, 2007

Syllabus: This order approves the unanimous agreement between West 16th Street Sewer Company, Inc. ("16th Street"), the Staff of the Missouri Public Service Commission ("Staff"), and the Office of the Public Counsel ("OPC") as to the disposition of the small company rate increase sought by 16th Street. The order also approves the tariff submitted by 16th Street, which will implement a rate increase for the company effective April 27, 2007.

On September 11, 2006, 16th Street initiated a small company rate increase proceeding under Commission Rule 4 CSR 240-3.330, which was then assigned Tracking File No. QS-2007-0004. 16th Street provides sewer service to approximately 145 residential customers located in the Hunters Ridge Subdivision in Sedalia, Pettis County, Missouri. The number of customers has remained constant over the past few years and no significant future growth is expected. 16th Street's notified its customers of its pending

request for a small company rate increase in October 2006, and in following months, the Commission received a few public comments regarding the request.

16th Street originally requested a rate increase intended to generate an additional \$34,992.00 in annual sewer service operating revenues, but after working and negotiating with Staff and OPC for several months, 16th Street ultimately filed a revised tariff containing customer rates designed to produce an increase of \$13,445.00 in its annual sewer system operating revenues. This revised tariff, which was filed along with a cover letter from 16th Street on March 28, 2007 and has a proposed effective date of April 27, 2007, was assigned Tariff Tracking No. YS-2007-0685.

The changes contained in the revised tariff are based upon the provisions of a Unanimous Agreement Regarding Disposition of Small Sewer Company Rate Increase Request ("Disposition Agreement") executed by 16th Street, Staff, and OPC. In the Disposition Agreement, the parties agreed that based upon Staff's audit of 16th Street's books and records, an inspection of its sewer facilities, a review of its general business practices and methods of company operation and management, an evaluation of its depreciation rates, and an analysis of its capital structure and cost of capital, a tarified rate reflecting an increase of \$13,445.00 in 16th Street's annual sewer service operating revenues was just and reasonable, as such an increase was needed for the company to be able to recover its total annualized cost of service.

On March 30, 2007, Staff filed a copy of the Disposition Agreement and related documents, and on April 11, 2007, Staff filed its verified recommendation that the Commission approve the revised tariff, the unanimous Disposition Agreement, and the schedule of depreciation rates attached to the Agreement.

The Commission has the authority to approve 16th Street's revised tariff pursuant to Sections 393.140(11) and 393.150, RSMo 2000. Section 393.130.1, RSMo 2000, provides that all charges made by any sewer corporation for sewer service rendered or to be rendered shall be "just and reasonable and not more than allowed by law or by order or decision of the commission."

The Commission finds the unanimous Disposition Agreement between 16th Street, Staff, and OPC to be just and reasonable, and shall approve the agreement. Likewise, the Commission finds the revised tariff to be just and reasonable, and shall approve it to become effective beginning April 27, 2007. Finally, the Commission finds the schedule of depreciation rates proposed by Staff and included as Attachment F to the Disposition Agreement to be just and reasonable and shall approve it as well.

IT IS ORDERED THAT:

1. The Unanimous Agreement Regarding Disposition of Small Sewer Company Rate Increase Request is approved and the parties are directed to comply with all its terms.

2. The schedule of depreciation rates contained in Attachment F to the Unanimous Agreement Regarding Disposition of Small Sewer Company Rate Increase Request is approved as the schedule of depreciation rates authorized for use by West 16th Street Sewer Company, Inc.

3. The following tariff filed by West 16th Street Sewer Company, Inc. on March 28, 2007 and assigned Tariff File No. YS-2007-0685, is approved for service on or after April 27, 2007:

P.S.C. MO No. 1
1st Revised Sheet No. 4, Canceling Original Sheet No. 4

4. This order shall become effective on April 27, 2007.

5. This case may be closed on April 28, 2007.

BY THE COMMISSION

A handwritten signature in black ink, appearing to read 'Colleen M. Dale', written in a cursive style.

Colleen M. Dale
Secretary

(S E A L)

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

Lane, Regulatory Law Judge