

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 22nd day of
August, 2006.

In the Matter of the Tariff Filing of Aqua Development)
Company, d/b/a Aqua Missouri, Inc., to Implement) **Case No. SR-2007-0022**
a Rate Increase for Sewer Service Provided to) **Tariff No. YS-2007-0017**
Customers in its Missouri Service Areas.)

**ORDER APPROVING SMALL COMPANY RATE DECREASE AND
ACCOMPANYING TARIFF**

Issue Date: August 22, 2006

Effective Date: August 26, 2006

This order approves an agreement between the Staff of the Commission and Aqua Missouri, Inc., regarding disposition of Aqua Missouri's small company rate increase request. It also approves depreciation rates for the company and approves a tariff implementing the agreed upon rate decrease.

Aqua Missouri provides sewer service to approximately 15 residential customers in its Ozark Meadows service area near Laurie in Morgan County, Missouri. On May 17, 2005, Aqua Missouri initiated a small company rate increase under Commission Rule 4 CSR 240-3.330.¹ In its initial submissions to the Commission's Staff, Aqua Missouri requested a rate increase that would generate an additional \$2,268 in annual sewer service operating revenues.

¹ The request was assigned Tracking No. QS-2005-0008 in the Commission's Electronic Filing and Information System (EFIS).

On July 12, 2006, after discussions and negotiations with Staff, Aqua Missouri filed a tariff designed to decrease its annual revenues from rates for sewer service by \$4,732. Along with its tariff, Aqua Missouri filed a letter indicating that it had reached an Agreement Regarding Disposition of Small Company Rate Increase Request with the Staff. Staff filed that agreement on July 21, 2006.

The Commission made the Missouri Department of Natural Resources a party to this case and directed DNR to file information relating to the company's compliance with environmental regulations. DNR filed its response stating that Aqua Missouri had no actions against it pertaining to its sewer operations. DNR has not objected to the agreement.

The Office of the Public Counsel is not a signatory to the agreement but has not objected. According to the Commission's rules,² if no party objects, the agreement may be treated as a unanimous agreement.

On August 4, 2006, Staff filed a recommendation urging the Commission to approve Aqua Missouri's tariff and the disposition agreement. Based upon its audit of Aqua Missouri's books and records, an evaluation of the company's depreciation rates, and an analysis of the company's capital structure and cost of capital, Staff concluded that a \$4,732 decrease in the company's annual sewer service operating revenues is necessary for the company to recover its cost of service. In addition, the agreement contains,³ and the Staff recommends, certain changes to the company's record-keeping. Staff also recommended new depreciation rates. Finally, the agreement

² 4 CSR 240-2.115.

³ See paragraphs (6)-(10) of the agreement.

states that the new rates are designed to generate the necessary revenues and are just and reasonable.

The Commission finds that the agreement is reasonable and shall be approved. Aqua Missouri shall be directed to comply with the recommendations of Staff as contained in the agreement. Furthermore, Aqua Missouri's tariff and the rates it establishes are just and reasonable and shall be approved. The Commission also finds that the depreciation rates proposed by Staff are reasonable and will order Aqua Missouri to utilize them.

IT IS ORDERED THAT:

1. The Agreement Regarding Disposition of Small Company Rate Increase Request is approved.

2. Aqua Missouri, Inc., is directed to comply with the terms of the Agreement Regarding Disposition of Small Company Rate Increase Request.

3. The following tariff sheets filed by Aqua Missouri, Inc., and assigned Tariff File No. YS-2007-0017, are approved for service on or after August 26, 2006:

P.S.C. MO. No. 1

1st Revised Sheet No. Title Page Canceling Original Sheet No. Title Page

1st Revised Sheet No. 1 Canceling Original Sheet No. 1

1st Revised Sheet No. 4 Canceling Original Sheet No. 4

4. The depreciation rates attached to the Agreement Regarding Disposition of Small Company Rate Increase Request as Attachment D are approved and such depreciation rates are to be used by Aqua Missouri, Inc.

5. This order shall become effective on August 26, 2006.

6. This case may be closed on August 27, 2006.

BY THE COMMISSION

A handwritten signature in black ink, appearing to read 'Colleen M. Dale', written over a horizontal line.

Colleen M. Dale
Secretary

(S E A L)

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

Dippell, Deputy Chief Regulatory Law Judge