

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 24th day
of March, 2010.

In the Matter of the Application of Ozark Meadows,)
Aqua Development Company, d/b/a Aqua Missouri,)
Inc. Request for Increase in Annual Sewer System) **File No. SR-2010-0023**
Operating Revenues MPSC Sewer Utility Small) **Tariff No. YS-2010-0391**
Company Rate Increase Procedures)

In the Matter of Aqua RU, Inc. d/b/a Aqua Missouri)
Request for Increase in Annual Water System) **File No. WR-2010-0025**
Operating Revenues MPSC Water Utility Small) **Tariff No. YW-2010-0394**
Company Rate Increase)

In the Matter of Aqua Missouri, Inc. (CU) Request)
for Increase in Annual Sewer System Operating) **File No. SR-2010-0026**
Revenue MPSC Sewer Utility Small Company Rate) **Tariff No. YS-2010-0392**
Increase Procedures)

In the Matter of Aqua Missouri, Inc. (CU) Request)
for an Increase in the Annual Water System) **File No. WR-2010-0027**
Operating Revenues MPSC Water Utility Small) **Tariff No. YW-2010-0393**
Company Rate Increase Procedures)

**ORDER APPROVING NON-UNANIMOUS DISPOSITION AGREEMENTS
AND APPROVING TARIFFS**

Issue Date: March 24, 2010

Effective Date: April 1, 2010

On July 15, 2009, Aqua Development Company, d/b/a Aqua Missouri, Inc., Aqua RU, Inc. d/b/a Aqua Missouri and Aqua Missouri, Inc. (collectively "Aqua Missouri"), initiated four small company revenue increase requests involving multiple rate districts.¹ On December 16, 2009, the Commission's Staff filed Disposition Agreements ("Company/Staff Agreements") executed by it and Aqua Missouri, and on December 17, 2009, Aqua

¹ The requests were filed pursuant to Commission Rule 4 CSR 240-3.050.

Missouri filed revised tariff sheets in conformity with the Agreements bearing an effective date of February 1, 2010. The following table summarizes the initial requests by rate district and the increases proposed in the Company/Staff Agreements:

FILE NUMBER	RATE DISTRICT	CUSTOMERS SERVED	INITIAL INCREASE REQUESTED	STAFF/COMPANY AGREEMENT	AVERAGE RESIDENTIAL MONTHLY INCREASE	AVERAGE RESIDENTIAL BILL
<u>SR-2010-0023</u>	Ozark Meadows Morgan County	25 customers	\$13,200 (82.7%)	\$3,305 (26.56%)	\$14.16 (26.56%)	\$53.31 bill would increase to \$67.47
<u>WR-2010-0025</u>	Lakewood Manor Barry County	35 customers Shell Knob	\$20,000 (93.2%)	\$894 (4.29%)	\$3.02 (4.29%)	\$70.37 bill would increase to \$73.39
<u>WR-2010-0025</u>	LTA Division Taney County	97 customers Branson	\$14,900 (28.6%)	\$12,283 (23.69%)	\$10.08 (23.69%)	\$42.56 bill would increase to \$52.64
<u>WR-2010-0025</u>	Ozark Mountain Division Barry & Stone Counties	382 customers Shell Knob	\$71,600 (45.1%)	\$48,865 (29.97%)	\$14.87 (32.78%)	\$45.35 bill would increase to \$60.22
<u>WR-2010-0025</u>	Rankin Acres Division Greene County	86 customers Republic	\$2,500 (4.8%)	\$0.00	\$0.00	No increase

<u>WR-2010-0025</u>	Riverside Estates Division Taney County	281 customers Hollister	\$32,500 (37.4%)	\$21,695 (23.76%)	\$7.28 (24.55%)	\$29.64 bill would increase to \$36.92
<u>WR-2010-0025</u>	Spring Valley Division Christian County	106 customers Ozark	\$19,100 (30.4%)	\$11,184 (18.43%)	\$11.26 (18.43%)	\$61.09 would increase to \$72.35
<u>WR-2010-0025</u>	White Branch Division Benton County	152 customers Warsaw	\$26,000 (43.8%)	\$30,404 (50.62%)	\$17.81 (50.62%)	\$35.19 bill would increase to \$53.00
<u>SR-2010-0026</u>	Jefferson City Division Cole & Callaway Counties	1,800 customers Jefferson City, Holts Summit, New Bloomfield and Eugene	\$284,300 (29.2%)	\$182,813 (18.83%)	\$8.43 (18.83%)	\$44.79 bill would increase to \$53.22
<u>SR-2010-0026</u>	Maplewood Division Pettis County	385 customers Sedalia	\$ 41,100 (34.6%)	\$18,669 (15.19%)	\$3.30 (15.19%)	\$21.73 bill would increase to \$25.03
<u>WR-2010-0027</u>	Maplewood Division Pettis County Lake Carmel Division Cole County	435 customers Sedalia Eugene	\$ 40,900 (27.5%)	\$19,888 (13.10%)	\$2.65 (13.10%)	\$20.24 bill would increase to \$22.89

Between the dates of February 10 and 22, 2010, the Commission held six local public hearings at the request of the Office of the Public Counsel ("Public Counsel"). Public Counsel also requested the Commission to reserve dates for evidentiary hearings. Aqua Missouri's tariffs were suspended until June 15, 2010 to allow adequate time to conduct the hearings. On February 23, 2010, Public Counsel filed its position statement. Public Counsel stated that while it had concerns regarding certain quality of service issues and while it would not join the Company/Staff Agreements, it would not oppose the agreements.

On March 8, 2010, Staff filed an investigation report. Staff's report indicates that it followed up with the customers raising the service quality issues at the local public hearings, independently investigated those issues and found no violations of any statute, tariff provision or Commission regulation. Staff indicates that Aqua Missouri is engaged in some remedial measures to improve the quality of its services and plans additional follow up with the company.

On March 12, 2010, because of the service quality issues raised and the requested rate increase, the Commission convened an On-the-Record Proceeding to inquire into the terms and conditions of the Company/Staff Agreements. At that proceeding, the Commission's auditors and accountants assured the Commission that the rates being proposed were just and reasonable and would be sufficient to allow Aqua Missouri to provide safe and adequate service. Aqua Missouri asserted its commitment to improving its service quality. And Public Counsel did not contest Staff's accounting, the disposition agreements or raise any additional concerns in relation to service quality.

The Commission has extensively reviewed Aqua's applications, the disposition agreements, the transcripts from the public hearings, Staff's investigation report and the

recording of the On-the-Record Proceeding. The Commission finds the disposition agreements and their conditions strike the appropriate balance in providing sufficient funding for Aqua Missouri to provide safe and adequate service. The Commission finds the Company/Staff Agreements reasonable and will approve them.² The Commission will also approve Aqua Missouri's tariff filings implementing the terms of the agreements.

THE COMMISSION ORDERS THAT:

1. The Company/Staff Disposition Agreements in File Nos. SR-2010-0023, WR-2010-0025, SR-2010-0026 and WR-2010-0027, entered into by Aqua Development Company, d/b/a Aqua Missouri, Inc., Aqua RU, Inc. d/b/a Aqua Missouri, Aqua Missouri, Inc. and the Staff of the Missouri Public Service Commission, filed on December 16, 2009, are approved.

2. The signatories shall comply with the terms of the Company/Staff Disposition Agreements. A copy of each Agreement is attached to this order in Appendices A – D.

3. The sewer service tariff sheet submitted on December 17, 2009, in File No. SR-2010-0023 by Aqua Development Company, d/b/a Aqua Missouri, Inc., assigned Tariff No. YS-2010-0391, bearing an effective date of February 1, 2010, and suspended until June 15, 2010, is approved to become effective on April 1, 2010. The specific sheet approved is:

PSC MO. No. 1
3rd Revised Sheet No. 4, Canceling 2nd Revised Sheet No. 4

4. The water service tariff sheets submitted on December 17, 2009, in File No. WR-2010-0025 by Aqua RU, Inc., d/b/a Aqua Missouri, Inc., assigned Tariff No. YW-2010-0394,

² The Commission has the authority to accept stipulations and agreements as offered by the parties pursuant to Section 536.060, RSMo 2000. Since Public Counsel's request for an evidentiary hearing was abandoned, the Commission may grant the relief requested based on the unopposed Company/Staff Disposition Agreements.

bearing an effective date of February 1, 2010, and suspended until June 15, 2010 are approved to become effective on April 1, 2010. The specific sheets approved are:

PSC MO. No. 2

**4th Revised Sheet No. WR1, Canceling 3rd Revised Sheet No. WR1
5th Revised Sheet No. WR2, Canceling 4th Revised Sheet No. WR2
2nd Revised Sheet No. WR3, Canceling 1st Revised Sheet No. WR3
4th Revised Sheet No. WR4, Canceling 3rd Revised Sheet No. WR4
3rd Revised Sheet No. WR5, Canceling 2nd Revised Sheet No. WR5
3rd Revised Sheet No. WR6, Canceling 2nd Revised Sheet No. WR6
3rd Revised Sheet No. WR7, Canceling 2nd Revised Sheet No. WR7
3rd Revised Sheet No. WR8, Canceling 2nd Revised Sheet No. WR8
2nd Revised Sheet No. WRR14, Canceling 1st Revised Sheet No. WRR14
2nd Revised Sheet No. WRR25, Canceling 1st Revised Sheet No. WRR25
2nd Revised Sheet No. WSC-1, Canceling 1st Revised Sheet No. WSC-1**

5. The sewer service tariff sheets submitted on December 17, 2009, in File No. SR-2010-0026 by Aqua Missouri, Inc. (CU), assigned Tariff No. YS-2010-0392, bearing an effective date of February 1, 2010, and suspended until June 15, 2010 are approved to become on April 1, 2010. The specific sheets approved are:

PSC MO. No. 2

**4th Revised Sheet No. SR1, Canceling 3rd Revised Sheet No. SR1
3rd Revised Sheet No. SR1, Canceling 2nd Revised Sheet No. SR2³
1st Revised Sheet No. SR5, Canceling Original Sheet No. SR5
1st Revised Sheet No. SRR29, Canceling Original Sheet No. SRR29
1st Revised Sheet No. SRR33, Canceling Original Sheet No. SRR33
1st Revised Sheet No. SRR35, Canceling Original Sheet No. SRR35
2nd Revised Sheet No. SRR36, Canceling 1st Revised Sheet No. SRR36**

6. The water service tariff sheets submitted on December 17, 2009, in File No. WR-2010-0027 by Aqua Missouri, Inc. (CU), assigned Tariff No. YW-2010-0393, bearing an effective date of February 1, 2010, and suspended until June 15, 2010 are approved to become effective on April 1, 2010. The specific sheets approved are:

³ This tariff sheet was originally incorrectly numbered and the company filed a substitute tariff sheet on March 11, 2010, correcting the number to SR2. No substantive changes were made to the tariff sheet.

PSC MO. No. 1

**3rd Revised Sheet No. WR1, Canceling 2nd Revised Sheet No. WR1
3rd Revised Sheet No. WR2, Canceling 2nd Revised Sheet No. WR2
2nd Revised Sheet No. WRR14, Canceling 1st Revised Sheet No. WRR14**

7. This order shall become effective on April 1, 2010.
8. File numbers WR-2010-0025, SR-2010-0026 and WR-2010-0027 shall be closed on April 2, 2010.
9. File number SR-2010-0023 shall remain open to receive the filings that were directed by the Commission on March 15, 2010.

BY THE COMMISSION



Steven C. Reed
Secretary

(S E A L)

Clayton, Chm., concurs with separate concurring opinion to follow,
Davis, Jarrett, Gunn, and Kenney, CC., concur.

Stearley, Senior Regulatory Law Judge