

**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION**

At a session of the Public Service  
Commission held at its office in  
Jefferson City on the 28th day  
of September, 2006.

In the Matter of the Tariff Filing of Aqua Missouri,	)	
Inc., to Implement a Rate Increase for Sewer Service	)	<b><u>Case No. SR-2007-0023</u></b>
Provided to Customers in Its Missouri Service Areas.	)	Tariff No. JS-2007-0016

**ORDER APPROVING UNANIMOUS STIPULATION AND AGREEMENT  
AND SUSPENDING TARIFF**

Issue Date: September 28, 2006

Effective Date: September 28, 2006

This order approves the Unanimous Stipulation and Agreement Regarding Disposition of Cases among the Staff of the Commission, the Office of the Public Counsel, and Aqua Missouri, Inc., regarding Aqua Missouri's small company rate increase request. It also approves the depreciation rates for the company and suspends a tariff implementing the agreed-upon rate increase. This agreement was made in conjunction with the settlement of related cases, WR-2007-0020 and WR-2007-0021.

Aqua Missouri provides sewer service to approximately 1,621 customers in its Jefferson City, Cole County, service area and 383 customers in its Maplewood (near Sedalia), Pettis County, service area. On May 17, 2005, Aqua Missouri initiated a small company rate increase under Commission Rule 4 CSR 240-3.330. The request was assigned Tracking No. QS-2005-0010 in the Commission's Electronic Filing and Information System.

In its initial submissions to the Commission's Staff, Aqua Missouri requested a rate increase that would generate an additional \$568,675 in annual sewer service operating revenues. On July 12, 2006, Aqua Missouri filed a tariff designed to increase its rates for sewer service that would generate only \$203,317<sup>1</sup> in additional annual revenues. Along with its tariff, Aqua Missouri filed a letter indicating that it had reached an agreement regarding the disposition of its 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's sewer supply was not considered "to be in significant non-compliance or a threat to public health or the environment . . . ."

Public Counsel requested that local public hearings be held regarding this rate increase and therefore, the Commission suspended the tariff until September 30, 2006, so that those hearings could be held. The Commission held local public hearings on August 28, 2006, in Sedalia, and simultaneously in Point Lookout, Reeds Spring, and Jefferson City on August 30, 2006. After the local public hearings, Public Counsel filed a pleading indicating that it "disagreed" with the tariffs filed by the company and requested an evidentiary hearing on the matter. The request for an evidentiary hearing was later withdrawn, though Public Counsel continued to object to the tariffs.

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<sup>1</sup> The Jefferson City service area would have generated an additional \$157,434 and the Maplewood service area would have generated an additional \$45,883.

The Commission convened a hearing regarding the agreement between Staff and the company and directed Mr. Nicholas DeBenedictis, President of Aqua America, to appear to answer Commission questions. That hearing was held on September 21, 2006. At the conclusion of that hearing the parties indicated that they had reached a settlement agreement in principle and would present it to the Commission for approval. Also at the hearing, Mr. DeBenedictis, on behalf of Aqua Missouri, agreed to report back to the Commission regarding issues alleged at the local public hearings. The Commission will direct Aqua Missouri to file that report with the Commission.

On September 28, 2006, the parties presented their Unanimous Stipulation and Agreement Regarding Disposition of Cases to the Commission for approval. As part of the agreement, Aqua Missouri will withdraw and refile its tariff pages, and the parties agree that expedited treatment should be given so that the tariffs may become effective on less than 30-days notice. The parties indicated that the effective date of the tariff was an element of the settlement agreement and as such, good cause exists to grant expedited treatment so that the tariff will become effective on less than 30-days notice. Because the tariffs as filed will not be approved, the Commission shall suspend the tariffs to allow the company time to refile the tariffs in compliance with the agreement.

The parties agree that a \$148,215<sup>2</sup> increase in the company's annual sewer service operating revenues is necessary for the company to recover its cost of service. The agreement also indicates that certain changes to record-keeping, system operations, and administrative operations are appropriate. In addition, new depreciation rates have been

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<sup>2</sup> The breakdown of the revenue increase by service area is shown in Appendix C of the Unanimous Stipulation and Agreement.

agreed upon. Finally, the company agrees not to request any additional rate increases until after February 1, 2007.

Based on the agreement, the Commission finds that the agreement is reasonable and shall be approved. Aqua Missouri shall be directed to comply with the terms and recommendations set out in the agreement. The Commission also finds that the depreciation rates proposed by Staff are reasonable and will order Aqua Missouri to utilize them. Finally, the Commission finds that because the effective date of the tariff was an integral part of the settlement agreement, good cause exists to approve the tariff, when refiled, on an expedited basis.

**IT IS ORDERED THAT:**

1. The Unanimous Stipulation and Agreement Regarding Disposition of Cases is approved. The agreement approved is attached hereto.
2. Aqua Missouri, Inc., is directed to comply with the terms of the Unanimous Stipulation and Agreement Regarding Disposition of Cases.
3. Aqua Missouri, Inc., shall file a report no later than October 6, 2006, indicating what steps it has taken to review and remedy customer service complaints with regard to the comments made at the local public hearings.
4. The following tariff sheets, filed by Aqua Missouri, Inc., and assigned Tariff File No. JS-2007-0016, are suspended until October 11, 2006, unless otherwise ordered by the Commission:

**P.S.C. MO. No. 2**

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**First Revised Title Page, Canceling Original Title Page  
3rd Revised SHEET No. S-2, Canceling 2nd Revised SHEET No. S-2  
2nd Revised SHEET No. SR1, Canceling 1st Revised SHEET No. SR1  
1st Revised SHEET No. SR2, Canceling Original SHEET No. SR2**

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

6. This order shall become effective on September 28, 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., Clayton, and Appling, CC., concur.  
Gaw, C., dissents; a separate dissenting opinion  
may follow.  
Murray, C., absent.

Dippell, Deputy Chief Regulatory Law Judge