



Commissioners  
KELVIN L. SIMMONS  
Chair  
CONNIE MURRAY  
SHEILA LUMPE  
STEVE GAW  
BRYAN FORBIS

## Missouri Public Service Commission

POST OFFICE BOX 360  
JEFFERSON CITY, MISSOURI 65102  
573-751-3234  
573-751-1847 (Fax Number)  
<http://www.psc.state.mo.us>

March 13, 2002

ROBERT J. QUINN, JR.  
Executive Director  
WESS A. HENDERSON  
Director, Utility Operations  
ROBERT SCHALLENBERG  
Director, Utility Services  
DONNA M. PRENGER  
Director, Administration  
DALE HARDY ROBERTS  
Secretary/Chief Regulatory Law Judge  
DANA K. JOYCE  
General Counsel

Mr. Dale Hardy Roberts  
Secretary/Chief Regulatory Law Judge  
Missouri Public Service Commission  
P. O. Box 360  
Jefferson City, MO 65102

FILED<sup>2</sup>

MAR 13 2002

Missouri Public  
Service Commission

**RE: Case No. WR-2002-371**

Dear Mr. Roberts:

Enclosed for filing in the above-captioned case are an original and eight (8) conformed copies of a **STAFF RECOMMENDATION FOR APPROVAL OF TARIFF REVISIONS**.

This filing has been mailed or hand-delivered this date to all counsel of record.

Thank you for your attention to this matter.

Sincerely yours,

Keith R. Krueger  
Deputy General Counsel  
(573) 751-4140  
(573) 751-9285 (Fax)

KRK/lb  
Enclosure  
cc: Counsel of Record

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

**FILED<sup>2</sup>**

MAR 13 2002

Missouri Public  
Service Commission

In the Matter of the Request of Argyle Estates )  
Water Supply for a General Rate Increase )  
Pursuant to the Commission's Small Company )  
Rate Increase Procedure at Rule 4 CSR 240- )  
2.200. )

**Case No. WR-2002-371**

Tariff File No. 2001 01195

**STAFF RECOMMENDATION**  
**FOR APPROVAL OF TARIFF REVISIONS**

**COMES NOW** the Staff of the Missouri Public Service Commission, by and through counsel, and for its Recommendation for Approval of Tariff Revisions states to the Missouri Public Service Commission the following:

1. Argyle Estates Water Supply ("Company") initiated the subject small company rate increase request ("Request") by submitting a letter to the Secretary of the Commission, which was stamped "Received" at the Commission's offices on June 18, 2001. The Company submitted its Request under the provisions of the Commission's Small Company Rate Increase Procedure, which is found at 4 CSR 240-2.200.

2. Consistent with the Small Company Rate Increase Procedure, the Staff and the Company have negotiated and executed an Agreement Regarding Disposition of Small Company Rate Increase Request ("Company/Staff Disposition Agreement") regarding the Company's Request.

3. On February 4, 2002, the Company filed proposed tariff revisions with the Commission for the purpose of implementing the provisions of the above-referenced Company/Staff Disposition Agreement, and the instant case was established. Consistent with the

Small Company Rate Increase Procedure, the Company also filed the Company/Staff Disposition Agreement along with its proposed tariff revisions.

4. On February 25, 2002, the Office of the Public Counsel ("OPC") filed its recommendation in this case, wherein it stated that OPC " ... agrees with the proposed agreement between the Commission Staff and Argyle Estates Water Supply, regarding a rate increase."

5. In the attached Memorandum, which is labeled Appendix A, the Staff recommends that the Commission issue an order approving the Company's proposed tariff revisions, to be effective for service rendered on and after March 22, 2002.

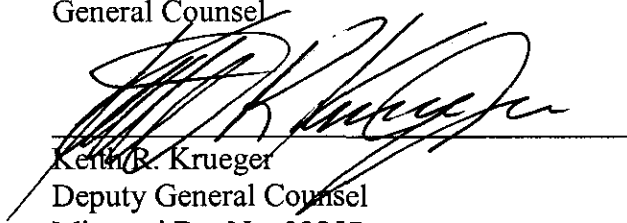
6. The Commission has the authority to approve the subject proposed tariff revisions in accordance with Sections 393.140(11) and 393.150, RSMo 2000. In addition, Section 393.130.1, RSMo 2000 provides that all charges made by any water corporation for water service rendered or to be rendered shall be "just and reasonable." The Staff's and the OPC's reviews of, and agreement with, the proposed rate increase establish that the charges contained in the revised tariff sheets are "just and reasonable," as that statute requires.

7. The procedure followed in this case complies with the requirements of the Small Company Rate Increase Procedure in general, and with 4 CSR 240-2.200(1)(D) in particular.

**WHEREFORE**, the Staff respectfully requests that the Commission issue an order approving the Company's proposed tariff revisions, to be effective for service rendered on and after March 22, 2002, consistent with its recommendations contained in the attached Memorandum.

Respectfully Submitted,

DANA K. JOYCE  
General Counsel



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)  
[kkruereg01@mail.state.mo.us](mailto:kkruereg01@mail.state.mo.us) (e-mail)

**Certificate of Service**

I hereby certify that copies of the foregoing have been mailed or hand-delivered to all parties of record, as shown on the attached service list, this 13th day of March, 2002.




Keith R. Krueger

## MEMORANDUM

TO: Missouri Public Service Commission Official Case File  
Case No. WR-2002-371 - - Tariff File No. 2001 01195  
Argyle Estates Water Supply

FROM: Wendell R. Hubbs – Project Coordinator  
Water & Sewer Department

Greg Meyer – Accounting Department  
John Cassidy – Accounting Department  
Paul Adam – Engineering & Management Services Department  
Kay Niemeier – Engineering & Management Services Department  
David Murray – Financial Analysis Department  
Steve Loethen – Water & Sewer Department

 Dale W. Johnson for W.R.H. 3/12/02  
Project Coordinator/Date

 3/13/02  
General Counsel's Office/Date

SUBJECT: Staff's Recommendation for Approval of Tariff Sheets to Effect Changes in  
Customer Water Rates and Service Charges Pursuant to the Commission's  
Small Company Rate Increase Procedure

DATE: March 12, 2002

### Background

Argyle Estates Water Supply (Company) initiated the subject small company rate increase request (Request) by its submittal of a letter to the Secretary of the Commission that was received at the Commission's offices on June 18, 2001 (see Attachment A). The Company submitted its Request under the provisions of Commission Rule 4 CSR 240-2.200, Small Company Rate Increase Procedure (the informal rate case procedure).

By its Request, the Company was asking for Commission approval of customer rates intended to generate an increase of \$5,700 in its total annual water service operating revenues. The Company provides water service to approximately 49 regulated water service customers.

Upon review and acceptance of the Company's Request, personnel in the Commission's Data Center assigned Tariff File No. 2001 01195 to the Request for purposes of identification and tracking, and forwarded the Request to the Commission's Water & Sewer Department for processing under the informal rate case procedure.

By a letter dated July 13, 2001, which the Water & Sewer Department Staff had previously approved, the Company notified its customers of the Request (see Attachment B). As a part of this notice, the Company requested that its customers' questions or comments be directed to the Commission Staff and/or the Office of the Public Counsel (OPC).

### **Staff's Investigation**

As noted at the beginning of this Memorandum, Staff members from the Accounting, Engineering & Management Services, Financial Analysis and Water & Sewer Departments participated in the Staff's review of the Company's Request. All Staff participants, and all of their respective up-line supervisors, were given the opportunity to review and comment on this Memorandum prior to it being filed. Wendell R. Hubbs of the Water & Sewer Department created the initial draft of this Memorandum and comments received from the reviewers were incorporated therein for creation of this final version of the Memorandum.

In response to the customer notice dated July 13, 2001, the Staff received four customer contacts by letter. All of these contacts are of the opinion that the requested increase is excessive. OPC received one letter that the Commission Staff did not. The customer letters received by both the OPC and the Staff have been placed in a "letter file" in the case papers. To date Staff has received one customer response to the second notice; Staff will update the "letter file" for this and any subsequent customer contacts.

Based upon its audit of the Company'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, the Staff concluded that the Company could justify a net increase of \$5,433 (approximately a 58.9% increase) in its annual water service operating revenues. Pursuant to discussions with the Staff, an Agreement Regarding Disposition of Small Company Rate Increase Request (Disposition Agreement) was reached between the Company and the Staff. This Agreement and the proposed tariff sheets have previously been filed in this case.

The Disposition Agreement contained the following agreements regarding the Company's operating revenues, customer rates and service charges:

- (1) that an increase of \$5,433 (approximately 58.9%) in the Company's annual water revenues is reasonable;
- (2) that the depreciation rates set out on Attachment A to the agreement should be the prescribed depreciation rates for the Company;
- (3) that the addition of a "Late Payment Charge" is reasonable;
- (4) that the addition of a "Bad Check Charge" of \$15 per bad check is reasonable;
- (5) that the addition of a "Meter Test Charge" of \$30 for all tests after

the first one in any 12 month period is reasonable; (6) that the addition of a "Connection Charge" of \$15 is reasonable; (7) that the addition of a "Door Collection Charge" of \$15 is reasonable; (8) that the addition of an "Emergency Call Out Charge" of \$15 is reasonable; (9) that increasing the "Tap-on Fee" from \$50 to \$100 is reasonable; and (10) that replacing the "Reconnection Charge" for tariff rule violations of \$5, with a "Disconnect turn-off charge" of \$15 and a Reconnect turn-on charge" of \$15 is reasonable.

Regarding the above agreements, the Staff determined that the miscellaneous charge portion of the Company's tariff needed to be updated and therefore proposed items (3) through (10).

In addition to the above agreements regarding the Company's revenues, rates and charges, the Disposition Agreement also contained the following agreements:

(1) that the Company will list its business telephone number and its emergency service number on all of its quarterly bills; (2) that the Company will print the payment due date on all of its quarterly bills; (3) that the Company will keep a "customer contact log", whereby the company will maintain for a three year period all customer complaints and inquiries, including details regarding the type of contact and its resolution; (4) that the Company will obtain a fireproof file cabinet to keep utility documents stored; and (5) that the Company will install a master meter and take meter readings from it on a monthly basis.

Copies of the Staff's revenue requirement accounting run (as used in the revenue requirement analysis) and rate design worksheets are contained in Attachment C.

The tariff sheets (see Attachment E) that the Company filed, which resulted in the



creation of this case, contain rates designed to generate the agreed-upon additional operating revenues.

**Responses to Staff's Recommendations and Subsequent Actions**

Staff was notified by telephone by Ruth O'Neill of the OPC that OPC believed that a second customer notice should be sent to consumers. Attachment D hereto is a copy of the second notice that was sent to the Company's customers explaining the Staff's recommendation.

As evidenced by its filing of the Disposition Agreement and tariff sheets, the Company agrees, at this time, with the Staff's recommended increase of \$5,433 in the Company's annual operating water revenues.

By a letter, which was stamped "received" by personnel in the Data Center on February 4, 2002 (see Attachment E), the Company submitted to the Commission two revised tariff sheets including proposed rates and charges reflecting the terms of the Company/Staff Disposition Agreement. Consistent with the informal rate case procedure, the subject tariff sheets bear an effective date of March 22, 2002, which is more than 45 days past the issue date. The filing of those revised tariff sheets resulted in the creation of this case. Additionally, as is required by the informal rate case procedure, the Company included a copy of the Disposition Agreement with its tariff filing.

**Staff's Recommendations**

Based upon the above, the Staff recommends that the Commission issue an order in this case that: (1) approves the revised tariff sheets that the Company filed on February 4, 2002, to be effective for service rendered on and after March 22, 2002; (2) prescribes the depreciation rates set out on Attachment A to the Disposition Agreement as those authorized for the Company; (3) approves the terms of the Disposition Agreement; and (4) directs the Company to comply with the terms of the Disposition Agreement.

**List of Attachments**

- |              |  |
|--------------|--|
| Attachment A | Company Letter Requesting Rate Increase    |
| Attachment B | Initial Customer Notice                    |
| Attachment C | Staff's Accounting & Rate Design Schedules |
| Attachment D | Second Customer Notice                     |
| Attachment E | Tariff & Agreement Filing                  |

Argyle Estates Water Supply  
408 Hillcrest Drive  
Union, MO 63084

*RECEIVED*

JUN 18 2001

June 15, 2001

*Records  
Public Service Commission*

Mr. Dale Hardy Roberts  
Secretary of the Commission  
Missouri Public Service Commission  
P.O. Box 360  
Jefferson City, MO 65102-0360

RE: Rate Increase

For Argyle Estates Water Supply, in accordance with the Commissions, "Small Company Rate Increase Procedure

Dear Mr. Roberts,

This letter is to serve as my request for a rate increase for the Argyle Estates Water Supply, under the Commissions procedure for small companies and in compliance with the Commission's requirements.

This rate increase is of utmost urgency and is imperative to the economic viability and soundness of the water system at this time.

I am requesting additional annual operating revenue in the amount of \$5,700.00. Since billing is done on a quarterly basis, this would amount to increased revenue of \$1,425.00 per quarter.

The reasons for the requested increase in revenues are as follows:

- In 1998, electric bills increased by 18% while revenues decreased by 2%. In 1999, electric bills increased by 17% while revenues increased by 8.43%. In 2000, electric bills decreased by 3.785% and revenues were down by 1.9%.
- General overall operating expenses have been increasing each year for the past 5 years due to the age of the water system.
- The addition of a 10,000 gallon storage tank, fast lead pump, phase converter, piping, electrical and all related equipment and work at an approximate cost of \$14,500. This upgrading of the water system is now in progress and is about 50% complete.

200101195

Attachment A - 1

All of the Commission's annual assessments have been paid to date.

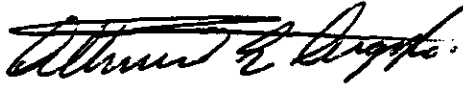
The current water system annual report, for the year 2000, was filed on time, and is on file with the Commission at this time.

I would appreciate the Commission's prompt response in this matter, as it is crucial to the viability of the water system.

Thank you!

Sincerely,

ARGYLE ESTATES WATER SUPPLY

A handwritten signature in cursive script, appearing to read "Albert E. Argyle".

Albert E. Argyle  
President and COO Argyle Estates Water Supply



408 Hillcrest Drive  
Union, MO. 63084

**ARGYLE ESTATES WATER SUPPLY**

**R E C E I V E D**

JUL 30 2001

7/24/01

ATTN: Wendell R. Hubbs  
Assistant Manager, Rates  
Water & Sewer Department  
Missouri Public Service Commission  
P.O. Box 360  
Jefferson City, Mo. 65102

UTILITY OPERATIONS  
DIVISION

RE: MO. PSC Tariff File No. 2001 01195 (Water)

Dear Mr. Hubbs;

I have enclosed herewith a copy of "Initial Customer Notice" for your review & approval.

You will note that I have made some minor changes to the draft which you sent to me.

I believe the customer notice, enclosed herewith is complete & all inclusive and hopefully will meet with your approval.

I will wait to hear from you before mailing out the Initial Customer Notice!

Sincerely,



Albert E. Argyle

Argyle Estates Water Supply,

Attachment B - 1



408 Hillcrest Drive  
Union, MO. 63084

## **ARGYLE ESTATES WATER SUPPLY**

July 24, 2001

Dear Customer:

On June 18, 2001, Argyle Estates Water Supply (Company) submitted a request for permanent increases in its current water rates, under the Missouri Public Service Commission's (Commission) small company rate increase procedure.

By its request, the Company is seeking an increase in its annual operating **water service** revenues of **\$5,700** (an approximate 59.8% increase). The Company believes this increase in its operating revenues is absolutely necessary to allow it to meet current operating expenses, plus the substantial expenditure for utility plant, which includes a 10,000 gallon storage tank, upgrading electrical system from 200 gmp to 400 gmp service and additional pumping and electrical equipment, (currently under construction).

Set out below is a comparison of the Company's current residential customer quarterly bill and the customer proposed quarterly bill as if they were increased by the requested percentage increase. The following is priced out on a customer using 18,000 gallons per quarter.

### **Water Rates:**

Current Quarterly Rate Bill (for first 6,000 gallons/quarter) .....	\$23.82
Current Commodity Rate Bill	
(usage>6,000 gallons/quarter + 12,000 gallons) .....	<u>\$18.60</u>
Total Current Quarterly Bill (using 18,000 gallons/quarter) .....	<u>\$42.42</u>
Proposed Increase Percentage .....	59.8%
Proposed Quarterly Bill (using 18,000 gallons/quarter) .....	<u>\$67.77</u>
Proposed Quarterly Increase Amount .....	<u>\$25.35</u>

The proposed increase would amount to approximately \$1.95 per week or .27 3/4¢ per day based on a usage of 18,000 gallons.

Beginning sometime soon, the Staff of the Public Service Commission (Commission Staff) will conduct an independent investigation of the books, records and operations of the Company. Based upon that investigation, the Commission Staff will then make its recommendation regarding the Company's rate increase request, and necessary changes to system operations, to the Commission for its consideration.

The Officer of the Public Counsel (Public Counsel), a state agency responsible for representing the interests of the consumer before the Commission, may conduct its own investigation, but at a minimum will review the results of the Commission Staff's investigation. The Public Counsel will then make its own recommendations regarding the Company's rate increase requests, and necessary changes to system operations, to the Commission for its consideration.

Any customer who has questions or comments regarding the Company's rate increase requests, or who has experienced recent service problems, should contact the Commission Staff and the Public Counsel *within 30 days of the date of this notice*. To do so, please use the addresses, telephone numbers or fax numbers shown below. The Commission Staff and/or the Public Counsel will respond to all such customer contacts, during the course of their investigations.

Missouri Public Service Commission  
Water and Sewer Department  
P.O. Box 360  
Jefferson City, MO 65102  
Phone: 573/751-3437 or 800/392-4211  
Fax: 573/751-1847

Office of the Public Counsel  
Attn: Ruth O'Neil  
P.O. Box 7800  
Jefferson City, MO 65102  
Phone: 573/751-1304  
Fax: 573/751-5562

Upon completion of the Commission Staff's and the Public Counsel's investigations, the Company may be requested to send out a second customer notice regarding the results of the investigations. Additionally, the Public Counsel may request that the Commission hold a local public hearing.

***However, neither a second customer notice nor a local public hearing will happen automatically.*** Therefore, please take the time now to express your views about the Company's rate increase requests, and the operation of its system, to the Commission Staff and the Public Counsel.

Regardless of whether the Company sends out a second customer notice, or whether a local public hearing is eventually held, no increase in rates will take effect without the approval of the Public Service Commission.

Sincerely,

Albert E. Argyle  
President & COO  
ARGYLE ESTATES WATER SUPPLY

# Argyle Estates Water Supply Company

Small Company Rate Filing - Water Service

File # 2001 01195

W-1

## Rate Making Income Statement - Water

	As Adjusted			
<b>Annual Revenues</b>	<b>\$9,232</b>			
<b>Annual Expenses</b>			<b>Customer Charge</b>	<b>Commodity</b>
Postage Expense	\$111		\$111	
Office Supplies	\$146		\$146	
Testing Fees	\$200			\$200
Accounting Fees	\$188		\$188	
PSC assessment	\$63		\$32	\$32
Salary	\$7,500		\$3,000	\$4,500
Electric Expense	\$2,290			\$2,290
Transportation Expense	\$288		\$144	\$144
Real Estate Taxes	\$33			\$33
Outside Services - Operations	\$0		\$0	
Miscellaneous Expense	\$44			\$44
Repairs	\$46		\$23	\$23
Depreciation Expense	\$821		\$205	\$616
Return on Investment (net)	\$2,935		\$734	\$2,201
<b>Total Cost of Service</b>	<b>\$14,665</b>		<b>\$4,583</b>	<b>\$10,083</b>
Less: Other Revenues				
<b>Cost to Recover in Rates</b>	<b>\$14,665</b>		<b>\$4,583</b>	<b>\$10,083</b>
<b>Increase =</b>	<b>\$5,433</b>	<b>58.86%</b>		

January 2, 2002  
Missouri Public Service Commission Staff

Page 1 of 5  
W. R. Hubbs



# Argyle Estates Water Supply Company

Small Company Rate Filing - Water Service

File # 2001 01195

W-1

## Water Service Rate Development

### Rate Design

#### Commodity Charge Development

Cost Collected	Gallons	Rate*
\$10,083	4,105,600	\$2.46

	Gallons	Rate	Revenues
Embedded Minimum Charge Revenue (Base)	1,161,800	\$2.46	\$2,853.14
Commodity Charge Revenue	2,943,800	\$2.46	\$7,229.36
	4,105,600		\$10,082.50

\* per 1,000 gallon charge

#### Minimum Quarterly Charge Development

	Revenues	
Amount to Recover from Customer Charges:	\$4,583	(from page 1 of 5)
Embedded Minimum Charge Revenue	\$2,853	(from above)
Total Quarterly Charge Revenue to Recover	\$7,436	

	Customer Nos.	Quarters	
Minimum Quarterly Charge	\$7,436	49 / 4	\$ 37.94

January 2, 2002

Missouri Public Service Commission Staff

Page 2 of 5

W. R. Hubbs

# Argyle Estates Water Supply Company

Small Company Rate Filing - Water Service

File # 2001 01195

W-1

## Residential Water Customer Impact

Assume Quarterly Bill Computation For A Typical Residential Consumer Using 6,000 Gallons Per Month (18,000 Gallons per C

### Quarterly Bill:

	Minimum Charge	Commodity Charge/unit	Typical Usage (billed)	Total Commodity
<b>Proposed Rates</b>	\$37.94	\$2.46	12,000	\$29.52
<b>Current Rates</b>	\$23.82	\$1.55	12,000	\$18.60
<b>Difference</b>	\$14.12	\$0.91		\$10.92
<b>Percentage Difference from Current Rates</b>	59.3%	58.7%		58.7%

Note: Quarterly Minimum Charge has 6,000 gallons of water built into rate. .

January 2, 2002  
Missouri Public Service Commission Staff

Page 3 of 5  
W. R. Hubbs

# Argyle Estates Water Supply Company

Small Company Rate Filing - Water Service

File # 2001 01195

W-1

## Proposed Charges - Water Annualized & Normalized Revenues

### Minimum Bill Revenues

Customer Number	49
Quarterly Customer Bills Per Year	196
Times:	
Existing Minimum Quarterly Charge	\$ 37.94
Equals:	
Annualized Minimum Bill Revenue	\$7,436

### Commodity Charge Revenues

Gallons Billed*	2,943,800 *
Times:	
Existing Commodity Charge	\$2.46
Equals:	
Annualized Commodity Charge Revenue	\$7,229

Total Water Rate Revenues	\$14,665
---------------------------	----------

Miscellaneous Revenues	\$0
------------------------	-----

Total Water Service Revenues	\$14,665
------------------------------	----------

January 2, 2002

Missouri Public Service Commission Staff

Page 4 of 5

W. R. Hubbs

# Argyle Estates Water Supply Company

Small Company Rate Filing - Water Service

File # 2001 01195

W-1

## Accounting Department

## Test Year Annualized & Normalized Revenues

### Minimum Bill Revenues

Customer Number	49
Quarterly Customer Bills Per Year	196
Times:	
Existing Minimum Quarterly Charge	\$23.82
Equals:	
Annualized Minimum Bill Revenue	\$4,669

### Commodity Charge Revenues

Gallons Billed*	2,943,800 *
Times:	
Existing Commodity Charge	\$1.55
Equals:	
Annualized Commodity Charge Revenue	\$4,563

Total Water Rate Revenues	\$9,232
---------------------------	---------

Miscellaneous Revenues	\$0
------------------------	-----

Total Water Service Revenues	\$9,232
------------------------------	---------

January 2, 2002

Missouri Public Service Commission Staff

Page 5 of 5

W. R. Hubbs

Argyle Estates Water Supply  
Income Statement

Adjustment Number	Description	Company	Staff	Difference
W-1	Postage Expense	104	111	7
	Office Supplies	146	146	0
	Testing Fees	200	200	0
	Accounting Fees	188	188	0
W-2	PSC Assessment	69	63	(7)
W-3	Salary	8,040	7,500	(540)
W-4	Electric Expense	2,506	2,290	(216)
	Transportation Expense	288	288	0
	Real Estate Taxes	33	33	0
W-5	Outside Services-Operations	60	0	(60)
	Miscellaneous Expense	44	44	0
W-6	Repairs	0	46	46
W-7	Depreciation Expense	1,193	821	(372)
	Total Expense	12,870	11,729	(1,141)
	Total Revenues	9,296	9,232	
	Net Operating Loss		2,497	
	Revenue Requirement		2,935	
	Net Revenue Requirement		5,432	

Argyle Estates Water Supply  
Cost of Capital

Plant in Service (Net of Ciac)	26,601
Less: Depreciation Reserve	1,116
	<hr/>
Net Plant in Service	25,485
 Rate Base * Rate of Return - Equity factored up for Income Taxes (\$9,601 * 15.41%)	 1,480
 Rate Base * Rate of Return - Debt (\$15,000 * 8.50%) (\$2,000 * 9.00%)	 1,455
	<hr/>
Revenue Requirement	2,935
	<hr/> <hr/>

# CALCULATION OF EFFECTIVE TAX RATE

$$\begin{aligned}
 \text{FIT} &= .15(\text{TI}-\text{SIT}) \\
 \text{SIT} &= .0625*(\text{TI}-\text{FIT}) \\
 \text{FIT} &= [\text{TI}(1-.0625\text{TI}+\text{TI}(.0625\text{FIT}))] \\
 \text{FIT} &= .15(.9375\text{TI}+.0625\text{FIT}) \\
 \text{FIT} &= .140625\text{TI}+.009375 \\
 .990625\text{FIT} &= .140625\text{TI} \\
 \text{FIT} &= 14.20\%
 \end{aligned}$$

$$\begin{aligned}
 \text{SIT} &= .0625(1-(.1420\text{TI}*.50)) \\
 \text{SIT} &= .0625(.929\text{TI}) \\
 \text{SIT} &= 5.81\% \text{ TI}
 \end{aligned}$$

$$\begin{aligned}
 \text{FIT} &= (1-\text{SIT})*.15 \\
 \text{FIT} &= (1-.0581)*.15 \\
 \text{FIT} &= 14.13\% \text{ TI}
 \end{aligned}$$

$$\begin{aligned}
 \text{FIT} &= 14.13\% \\
 \text{SIT} &= 5.81\% \\
 \text{EFFECTIVE TAX RATE} &= 19.93\%
 \end{aligned}$$

## TAX FACTOR UP CALCULATION

$$\frac{1}{1-\text{EFFECTIVE TAX RATE}} = \frac{1}{1-.1993} = 1.2489072$$

$$\begin{aligned}
 \text{EQUITY} &12.34\% \\
 \text{*TAX FACTOR UP} &1.248907 \\
 \text{TAX FACTORED UP} &15.41\% \\
 \text{EQUITY RETURN} &
 \end{aligned}$$

Argyle Estates Water Supply  
Net Plant in Service

Account	Description	Original Cost	Year Acquired	Depreciation Rate	Years	Depreciation Reserve	Net Plant
301	Organization	1,029	1970	0	0	0	1,029
301	Organization	75	1971	0	0	0	75
301	Organization	7	1972	0	0	0	7
310	Land	150	1970	0	0	0	150
311	Structures & Improvements	211	1997	2.50%	4	21	189
311	Structures & Improvements	824	1970	2.50%	31	639	185
311	Structures & Improvements	1,724	1971	2.50%	30	1,293	431
311	Structures & Improvements	42	1973	2.50%	28	29	13
311	Structures & Improvements	45	1974	2.50%	27	30	15
314	Wells & Springs	7,975	1970	2.00%	31	4,944	3,030
325	Electric Pumping Equipment	3,985	1970	5.30%	31	3,985	0
325	Electric Pumping Equipment	444	1971	5.30%	30	444	0
325	Electric Pumping Equipment	536	1974	5.30%	27	536	0
325	Electric Pumping Equipment	20	1975	5.30%	26	20	0
325	Electric Pumping Equipment	70	1976	5.30%	25	70	0
325	Electric Pumping Equipment	15	1977	5.30%	24	15	0
325.2	Electric Pumping Equipment	1,659	2001	6.70%	0	0	1,659
342	Distribution Reservoirs & Standpipes	16,128	2001	2.50%	0	0	16,128
342	Distribution Reservoirs & Standpipes	3,500	2001	2.50%	0	0	3,500
342	Distribution Reservoirs & Standpipes	2,417	1971	2.50%	30	1,812	604
343	Transmission & Distribution Mains	63	1970	2.00%	31	39	24
343	Transmission & Distribution Mains	11	1971	2.00%	30	7	4
343	Transmission & Distribution Mains	10	1973	2.00%	28	5	4
343	Transmission & Distribution Mains	6,696	1970	2.00%	31	4,151	2,544
343	Transmission & Distribution Mains	711	1971	2.00%	30	427	284
343	Transmission & Distribution Mains	223	1973	2.00%	28	125	98
343	Transmission & Distribution Mains	568	1976	2.00%	25	284	284
343	Transmission & Distribution Mains	20	1977	2.00%	24	10	10
343	Transmission & Distribution Mains	760	1985	2.00%	16	243	517
343	Transmission & Distribution Mains	1,954	1985	2.00%	16	625	1,329
343	Transmission & Distribution Mains	600	1985	2.00%	16	192	408
343	Transmission & Distribution Mains	2,204	1970	2.00%	31	1,366	837
343	Transmission & Distribution Mains	153	1971	2.00%	30	92	61
343	Transmission & Distribution Mains	81	1970	2.00%	31	50	31
343	Transmission & Distribution Mains	2	1971	2.00%	30	1	1
348	Hydrants	1,134	1970	2.50%	31	879	255
348	Hydrants	419	1976	2.50%	25	262	157
394	Tools, Shop and Garage Equipment	112	1997	5.00%	4	22	90
394	Tools, Shop and Garage Equipment	82	1998	5.00%	3	12	70
394	Tools, Shop and Garage Equipment	1,250	1974	5.00%	27	1,250	0
394	Tools, Shop and Garage Equipment	3,973	1975	5.00%	26	3,973	0
398	Miscellaneous Equipment	1,445	2001	5.00%	0	0	1,445
		63,325				27,855	35,470
		36,725				26,739	9,986
Net Rate Base		26,601				1,116	25,484
		=====				=====	=====



Argyle Estates Water Supply  
Ciac and Ciac Reserve

Account	Description	Original Cost	Year Acquired	Depreciation Rate	Years	Reserve	Net Ciac
301	Organization	1,029	1970	0		0	1,029
301	Organization	75	1971	0		0	75
301	Organization	7	1972	0		0	7
311	Structures & Improvements	824	1970	2.50%	31	639	185
311	Structures & Improvements	1,724	1971	2.50%	30	1,293	431
311	Structures & Improvements	42	1973	2.50%	28	29	13
311	Structures & Improvements	45	1974	2.50%	27	30	15
314	Wells & Springs	7,975	1970	2.00%	31	4,944	3,030
325	Electric Pumping Equipment	3,985	1970	5.30%	31	3,985	0
325	Electric Pumping Equipment	444	1971	5.30%	30	444	0
325	Electric Pumping Equipment	536	1974	5.30%	27	536	0
325	Electric Pumping Equipment	20	1975	5.30%	26	20	0
325	Electric Pumping Equipment	70	1976	5.30%	25	70	0
325	Electric Pumping Equipment	15	1977	5.30%	24	15	0
342	Distribution Reservoirs & Standpipes	2,417	1971	2.50%	30	1,812	604
343	Transmission & Distribution Mains	63	1970	2.00%	31	39	24
343	Transmission & Distribution Mains	11	1971	2.00%	30	7	4
343	Transmission & Distribution Mains	10	1973	2.00%	28	5	4
343	Transmission & Distribution Mains	6,696	1970	2.00%	31	4,151	2,544
343	Transmission & Distribution Mains	711	1971	2.00%	30	427	284
343	Transmission & Distribution Mains	223	1973	2.00%	28	125	98
343	Transmission & Distribution Mains	568	1976	2.00%	25	284	284
343	Transmission & Distribution Mains	20	1977	2.00%	24	10	10
343	Transmission & Distribution Mains	2,204	1970	2.00%	31	1,366	837
343	Transmission & Distribution Mains	153	1971	2.00%	30	92	61
343	Transmission & Distribution Mains	81	1970	2.00%	31	50	31
343	Transmission & Distribution Mains	2	1971	2.00%	30	1	1
348	Hydrants	1,134	1970	2.50%	31	879	255
348	Hydrants	419	1976	2.50%	25	262	157
394	Tools, Shop and Garage Equipment	1,250	1974	5.00%	27	1,250	0
394	Tools, Shop and Garage Equipment	3,973	1975	5.00%	26	3,973	0
		36,725				26,739	9,986

Argyle Estates Water Supply  
Annualized Depreciation

Account	Description	Original Cost	Year Acquired	Depreciation Rate	Annualized Depreciation
310	Land	150	1970	0.00%	0
311	Structures & Improvements	211	1997	2.50%	5
325.2	Booster Pumping Equipment	1,659	2001	6.70%	111
342	Distribution Reservoirs & Standpipes	16,128	2001	2.50%	403
342	Distribution Reservoirs & Standpipes	3,500	2001	2.50%	88
394	Tools, Shop and Garage Equipment	112	1997	5.00%	6
394	Tools, Shop and Garage Equipment	82	1998	5.00%	4
398	Miscellaneous Equipment	1,445	2001	5.00%	72
		23,287			689
		Orig Cost			Annualized Depreciation
	Annualized Depreciation on Plant Pre-1996 Net of CIAC	3,314	Prior to 1996	2.00%	66
			Post 1996 Plant		755
			Pre 1996 Plant		66
			Total Annualized Depreciation		821

Argyle Estates Water Supply  
Adjustment Summary

Postage Expense

Company Postage Expense (\$27.68 Samples + \$66.50 Billing + \$9.80 Misc)	104	
Staff Postage Expense (\$27.68 Samples + \$66.64 Billing + \$17.00 Misc)	111	
Staff Adjustment	7	W-1

PSC Assessment

Company (2000 assessment)	69	
Staff (2001 assessment)	63	
Staff Adjustment	(7)	W-2

Salary

Company	8,040	
Staff (\$625 / Month)	7,500	
Staff Adjustment	(540)	W-3

Electric Expense

Company	2,506	
Staff (Eliminates prior period electric and late fees)	2,290	
Staff Adjustment	(216)	W-4

Outside Services

Company	60	
Staff	0	
Staff Adjustment	(60)	W-5

Repairs Expense

Company	0	
Staff (Three year average: $\$137.54 / 3 = \$46$ )	46	
Staff Adjustment	46	W-6

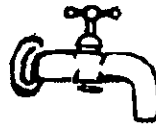
Depreciation Expense

Company	1,193	
Staff	821	
Staff Adjustment	(372)	W-7

Argyle Estates Water Supply  
Test Year Electric Expense

Payee	Date Billed	Date Paid	Amount Billed	Amount Paid	Amount Related To Actual Billing Period	Late Fees
AmerenUE	Aug 1, 2000	Aug 2, 2000	260.39	260.39	260.39	
AmerenUE	Sep 1, 2000	Sep 6, 2000	256.42	256.42	256.42	
AmerenUE	Oct 1, 2000	Oct 6, 2000	305.56	305.56	305.56	
AmerenUE	Nov 1, 2000	Nov 5, 2000	174.23	174.23	174.23	
AmerenUE	Dec 1, 2000	Dec 18, 2000	170.65	170.65	170.65	
AmerenUE	Jan 1, 2001	Jan 20, 2001	126.33	126.33	150.47	
AmerenUE	Feb 1, 2001	Feb 13, 2001	170.09	170.09	168.20	1.89
AmerenUE	Mar 1, 2001		139.60		139.60	
AmerenUE	April 1, 2001	April 19, 2001	274.00	148.56	132.31	2.09
AmerenUE	May 1, 2001	May 10, 2001	279.58	279.58	150.03	4.11
AmerenUE	June 1, 2001	June 20, 2001	150.25	75.25	179.68	
AmerenUE	July 1, 2001	July 11, 2001	279.66	279.66	202.41	2.25
			2,586.76	2,246.72	2,289.95	10.34

## **ARGYLE ESTATES WATER SUPPLY**



408 Hillcrest Drive  
Union, MO. 63084  
Phone: 636-583-8415

**R E C E I V E D**

February 8, 2002

**FEB 13 2002**

Dear Customer:

**UTILITY OPERATIONS  
DIVISION**

On June 18, 2001, Argyle Estates Water Supply (Company) submitted a request for permanent increases in its current water rates, under the Missouri Public Service Commission's (Commission) small company rate increase procedure.

By its request, the Company was seeking increases in its customer rates intended to generate an increase in the Company's annual operating revenues for water service of \$5,700. The Company believes these increases in its operating revenues are necessary to meet current operating expenses and to pay for the cost of upgrading the water system.

The improvements to the water system which were completed in 2001, involved the installation of a 10,000 gallon storage tank, 400 amp electrical service, a second phase converter, a fast feed pump, and all related piping, valves, instrumentation and electrical equipment.

As a result of the Company's request, the Staff of the Public Service Commission (Commission Staff) conducted an investigation of the Company's books and records and the Company's operations. Based upon the results of its investigation, the Commission Staff is recommending an increase in the Company's annual operating water revenues of \$5,433 (approximately 58.9%). The Company has agreed with the Commission Staff's recommended increase in its annual operating revenues.

The Office of the Public Counsel (Public Counsel), a state agency responsible for representing the interests of consumers before the Commission, has reviewed the results of the Commission Staff's investigation. However, the Public Counsel has not yet taken a final position regarding the Commission Staff's recommended increase in the Company's annual operating revenues. Public Counsel is requesting that this second customer notice be sent to all water customers of the Company.

Set out below is a comparison of the Company's current residential customer water rates, and the Commission Staff's recommended customer rates. A quarterly bill comparison, which is based upon an average residential usage of 18,000 gallons every quarter, is also shown.

Attachment D - 1

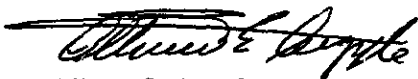
**Water Rates:**

Type of Charge	Current	PSC Staff	Amount Increase	Percentage Increase
Quarterly Minimum Charge: (Includes 6,000 gallons of water for each quarter)	\$23.82	\$37.94		
Usage Charge: (for all usage over 6,000 gallons per quarter, rate is per 1,000 gallons)	\$1.55	\$2.46		
Total Quarterly Bill (18,000 gallons of billed quarterly usage)	\$42.42	\$67.46	\$25.04	58.9%

Any customer who has questions or comments about the Commission Staff's recommended rate increase should contact the Staff, and/or the Public Counsel within **20 days of the date of this notice**. To do so, please use the addresses, telephone numbers or fax numbers shown at the bottom of this notice. Depending upon the response to this notice, the Public Counsel may request that the Public Service Commission hold a local public hearing. ***Regardless of whether a local public hearing is held, no increase in rates will take effect without the approval of the Public Service Commission.***

Sincerely,

ARGYLE ESTATES WATER SUPPLY



Albert E. Argyle  
President & COO

Missouri Public Service Commission  
Water and Sewer Department  
P.O. Box 360  
Jefferson City, MO 65102  
Phone: 573/751-3437 or 800/392-4211  
Fax: 573/751-1847

Office of the Public Counsel  
Attn: Ruth O'Neil  
P.O. Box 7800  
Jefferson City, MO 65102  
Phone: 573/751-1304  
Fax: 573/751-5562



408 Hillcrest Drive  
Union, MO. 63084  
Phone: 636-583-8415

## **ARGYLE ESTATES WATER SUPPLY**

January 30, 2002

Mr. Dale Hardy Roberts  
Secretary to the Commission  
Missouri Public Service Commission  
P.O. Box 360  
Jefferson City, Missouri 65102

RECEIVED  
FEB 04 2002  
UTILITY OPERATIONS  
DIVISION

RE: Argyle Estates Water Supply  
Small Company Rate Increase Request  
Mo. PSC Tariff File No. 2001 01195 (Water)

Dear Mr. Roberts:

I am enclosing for filing with the Commission an original and three copies of revised tariff sheets that include rate and language changes reflecting an agreement between the Argyle Estates Water Supply (Company) and the Commission Staff (Staff) on the above subject. The Company initiated the subject rate increase request on June 18, 2001, under the Commission's small company rate increase procedure, and the request was assigned the above-referenced file number.

Additionally, consistent with the Commission's small company rate increase procedure, I am enclosing an Agreement Regarding Disposition of Small Company Rate Increase Request (Agreement). The Agreement reflects a "settlement" between the Company and the Staff regarding all matters related to the Company's water service rate increase request.

The Agreement calls for, and the revised tariff sheets contain, customer rates intended to produce an increase of \$5,433 (an approximate 58.9% increase) in the Company's annual operating revenues for its water operations. Additionally, the revised tariff sheets and Agreement call for implementing new miscellaneous charges and the modification of a previously tariffed miscellaneous charge. The Agreement also requests Commission authorization of the depreciation rates of the Company's water operations.

Also, please note that the Company has consented to the extension of the time period beyond 150 days from the date the letter initiation the procedure was filed with the Commission.

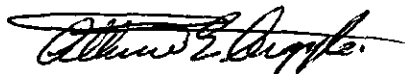
Attachment E - 1

It is my understanding that the Staff will be providing additional information about the Company's rate increase request and the related Staff audit and investigation, for filing in the case papers following the creation of a formal docket.

Please contact me at your convenience if you need anything further.

Sincerely,

ARGYLE ESTATES WATER SUPPLY



Albert E. Argyle  
President & COO

enclosures

copies (w/enclosures):

Wendell R. Hubbs - PSC Staff  
Office of the Public Counsel - Ruth O'Neill



Argyle Estates Water Supply For: Certificated Sewer Service Areas in Franklin County  
Name of Issuing Company Community, Town or City

Rules Governing  
Rendering of Water Service

\*

Schedule of Rates\*

**General Service:**

Availability: This rate is available to any customer located on company's mains for supplying the service requested.

+Quarterly Minimum Charge:

For 6,000 gallons or less - \$ 37.94 per quarter

+Commodity Charge:

For all metered usage over 6,000 gallons per quarter -  
\$ 2.46 per 1,000 gallons

**+Taxes:**

All applicable Federal, State or local taxes shall be added separately to the bill in addition to the above charges.

**\*Late Payment Charge:**

Billing will be made and distributed at quarterly intervals. Bills will be rendered net, bearing the last date on which payment will be considered delinquent. The period after which the payment is considered delinquent is 21 days after rendition of the bill. A charge of \$5.00 per month or three percent (3%) per month times the unpaid balance, whichever is larger, will be added to delinquent amounts. Late payment charges shall accrue and be billed monthly.

**\*Bad Check Charge:**

A bad check charge of \$15 per check will be paid on all checks returned from the bank for insufficient funds.

\* indicates new rate or text

+ indicates change

Date of Issue 2/4/02 Date Effective 3/22/02

Issued By: Albert E. Argyle, President 408 Hillcrest Drive, Union, MO 63084  
Name of Officer Title Address

**Argyle Estates Water Supply** For: Certificated Sewer Service Areas in Franklin County  
Name of Issuing Company Community, Town or City

Rules Governing  
Rendering of Water Service

+

Schedule of Rates (cont.)

**+Tap-on Fee:**

+Water main tap-on fee \$100.00  
(tap-on fee includes tapping of the main and tapping saddle)

**\*Meter Test Charge:**

This charge of \$30 will be billed for a customer requested meter test consistent with Rule 12, Sheet No. 30, of this tariff.

**\*Connection Charge:**

Connection charge (a non-tap-on connection) requested by customer.  
Connection Charge: \$ 15.00

**Discontinuance of Service for Non-Payment of Bill:**

+Disconnect turn-off charge \$15.00  
\*Reconnect turn-on charge \$15.00

**\*Door Collection Charge:**

A door collection charge of \$15.00 will be applicable when a customer pays the serviceman at the time of scheduled disconnection (turn-off) of service to prevent such disconnection.

**\*Emergency Call Out Charge:**

An Emergency Call-Out Charge of \$15.00 per occurrence will be assessed where a customer requests a shut-off of service and the emergency exists entirely on the customer owned facilities.

\* indicates new rate or text  
+ indicates change

Date of Issue 2/4/02 Date Effective 3/22/02

Issued By: Albert E. Argyle, President 408 Hillcrest Drive, Union, MO 63084  
Name of Officer Title Address

Attachment E - 4

Agreement Regarding Disposition of  
Small Company Rate Increase Request

**Argyle Estates Water Supply**

**Tariff File No. 2001 01195**

Argyle Estates Water Supply (Company) initiated the small company rate increase request (Request) for water service that is the subject of the above-referenced Commission "file" through its submittal of a letter to the Commission's Executive Secretary. The Company submitted its Request under the provisions of Commission rule 4 CSR 240-2.200, Small Company Rate Increase Procedure (the informal rate case procedure). The date the Company's letter was received at the Commission's offices was June 18, 2001. In its Request, the Company represented that it was asking for Commission approval of customer rates intended to generate an increase of \$5,700 in its total annual water service operating revenues. The Company provides water service to approximately 49 customers.

Upon review and acceptance of the Company's Request, the Commission's Records Department assigned Tariff File No. 2001 01195 to the Request for purposes of identification and tracking. The Records Department then forwarded the Request to the Commission's Water & Sewer Department for processing under the informal rate case procedure.

Pursuant to the provisions of the informal rate case procedure, the Staff of the Commission (Staff) initiated an audit of the Company's books and records and an inspection of the Company's system and the operation thereof.

Based upon the results of the Staff's audit, the Company and the Staff hereby state their agreement that: (1) an increase of \$5,433 (approximately 58.9%) in the Company's annual water revenues is reasonable; (2) the depreciation rates set out on Attachment A hereto should be the prescribed depreciation rates for the Company, as these were the depreciation rates used by the Staff in its revenue requirement analysis; (3) the addition of a "Late Payment Charge" is reasonable; (4) the addition of a "Bad Check Charge" of \$15 per bad check is reasonable; (5) the addition of a "Meter Test Charge" of \$30 for all tests after the first one in any 12 month period, is reasonable; (6) the addition of a "Connection Charge" of \$15 is reasonable; (7) the addition of a "Door Collection Charge" of \$15 is reasonable; (8) the addition of an "Emergency Call Out Charge" of \$15 is reasonable; (9) that increasing the "Tap-on Fee" \$50 to \$100 is reasonable; and, (10) that replacing the "Reconnection Charge" for tariff rule violations of \$5, with a "Disconnect turn-off charge" of \$15 and a Reconnect turn-on charge" of 15 is reasonable.

The Company agrees to list its business telephone number and its emergency service number on all of its quarterly bills.

Argyle Estates Water Supply – File No. 2001 01195 Water  
Small Company Rate Procedure "Agreement"

The Company agrees to print the payment due date on all of its quarterly bills.

The Company agrees to keep a "customer contact log", whereby the company will maintain for a three year period all customer complaints and inquiries. This log will contain detail including the type of contact and its resolution.

The Company agrees to obtain a fireproof file cabinet to keep utility documents stored.

The Company agrees to install a master meter and take meter readings from it on a monthly basis.

Additionally, the Company acknowledges that the Staff will file additional information about the details of its audit with the Commission following the creation of a formal docket.


This Agreement is only between the Company and the Staff. The Office of the Public Counsel (OPC) has verbally notified the Staff that it is requesting a second customer notice be sent to the Company's customers.


Lastly, the Company and the Staff ask the Commission to note that no action need be taken on the Company's tariff sheets until after the Staff files its formal recommendation for approval of the tariff sheet. That filing will take place soon after filing of this Agreement and the revised tariff sheets.

Other than the specific conditions agreed to by the Company, this agreement is a compromise that has resulted from extensive negotiations between Staff and the Company and no party has agreed to any particular ratemaking principal (except those items specifically stated in this agreement) in arriving at the dollar amount.

This Agreement is effective as of the 11<sup>th</sup> day of January 2002.

Agreement Signed and Dated:

  
Mr. Albert E. Argyle, President & COO  
Argyle Estates Water Company

  
Dale W. Johansen - Manager  
Water and Sewer Department  
Public Service Commission Staff

**Argyle Estates Water Supply  
DEPRECIATION RATES**

(WATER)

File No. 2001 01195

<u>ACCOUNT NUMBER</u>	<u>ACCOUNT</u>	<u>DEPRECIATION RATE %</u>	<u>AVERAGE SERVICE LIFE (YEARS)</u>
311	Structures & Improvements	2.5%	40
314	Wells & Springs	2.0%	50
325	Electric Pumping Equipment	10.0%	10
325.1	Submersible Pumping Equipment	10.0%	10
325.2	High Service or Booster Pumping Equipment	6.7%	15
342	Distribution Reservoirs & Standpipes	2.5%	40
343	Transmission & Distribution Mains	2.0%	50
348	Hydrants	2.0%	50
394	Tools, Shop, Garage Equipment	5.0%	20
398	Miscellaneous Equipment	5.0%	20

**Attachment A**

**Attachment E - 7**

**Service List for:**  
**Case No. WR-2002-371**  
**March 13, 2002 (lb)**

**Office of the Public Counsel**  
**P.O. Box 7800**  
**Jefferson City, MO 65102**

**Albert E. Argyle**  
**Argyle Estates Water Supply**  
**408 Hillcrest Dr.**  
**Union, MO 63084**