

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 23rd day
of November, 2009.

In the Matter of the Small Company Rate Increase)	<u>File No. SR-2009-0419</u>
Request of Gladlo Water & Sewer Company, Inc.)	Tariff No. YS-2010-0252

**ORDER APPROVING SMALL COMPANY RATE INCREASE
AND APPROVING TARIFF**

Issue Date: November 23, 2009

Effective Date: November 30, 2009

This order approves the Company/Staff Agreement Regarding Disposition of Small Sewer Company Revenue Increase Request between the Staff of the Commission and Gladlo Water & Sewer Company, Inc. It also approves the depreciation rates for the Company and approves a tariff implementing the agreed-upon rate increase.

On May 20, 2009, Gladlo initiated a small company rate increase request under Commission Rule 4 CSR 240-3.050, for an increase of \$7,095.36 in its total annual sewer service operating revenues. The company provides service to approximately 62 residential customers in the Whispering Pines Subdivision near Rolla, Missouri. The company is currently held by a court-appointment receiver.

Staff initiated an investigation of the company, which included an audit of Gladlo's books and records; a review of customer service, general business practices, and the operation of facilities; a review of the existing tariff; and an inspection of the Company's facilities.

On October 7, 2009, Staff and Gladlo filed an agreement purporting to resolve all issues in this matter. Among other terms, that agreement includes an annual operating revenue increase of \$4,994. The Office of the Public Counsel did not join in the agreement. Public Counsel filed its Position Statement on October 8, 2009. In its position statement Public Counsel indicates that it will not oppose the agreement.¹ Also, on October 8, 2009, Gladlo filed proposed tariff sheets designed to implement the terms of the agreement.²

The Commission has the legal authority to accept a stipulation and agreement as offered by the parties pursuant to Section 536.060, RSMo 2000. The requirement for a hearing is met when the opportunity for hearing has been provided and no proper party has requested the opportunity to present evidence.³ Since no one has requested a hearing in this case, the Commission may grant the relief requested based on the agreement.

The Commission finds that the agreement is reasonable and shall be approved. Gladlo and the Staff shall be directed to comply with the terms and recommendations set out in the agreement as filed on October 7, 2009. Furthermore, Gladlo's proposed tariff sheets, and the rates they establish, are just and reasonable and shall be approved. The Commission also finds that the depreciation rates proposed by Staff as Attachment F to the agreement are reasonable and will order Gladlo to utilize them.

¹ Public Counsel notes that while it "agreed with most of Staff's audit positions, Public Counsel had concerns regarding the utility's lack of current standing as a business with the Missouri Secretary of State and a stated return on equity in the Company/Staff Agreement above current market levels." One of the terms of the agreement is that the company will make all necessary filings to become a company in good standing with the Missouri Secretary of State.

² Those tariff sheets bear an effective date of November 30, 2009, and are similar to the tariff sheets attached to the agreement. The agreement includes as one of its terms that the tariff sheets will be effective on December 7, 2009; however, this is an error, as confirmed by the Staff pleading filed on November 16, 2009.

³ State ex rel. Rex Deffenderfer Enterprises, Inc. v. Public Service Commission, 776 S.W.2d 494, 496 (Mo. App. 1989).

THE COMMISSION ORDERS THAT:

1. The Company/Staff Agreement Regarding Disposition of Small Sewer Company Revenue Increase Request is approved.
2. Gladlo Water & Sewer Company, Inc., is directed to comply with the terms of the Company/Staff Agreement Regarding Disposition of Small Sewer Company Revenue Increase Request.
3. The following tariff sheets, filed by Gladlo Water & Sewer Company, Inc., on October 8, 2009, and assigned Tariff File No. YS-2010-0252, are approved for service on and after November 30, 2009:

P.S.C. MO. No. 2

2nd Revised Sheet No. 4, Canceling 1st Revised Sheet No. 4
2nd Revised Sheet No. 5, Canceling 1st Revised Sheet No. 5

4. The depreciation rates attached to the Company/Staff Agreement Regarding Disposition of Small Sewer Company Revenue Increase Request as Attachment F are approved and such depreciation rates are to be used by Gladlo Water & Sewer Company, Inc.
5. This order shall become effective on November 30, 2009.

(S E A L)

BY THE COMMISSION



Steven C. Reed
Secretary

Clayton, Chm., Davis, Jarrett,
Gunn, and Kenney, CC., concur.

Dippell, Deputy Chief Regulatory Law Judge