

BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

In the Matter of S. K. & M. Water and Sewer) **Case No. WR-2007-0460**
Company's Rate Increase Request) **Tariff No. YW-2007-0864**

In the Matter of S. K. & M. Water and Sewer) **Case No. SR-2007-0461**
Company's Rate Increase Request) **Tariff No. YS-2007-0865**

ORDER SUSPENDING TARIFF, ESTABLISHING PROCEDURAL SCHEDULE AND SETTING EVIDENTIARY HEARING

Issue Date: July 3, 2007

Effective Date: July 3, 2007

On October 19, 2006, S. K. & M. Water and Sewer Company ("S. K. & M.") initiated small water and sewer company rate increase actions pursuant to Commission Rules 4 CSR 240-3.330 and 4 CSR 240-3.635. S. K. & M. provides water service to approximately 280 residential customers and sewer service to approximately 160 residential customers in the company's service area in Perry County, Missouri.

On May 31, 2007, after working with the Commission's Staff, S. K. & M. filed tariffs, bearing effective dates of July 16, 2007, designed to increase its rates for water and sewer service. On June 7, 2007, Staff filed Company/Staff Agreements Regarding Disposition of Small Water Company Rate Increase Request and Disposition of Small Sewer Company Rate Increase Request ("Disposition Agreements").

S. K. & M. had originally requested a rate increase intended to generate an additional \$50,818 in its total annual water service operating revenues, but after working with Staff, S. K. & M. filed revised tariff sheets containing customer rates intended to produce an increase of \$16,020 in the company's annual water system operating revenues

(approximately a 29% increase). S. K. & M. had originally requested a rate increase intended to generate an additional \$36,876 in its total annual sewer service operating revenues, but after working with Staff, S. K. & M. filed revised tariff sheets containing customer rates intended to produce an increase of \$18,332 in the company's annual sewer system operating revenues (approximately a 48% increase). The Company's current tariffs on file reflect that the company has not increased its water rates since 1991, or its sewer rates since 1986.

OPC did not join the Disposition Agreements and requested a local public hearing, which was conducted on June 25, 2007. The Commission also granted OPC's motion to compel additional discovery on June 26, 2007.

On July 2, 2007, OPC filed a pleading stating that despite the additional discovery it had received it still had concerns regarding improper charges to the utility in the Disposition Agreements. Pursuant to 4 CSR 240-3.330(1)(E) and 4 CSR 240-3.635(1)(E), OPC stated that it disagreed with the proposed increases reflected on the tariff sheets filed in this case. Consequently, OPC requests that the Commission suspend the tariffs to allow further negotiation between the parties. OPC believes that a suspension of at least 90 days will allow OPC sufficient time to work with Staff and S. K. & M. to develop acceptable increases which would be just and reasonable for the ratepayers, or to hold an evidentiary hearing if an agreement can not be reached.

The Commission finds that OPC's request is reasonable and it shall suspend S. K. & M.'s tariffs. Section 393.150, RSMo 2000, provides that the Commission may suspend the water and sewer tariff sheets for a maximum period of 120 days plus 6 months. The Commission, however, would like to see these matters continue on the

expedited basis that the small utility rate increase rules were designed to promote. Therefore, the Commission will suspend the tariffs for 60 days and set a tentative date for hearing, should the parties be unable to reach consensus on a disposition agreement. The cases will not be formally consolidated, but there will be one hearing set to hear the cases simultaneously. The evidentiary hearing shall be live, without prefiled testimony. The Commission finds that the following conditions should be applied:

(A) The parties shall agree upon and the Staff shall file a list of the issues to be heard, the witnesses to appear on the day of the hearing and the order in which they will be called, and the order of cross-examination for each witness. Any issue not contained in this list of issues will be viewed as uncontested and not requiring resolution by the Commission.

(B) Each party shall file a statement of its position on each disputed issue. Such statement shall be simple and concise, and may not contain argument about why the party believes its position to be the correct one.

(C) The Commission will entertain closing arguments in lieu of pre- and/or post-hearing briefs.

(D) All pleadings and amendments shall be filed in accordance with Commission Rule 4 CSR 240-2.080.

(E) All parties are required to bring an adequate number of copies of exhibits that they intend to offer into evidence at the hearing. If an exhibit has not been prefiled, the party offering it should bring, in addition to the copy for the court reporter, copies for the five Commissioners, the Presiding Judge, and all counsel.

The parties will also be directed to file status reports to advise the Commission of any progress towards reaching unanimous disposition agreements in these matters. The

final status report will be due one week prior to the tentative date for hearing and will advise the Commission whether the parties have reached agreements or if they will be proceeding to hearing. In the event agreements are reached, the hearing will be canceled.

On June 15, 2007, the Commission granted Staff's motion for an extension of time to file its recommendations in these matters. The deadline for Staff's recommendations was set for July 3, 2007. Given the procedural posture of this case has now changed and a tentative date for an evidentiary hearing has been set, the July 3, 2007 deadline for Staff's recommendations shall be canceled. Should the parties reach unanimous disposition agreements in these matters, Staff shall file its recommendations simultaneously with the filing of those agreements.

IT IS ORDERED THAT:

1. The Office of the Public Counsel's request to suspend S. K. & M. Water and Sewer Company's tariffs filed on May 31, 2007, is granted and the tariffs will be suspended.

2. The proposed tariff sheets submitted on May 31, 2007, by S. K. & M. Water and Sewer Company, and assigned Tariff Nos. YW-2007-0864 and YS-2007-0865, and subsequently docketed in Case Nos. WR-2007-0460 and SR-2007-0461, respectively, are suspended for a period of 60 days beyond their proposed effective date of July 16, 2007, to September 14, 2007, or until otherwise ordered by this Commission. The tariff sheets suspended are:

P.S.C. MO No. 2

1st Revised Sheet No. 6, Canceling Original Sheet No. 6
1st Revised Sheet No. 7, Canceling Original Sheet No. 7

P.S.C. MO No. 1

6th Revised Sheet No. 4, Canceling 5th Revised Sheet No. 4

3. An evidentiary hearing in this matter shall be set for August 14, 2007.
4. The following procedural schedule is established:

Status Report	-	July 19, 2007
Issues List, Order of Witnesses, and Order of Cross	-	July 26, 2007
Position Statements	-	August 2, 2007
Final Status Report	-	August 7, 2007
Hearing	-	August 14, 2007, beginning at 8:30 a.m.

5. The hearing will be held in the offices of the Missouri Public Service Commission at the Governor Office Building, Room 305, 200 Madison Street, Jefferson City, Missouri. This hearing will be held in a building that meets accessibility standards required by the Americans with Disabilities Act. If you need additional accommodations to participate in this hearing, please call the Public Service Commission's Hotline at 1-800-392-4211 (voice) or Relay Missouri at 711 before the hearing.

6. The July 3, 2007 deadline for the Staff of the Missouri Public Service Commission to file recommendations in these matters is canceled as described in the body of this order.

7. This order shall become effective on July 3, 2007.

BY THE COMMISSION

A handwritten signature in black ink, appearing to read 'Colleen M. Dale', with a stylized, cursive script.

Colleen M. Dale
Secretary

(S E A L)

Harold Stearley, Regulatory Law Judge,
by delegation of authority pursuant to
Section 386.240, RSMo 2000.

Dated at Jefferson City, Missouri,
on this 3rd day of July, 2007.