

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 25th day
of October, 2005.

In the Matter of the Request of Evergreen Lake)	
Water Company, Inc., for a Rate Increase)	<u>Case No. WR-2006-0131</u>
Pursuant to the Commission's Small Company)	Tariff No. JW-2006-0233
Rate Increase Procedure)	

ORDER APPROVING SMALL COMPANY RATE INCREASE

Issue Date: October 25, 2005

Effective Date: October 27, 2005

Syllabus: This order approves an agreement between the Staff of the Commission, the Office of the Public Counsel, and Evergreen Lake Water Company, Inc., regarding disposition of the company's rate increase request. The order also approves revised depreciation rates for the company and approves a tariff implementing the agreed-upon rate increase of \$4,538 in the company's annual water service operating revenues.

On May 2, 2005, Evergreen Lake initiated a small company rate increase under Commission Rule 4 CSR 240-3.635. Evergreen Lake originally requested a rate increase that would generate an additional \$9,550 in annual water service operating revenues. Evergreen Lake provides water service to approximately 42 residential customers.

On September 26, Evergreen Lake filed a tariff designed to increase its rates for water service. That tariff carries an effective date of October 27. Along with its tariff, Evergreen Lake filed a letter indicating that it has reached an Agreement Regarding Disposition of Small Company Rate Increase Request with Staff and Public Counsel. Staff filed that Agreement on September 30.

Also on September 30, the Commission issued an order adding the Missouri Department of Natural Resources (DNR) as a party, and directing it to file a pleading indicating whether the company is currently in compliance with DNR's requirements. DNR filed its response on October 6, indicating that the Department does not currently have any enforcement/compliance action against the company.

On October 13, Staff filed a recommendation urging the Commission to approve Evergreen Lake's tariff, the disposition agreement, and the depreciation rates attached to the disposition agreement in Attachment 3 to the Agreement. Based upon its audit of Evergreen Lake'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, Staff concluded that a \$4,538 increase in the company's annual water service operating revenues is necessary for the company to recover its cost of service. Staff also recommended that modified depreciation rates be prescribed for the company. In addition, Staff noted that the company has received no "notices of violations" from DNR during the test year used for the request, nor has the company received any such notices since the end of the test year to the current date.

Commission Rule 4 CSR 240-3.635 states that when Staff, Public Counsel, and the company file an agreement in a small company rate increase case, the company may file tariff sheets with an effective date that is not fewer than 30 days after the tariff's issue date. No additional customer notice or local public hearing is required unless otherwise ordered by the Commission.

The Commission finds that Staff, Public Counsel, and Evergreen Lake have fully complied with the procedural requirements for approval of a disposition agreement found in Commission Rule 4 CSR 240-3.635. The Commission further finds that the disposition

agreement between Staff, Public Counsel, and Evergreen Lake is reasonable, and will be approved.¹ Furthermore, Evergreen Lake's tariff, and the rates it establishes, are just and reasonable and will be approved. The Commission also finds that the depreciation rates proposed are reasonable and will order Evergreen Lake to utilize them.

IT IS THEREFORE ORDERED:

1. That the Agreement Regarding Disposition of Small Company Rate Increase Request filed by Evergreen Lake Water Company, Inc., the Office of the Public Counsel, and the Staff of the Commission is approved.

2. That Evergreen Lake Water Company, Inc., is directed to comply with the terms of the Agreement Regarding Disposition of Small Company Rate Increase Request.

3. That the following tariff sheets filed by Evergreen Lake Water Company, Inc., and assigned Tariff File No. JW-2006-0233, are approved for service on or after October 27, 2005:

P.S.C. MO. No. 2

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

Original Sheet No. 4A

1st Revised Sheet No. 13, Canceling Original Revised Sheet No. 13

1st Revised Sheet No. 14, Canceling Original Revised Sheet No. 14

1st Revised Sheet No. 18, Canceling Original Revised Sheet No. 18

4. That the depreciation rates found in Attachment 3 to the Agreement Regarding Disposition of Small Company Rate Increase Request are approved and such depreciation rates are to be used by Evergreen Lake Water Company, Inc.

¹ The Agreement was filed before the Commission added the Missouri Department of Natural Resources as a party. Pursuant to Commission rule 4 CSR 240-2.115(2), the Agreement may be treated as a unanimous agreement as DNR did not file an objection to it.

5. That this order shall become effective on October 27, 2005.
6. That this case may be closed on October 28, 2005.

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., Murray, Clayton,
and Appling, CC., concur.
Gaw, C., abstains.

Ruth, Senior Regulatory Law Judge