

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service Commission held at its office in Jefferson City on the 16th day of June, 2005.

In the Matter of Noel Water Company, Inc.'s) **Case No. WR-2005-0452**
Request for a Small Company Rate Increase.) **Tariff No. YW-2005-1069**

ORDER APPROVING SMALL COMPANY RATE INCREASE
AND APPROVING TARIFF

Issue Date: June 16, 2005

Effective Date: June 30, 2005

On March 14, 2005, Noel Water Company initiated a small company rate increase under Commission rule 4 CSR 240-3.635. Noel Water Company originally requested a rate increase that would generate an additional \$42,000 in annual water service revenues. On April 4, 2005, the company sent a notice regarding the proposed increase to each of its customers. Noel Water Company provides water service to approximately 660 customers, the majority of which are residential customers. The company's current rates went into effect on March 10, 1997.

On May 31, 2005, Noel Water Company filed proposed tariff revisions designed to increase its rates for water service. The revised tariff sheets bear an effective date of June 30, 2005. Along with its tariff revisions, the company filed a letter indicating that it has reached an Agreement Regarding Disposition of Small Company Rate Increase Request with the Commission's Staff and the Office of the Public Counsel. Staff filed that agreement on June 6, 2005.

On June 13, 2005, Staff filed a recommendation and memorandum urging the Commission to approve Noel Water Company's revised tariff sheets and the disposition agreement. Staff states that based upon an audit of the company's books and records, a determination of the company's rate base investments and necessary operating expenses, an evaluation of the company's depreciation rates, an analysis of the company's capital structure and cost of capital, and an investigation of the company's business and system operations, Staff concludes that an increase of \$42,000 in the company's annual water service operating revenues is warranted.

Staff therefore recommends that the Commission approve the disposition agreement, which reflects the following agreements between the parties: (1) that an increase of \$42,000 in the company's annual water operating revenues is necessary; (2) that certain changes to the company's administrative operations are appropriate; (3) that new depreciation rates need to be prescribed for the company; (4) that the rates included in the proposed tariff are designed to generate revenues sufficient to recover the company's total annualized cost of service; and (5) that the rates included in the tariff revisions are just and reasonable.

Staff also notes that the company is current on the payment of its Commission assessments and on the filing of its annual reports to the Commission. Staff adds that the company has no other matters pending before the Commission, and that approval of the tariff revisions will not affect any other matter before the Commission.

The Commission has the authority to approve the 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 Commission’s rules, at 4 CSR 240-3.635, provide the procedural requirements for approval of a disposition agreement resolving a small water company’s proposed rate increase.

The Commission finds that Noel Water Company, the Commission’s Staff, and the Office of the Public Counsel have 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 Noel Water Company, Staff, and Public Counsel is reasonable, and will be approved. Furthermore, the Commission finds that the company’s tariff sheets, and the rates they establish, are just and reasonable and will be approved.

IT IS THEREFORE ORDERED:

1. That the Agreement Regarding Disposition of Small Company Rate Increase Request between Noel Water Company Company, Inc., the Staff of the Commission, and the Office of the Public Counsel is approved.
2. That Noel Water Company Company, Inc., is directed to comply with the terms of the Agreement Regarding Disposition of Small Company Rate Increase Request.
3. That the tariff sheets filed by Noel Water Company Company, Inc., and assigned Tariff File No. YW-2005-1069, are approved for service on or after June 30, 2005.
4. That this order shall become effective on June 30, 2005.

5. That this case may be closed on July 1, 2005.

BY THE COMMISSION

A handwritten signature in black ink, appearing to read 'Colleen M. Dale', written in a cursive style.

Colleen M. Dale
Secretary

(S E A L)

Davis, Chm., Murray, Gaw, Clayton,
and Appling, CC., concur.

Ruth, Senior Regulatory Law Judge