

**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION**

At a session of the Public Service  
Commission held at its office in  
Jefferson City on the 29th day of  
September, 2005.

In the Matter of the Small Company Rate Increase     ) **Case No. WR-2006-0091**  
Request of Stockton Hills Water Company             ) **Tariff No. YW-2006-0140**

**ORDER APPROVING SMALL COMPANY RATE INCREASE**

Issue Date: September 29, 2005

Effective Date: September 30, 2005

This order approves an agreement between the Staff of the Commission, the Office of the Public Counsel, and Stockton Hills Water Company regarding disposition of Stockton Hills' small company rate increase request. It also approves revised depreciation rates for the company and approves a tariff implementing the agreed upon rate increase.

On April 14, 2005, Stockton Hills initiated a small company rate increase under Commission Rule 4 CSR 240-3.635. Stockton Hills originally requested a rate increase that would generate an additional \$5,725 in annual water service operating revenues. Stockton Hills provides water service to approximately 145 residential customers in an unincorporated area of Cedar County.

On August 31, Stockton Hills filed a tariff designed to increase its rates for water service. That tariff carries an effective date of September 30. Along with its tariff, Stockton Hills 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 2.

On September 21, Staff filed a recommendation urging the Commission to approve Stockton Hills' tariff, the disposition agreement, and the depreciation rates attached to the disposition agreement as Attachment 4. Based upon its audit of Stockton Hills' 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 \$5,417 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.

After reviewing Staff's recommendation, the Commission was concerned that Stockton Hills has recently received a notice of violation from the Missouri Department of Natural Resources. So that it could confirm that the company is now in compliance with DNR's requirements, the Commission added DNR as a party and directed it to file a pleading explaining whether Stockton Hills is currently in compliance with DNR's requirements, and if it is not currently in compliance, what steps it has taken to come into compliance. As an alternative, the Commission invited DNR to appear at the Commission's agenda meeting on September 29 to answer questions.

On September 28, Staff filed a copy of a signed Bilateral Compliance Agreement between the Stockton Hills and DNR. The compliance agreement sets out the steps that Stockton Hills has agreed to take to resolve the notice of violation that had been issued by DNR. Staff renewed its recommendation that the Commission approve Stockton Hills' tariff implementing the agreed upon rate increase.

On September 29, DNR filed a pleading confirming that it entered into a compliance agreement with Stockton Hills on September 13. DNR explained that the Bilateral

Compliance Agreement requires Stockton Hills to implement various measures to ensure compliance with DNR standards. If Stockton Hills adheres to the agreement, DNR expects that there will be no more violations of its standards.

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 Stockton Hills 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 Stockton Hills is reasonable, and will be approved. Furthermore, Stockton Hills' tariff, and the rates it establishes, are just and reasonable and will be approved. The Commission also finds that the depreciation rates proposed by Staff are reasonable and will order Stockton Hills to utilize them.

**IT IS THEREFORE ORDERED:**

1. That the Agreement Regarding Disposition of Small Company Rate Increase Request filed by Stockton Hills Water Company, the Office of the Public Counsel, and the Staff of the Commission is approved.
2. That Stockton Hills Water Company is directed to comply with the terms of the Agreement Regarding Disposition of Small Company Rate Increase Request.

3. That the following tariff sheet filed by Stockton Hills Water Company, and assigned Tariff File No. YW-2006-0140, is approved for service on or after September 30, 2005:

**P.S.C. MO. No. 2**  
**2<sup>nd</sup> Revised Sheet No. 6, Canceling 1<sup>st</sup> Revised Sheet No. 6**

4. That the depreciation rates attached to the Agreement Regarding Disposition of Small Company Rate Increase Request as Attachment 4 are approved and such depreciation rates are to be used by Stockton Hills Water Company.

5. That this order shall become effective on September 30, 2005.

6. That this case may be closed on October 1, 2005.

**BY THE COMMISSION**



Colleen M. Dale  
Secretary

( S E A L )

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

Woodruff, Senior Regulatory Law Judge