

**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION**

At a session of the Public Service  
Commission held at its office in  
Jefferson City on the 28th day  
of September, 2006.

In the Matter of the Tariff Filing of Aqua RU, Inc., d/b/a )	
Aqua Missouri, Inc., to Implement a Rate Increase for )	<b><u>Case No. WR-2007-0021</u></b>
Water Service Provided to Customers in its Missouri )	Tariff No. JW-2007-0015
Service Areas. )	

**ORDER APPROVING UNANIMOUS STIPULATION AND AGREEMENT  
AND SUSPENDING TARIFF**

Issue Date: September 28, 2006

Effective Date: September 30, 2006

This order approves a Unanimous Stipulation and Agreement Regarding Disposition of Cases among the Staff of the Commission, the Office of the Public Counsel, and Aqua RU, Inc., d/b/a Aqua Missouri, Inc., regarding Aqua Missouri's small company rate increase request. It also approves the depreciation rates for the company and suspends the tariff implementing the agreed-upon rate increase. This agreement was made in conjunction with the settlement of related cases, WR-2007-0020 and SR-2007-0023.

Aqua Missouri provides water service to approximately 1,400 customers in its Taney, Benton, Greene, Stone, Barry, and Christian County service areas.<sup>1</sup> On May 17, 2005, Aqua Missouri initiated a small company rate increase under Commission Rule

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<sup>1</sup> Aqua Missouri has approximately the following number of customers in each of these service areas: Spring Valley (121); Riverside Estates (252); Rankin Acres (90); Ozark Mountain (434); LTA (252); Lakewood Manor (34); and White Branch (192).

4 CSR 240-3.635. The request was assigned Tracking No. QW-2005-0009 in the Commission's Electronic Filing and Information System.

In its initial submissions to the Commission's Staff, Aqua Missouri requested a rate increase that would generate an additional \$330,464 in annual water service operating revenues. On July 12, 2006, Aqua Missouri filed a tariff designed to increase its rates for water service that would generate only \$159,937<sup>2</sup> in additional annual revenues. Along with its tariff, Aqua Missouri filed a letter indicating that it had reached an agreement regarding the disposition of its rate increase request with the Staff. Staff filed that agreement on July 21, 2006.

The Commission made the Missouri Department of Natural Resources a party to this case and directed DNR to file information relating to the company's compliance with environmental regulations. DNR filed its response stating that Aqua Missouri's water supply was not considered "to be in significant non-compliance or a threat to public health or the environment . . . ."

Public Counsel requested that local public hearings be held regarding this rate increase and therefore, the Commission suspended the tariff until September 30, 2006, so that those hearings could be held. The Commission held local public hearings on August 28, 2006, in Sedalia, and simultaneously in Point Lookout, Reeds Spring, and Jefferson City on August 30, 2006. After the local public hearings, Public Counsel filed a pleading indicating that it "disagreed" with the tariffs filed by the company and requested an

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<sup>2</sup> The additional revenue would have been generated from the following service areas: Spring Valley (\$24,026); Riverside Estates (\$22,244); Rankin Acres (\$2,582); Ozark Mountain (\$63,540); LTA (\$12,168); Lakewood Manor (\$7,716); and White Branch (\$27,661).

evidentiary hearing on the matter. The request for an evidentiary hearing was later withdrawn, though Public Counsel continued to object to the tariffs.

The Commission convened a hearing regarding the agreement between Staff and the company and directed Mr. Nicholas DeBenedictis, President of Aqua America, to appear to answer Commission questions. That hearing was held on September 21, 2006. At the conclusion of that hearing the parties indicated that they had reached a settlement agreement in principle and would present it to the Commission for approval. Also at the hearing, Mr. DeBenedictis, on behalf of Aqua Missouri, agreed to report back to the Commission regarding issues alleged at the local public hearings. The Commission will direct Aqua Missouri to file that report with the Commission.

On September 28, 2006, the parties presented their Unanimous Stipulation and Agreement Regarding Disposition of Cases to the Commission for approval. As part of the agreement, Aqua Missouri will withdraw and refile its tariff pages, and the parties requested that expedited treatment should be given so that the tariffs may become effective no later than October 1, 2006. The parties indicated that the effective date of the tariff was a major element of the settlement agreement and as such, good cause exists to grant expedited treatment so that the tariff becomes effective on less than 30-days notice.

The parties agree that a \$109,122<sup>3</sup> increase in the company's annual water service operating revenues is necessary for the company to recover its cost of service. The agreement also indicates that certain changes to bookkeeping, meter replacement, system operations, and administrative operations are appropriate. In addition, new depreciation

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<sup>3</sup> The breakdown of the revenue increases by service area is shown in Appendix C of the Unanimous Stipulation and Agreement.

rates have been agreed upon. Finally, the company agrees not to request any additional rate increases until after February 1, 2007.

Based on the agreement, the Commission finds that the agreement is reasonable and shall be approved. Aqua Missouri shall be directed to comply with the terms and recommendations set out in the agreement. The Commission also finds that the depreciation rates proposed by Staff are reasonable and will order Aqua Missouri to utilize them. Finally, the Commission finds that because the effective date of the tariff was an integral part of the settlement agreement, good cause exists to approve the tariff, when refiled, on an expedited basis.

**IT IS ORDERED THAT:**

1. The Unanimous Stipulation and Agreement Regarding Disposition of Cases is approved. The agreement is attached hereto.
2. Aqua RU, Inc., d/b/a Aqua Missouri, Inc., is directed to comply with the terms of the Unanimous Stipulation and Agreement Regarding Disposition of Cases.
3. Aqua RU, Inc., d/b/a Aqua Missouri, Inc., shall file a report no later than October 6, 2006, indicating what steps it has taken to review and remedy customer service complaints with regard to the comments made at the local public hearings.
4. The following tariff sheets filed by Aqua RU, Inc., d/b/a Aqua Missouri, Inc., and assigned Tariff File No. JW-2007-0015, are suspended until October 11, 2006, unless otherwise ordered by the Commission:

**P.S.C. MO. No. 2**

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**First Revised Title Page, Canceling Original Title Page  
8th Revised SHEET No. W-2, Canceling 7th Revised SHEET No. W-2  
2nd Revised SHEET No. WR1, Canceling 1st Revised SHEET No. WR1  
3rd Revised SHEET No. WR2, Canceling 2nd Revised SHEET No. WR2  
2nd Revised SHEET No. WR4, Canceling 1st Revised SHEET No. WR4  
1st Revised SHEET No. WR5, Canceling Original SHEET No. WR5  
1st Revised SHEET No. WR6, Canceling Original SHEET No. WR6  
1st Revised SHEET No. WR7, Canceling Original SHEET No. WR7  
1st Revised SHEET No. WR8, Canceling Original SHEET No. WR8**

5. The depreciation rates attached to the Company/Staff Agreement Regarding Disposition of Small Water Company Rate Increase Request as Attachment D are approved and such depreciation rates are to be used by Aqua RU, Inc., d/b/a Aqua Missouri, Inc. The depreciation rates are attached hereto.

6. This order shall become effective on September 30, 2006.

**BY THE COMMISSION**



Colleen M. Dale  
Secretary

( S E A L )

Davis, Chm., Clayton, and Appling, CC., concur.  
Gaw, C., dissents; a separate dissenting opinion  
may follow.  
Murray, C., absent.

Dippell, Deputy Chief Regulatory Law Judge