

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 12th day
of October, 2006.

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| In the Matter of the Small Company Rate Increase |) | <u>Case No. WR-2007-0103</u> |
| for Franklin County Water Company, Inc. |) | Tariff No. YW-2007-0178 |

**ORDER APPROVING SMALL COMPANY RATE INCREASE
AND ACCOMPANYING TARIFF**

Issue Date: October 12, 2006

Effective Date: October 15, 2006

This order approves an agreement between the Staff of the Commission, the Office of the Public Counsel, and Franklin County Water Company regarding disposition of the company's small rate increase request. This order also approves the company's tariff implementing the agreed-upon rate increase.

Franklin County Water provides service to approximately 175 customers in Franklin County, Missouri. On December 12, 2005, Franklin County Water initiated a small company rate increase under Commission rule 4 CSR 240-3.635. In its initial submission to the Commission's Staff, Franklin County Water requested a rate increase that would generate an additional \$24,000 in annual water service operating revenues. On September 15, Franklin County Water filed a revised tariff designed to increase its water service operating revenues by \$4,342.

Along with its tariff, the company filed a letter indicating that it had reached an agreement with Staff and the Office of the Public Counsel. On September 21, 2006 Staff filed a Notice of Agreement Regarding Disposition of Small Company Rate Increase

Request. On October 2, 2006 Staff filed a memorandum and recommendation regarding the disposition of Franklin County Water's rate increase request.

Staff's Memorandum

In its memorandum, Staff states that the company made its request because of increases in: 1) utility plant investment; 2) operation and maintenance expenses; and 3) the Commission's annual assessments. The company also made its request due to changes in the number and type of customers it serves.

Upon customer notice of the proposed increase, Staff informs the Commission that it received 2 letters, 4 e-mails, and 14 EFIS public comment forms. The customer comments address the amount of the proposed increase and service-related matters

Staff states that the Disposition Agreement reflects the following:

- an increase of \$4,342 in the company's annual water service operating revenues
- changes to the company's service charges
- changes to the company's system operations
- changes to the company's administrative operations
- modified depreciation rates
- that the rates included in the tariff revisions are designed to generate revenues sufficient to recover the company's total annualized cost of service and are just and reasonable.

Staff requests that the Commission issue an order that: approves the revised tariff sheets to be effective on October 15, 2006; approves the Disposition Agreement as submitted; directs the company to comply with the terms of the Disposition Agreement; and, prescribes depreciation rates set out on in Attachment D to the Disposition Agreement as the rates authorized for the company's use.

Department of Natural Resources – violations

On October 5, 2006 The Missouri Department of Natural Resources submitted a statement that Franklin County Water does not have any enforcement or compliance actions before the Department. The Department added that Franklin County Water is not in significant non-compliance nor is it a threat to the public health or the environment.

Conclusion

Based on the pleadings and the recommendations of Staff, the Commission finds that the agreement is reasonable and shall be approved. Franklin County Water will be directed to comply with the terms and recommendations set out in the agreement. Further, Franklin County Water's revised tariffs, and the rates they establish, are just and reasonable and shall be approved. The Commission also finds that the depreciation rates proposed by Staff are reasonable and will order Franklin County Water to use them.

IT IS ORDERED THAT:

1. The Agreement Regarding Disposition of Small Water Company Rate Increase Request between Franklin County Water Company, the Staff of the Missouri Public Service Commission, and the Office of the Public Counsel is approved.
2. Franklin County Water Company shall comply with the terms of the Agreement Regarding Disposition of Small Water Company Rate Increase Request.
3. The following tariff sheets, filed by Franklin County Water Company and assigned Tariff No. YW-2007-0178, are approved for service on or after October 15, 2006:

P.S.C. MO No. 2

1st Revised Sheet No. 4, Canceling Original Sheet No. 4
1st Revised Sheet No. 5, Canceling Original Sheet No. 5

4. The depreciation rates, attached to the Agreement Regarding Disposition of Small Water Company Rate Increase Request as Attachment D, are approved and such depreciation rates shall be used by Franklin County Water Company.

5. This order shall become effective on October 15, 2006.

6. This case may be closed on October 16, 2006.

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, Gaw,
and Appling, CC., concur.
Clayton, C., absent.

Jones, Senior Regulatory Law Judge