

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 3rd day of
May, 2017.

In the Matter of a Review of the Commission's Rules)
Regarding Small Water and Sewer Companies)

File No. WW-2017-0283

**ORDER OPENING A WORKING CASE TO REVIEW THE
COMMISSION'S RULES REGARDING SMALL WATER AND SEWER
COMPANIES, AND SCHEDULING A WORKSHOP MEETING**

Issue Date: May 3, 2017

Effective Date: May 3, 2017

The Commission is opening this file to assist its Staff in its review of the Commission's rules regarding small water and sewer companies. In particular, the Commission invites interested stakeholders to review and comment upon a draft version of the rule that is attached to this order. The Commission will ask stakeholders to file written comments by June 1, 2017, and will schedule a workshop meeting to discuss those comments.

This file shall serve as a repository for documents and comments. Using this file, anyone with an interest in this matter may view documents and may submit any pertinent responsive comments or documents. As this is not a contested case, anyone may file a comment without counsel and without *ex parte* constraints (arising from this matter). Intervention requests are not necessary to submit comments or view documents.

The public is welcome to submit comments by forwarding electronic communications through the Commission's electronic filing and information system (EFIS) or by mailing written comments. You may submit electronic comments at the Commission's website at <http://www.psc.mo.gov>. (Click on the EFIS/Case filings link on the left side of the page. Scroll down and click on the public comment link. Please refer to File No. WW-2017-0283). Written comments in hard copy should be addressed to the Commission at P.O. Box 360, Jefferson City, Missouri 65102 and should also reference File No. WW-2017-0283. The public can view the contents of the file by following the link at <http://www.psc.mo.gov>.

THE COMMISSION ORDERS THAT:

1. This case is established as a repository for documents and comments regarding the review of the Commission's rules regarding small water and sewer companies.
2. The Commission's data center shall mail a copy of this order to certificated water and sewer companies in Missouri.
3. Interested stakeholders may submit written comments by June 1, 2017.
4. A workshop meeting is scheduled for June 27, 2017, from 9:30 a.m. to 3:00 p.m. in Room 110 of the Governor Office Building, 200 Madison Street, Jefferson City, Missouri 65102. This building meets accessibility standards required by the Americans with Disabilities Act. If you need additional accommodations to participate in this meeting, please call the Public Service Commission's Hotline at 1-800-392-4211 (voice) or Relay Missouri at 711 before the meeting.

5. This order shall be effective when issued.



BY THE COMMISSION

A handwritten signature in cursive script that reads "Morris L. Woodruff".

Morris L. Woodruff
Secretary

Hall, Chm., Stoll, Kenney, Rupp, and
Coleman, CC., concur.

Woodruff, Chief Regulatory Law Judge,

STAFF ASSISTED RATE CASE

(1) Definitions. As used in this rule, the following terms mean:

(A) A small utility means a gas utility serving ten thousand (10,000) or fewer customers, a water or sewer utility serving eight thousand (8,000) or fewer customers, or a steam utility serving one hundred (100) or fewer customers.

(B) A disposition agreement is a document that sets forth the signatories' proposed resolution of some or all of the issues pertaining to a small utility rate case.

(2) Notwithstanding the provisions of any other commission rule to the contrary, unless the commission orders otherwise, any rate case involving a small utility shall proceed under this rule.

(A) In addition to the commission's provisions regarding dismissal of a case in 4 CSR 240-2.116, the commission may dismiss a small utility rate case at any time if:

1. The utility is not current on the payment of all of its commission assessments;
2. The utility fails to submit its annual report or annual statement of operating revenue; or
3. The utility is not in good standing with the Missouri Secretary of State, if applicable.

(3) Commencement. A small utility rate proceeding may be commenced by:

(A) A letter received by the secretary of the commission from a small utility requesting an increase in its overall annual operating revenues;

1. Any such letter shall state the amount of the revenue increase requested but need not be accompanied by any proposed tariff revisions.
2. Upon receipt of the letter, the secretary of the commission shall cause a rate case to be opened and file a copy of the letter in that case.
3. At any time before day 150 of the timeline described in subsection (4) of this rule, the utility may submit to the secretary of the commission a letter withdrawing its previous request for a rate increase. Upon receipt of such a letter, the secretary of the commission shall close the rate case.

(B) A complaint filed by the commission staff or by any eligible entity or entities pursuant to section 386.390.1, RSMo., or section 393.260.1, RSMo.

(C) A proposed tariff stating a new rate or charge filed by a small utility pursuant to section 393.150.1, RSMo.

(4) Staff shall assist a small utility in processing a small utility rate case to every extent possible consistent with Staff's duties to the Commission.

(5) Timeline. Within one (1) week after a small utility rate case is opened, the staff shall file a timeline under which the case will proceed, specifying due dates for the activities required by this rule.

(A) The staff and the utility may agree in writing that the deadlines set out in this timeline be extended for up to thirty (30) days. If an extension is agreed upon, the staff shall file the agreement and an updated timeline reflecting the extension in the case file.

(6) Local public hearing. The regulatory law judge assigned to the small utility rate case shall schedule a local public hearing, to occur no later than sixty (60) days after the opening of the case, unless all parties have agreed a local public hearing is not necessary.

(7) Notice of local public hearing. At least ten (10) days prior to the local public hearing, the utility shall mail a written notice to its customers. The notice must be approved by the staff and the public counsel prior to being mailed.

(A) The notice shall include:

1. The time, date, and location of the local public hearing, consistent with the order setting the hearing;

2. A summary of the proposed rates and charges, the effect of the rates on an average residential customer's bill, and any other company requests that will affect customers, if known;

3. An invitation to submit comments about the utility's rates and quality of service within thirty (30) days after the date shown on the notice and instructions as to how comments can be submitted electronically, by telephone, and in writing;

4. Instructions for viewing the publicly available copies of all filings subsequently made in the case via the commission's electronic filing system.

(B) The Staff shall file a copy of the notice in the case file.

(8) Investigation and audit. After a small utility rate case is opened, the staff shall, and the public counsel may, conduct an investigation of the utility's request.

(A) This investigation may include a review of any and all information and materials related to the utility's cost of providing service and its operating revenues, the design of

the utility's rates, the utility's service charges or fees, all provisions of the utility's tariffs, and any operational or customer service issues that are discovered during the investigation.

(B) The investigation may include the records generated since the previous rate case, the case in which the utility was granted its Certificate of Convenience and Necessity, or the utility's transfer of assets case, whichever is most recent. The investigation shall include an update of the utility's rate base.

(C) In determining the utility's cost of service, the value of normal expense items and plant-in-service and other rate base items, for which adequate documentary support is not available, may be based upon such evidence as is available or may be estimated in order to include reasonable levels of those costs. Unusual expense or rate base items or expense or rate base items for which the utility claims unusual levels of cost may require additional support by the utility. Nothing in this section diminishes the utility's obligation to adhere to the Commission's rules regarding appropriate record-keeping.

(D) Not later than ninety (90) days after a small utility rate case is opened, the staff shall provide a report of its preliminary investigation, audit or analysis to all parties. The public counsel, if conducting its own investigation, shall do the same. This report shall include:

1. An evaluation of the utility's record-keeping practices.

2. An itemized list of unusual cost of service items for which additional support was required.

(9) Settlement proposals.

(A) Staff's confidential settlement proposal. Not later than one hundred twenty (120) days after a small utility rate case is opened, the staff shall provide a confidential settlement proposal to the utility, the public counsel, and any other parties to the case.

1. Staff's settlement proposal shall include:

- A. The utility's annual operating revenues;

- B. The utility's customer rates;

- C. The utility's service charges and fees;

- D. The utility's plant depreciation rates;

- E. The utility's tariff provisions;

- F. The operation of the utility's systems; and

G. The management of the utility's operations.

2. The staff shall also provide the following with its settlement proposal:

- A. Draft revised tariff sheets reflecting the staff's settlement proposal;
- B. A draft disposition agreement reflecting the staff's settlement proposal;
- C. Staff's audit workpapers;
- D. Staff's rate design workpapers; and
- E. Any other documents supporting the staff's settlement proposal.

3. Any settlement proposal, including any draft disposition agreement, and all supporting documents attached thereto are strictly intended for settlement negotiations only. If the staff and the utility are unable to reach a full or partial settlement via disposition agreement, staff is not bound to any position stated or implied by the settlement proposal, draft disposition agreement, or supporting documents provided.

(B) Not later than ten (10) days after the staff provides its settlement proposal, public counsel, the utility, and any other parties to the case shall notify staff whether they agree with the proposal or, if not, provide any suggested changes and the reasoning for those changes. Public counsel shall provide to staff, the utility, and all other parties to the case any audit workpapers, rate design workpapers, or other documents in its possession that support its recommendations.

(10) At any time prior to the filing of the disposition agreement, any party may request the assigned regulatory law judge meet with the participants and mediate discussions to assist them in reaching at least a partial agreement.

(11) Disposition agreement.

(A) Not later than one hundred fifty (150) days after a small utility rate case is opened, the staff shall file one of the following:

- 1. A disposition agreement between at least the staff and the utility providing for a full resolution of the small utility rate case;
- 2. A disposition agreement between at least the staff and the utility providing for a partial resolution of the small utility rate case and a motion asking that the case proceed to an evidentiary hearing; or

3. A motion stating that agreements cannot be reached on any of the issues related to the small utility rate case and asking that the case proceed to an evidentiary hearing.

(B) If the disposition agreement filed by the staff provides for a full resolution of the small utility rate case and is executed by all parties, the utility shall submit to the commission, within five business days of the staff's filing, new and/or revised tariff sheets bearing an effective date of not fewer than thirty (30) days later, to implement the agreement.

(C) If the disposition agreement filed by the staff provides for a full resolution of the small utility rate case but is not executed by all parties, the utility shall submit to the commission concurrent with the staff's filing new and/or revised tariff sheets, bearing an effective date that is not fewer than forty-five (45) days after they are filed, to implement the agreement.

(D) No later than five (5) working days after the filing of a full or partial disposition agreement that is not executed by all parties, each non-signatory party shall file a pleading stating its position regarding the disposition agreement and the related tariff revisions and providing the reasons for its position. If the non-signatory party intends to ask that the case be resolved by evidentiary hearing, it must do so in this pleading.

(E) If any party requests an evidentiary hearing where the disposition agreement filed by the staff provides for a full resolution of the small utility rate case and is executed by at least the utility and the staff, either the utility or staff shall bear the burden of proving the disposition agreement is reasonable.

1. If the utility elects to not participate as a party in an evidentiary hearing, representatives of the utility may still be called as witnesses by other parties.

(12) Evidentiary hearing procedures.

(A) Any party may file a request for an evidentiary hearing.

(B) Once such a request is filed, the regulatory law judge shall issue a procedural schedule designed to resolve the case in the time remaining in the small utility rate case process, consistent with the requirements of due process and fairness to the parties and the utility's customers.

(C) A request for an evidentiary hearing shall include a specified list of issues that the requesting party believes should be the subject of the hearing.

(D) The utility's pending tariff revisions, if any, shall be suspended pending completion of the hearing.

(13) Submission to the commission. The small utility rate case must be submitted to the commission for decision not later than eight (8) months after the small utility rate case is opened, and the commission's report and order regarding the case shall be issued and effective not later than nine (9) months after the small utility rate case is opened.

(14) The commission shall set just and reasonable rates, which may result in a revenue increase more or less than the increase originally sought by the utility, or which may result in a revenue decrease.

(15) Waiver of Provisions of this Rule. Provisions of this rule may be waived by the commission for good cause shown.

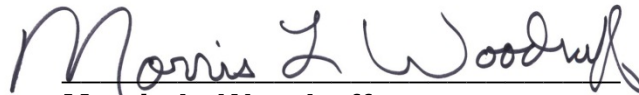
STATE OF MISSOURI

OFFICE OF THE PUBLIC SERVICE COMMISSION

I have compared the preceding copy with the original on file in this office and I do hereby certify the same to be a true copy therefrom and the whole thereof.

WITNESS my hand and seal of the Public Service Commission, at Jefferson City, Missouri, this 3rd day of May 2017.




Morris L. Woodruff
Secretary

MISSOURI PUBLIC SERVICE COMMISSION

May 3, 2017

File/Case No. WW-2017-0283

**Missouri Public Service
Commission**

Staff Counsel Department
200 Madison Street, Suite 800
P.O. Box 360
Jefferson City, MO 65102
staffcounsel@psc.mo.gov

Office of the Public Counsel

Hampton Williams
200 Madison Street, Suite 650
P.O. Box 2230
Jefferson City, MO 65102
opc@ded.mo.gov

**Missouri Public Service
Commission**

Jacob Westen
200 Madison Street, Suite 800
P.O. Box 360
Jefferson City, MO 65102
jacob.westen@psc.mo.gov

Enclosed find a certified copy of an Order or Notice issued in the above-referenced matter(s).

Sincerely,



**Morris L. Woodruff
Secretary**

Distributed to certificated water and sewer companies in Missouri.

Recipients listed above with a valid e-mail address will receive electronic service. Recipients without a valid e-mail address will receive paper service.