

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of Small Company Rate
Increase of Tri-States Utility Inc.

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Case No. WR-2009-0058

**RECOMMENDATION REGARDING DISPOSITION
OF SMALL COMPANY REVENUE INCREASE REQUEST**

COMES NOW the Staff of the Missouri Public Service Commission ("Staff"), by and through the undersigned counsel, and for its *Recommendation Regarding Disposition of Small Company Revenue Increase Request* ("Recommendation") states the following:

1. On August 27, 2008, Tri-States Utility, Inc. ("Company") filed proposed revised tariff sheets with the Missouri Public Service Commission ("Commission") to implement miscellaneous changes to its tariff, establishing this case.

2. As is noted in the Company's tariff filing transmittal letter, the changes contained in the proposed revised tariff sheet are based upon a *Unanimous Agreement Regarding Disposition of Small Water Company Revenue Increase Request* ("Disposition Agreement") entered into by the Company, Staff and the Office of the Public Counsel ("OPC"). As is also noted in the Company's tariff filing transmittal letter, the Disposition Agreement pertains to the small company revenue increase request ("Request") that the Company submitted to the Commission on January 31, 2008, under the provisions of Commission Rule 4 CSR 240-3.635, Water Utility Small Company Rate Increase Procedure ("Small Company Procedure"). Initially, the Company's Request was assigned Tracking No. QW-2008-0010 in the Commission's electronic filing and information system.

3. On September 3, 2008, Staff filed the above-referenced Disposition Agreement. Included with the agreement were the attachments listed below, as well as affidavits from the Staff members that were responsible for the preparation of each of the attachments.

- * Attachment A – Example Tariff Sheets
- * Attachment B – Ratemaking Income Statement
- * Attachment C – Audit Workpapers
- * Attachment D – Schedule of Depreciation Rates
- * Attachment E – Engineering & Management Services Department Report

4. The agreements between the Company, Staff and OPC regarding the disposition of the Company's Request are set out on pages 2 and 3 of the Disposition Agreement.

5. In addition to the information that has been filed in this case, the following documents are included in the tracking file for the Company's Request.

- * Item 1 Company's Original Request Letter
- * Item 4 Company's Initial Customer Notice
- * Item 8 Staff Report Regarding Customer Comments Received
in Response to Company's Initial Customer Notice

6. Pursuant to a review of available electronic information maintained by the Commission's Budget & Fiscal Services Department and in the Commission's electronic filing and information system, Staff notes that the Company had no delinquencies regarding the payment of its Commission assessments or the submission of its Commission annual reports when it submitted its Request. Further, Staff notes that the Company remains current on those matters as of the date of this Recommendation. The assessment information reviewed covers fiscal years 2000 through 2008, and the annual report information reviewed covers calendar years 2002 thru 2007.

7. Based upon contacts with appropriate personnel at the Department of Natural Resources ("DNR") Staff notes that the Company currently has no outstanding DNR compliance issues.

8. The Company currently has no other matters pending before the Commission. As a result, approval of the Company's proposed revised tariff sheets will not affect any other matter before the Commission with regard to the Company.

9. The Commission has the authority to approve the subject proposed tariff revisions in accordance with §§ 393.140(11) and 393.150, RSMo.

10. Additionally, § 393.130.1, RSMo provides that all charges made by any sewer corporation for sewer service rendered or to be rendered shall be "just and reasonable". Staff and OPC's agreement with the proposed tariff revisions support that the rates and charges contained in the tariff revisions are just and reasonable, and necessary to maintain effective operation of the Company for safe and adequate service to its customers.

11. The procedure followed in this case complies with the requirements of the Small Company Procedure in general, and with 4 CSR 240-3.635(1)(C) in particular.

WHEREFORE, based upon the above, the Staff respectfully recommends that the Commission issue an order that: (a) approves the proposed revised tariff sheets that the Company submitted to the Commission on August 27, 2008 to be effective for service rendered on and after September 29, 2008; (b) approves the Disposition Agreement submitted in this case; (c) directs the Company to comply with the terms of the Disposition Agreement submitted in this case; and (d) prescribes the schedule of depreciation rates included as Attachment F to the Disposition Agreement submitted in this case as the schedule of depreciation rates authorized for the Company's use.

Respectfully Submitted,

/s/ Shelley Syler Brueggemann

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of this Recommendation has been provided, either by first-class mail, by electronic mail, by facsimile transmission or by hand-delivery, to each attorney and/or party of record for this case on this 12th day of September 2008.

/s/ Shelley Syler Brueggemann