

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service Commission held at its office in Jefferson City on the 7th day of December, 2018.

In the Matter of S.K. & M. Water and Sewer Company's Application For Increases in Annual Sewer System Operating Revenues

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**File No. SR-2019-0157
Tariff No. YS-2019-0110**

In the Matter of S.K. & M. Water and Sewer Company's Application For Increases in Annual Water System Operating Revenues

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**File No. WR-2019-0158
Tariff No. YW-2019-0111**

**ORDER GRANTING MOTION TO CONSOLIDATE AND APPROVING
INTERIM RATES**

Issue Date: December 7, 2018

Effective Date: December 10, 2018

Consolidation

On November 27, 2018, S.K. & M. Water and Sewer Company ("SK&M") filed cases for increases in annual system operating revenues for their water and sewer systems respectively. On December 3, in both cases, Staff of the Missouri Public Service Commission ("Staff") filed a *Motion to Consolidate* in the interests of administrative efficiency and the economy of resources. No objections were received.

Commission Rule 4 CSR 240-2.110(3) allows for the consolidation of cases with related questions of law or fact. Since these cases involve related questions of law and fact, the Commission will grant the motion.

Interim Tariff

On November 29, 2018, SK&M filed a request in each case for interim/emergency rates. The same day, the Commission issued an order in both cases setting a December 3, deadline for the filing of a recommendation from Staff.

The *Staff Recommendation* was received December 3, and recommends approval of the requested interim/emergency rate relief. Staff notes that SK&M (both the water and sewer systems) were purchased by new owners in July 2018. The new owners discovered previously undisclosed repair and maintenance needs. Water line breaks, sewer line collapses, replacement of inoperable meters, and several other operational concerns also currently plague both systems. Current revenues do not support the operational costs, ongoing repairs, and necessary future improvements. Staff also reviewed SK&M's general ledger, and concluded that due to the deteriorated nature of the system, the financial condition of SK&M is such that its ability to continue to provide safe and adequate service is at risk, and no other alternative exists to alleviate this risk but emergency rate relief. Rates for both SK&M's sewer and water systems were last revised in 2010.

SK&M submitted P.S.C. MO No. 2 3rd Revised Sheet No. 6, canceling 2nd Revised Sheet No. 6, and P.S.C. MO No. 3 1st Revised Sheet No. 5, canceling Original Sheet No. 5; each with an effective date of December 30, 2018. However, SK&M requested that the emergency rates go into effect on December 10, 2018. The letter and the tariff sheets were submitted by SK&M after meeting with and soliciting feedback from Staff and the Office of the Public Counsel ("OPC"). Staff and OPC support the tariff sheets going into effect on less than 30-days' notice.

The current monthly sewer rate for a single family dwelling is \$29.36. The proposed sewer tariff sheet would add a flat monthly emergency rate charge of \$5.24. Thus, for sewer service for a single family residence, costs would increase to \$34.60/month (a 17.8% increase).

The current monthly water rate for a single family dwelling is \$6.55 plus \$2.76 per thousand gallons used. Calculating an average family usage of two thousand gallons per month results in a monthly average water bill of \$12.07 ($\$6.55 + (2 \times \$2.76)$). The proposed water tariff sheet would add a flat monthly emergency rate charge of \$11.55. Thus for water service for a single family residence, costs would increase to \$23.62 ($\$12.07 + \11.55). The proposed cost increase for water service is 95.6%.

Both emergency rates are noted on their respective tariff sheets to be subject to refund and expire on the completion of the current rate case, or August 27, 2019, whichever occurs earlier. Both Staff and OPC believe that the company's request is a conservative estimate of the relief necessary to meet SK&M's immediate financial needs, and both support emergency rate relief. The Commission has reviewed the proposed tariff sheets and Staff's recommendation and finds there is good cause to permit the tariffs to take effect on less than 30 days' notice as permitted by Section 393.140(11), RSMo. Based upon the Staff Recommendation and other evidence in the record, the Commission finds there is an emergency condition to supply safe and adequate water and sewer service by SK&M, supporting the establishment of interim rates. The Commission concludes that the proposed tariff sheets shall be approved to take effect on December 10, 2018, on an interim basis, subject to refund, and pending final Commission decision in this case.

THE COMMISSION ORDERS THAT:

1. Staff of the Public Service Commission's *Motion to Consolidate* File Nos. SR-2019-0157 and WR-2019-0158 is granted, with File No. SR-2019-0157 being the lead case.

2. The tariff sheets filed on November 29, 2018, by S.K. & M. Water and Sewer Company, assigned tracking numbers YS-2019-0110 and YW-2019-0111, are approved on an interim basis subject to refund, pending final Commission decision in File No. SR-2019-0157. The tariff sheets approved to become effective on December 10, 2018, are:

P.S.C. MO. No. 3

**1st Revised Sheet No. 5,
Cancelling Original Sheet No. 5**

P.S.C. MO. No. 2

**3rd Revised Sheet No. 6,
Cancelling 2nd Revised Sheet No. 6**

3. This order shall be effective on December 10, 2018.

BY THE COMMISSION



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

Morris L. Woodruff
Secretary

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

Hatcher, Regulatory Law Judge