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At a Session of the Public Service Commission held at its office in Jefferson City on the 30th day of July, 1998.

In the Matter of Four Seasons Water & Sewer Company's Tariff Designed for Service Rate Increase.) Case No. SR-98-564

ORDER APPROVING TARIFF

Pursuant to the Commission's informal rate procedure, on September 22, 1997, Four Seasons Water & Sewer Company (Four Seasons or Company) filed a tariff designed to increase its rate for sewer service by 100 percent. On October 29, Four Seasons filed a letter with Staff requesting that the schedule for the informal rate procedure be extended to accommodate the completed construction of an expansion at its Racquet Club wastewater treatment plant. On June 18, 1998, the Company filed a letter with its revised tariff sheets, an *Agreement Regarding Disposition of Small Company Rate Increase Request* and a copy of the proposed depreciation rates for sewer service at Four Seasons Water & Sewer Company.

On July 21, 1998, a recommendation was filed by the Staff of the Commission (Staff) reflecting agreement between the Staff and the Company regarding the proposed rate increase in the Company's tariff filed June 18. In its memorandum, Staff stated it reviewed the September 22, 1997 filing and in April 1998, the Staff concluded that the Company could justify an increase of \$115,103 in its Horseshoe Bend sewer system annual

operating revenues. After communications and negotiations with the Company, the Staff modified its proposed Horseshoe Bend sewer service annual operating revenue increase to \$119,408. Based on Staff's calculations, this increase is approximately 84 percent of the Company's annual operating revenues.

On June 11, the Office of the Public Counsel (OPC) advised Staff that OPC was not willing, at that time, to agree to the latest Staff recommendation. OPC requested that a second notice to sewer customers be sent due to an increase in the proposed residential rate from that which was requested by the sewer company. It should be noted that the Company originally requested a flat rate residential charge of \$22.92 and a commercial rate of \$.87 per 1,000 gallon base charge and \$1.74 per 1000 gallon usage charge. Staff recommended a flat residential rate of \$25.54. Further, Staff recommended a commercial rate of \$.55 for a monthly base charge per 1,000 gallons and a monthly usage charge of \$3.57 per 1,000 gallons. A second notice was sent to customers on June 18, 1998. Following both the initial customer notice issued on October 10, 1997 and the second customer notice issued on June 18, 1998, no customer response was received by either the Staff or the OPC.

On July 15, OPC joined Four Seasons and Staff in the *Agreement Regarding Disposition of Small Company Rate Increase Request* in a letter filed with Staff by John B. Coffman, Deputy Public Counsel. In its July 20 Memorandum, Staff recommends that the Commission issue an order approving the tariff sheet, filed June 18, 1998, by Four Seasons for the Company's Horseshoe Bend service area for service rendered on or after August 2:

P.S.C. MO. No. 2

1st Revised Sheet No. 7, Canceling Original Sheet No. 7

Staff further recommends that the Commission's order in this case include approval of the depreciation rates for sewer service as set out on Attachment F of its Memorandum (attached.)

The Commission finds the proposed tariff sheet, as submitted on June 18, to be reasonable and justified. The Commission will adopt the proposed tariff for service on or after August 2.

IT IS THEREFORE ORDERED:

1. That the following tariff sheet, filed June 18, 1998, by Four Seasons Water & Sewer Company, is approved for service on or after August 2, 1998:

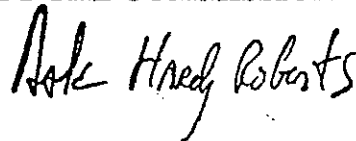
P.S.C. MO. No. 2

1st Revised Sheet No. 7, Canceling Original Sheet No. 7

2. That this order shall become effective on August 2, 1998.

3. That this case may be closed after August 3, 1998.

BY THE COMMISSION



Dale Hardy Roberts
Secretary\Chief Regulatory Law Judge

(S E A L)

Lumpe, Ch., Murray, Schemenauer
and Drainer, CC., concur.
Crumpton, C., absent.

Register, Regulatory Law Judge

**FOUR SEASONS
WATER & SEWER COMPANY
DEPRECIATION RATES**

(SEWER)

File No. 9800222

<u>Acct. No.</u>	<u>Description of Account</u>	<u>Annual Rate</u>
311	Structures & Improvements	3.0%
352.1	Collection Sewers (Force)	2.0%
352.2	Collection Sewers (Gravity)	2.0%
353	Other Collection Plant	4.0%
354	Services to Customers	2.0%
355	Flow Measurement Devices	3.3%
362	Receiving Wells & Pump Pits	5.0%
363	Pumping Equipment	10.0%
372	Oxidation Lagoons	4.0%
373	Treatment & Disposal Facilities	4.5%
374	Plant Sewers	4.5%
375	Outfall Sewers	2.0%
376	Other Treatment & Disposal Plant	5.0%
391	Office Furniture & Equipment	5.0%
391.1	Office Computer Equipment	20.0%
392	Transportation Equipment (7 yr, + 9% salv)	13.0%
393	Other General Equipment	10.0%
394	Tools, Shop, Garage Equipment	5.0%
395	Laboratory Equipment	5.0%
396	Power Operated Equipment	6.7%
397	Communication Equipment	6.7%
398	Miscellaneous Equipment	5.0%

RECEIVED

JUL 30 1998

**COMMISSION COUNSEL
PUBLIC SERVICE COMMISSION**

Attachment F