

At a Session of the Public Service
Commission held at its office
in Jefferson City on the 31st
day of July, 1996.

In the matter Taney County Utilities Corporation's tariff designed to increase rates for sewer service pursuant to the small informal rate procedure.

Case No. SR-96-408

On May 28, 1996, after negotiations provided for in the Commission's Small Company Procedure were completed, the proposed tariff was officially filed for both the water and sewer services of Taney. These

two tariffs were docketed in companion cases as captioned above. The tariffs filed in these cases reflected an issue date of May 17, 1996, and an effective date of July 3, 1996. However, it does not appear that these tariffs were actually filed until May 28, 1996. The Commission's procedure requires that cases under the Small Company Procedure which are not unanimously settled as between Staff, the Company and OPC must be filed with a 45-day tariff. See 4 CSR 240-2.200 (1)(D). At this point in time, this case was not yet filed as a unanimously settled case and, for that reason, required a 45-day tariff. In order to correct for this defect, and pursuant to a request from the Staff, the president of Taney filed a letter on June 20, 1996 which extended the effective date(s) of these tariffs to August 1, 1996.

On July 23, 1996, a Joint Memorandum was filed by both the Water and Sewer Department Staff and the Accounting Department Staff of the Public Service Commission (Staff). It was on this date that the written agreement of OPC was filed, as an attachment to the Staff Memorandum. The Staff recommendation states that Taney filed for an increase in its water and sewer revenue on January 2, 1996. Staff states that it has found that the 1994 Annual Report and the PSC assessments were current at the time of the rate request. Staff goes on to state that the Company serves approximately 538 water customers and 73 sewer customers.

Thereafter, the Staff initiated and completed an investigation of the books, records, and operations of the Company related to providing water and sewer service. A summary of the accounting and rate design work papers for water and sewer service was shown on Attachments A-1 through A-39 to the Memorandum. The Staff Memorandum states that the Staff, Taney, and the Office of the Public Counsel (OPC) agree that the Commission should approve the water and sewer rates contained in the tariff sheets filed by

the Company on May 28, 1996. Attached to the Staff Memorandum as Attachment "C" was the agreement form completed by OPC. On this form OPC checked the box which states: "Agree with accounting data and rate design and agree rates are reasonable." This form was dated May 16, 1996, but was not filed until the Staff attached it to the Staff Memorandum.

The Staff is recommending an increase in current annual water revenue of \$4,600 or 4.7 percent overall. The Company originally requested \$14,000 in additional water revenue. The Staff is recommending an increase in annual sewer service of \$1,000 or 9.0 percent overall. This is the annual increase in sewer revenue requested by the Company. If these increases are approved, a customer who currently uses 3,000 gallons of water per month would experience a water bill increase from \$11.34 to \$13.14. Similarly, a customer who uses 3,000 gallons of water would experience an increase in their sewer bill from \$11.00 to \$11.26.

According to the Staff Memorandum, the customers were notified that the Company requested water and sewer rate increases by written notice on January 22, 1996. Thereafter, the Staff received 38 letters and 9 phone calls from customers of Taney. These customers complained of being without water for long periods of time and some customers complained of low water pressure. In addition, the majority of these customer complaints allege health or safety violations against Taney are pending before the Missouri Department of Natural Resources and the Taney County Health Department.

In response to many of the service complaints the staff notes that the Company had problems with service lines and meters freezing and breaking during December 1995 and January 1996. Staff has stated that the Company worked diligently to repair and replace equipment that was damaged due to the freezing temperatures during that period of time. The Staff Memorandum states that the Company also put an additional two-inch water

main in the area that was experiencing low pressure in order to increase the water volume.

Staff has stated that on May 28, 1996, the customers were again issued a notice of the proposed water and sewer revenue increases. This notice reflected the increases agreed upon by Staff and Company. Thereafter, the Staff received three telephone calls in response to the second customer notice. One customer complained of being out of water during the winter and an explanation of the circumstances was provided to that customer. One customer raised a billing problem which Staff states has now been resolved. A third customer complained regarding low water pressure. The Staff placed a pressure recording gauge on this customer's line for six days. During that time the lowest pressure was 35 PSI for approximately 10 minutes. For the remainder of the six-day period the water pressure was between 50 PSI and 60 PSI. Staff states that the Company is aware that at certain times there may be some low pressure problems on the system and the Company has agreed to install an 80-foot standpipe and also install a state approved well which should help eliminate pressure problems.

Staff, Taney and OPC have agreed to the proposed water and sewer rate increases as set out above. Staff recommends that the Commission issue an order approving the tariff sheets listed below with an effective date of August 1, 1996. Staff further recommends that the Company be ordered to allocate its shared expenses between water and sewer operations when filing its annual reports, informal rate cases, and all other matters before the Commission using an allocation method which distinguishes between: (a) percentage of plant business for insurance and property taxes, and (b) customer level basis for payroll, telephone, rent, utilities and any other shared expenses.

The Commission has reviewed the initial filing of Taney along with the Staff Memorandum and the entirety of both case files, and makes the following findings of fact.

The Commission finds that Taney requested a rate increase pursuant to the Commission's small company rate procedure as set out at 4 CSR 240-2.200. The Commission finds that the Staff, Taney, and OPC are in agreement as to the disposition of this case. Although there were numerous complaints as to service, the Commission finds that it has received no requests for a public hearing in either of these cases. The Commission finds that the parties concur in both the design and the level of the rates. The Commission finds unanimous agreement as to the proposed disposition of this matter and pursuant to § 536.060, RSMo 1994, the Commission may properly accept the uncontested disposition of this case by agreement of the parties.

The Commission finds that the initial application submitted by Taney was defective but that those defects would only constitute harmless error. The Commission finds that the revisions requested are just and reasonable and that it would be in the public interest to approve the tariff sheets filed by the Taney County Utilities Corporation.

IT IS THEREFORE ORDERED:

1. That the tariff sheets filed by Taney County Utilities Corporation on May 28, 1996, with an effective date extended through August 1, 1996, are hereby approved for service on and after August 1, 1996:

WATER

P.S.C. Mo. No. 1

3rd Revised Sheet No. 4, Canceling 2nd Revised Sheet No. 4

SEWER

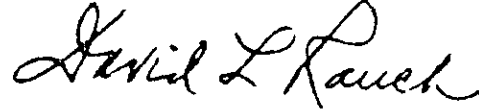
P.S.C. Mo. No. 1

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

2. That Taney County Utilities Corporation shall book its percentage of plant basis for insurance and property taxes separately and shall allocate apart from them its customer level basis for payroll, telephone, rent, utilities and any other shared expenses. Taney County Utilities Corporation shall allocate its shared expenses between water and sewer operations when filing its annual reports, informal rate cases and all other matters before the Commission in using these methods.

3. That this order shall become effective on August 1, 1996.

BY THE COMMISSION



David L. Rauch
Executive Secretary

(S E A L)

Zobrist, Chm., McClure, Kincheloe,
Crumpton, and Drainer, CC., Concur.

ALJ: Roberts