

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

In the Matter of the Application of Peaceful)	
Valley Service Company Request for)	<u>Case No. SR-2014-0153</u>
Increase in Sewer Operating Revenues)	

In the Matter of the Application of Peaceful)	
Valley Service Company Request for)	<u>Case No. WR-2014-0154</u>
Increase in Water Operating Revenues)	

STAFF REPORT

COMES NOW the Staff of the Missouri Public Service Commission ("Staff"), by and through counsel, and hereby submits its *Report* on Peaceful Valley Service Company's *Compliance Plan*, as directed by the Commission in its *Order* of July 29, 2014:

1. On November 20, 2013, the Missouri Public Service Commission ("Commission") received a Rate Increase Request Letter ("Request") from Peaceful Valley, seeking review of a revenue increase request for both the Company's sewer and water systems.

2. In its Request, the Company requested Commission approval of a 139% increase in its annual sewer system operating revenues and a 0% increase in its annual water system operating revenues pursuant to Commission Rule 4 CSR 240-3.050 ("Small Utility Rate Case Procedure"), which were respectively assigned Commission Case Nos. SR-2014-0153 and WR-2014-0154.

3. Upon completion of Staff's investigation of the Company's Request, Staff provided the Company and the Office of the Public Counsel ("Public Counsel") with materials related to Staff's investigation, as well as the Staff's initial recommendation for

the resolution of the Request.

4. Subsequent to the Staff's investigation and pursuant to negotiations between Staff and the Company, the Staff and the Company reached a *Company/Staff Agreement Regarding Disposition of Small Company Revenue Increase Request* ("*Company/Staff Agreement*").

5. Staff filed *Notice* of that agreement and the *Company/Staff Disposition Agreement* on April 21, 2014.

6. On April 24, 2014, the Company filed a tariff as called for in the *Company/Staff Disposition Agreement*.

7. Also on April 24, 2014, the Office of the Public Counsel requested a local public hearing.

8. Thereafter, on April 30, 2014, the Commission suspended the tariff and granted the request for a local public hearing. On May 1, 2014, the Commission issued its order setting local public hearing.

9. The Company provided notice of the local public hearing to its customers and Staff filed the notice on June 16, 2014. The local public hearing was held in Owensville, Missouri, on June 25, 2014. The transcript was filed on June 30, 2014.

10. At its Agenda Meeting on July 23, 2014, the Commission took up and discussed the public comments and testimony taken at the local public hearing on June 25, 2014. That discussion resulted in the Commission's *Order* of July 29, 2014, which directed Staff to investigate and to file a report including the following information:

- What projects are required by DNR?
 - Documentation of what DNR requires.
 - Records showing by what date a compliance project must be completed and deadlines for submission of progress reports to DNR, and any DNR issued schedule of compliance; including lower cost options to come into compliance with DNR's requirements.
 - Documentation showing detailed costs of the projects, including any engineering studies, consultant reports, or any other analysis of potential costs. If none, indicate reasons no information is available.
 - Documentation showing timeline for completing project, including expenditures for each step or phase of construction.
- What steps has the Company taken to determine availability of financing to contribute to the cost of completing the required capital investment?
- Documentation – forms, letters, statements under affidavit, etc. – detailing requests or inquiries regarding financing and results of those requests.

WHEREFORE, the Staff submits its attached *Report* in satisfaction of the Commission's *Order* of July 29, 2014.

Respectfully submitted,

/s/ Kevin A. Thompson

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing has been served, by hand delivery, electronic mail, or First Class United States Mail, postage prepaid, to all parties of record on the Service List maintained for this case by the Data Center of the Missouri Public Service Commission, on this 15th day of August, 2014.

/s/ Kevin A. Thompson