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STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a Session of the Public Service
Commission held at its office
in Jefferson City on the 4th
day of October, 1994.

In the matter of I. H. Utilities, Inc.'s)
tariff revisions designed to increase rates) CASE NO. WR-95-57
for water service pursuant to the Com-)
mission's informal rate procedure.)

ORDER SUSPENDING TARIFF

On December 21, 1993, I. H. Utilities, Inc. (I.H.) submitted a letter pursuant to 4 CSR 240-2.060(8) requesting an increase in its revenue requirement of \$12,743. After an investigation and audit by Staff on August 23, 1994, I.H. filed a tariff designed to increase annual revenues by \$3,982. Both Commission Staff and the Office of the Public Counsel have agreed to an increase in rates to recover the \$3,982 increase. Staff has also recommended that two of I.H.'s depreciation accounts be changed and that I. H. be ordered to maintain its books and records as indicated in its memorandum.

The Commission has reviewed the proposed tariffs and Staff's memorandum and finds that the tariff should be suspended. The \$3,982 increase appears to be justified based upon the updated analysis of the Staff accountant. This analysis though does raise two concerns which will need to be addressed by I. H. and Staff.

First it appears that the initial results of the audit indicated that no increase in rates was justified. This result appears to have been updated after discussions with the Water and Sewer Department Staff. Since the accountant changed his recommendation the Commission will accept the updated results of the audit as reasonable, but it questions why these changes occurred after the audit rather than during the audit

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process. If the expenses are legitimate they should have been included in the initial audit.

The second concern is with the requirement that a utility requesting an increase under the small rate case proceeding must be current in its assessment, or have worked out a payment schedule, and have a current annual report on file. The information provided in Staff's recommendation is that I. H. has not filed its 1993 annual report and I. H. is not current in its assessment. Until I. H. has a 1993 annual report filed and is either current or has a payment plan for its assessment, the Commission does not believe it is reasonable to approve a rate increase.

With regard to the depreciation accounts and record keeping recommendation the Commission finds they are reasonable. I. H. will be ordered to comply with these recommendations.

IT IS THEREFORE ORDERED:

1. That the proposed tariffs filed by I. H. Utilities, Inc. designed to increase gross annual revenues by \$3,982 are hereby suspended beyond October 1, 1994 for one hundred twenty (120) days, until January 28, 1995, unless otherwise ordered by the Commission.

2. That I. H. Utilities, Inc. shall change its depreciation rates for Accounts 346 and 325 as described in Attachment 6 to Staff's Memorandum.

3. That I. H. Utilities, Inc. will comply with the record keeping recommendations as described in Staff's Memorandum in Attachment B, pp. B-6 and B-7.

4. That this Order shall become effective on October 7, 1994.

BY THE COMMISSION

A handwritten signature in black ink, reading "David L. Rauch". The signature is written in a cursive style with a large, stylized "D" and "R".

David L. Rauch
Executive Secretary

(S E A L)

Mueller, Chm., McClure, Perkins,
Kincheloe and Crumpton, CC., Concur.