

## Missouri Public Service Commission

DEPO A

## Tracking Sheet

Date : 7/12/2007

Tracking No: QW-2005-0001

Type of Submission: Small Company Rate Increase

FILED  
August 2, 2007  
Data Center  
Missouri Public  
Service Commission

## Item No. Date Filed Title Of Filing

1	12/9/2004	Small Company Rate Increase
2	1/19/2005	First Customer Notice
3	3/2/2005	Public comments
4	5/16/2005	Extension of 150 Day Tariff Filing
5	8/31/2006	Reference to Formal Case

## Filed On Behalf Of

Suburban Water and Sewer Company, Inc.-  
(Water)  
MO PSC Staff-(All)  
MO PSC Staff-(All)  
MO PSC Staff-(All)  
MO PSC Staff-(All)

Co. \_\_\_\_\_ Exhibit No. 67  
Case No(s). WC-2007-0452  
Date 7-26-07 Rptr DE

Suburban Water and Sewer Company  
1501 Vandiver Dr. #88  
Columbia, MO 65202  
(573) 474-4242

RECEIVED  
DEC 03 2004

December 1, 2004

RECEIVED

UTILITY OPERATIONS  
DIVISION

DEC 09 2004

Secretary of the Commission  
Missouri Public Service Commission  
Attn: Data Center  
PO Box 360  
Jefferson City, MO 65102

*Records*  
*Public Service Commission*

RE: Request for Increase in Annual Water System Operating Revenues Small Company  
Rate Increase Procedure

Dear Secretary:

Suburban Water and Sewer Company, Incorporated (the Company) holds a Certificate of Public Convenience and Necessity granted by the Missouri Public Service Commission (the Commission), under which the Company provides water supply and distribution services in Boone County, Missouri. The Commission first authorized the Company to provide regulated water utility service in 1971. The Company currently provides service to approximately 76 water customers within its certification service area under the provisions of the Commission-approved tariffs.

In September 1993, the Commission approved the Company's increase in customer rates for water service. Those rates were in effect until the Company, in February 2004, notified all its customers of a rate increase that would become effective as of April 1, 2004. This increase was necessary due to an increase in operating expenses for water main repair and routine maintenance on other system facilities. There was no opposition to this increase. The Company collected this additional revenue from the effective date of the rate increase through the October 2004 billing cycle. Upon recommendation from the Commission staff, the increase has been rescinded. All customers affected by this unapproved rate increase will be reimbursed for the overage.

As detailed in the attached report, the Company is proposing a significant change in water service to its customers. This change will result in improved water quality and system operating pressure; however, it will require an increase in the monthly rates for water. Comparing the Current Average Annual Income minus Expense, the Company is grossing a net annual profit of \$2,391.85. Under the Proposed Rate Structure, the anticipated Annual Income minus Expenses will yield \$9,460.20 gross profit.

Pursuant to 4 CSR 240-3.635, the Commission's rule pertaining to rate increase requests made by small water utilities, the Company is hereby requesting approval of this rate increase that will result in an increase of approximately \$7, 100.00 in its annual water system operating revenues. The Company understands that the design of its customers rates, its service charges, its customer service practices, its general business practices and the general tariff provisions will also be reviewed during the Commission staff's review of the rate increase request, and may be the subject of Staff recommendations at the conclusion of the rate increase process.

The specific reasons for the requested increase in the Company's Annual Operating Revenues is the change in the source of water supply, namely Boone County Consolidated Water District #1, the installation of additional water meters such as the individual metering of certain multi-family housing units, the increase in billing expenses due to the added water meters, and the need to maintain a minimum surplus to account for delinquent payments by existing customers. Should the Water District increase the cost for water, that is, the cost per thousand gallons of usage, the Company will need approval to automatically pass this increase on to its customers.

The company is current on the payment of its Commission annual assessments and the filing of the Commission Annual Reports. Additionally, the Company will remain current on these items during this small rate increase procedure.

Thank you for the assistance provided by staff personnel in this procedure. Please feel free to contact me or our Engineer Michael Logston at Marshall Engineering and Surveying, Inc. if you need additional information regarding this request.

Sincerely,

A handwritten signature in cursive script that reads "Gordon Burnam".

Gordon Burnam

**JUSTIFICATION FOR  
RATE INCREASE  
SUBURBAN  
WATER & SEWER COMPANY**

**Prepared by:**

**Michael Logston, P.E.  
Marshall Engineering and Surveying, Inc.  
300 Saint James Street  
Columbia, MO 65201  
573.875.8832**

# **SUBURBAN WATER AND SEWER COMPANY**

## **PROPOSED WATER RATE INCREASE**

**DECEMBER 2004**

### **BACKGROUND**

Suburban Water and Sewer Company (the Company) is a privately owned utility company located in Central Boone County, Missouri. The company maintains a Certificate of Convenience and Necessity through the Missouri Public Service Commission (PSC) to supply drinking water and wastewater collection and treatment to residents of Bon-Gor Lake Estates. The Boone County Regional Sewer District assumed ownership and operation of the wastewater collection and treatment system in the mid-1980's.

In September of 1993, the Company requested and was granted the authority to increase the water rates. Those rates have remained in effect since that time. In February 2004, the Company notified its customers of a rate increase that would take effect in April 2004. Unfortunately, approval to raise the existing rates was not obtained from the PSC. As of October 2004, due to advice from the staff of the PSC, the rate increase was rescinded and the company has reduced customers' water rates below the original rate until the amount collected in excess of the approved rate structure has been reimbursed to the customers.

In response to a report of inspection of the water supply facilities by the Department of Natural Resources in September 2003, the owners began evaluating the needs of the water supply system to bring it back into compliance with state regulations. One of the options was to abandon the present water supply well and standpipe, and purchase all water from the Boone County Consolidated PWSD No.1. After evaluating the other options, which included either upgrading the water distribution system and turning it over to the Water District or selling to another owner, the decision was made to continue operation of the distribution system and purchase all water from the District. This decision will necessitate an increase in water rates.

### **PROPOSED RATE INCREASE**

The current average monthly water bill for customers of the Company is \$14.57 based on an average of 5,000 gallons usage. The source of supply is one well and a standpipe that provides 17,000 gallons of storage. The well produces water that meets Recommended Drinking Water standards, but does contain elements such as iron and hydrogen sulfide that cause aesthetic problems. The volume of total storage is slightly more than one-half days' supply with only 7,174 gallons above the minimum accepted pressure level. When full the standpipe produces a maximum of 35 pounds per square inch, PSI, of pressure.

As stated above, the decision to purchase water from the Water District will result in an increase in the monthly water cost. However, the customers will recognize definite advantages to this change. The water supplied by the District does not contain hydrogen sulfide, which causes a rotten egg odor, and it has less dissolved iron, which causes laundry and plumbing stains. The Water District also maintains a higher water pressure, so customers will appreciate that feature.

When considering the operating expenses for the Company, the past five years records of Profit and Loss Statements were reviewed. The Average Annual Operating Expenses (AAOE) has been \$13,069.23. These expenses include items such as electrical power for the well, chemicals for disinfection of the water, repairs and maintenance, labor, water testing and testing fees, professional services, bookkeeping and office expenses. The items causing the greatest fluctuations in total annual expenses have been repairs to the well.

If the expenditures directly attributed to the well and the chemicals necessary for disinfection (chlorination) of the water are removed, the Average Annual Operating Expenses are \$7,260.48. This figure was used as the basis for calculating the Cost of Providing Service to the customers of the Company. The current owners should expect a reasonable profit for providing water service, so a figure of 7% was used. This raises the Average Annual Operating Expenses to \$7,768.71. In the purchasing of water from the Water District, the Company will be considered a Commercial Customer and will be subject to a monthly assessment of \$20.00 as the Base Rate, which adds \$240.00 per year to the AAOE bringing the total to \$8,008.71. All water passing through the master meter will be billed at the rate of \$4.10 per one thousand gallons. This rate will be passed along to the Company's metered customers.

#### **CURRENT CUSTOMER BASE**

The Company currently meters water to 38 single-family homes, 18 Duplexes and 20 Fourplexes, serving a total population of 450 persons. This can be broken down as 3.7 persons/single-family home; 3.0 persons / duplex unit; and 10.0 persons / fourplex. Water consumption based on these figures, at the current consumption of 60 gallons per day per person, will yield: 6,660 gallons per month for each single-family, 5,400 gallons per month for each duplex unit, and 18,000 gallons per month for each fourplex. Under the current rate structure, the Company reports an Average Annual Income of \$15,461.08.

The owners wish to install an additional water meter at each Duplex, making each individual residence a separate customer. The current arrangement of metering each fourplex as a single customer will continue. This will result in a customer base of 74 single-family services and 20 multi-family customers, however, the base water rate will be calculated on the bases of 154 "Dwelling Units" ( $74 + (20 \times 4) = 154$ ).

By taking the AAOE of \$8,008.71 and dividing by the 154 dwelling units, a base monthly user charge of \$4.33 results.

$$\frac{\$8,008.71}{12 \text{ months}} = \frac{\$667.39/\text{mo}}{154 \text{ D.U.}} = \$4.33/\text{MO/D.U.}$$

This rate will be applied to each dwelling unit, so each single-family customer will pay this amount and each multi-family customer will pay \$17.32/mo (4 X \$4.33). All customers will be charged \$4.10 for every 1000 gallons of water consumed.

In addition to the new rate structure, customers will be subject to additional charges for water services. These are:

Meter Deposit	\$50.00
New Account Fee	\$10.00
Restored Service Fee	\$30.00
After Hours Service	\$25.00
Reconnection Fee	\$50.00

A meter deposit will be required for all new meter installations along with the New Account Fee. If water service has been turned off, such as when occupancy changes, the Restored Service Fee will apply. If water service has been discontinued for non-payment, the Reconnection Fee will be charged. For any restoration of service that must be performed after hours or on weekends, the After Hours Service Fee will be assessed.

## CONCLUSION

After the proposed changes in water service to the duplex housing units are complete and water service is being provided by Boone County Consolidated PWSD #1, the Average Monthly Water Bills will be (approximately):

$$\text{For Single-Family} = \$4.33 + (6,660 \times \$4.10/1000) = \$4.33 + \$28.70 = \$33.03$$

$$\text{For Duplex Unit} = \$4.33 + (5,400 \times \$4.10/1000) = \$4.33 + \$24.60 = \$28.93$$

$$\text{For Fourplexes} = \$17.32 + (18,000 \times \$4.10/1000) = \$17.32 + \$73.80 = \$91.12$$

These figures will yield a Total Average Monthly Income of:

$$38 \times \$33.03 + 36 \times \$28.93 + 20 \times \$91.12 = \$4,119.02$$

The Total Average Monthly Payment to Boone C-1 is: **\$3,330.67** (calculated as follows)

38 X 6,660 gal = 253,080 gal (single-family) +

36 X 5,400 gal = 194,400 gal (duplex units) +

20 X 18,000 gal = 360,000 gal (fourplexes) = 807,480 gal X \$4.10/1000 = \$3,310.67

Monthly base charge = \$20.00

This results in an Estimated Monthly Surplus of **\$788.35** to cover delinquent payments and other above average monthly operating expenses plus company profit. It should be noted, if the Water District makes an adjustment in water rates, that adjustment, whether an increase or decrease, will need to be passed along to the customers of Suburban Water and Sewer Company.



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JAN 13 2005

Suburban Water Company  
1501 Vandiver Dr. #88  
Columbia, MO. 65202  
(573) 474-4242

UTILITY OPERATIONS  
DIVISION

January 7, 2005

Dear Customer:

On December 3, 2004, Suburban Water and Sewer Company (Company) submitted a request for permanent increases in its current water rates to the Missouri Public Service Commission (Commission), under the provisions of the Commission's small company rate increase procedure.

By its request, the Company is proposing to increase its monthly customer charge from \$2.42 per month to \$4.33 per month (approximately 79%), which it believes will generate an increase of approximately \$7,100 in its annual water operating revenues. The Company believes this increase in its annual operating revenues is necessary due to additional meters being installed, additional billing expenses related to the additional meters and the need to maintain a minimum surplus to account for delinquent payments by existing customers. In addition to the proposed increase in its monthly customer charge, the Company is proposing to increase its water usage charge from \$1.53 per thousand gallons to \$4.10 per thousand gallons (approximately 168%). This increase is reflective of the Company becoming a wholesale customer of a local water district and no longer using a Company well for its source of supply. The Company believes this change in water supply will result in improved water quality and system operating pressure. Set out at the end of this notice is a table that includes a comparison of the Company's current customer rates and the Company's estimated proposed rates noted above, and the requested changes in its service charges and connection fees. A monthly bill comparison, which is based upon an assumed water usage of 6,000 gallons, is also shown.

In the near future, the Staff of the Public Service Commission (Commission Staff) will conduct an independent audit of the Company's books and records, and an investigation of the Company's business and system operations. Based upon that audit and investigation, the Commission Staff will develop its positions regarding the need for an increase in the Company's annual operating revenues, and the design of the monthly customer charge and water usage charge needed to recover the Company's cost of providing service. Additionally, the Commission Staff will develop positions regarding the need for changes in the Company's service charges, connection fees, general tariff provisions, business operations and system operations.

The Office of the Public Counsel (OPC), a state agency responsible for representing the interests of utility consumers before the Commission, may also conduct its own audit and investigation, but at a minimum will review the results of the Commission Staff's audit and investigation.

Any customer who has questions or comments regarding the Company's rate increase request, or who has comments regarding recent service-related problems, should contact the Commission Staff and/or the OPC, within 30 days of the date of this notice. To do so, please use the mailing addresses, telephone numbers, fax numbers or e-mail addresses shown below, and please also include a reference to request number QW-2005-0001. As a part of their investigations into the Company's rate increase request, the Commission Staff and the OPC will review all customer comments they receive in response to this notice.

Public Service Commission  
Attn: Water/Sewer Dept.  
P.O. Box 360  
Jefferson City, MO 65102  
Phone: 800-392-4211  
Fax: 573-751-1847  
E-Mail: [pscisd@psc.mo.gov](mailto:pscisd@psc.mo.gov)

Office of the Public Counsel  
Attn: M. Ruth O'Neill  
P.O. Box 2230  
Jefferson City, MO 65102  
Phone: 573-751-4857  
Fax: 573-751-5562  
E-Mail: [mopco@ded.mo.gov](mailto:mopco@ded.mo.gov)

Upon completion of the Commission Staff's and the OPC's investigations, the Company may be required to send out a second customer notice regarding the results of the investigations. Additionally, the OPC may request that the Commission hold a local public hearing. However, neither a second customer notice nor a local public hearing will happen automatically. Therefore, please take the time now to express your views about the Company's rate increase request, and its business and system operations, to the Commission Staff and the OPC.

Regardless of whether the Company sends out a second customer notice, or whether a local public hearing is eventually held, no increase in rates will take effect without the specific approval of the Public Service Commission.

If you have questions about this notice, or about anything else with which I may be of assistance, please feel free to contact me at the telephone number listed at the top of the first page of this notice.

Sincerely,



Paula Belcher  
General Manager

Type of Charge	Current Rates	Company's Proposed Rates
Monthly Customer Charge	\$2.42	\$4.33
Water Usage Charge (per 1,000 gallons)	\$1.53	\$4.10
Total Monthly Bill (at 6,000 gallons usage)	\$11.60	\$28.93
Meter Deposit	N/A	\$50.00
New Account Fee	N/A	\$10.00
Restored Service Fee	\$25.00	\$30.00
After Hours Service	N/A	\$25.00
Reconnection Fee	\$25.00	\$50.00

## Missouri Public Service Commission

### Public Comments

Utility Type	Water
Utility Company	Suburban Water and Sewer Company, Inc.- (Water)
First Name	Kim
Middle Initial	N/A
Last Name	McDonald
Street Address	7212 N. Moberly Drive
Mailing Address	N/A
City	Columbia
State	MO
County	Boone
Phone No.	573-874-8604 Ext -
Email	N/A
Case No.	QW-2005-000151
Public Comments Description	Generally concerned about the proposed increase, but recognizes that switching the source of supply to the district would be beneficial in that it would result in better quality water and improved system pressure. (call taken by DaleJ on 01/12/05)
Date Filed	01/20/2005 8:40:44 AM

**AGREEMENT FOR EXTENSION OF 150-DAY TARIFF FILING  
DEADLINE FOR SMALL COMPANY RATE INCREASE REQUESTS**

**Suburban Water and Sewer Company**

**MO PSC Work I.D. No. QW-2005-0001**

RECEIVED

MAY 10 2005

**Background**

Suburban Water and Sewer Company (Company) initiated the small company rate increase requests for water service (Request) that is the subject of the above-referenced Missouri Public Service Commission (Commission) tracking file by submitting a letter to the Secretary of the Commission. The Company submitted the letter that initiated the Request under the provisions of Commission Rule 4 CSR 240-3.635, Water Utility Small Company Rate Increase Procedure. The date that the Company's letter was received at the Commission's office was December 3, 2004. Under the provisions of the referenced rules, agreements regarding the disposition of the subject Requests are to be reached and tariff revisions consistent with the agreements are to be filed on or before May 7, 2005<sup>1</sup>.

UTILITY OPERATIONS  
DIVISION

**Reason for Extension**

During the course of negotiations between the Staff and the Company it was agreed that the Company would attempt to contract with a state certified operator to provide maintenance for the company's plant. The Staff and Company agreed that this process would be completed by May 13, and the Staff would include the cost of the service in the Company's current informal rate case. However, for this to occur, the Company needs time to contract with a certified operator, the Staff needs time to update its audit information and findings, to discuss its updated audit findings with the Company, and to complete the disposition agreement with the Company (and possibly the Office of the Public Counsel) regarding the disposition of the Company's Request.

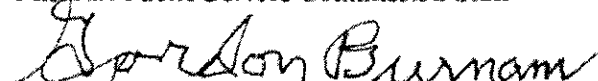
**Agreement for Extension**

Based on the above, the Company and the Staff agree that the date by which agreements regarding the disposition of the Company's Requests are to be reached and the requisite tariff filings are to be made should be extended to May 31.

  
Dale W. Johansen

Manager-Water & Sewer Department  
Missouri Public Service Commission Staff

05/03/05  
Date

  
Gordon Burnam-President  
Suburban Water and Sewer Company

5/6/05  
Date

<sup>1</sup> Unless noted otherwise, all dates herein refer to the year 2005.

### **Reference to Formal Rate Case**

For information regarding the final resolution of the small company rate case increase request that is the subject of this Tracking File, please see the EFIS Case File for Case No. WR-2005-00455.