

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

In the Matter of the Small Company Rate)
Increase Request of Raytown Water)
Company)

Case No. WR-2009-0145

**RECOMMENDATION REGARDING DISPOSITION
OF SMALL COMPANY REVENUE INCREASE REQUEST**

COMES NOW the Staff of the Missouri Public Service Commission (Staff), by and through the undersigned counsel, and for its *Recommendation Regarding Disposition of Small Company Revenue Increase Request* (Recommendation) states the following:

1. On March 23, 2009, Peaceful Valley Service Company (Peaceful Valley or the Company) filed proposed revised tariff sheets with the Missouri Public Service Commission (the Commission) to implement miscellaneous changes to its tariff. The Company's tariff submission has been assigned Tracking No. YW-2009-0686 in the Commission's Electronic Filing and Information System (EFIS).

2. As is noted in the Company's tariff filing transmittal letter, the changes contained in the proposed revised tariff sheets are based upon a *Company/Staff Agreement Regarding Disposition of Small Water Company Revenue Increase Request* (Disposition Agreement) entered into by the Company and Staff. As is also noted in the Company's tariff filing transmittal letter, the Disposition Agreement pertains to the small company revenue increase request (Request) that the Company submitted to the Commission on October 21, 2008, pursuant to Commission Rule 4 CSR 240-3.050, Small Utility Rate Case Procedure.

3. On March 20, 2009, Staff filed the above-referenced Disposition Agreement. Included with the agreement are the attachments listed below, as well as affidavits from the Staff members that were responsible for the preparation of each attachment.

- * Attachment A – Example Tariff Sheets
- * Attachment B – Ratemaking Income Statement
- * Attachment C – Audit Workpapers
- * Attachment D – Rate Design Worksheet
- * Attachment E – Billing Comparison Worksheet
- * Attachment F – Schedule of Depreciation Rates
- * Attachment G – Engineering & Management Services Department Report
- * Attachment H – Summary of Case Events

4. The agreements between the Company and Staff regarding the disposition of the Company's Request are set out on pages 2 through 5 of the Disposition Agreement.

5. Since the Disposition Agreement was only executed between the Company and Staff, Peaceful Valley was required to send a second written notice to its customers regarding the agreement. This notice was mailed to customers by the Company on March 30, 2009. A copy of the notice was filed by Staff on April 20, 2009. A corrected second customer notice was mailed to customers by the Company on April 9, 2009. A copy of the corrected notice was filed by Staff on April 20, 2009. The correction reflects quarterly charges instead of monthly charges.

6. On April 24, 2009, The Office of the Public Counsel (OPC) filed its position statement. OPC stated that while it does not agree with the Staff/Company Agreement and the related tariff revisions, OPC will not oppose their approval by the Commission.

7. Pursuant to a review of available electronic information maintained by the Commission's Budget & Fiscal Services Department and in EFIS, Staff notes that the Company has no delinquencies regarding the payment of its Commission assessments or the submission of its annual reports.

8. Based upon contacts with appropriate personnel at the Department of Natural Resources (DNR) Staff notes that the Company currently has no outstanding DNR compliance issues.

9. The Company has a companion sewer rate case, Case No. SR-2009-0146, pending before the Commission. Approval of the Company's proposed revised tariff sheets will not affect any other matter before the Commission with regard to the Company.

10. The Commission has the authority to approve the subject proposed tariff revisions in accordance with Sections 393.140(11) and 393.150, RSMo (2000)¹.

11. Additionally, Section 393.130.1 provides that all charges made by any sewer corporation for water service rendered or to be rendered shall be "just and reasonable". Staff and the Company's agreement with the proposed tariff revisions support that the rates and charges contained in the tariff revisions are just and reasonable, and necessary to maintain effective operation of the Company for safe and adequate service to its customers.

12. The procedure followed in this case complies with the requirements of the Small Utility Rate Case Procedure found in Commission Rule 4 CSR 240-3.050.

WHEREFORE, based upon the above, Staff respectfully recommends that the Commission issue an order that: (a) approves the proposed revised tariff sheets that the Company submitted to the Commission on March 23, 2009 to be effective for service rendered on and after May 7, 2009; (b) approves the Disposition Agreement submitted in this case; (c) directs the Company to comply with the terms of the Disposition Agreement submitted in this case; and (d) prescribes the schedule of depreciation rates included as Attachment F to the Disposition Agreement submitted in this case as the schedule of depreciation rates authorized for the Company's use.

¹ All references to statute refer to the Revised Statutes of Missouri (2000), as currently supplemented.

Respectfully submitted,

/s/ Sam Ritchie

Sam Ritchie

Legal Counsel

Missouri Bar No. 61167

Attorney for the Staff of the

Missouri Public Service Commission

P. O. Box 360

Jefferson City, MO 65102

(573) 751-4140 (Telephone)

(573) 751-9285 (Fax)

samuel.ritchie@psc.mo.gov

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of this Recommendation has been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all parties and/or counsel of record this 27th day of April 2009.

/s/ Sam Ritchie