

**THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS**

Before Commissioners: Mark Sievers, Chairman
 Ward Loyd
 Thomas E. Wright

In the Matter of the Application of Suburban)
Water, Inc., d/b/a Suburban Water)
Company, for Approval of the Commission)
to Make Certain Changes in its Rates for)
Water Service, for Approval of an)
Amendment to a Contract for Sale of Water) Docket No. 12-SUBW-359-RTS
with Board of Public Utilities, an)
Administrative Agency of the Unified)
Government of Wyandotte County/Kansas)
City, Kansas ("BPU") and for Approval of a)
Purchase Water Adjustment ("PWA"))
Tariff.)

ORDER SETTING PROCEDURAL SCHEDULE

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The above-captioned matter comes before the State Corporation Commission of the State of Kansas (Commission) for consideration and decision. Having reviewed the files and records, the Commission makes the following findings and conclusions:

I. Background Information

1. On November 16, 2011, Suburban Water Company (Suburban Water), pursuant to K.S.A. 66-117, 66-1,230, 66-1,232, 66-1,233 and K.A.R. 82-1-231(b) and (c), filed an Application seeking approval of the Commission of: (1) certain changes in its rates for water service; (2) an amendment to a contract for sale of water between Suburban Water and the Board of Public Utilities; and (3) approval of a Purchase Water Adjustment. Application, November

16, 2011, paragraphs 7, 12 (Application, ¶¶ 7, 12). Suburban Water is a privately owned water public utility serving approximately 1,500 residential and small commercial customers in Leavenworth County, Kansas. Application, ¶ 3. Suburban Water claims its existing retail water rates are unjust and unreasonable in that its earnings are deficient, and that rates based upon a cash-flow/margin approach will allow it to provide adequate supplies of water, and continue to render the quality of service that the public requires. Suburban Water proposes to adjust its rates to increase its revenues annually by \$296,280. Application, ¶ 9.

2. The Citizens' Utility Ratepayer Board (CURB) was granted intervention in this docket. December 14, 2011 Order, ¶ 7. The parties in this docket, Suburban Water, CURB, and Commission Staff, informed the Prehearing Officer that the parties are very sensitive to activities that would serve to increase rate case expense, and requested to forego the initial prehearing conference. The parties submitted a proposed procedural schedule for the Prehearing Officer's review. The Prehearing Officer scheduled an informal teleconference for Thursday, December 22, 2011.

3. On December 22, 2011, during the informal teleconference, the parties proposed a procedural schedule setting deadlines for filing testimony, ending discovery, and submitting briefs, and also scheduling an evidentiary hearing before the Commission and a prehearing conference if needed. Report and Recommendations of Prehearing Officer, December 29, 2011, paragraph 5 (Report & Recommendations, ¶ 5). The parties also agreed to be served electronically in this docket, with no hard copy follow-up. Report & Recommendations, ¶ 7.

4. The Prehearing Officer adopted the recommendation of the Director of Public Affairs and Consumer Protection (PACP) regarding a public hearing to be held in this docket, recommending it be held on February 21, 2012, beginning at 6:00 p.m., at the Community

Library, 1400 North 158th Street, Basehor, Kansas 66007. Report & Recommendations, ¶ 10. The Prehearing Officer further recommended that notice of Suburban Water's Application and the public hearings be provided to each customer of Suburban Water by a direct mailing, and publication in the major newspapers in the region. Report & Recommendations, ¶ 13. The Prehearing Officer recommended the Commission require Suburban Water to file an Affidavit confirming notice has been mailed to customers and printed in newspapers. Report & Recommendations, ¶ 15.

5. The Prehearing Officer issued a Report and Recommendations, recommending adoption of a modified procedural schedule to include deadlines for reports filed summarizing public comments and the public hearing. Report & Recommendations, ¶ 16. Any party wishing to object to or comment on matters recommended by the Prehearing Officer was to communicate such or file a response by Tuesday, January 3, 2012, at 5:00 p.m. Report & Recommendations, ¶ 19. No responses were filed or communicated to the Prehearing Officer.

II. Procedural Schedule

6. The Commission finds the modified procedural schedule recommended by the Prehearing Officer to be reasonable. The Commission adopts the modified procedural schedule as follows:

<u>Date</u>	<u>Time</u>	<u>Action</u>
November 16, 2011		Application filed
February 17, 2012	3:00 p.m.	Suburban Water Affidavit of Notice Mailed
February 21, 2012	6:00 p.m.	Public hearing in Basehor, Kansas
March 15, 2012	3:00 p.m.	Staff and Intervenor Direct Testimony
March 30, 2012	3:00 p.m.	Staff and Intervenor Cross-Answering Testimony

<u>Date</u>	<u>Time</u>	<u>Action</u>
April 9, 2012	3:00 p.m.	Suburban Water Rebuttal Testimony
April 12, 2012	3:00 p.m.	Discovery Cut-off
April 13, 2012	1:30 p.m.	Settlement Conference (Third Floor Hearing Room)
April 23, 2012	3:00 p.m.	Stipulation & Agreement with Supporting Testimony
April 24, 2012	3:00 p.m.	Prehearing Motions Cut-off
April 24, 2012	3:00 p.m.	List of Contested Issues
April 30, 2012	1:30 p.m.	Prehearing Conference, if needed (First Floor Hearing Room)
May 1, 2012	5:00 p.m.	Public Comment Period Ends
May 3, 2012	5:00 p.m.	PACP Report of Public Comments
May 7-9, 2012	9:00 a.m.	Evidentiary Hearing (First Floor Hearing Room)
May 24, 2012	3:00 p.m.	Suburban Water Initial Post-Hearing Brief
June 4, 2012	3:00 p.m.	Staff and Intervenor Responsive Post-Hearing Briefs
June 15, 2012	3:00 p.m.	Suburban Water Reply Brief
July 16, 2012		Order Due

A. Prehearing Conference and Evidentiary Hearing

7. The Commission agrees with the Prehearing Officer that a prehearing conference may be needed before an evidentiary hearing to address any pending matters, to establish procedures to use during the Evidentiary Hearing, and to consider any other prehearing issues that will promote the orderly and prompt conduct of this proceeding. K.S.A. 77-517; K.A.R. 82-1-222. To this end, the Commission sets the Prehearing Conference to begin on April 30, 2012, beginning at 1:30 p.m. in the First Floor Hearing Room of the Commission's Offices, 1500 SW Arrowhead Road, Topeka, Kansas 66604-4027. Prehearing Officer Melissa Doebelin, telephone

785-271-3186, email address m.doeblin@kcc.ks.gov, will preside. Any party who fails to attend or participate in the Prehearing Conference or in any other stage of this proceeding may be held in default under the Kansas Administrative Procedure Act (KAPA). K.S.A. 77-516(c)(8); K.S.A. 77-520. At the Prehearing Conference, this proceeding without further notice may be converted into a conference hearing or a summary proceeding for disposition of the matter as provided by the KAPA. K.S.A. 77-516(c)(7).

8. In addition to the Prehearing Conference discussed above, the Commission schedules the Evidentiary Hearing, with the Commission presiding, to begin on May 7, 2012, at 9:00 a.m., and continue, as needed and ordered by the Commission, through May 9, 2012, in the First Floor Hearing Room of the Commission's Offices, 1500 SW Arrowhead Road, Topeka, Kansas 66604-4027, telephone 785-271-3100. Any party who fails to attend or participate in the hearing or in any other stage of this proceeding may be held in default under the KAPA. K.S.A. 2010 Supp. 77-518(c)(8); K.S.A. 77-520.

B. Public Hearing, Notice and Comment Period

9. The Commission adopts the Prehearing Officer's recommendation, and orders that a public hearing be conducted in this docket as follows:

Tuesday, February 21, 2012, beginning at 6:00 p.m.

Community Library
1400 North 158th Street
Basehor, Kansas 66007

10. The Prehearing Officer recommended notice of the public hearing and Suburban Water's Application be provided to each customer of Suburban Water by a direct mailing. Report & Recommendations, ¶ 13. The Commission adopts the recommendation of the Prehearing Officer on notice, and directs that the notice comply with the Commission's regulations and explain the opportunity for the public to submit comments regarding the

proposed changes. After consulting with the Commission's Director of PACP, the Prehearing Officer shall approve the notice to be provided by a direct mailing to Suburban Water's customers. The Prehearing Officer shall rule on any dispute regarding the bill insert.

11. The Prehearing Officer also recommended that Suburban Water be required to provide information to the public about this proceeding by publishing notice in major newspapers throughout its region. Report & Recommendations, ¶ 14. The Prehearing Officer recommended Suburban Water propose a list of newspapers for publishing such notice, and work with the Director of PACP to determine the timing of publication and the newspapers in which notice will be published. The Commission orders and directs that notice be published in newspapers approved by the Director of PACP, and that Suburban Water work with the Director of PACP to determine the timing of publication. After consulting with the Director of PACP, the Prehearing Officer shall approve the notice to be provided in the newspapers.

12. The Commission agrees with the Prehearing Officer's recommendation to encourage the public to submit comments concerning this docket via electronic mail and in writing. The Commission directs that the public comment period begin immediately and end on May 1, 2012, at 5:00 p.m., which is four business days before the Evidentiary Hearing is proposed to begin on May 7, 2012. As recommended by the Prehearing Officer, the Commission desires that its PACP Office provide an initial report that summarizes public comments received now through May 1, 2012, at 5:00 p.m., and file a report on May 3, 2012, summarizing public comments received.

13. In addition, the Commission directs Suburban Water, CURB, and the PACP Office to make information concerning the proceeding more accessible to the public through use of websites. The Commission directs these parties to include on their respective websites links

and contact information to assist members of the public in easily identifying how to contact the PACP Office to submit comments and to easily access filings made in the docket. To the extent practicable, parties are encouraged to include background information explaining this proceeding.

III. Electronic Service

14. The Commission adopts the agreement of the parties to use electronic service on each other, with confidential papers served by providing information on a compact disc, for all testimony, briefs, and orders, with waiver of receipt of a follow-up hard copy as required in K.A.R. 82-1-216(a)(6). Electronic service shall occur on or before 3:00 p.m., on the date scheduled for service. The parties shall specify that this electronic service constitutes service and that a hard copy will not follow, in order to make clear that paper copies will not also be provided. In addition, the parties shall include the Prehearing Officer with electronic service of testimony and briefs at m.doeblin@kcc.ks.gov. The parties are still required to file the original and seven paper copies with the Commission, and this filing shall be made with the Commission's Docket Room before 5:00 p.m., on the date scheduled for service. K.A.R. 82-1-215(a). Any electronic service received after 3:00 p.m., or any filing made after 5:00 p.m., on the date scheduled for service, shall be accompanied by a Motion to File Out of Time.

IV. Agency Attorneys of Record

15. The attorneys designated to appear on behalf of the agency in this proceeding are Judy Jewsome, telephone number 785-271-3181, email address j.jewsome@kcc.ks.gov; Robert A. Fox, telephone number 785-271-3118, email address b.fox@kcc.ks.gov; and Holly Fisher, telephone number 785-271-3312, email address h.fisher@kcc.ks.gov, 1500 SW Arrowhead Road, Topeka, Kansas 66604-4027. K.S.A. 2010 Supp. 77-518(c)(2); K.S.A. 77-516(c)(2).

IT IS, THEREFORE, BY THE COMMISSION ORDERED THAT:

A. The Commission adopts the procedural schedule recommended in the Report and Recommendations of Prehearing Officer, as set forth above in paragraph 6.

B. The Commission schedules the Prehearing Conference, if needed, for April 30, 2012, beginning at 1:30 p.m., in the First Floor Hearing Room of the Commission's Offices, 1500 SW Arrowhead Road, Topeka, Kansas 66604-4027, as set forth above in paragraph 7. Prehearing Officer Melissa Doeblin, telephone 785-271-3186, email address m.doeblin@kcc.ks.gov, will preside.

C. The Commission schedules the Evidentiary Hearing, with the Commission presiding, to begin on May 7, 2012, at 9:00 a.m., and continue, as needed and ordered by the Commission, through May 9, 2012, in the First Floor Hearing Room of the Commission's Offices, 1500 SW Arrowhead Road, Topeka, Kansas 66604-4027, telephone 785-271-3100, as set forth above in paragraph 8. Any party who fails to attend or participate in the hearing or in any other stage of this proceeding may be held in default under the Kansas Administrative Procedure Act. K.S.A. 2010 Supp. 77-518(c)(8); K.S.A. 77-520.

D. The Commission orders that a public hearing be conducted in this docket, as set forth above in paragraph 9. The public hearing shall be held on February 21, 2012, beginning at 6:00 p.m., at the Community Library, 1400 North 158th Street, Basehor, Kansas 66007.

E. The Commission orders that Suburban Water provide notice to its customers of the public hearing and Application by a direct mailing. The Commission directs the Commission's Director of Public Affairs and Consumer Protection to work with Suburban Water and the Prehearing Officer to develop a proposed notice, and the Prehearing Officer shall share the draft notice with the parties. After receiving feedback, if any, from the parties, the

Prehearing Officer shall consult with the Director of Public Affairs and Consumer Protection, and shall approve the notice to be provided by a direct mailing to Suburban Water's customers, as set forth above in paragraph 10.

F. The Commission also orders Suburban Water to provide general information to the public about this proceeding by publishing notice in the major newspapers throughout its region, as set forth above in paragraph 11. The Commission directs Suburban Water to provide a list of newspapers for publishing such notice, and work with the Director of Public Affairs and Consumer Protection to determine the timing of publication and newspapers in which notice will be published.+

G. The Commission encourages the public to submit comments concerning this docket via electronic mail and in writing. The Commission approves the use of websites to make information available and directs that the PACP Office and the Commission's Information Technology Staff work with the parties to further this effort, as set forth above in paragraph 13. In addition, the PACP Office shall receive public comments and provide a summary of those comments, as set forth above in paragraph 12. The public comment period shall end on May 1, 2012, at 5:00 p.m., and the Commission's PACP Office shall submit a report on May 3, 2012, summarizing the public comments received.

H. The Commission approves the use of electronic service for serving all testimony and briefs among the parties, and for Orders of the Commission and Prehearing Officer, without follow-up hard copies, but continues to require the filing of the original and seven paper copies with the Commission, as set forth above in paragraph 14.

I. The Commission orders service of this order be made by electronic mail, with a note that no hard copy of this Order will follow. This is a procedural order and constitutes non-

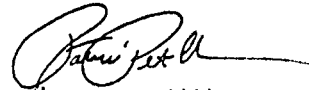
final agency action. K.S.A. 77-607(b)(2). Parties have 15 days from the date of electronic service of this Order in which to petition the Commission for reconsideration. K.S.A. 66-118b; K.S.A. 2010 Supp. 77-529(a)(1).

J. The Commission retains jurisdiction over the subject matter and parties for the purpose of entering such further order or orders as it may deem necessary.

BY THE COMMISSION IT IS SO ORDERED.

Sievers, Chairman; Loyd, Commissioner; Wright, Commissioner

Dated: JAN 11 2012



ORDER MAILED JAN 11 2012

Patrice Petersen-Klein
Executive Director

mch/mrd

CERTIFICATE OF SERVICE

JAN 11 2012

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I, the undersigned, hereby certify that a true and correct copy of the above and foregoing Order Setting Procedural Schedule was served by electronic mail this 11th day of January, 2012, to the following parties who have waived receipt of follow-up hard copies:

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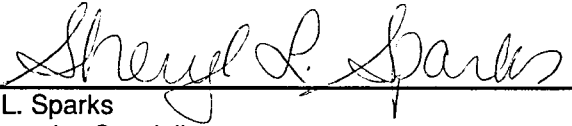
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Sheryl L. Sparks
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