

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

In the Matter of Lincoln County Sewer & Water, LLC	)	
For a Certificate of Convenience and Necessity	)	<b><u>File No. WA-2012-0018</u></b>
Authorizing It to Own, Operate, Maintain, Control	)	<b><u>SA-2012-0019</u></b>
And Manage Water Systems in Lincoln County,	)	
Missouri	)	

**UNANIMOUS STIPULATION AND AGREEMENT**

**COME NOW** the Staff of the Missouri Public Service Commission (“Staff”), the Office of the Public Counsel (“Public Counsel”), and Lincoln County Sewer & Water, LLC (“LCSW” or “Company”), collectively referred to hereafter as “Parties” and respectfully state to the Missouri Public Service Commission (“Commission”) that, as a result of negotiations, the undersigned parties (“Parties”) have reached the stipulations and agreements contained herein.

**Factual Background:**

1. On February 10, 2011, Staff filed a *Complaint* against Dennis Kallash, individually and as agent for Bennington, Inc., and Bennington Water, Inc.; Toni Kallash, individually and as agent for Bennington, Inc., and Bennington, Water, Inc.; Bennington, Inc.; and Bennington Water, Inc., alleging these entities and individuals were unlawfully operating as water and sewer entities that should be under the jurisdiction of the Commission.
2. On May 9, 2011, LCSW was created as a Limited Liability Company with the Missouri Secretary of State.
3. On July 19, 2011, LCSW filed an *Application* with the Commission seeking a certificate of convenience and necessity to own, operate, maintain,

control and manage water systems in Lincoln County, Missouri. Concurrently, LCSW filed an *Application* with the Commission seeking a CCN to own, operate, maintain, control and manage sewer systems in Lincoln County, Missouri. The two applications were consolidated under the present case, File No. WA-2012-0018, on August 3, 2011.

4. The systems LCSW seeks to obtain a certificate of convenience and necessity in its *Application* for are those systems that were the subject of the *Complaint* referenced in paragraph 1, above.
5. On February 10, 2012, Staff filed its *Recommendation to Approve Applications*, and on March 22, 2012, Public Counsel and LCSW filed their responses to Staff's *Recommendation*.
6. **Issues Settled.** This Stipulation and Agreement is intended to satisfactorily resolve all issues identified by Staff, the Company and Public Counsel regarding the Company's *Application*.
7. **Resolution.** The Commission should grant LCSW water and sewer certificates of convenience and necessity for the service areas requested by the Company for Bennington and as modified for Rockport as shown in Appendix A<sup>1</sup>. The Parties agree that approval of this certificate of convenience and necessity is not detrimental to the public interest.
8. **Rate Base.** The Parties agree that LCSW shall use a total rate base of \$245,957, as specified by each system in Appendix B attached and

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<sup>1</sup> Originally filed as Attachment E of the Staff Recommendation

incorporated by reference herein, in establishing its initial plant account balances.<sup>2</sup>

9. **Depreciation.** The Parties agree to the depreciation rates as stated in Appendix C, attached and incorporated by reference herein.
10. **Transfer of Ownership.** LCSW shall acquire ownership or full access to all water and sewer utility assets in the Bennington subdivision and Rockport subdivision proposed service areas within sixty (60) days after the effective date of the Commission's Order. If ownership or access to any such assets is not accomplished by that time, LCSW shall notify the Commission by status report describing what assets are involved, why acquisition has not taken place, and a plan with a time frame for acquisition or access.
11. **Tariff Sheets.** LCSW shall file water and sewer tariff sheets as thirty (30) day filings, depicting the service areas to apply to Bennington and Rockport, that contain monthly rates as described herein in each tariff, and rules that include meter setting construction and rates, as discussed herein.

The tariff sheets to be filed by LCSW shall include the following rates for water and sewer service:

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<sup>2</sup> The Rockport water and sewer rate base numbers contemplate capacity adjustment that result in \$153,160 of water plant and \$98,410 of sewer plant being recorded as plant held in future use at a customer level of sixty-two (62) residential customers.

<b>Bennington Water:</b>	Unmetered Flat Rate	\$26.72 per month
	Metered Customer Charge	\$15.10 per month
	Metered Commodity Charge	\$3.45 per 1,000 gallons
<b>Bennington Sewer:</b>	Flat Rate	39.39 per month
<b>Rockport Water:</b>	Unmetered Flat Rate	\$39.80 per month
	Metered Customer Charge	\$13.91 per month
	Metered Commodity Charge	\$5.57 per 1,000 gallons
<b>Rockport Sewer:</b>	Flat Rate	\$34.07 per month

Flat rates for water service would apply to customers without meters. Then, after a meter is installed, the metered rate would apply.

**Additional fees/charges:**

- A. Late Fees \$ 5.00 or 3% of unpaid balance, whichever is greater;
- B. Disconnection Fee \$ 25.00;
- C. Reconnection Fee \$ 25.00;
- D. Returned Check Fee \$ 25.00; and
- E. Primacy Fees will be billed separately.

12. **Outdoor Water Usage.** The tariff sheets to be filed by LCSW shall include the following provision as to outdoor water usage:

- A. If necessary, in order to maintain proper and sufficient pressures in the distribution system, the Company may limit, in a reasonable and non-discriminatory manner, any outdoor water usage. This may include, but is not limited to, the

sprinkling of fields, gardens, orchards, lawns, parks or club grounds; washing of vehicles; and, the flushing of streets, avenues, roads, and other public places. As an example, the use of water for sprinkling or landscape watering may be restricted by the Company to alternate days to prevent excessive use and/or waste of water or prohibited during certain times of day.

B. The Company may limit, in a reasonable and non-discriminatory manner, the filling of tanks, basins, swimming pools, etc., requiring large flows of water, where such use of water may affect service to other Customers.

C. The Company may limit, in a reasonable and non-discriminatory manner, the quantity of water used by Customers in case of scarcity or whenever an emergency affecting public health and welfare may require such restrictions. Notification of any such occurrence will be provided in a timely manner to Staff, Public Counsel and any other entity as required by law.

D. Enforcement of the provisions of paragraphs A, B and C of this Rule may be by discontinuance of service in accordance with Rule [the tariff will reflect the appropriate rule reference].

13. **Future Rate Adjustments.** LCSW shall file rate requests for all four systems concurrently as part of any future rate increase request.

14. **Records Maintenance.** LCSW shall maintain utility plant records and customer account records, and keep all books and records, including plant property records, in accordance with the Uniform System of Accounts, version 1973 and revised in 1976 for water, and version 1976 for sewer.
15. **Compliance with Commission Rules.** LCSW shall comply with all Commission Rules regarding water system operation, sewer system operation, customer service and billing, and specifically including the timely submission of annual reports with the Commission, statements of revenue, and payment of annual Commission assessments.
16. **Meter Installation.** LCSW shall install a minimum of six (6) water meters per year for existing customers at Rockport and a minimum of five (5) water meters and meter settings per year for existing customers at Bennington beginning with the effective date of the Commission's Order granting a CCN until such time that all customers on each system are metered, and install meters for all new customers; such meter and meter installations, and future replacement meters, shall be made at the cost (investment) of LCSW or its successors unless otherwise ordered or approved by the Commission. LCSW shall provide Staff and the Public Counsel with quarterly status reports in regard to meter installations.
17. **Rate Base Exclusions.** The Signatories agree that the rate base to be utilized by LCSW does not include the cost of the water distribution mains and the collecting sewers as those have been excluded from plant in-service/rate base as property that has been contributed by the

developer. The Signatories further agree that the subdivision fees associated with such contributed plant are not subject to Commission jurisdiction and shall not be reflected on the books of LCSW.

18. **Further Documentation.** Prior to the effective date of the tariff sheets to be filed as a result of this matter, LCSW shall provide to Staff and Public Counsel documentation concerning its purchase of insurance coverage and computer equipment.
19. **Time Sheets.** Beginning with the effective date of the tariff sheets to be filed as a result of this matter, LCSW shall maintain time sheets for all employees, including Dennis Kallash and Toni Kallash, to document time spent on LCSW matters. LCSW shall also maintain mileage logs to document transportation associated with LCSW business.
20. **Related Complaint Cases.** Staff shall dismiss with prejudice Commission Case Nos. WC-2011-0253 and SC-2011-0254, within five days after the effective date of a Commission Order disposing of all issues in this case.
21. **Follow-Up Reviews.** Staff or Public Counsel may conduct follow-up reviews of the Company's operations to ensure that the Company has complied with the provision of the Unanimous Stipulation and Agreement.
22. **Compliance with Stipulation and Agreement.** Staff or Public Counsel may file a formal complaint against the Company, if the Company does not comply with the provisions of this Unanimous Stipulation and Agreement.

23. **Review of Document.** All Parties agree that it has read the foregoing Unanimous Stipulation and Agreement, that the facts stated therein are true and accurate to the best of the Parties' knowledge and belief; that the foregoing conditions accurately reflect the agreement reached between Staff, the Company and Public Counsel and that each individual Party freely and voluntarily enters into this Unanimous Stipulation and Agreement.
24. **Ratemaking Principles.** Other than the specific conditions agreed upon and expressly set out herein, the terms of this Unanimous Stipulation and Agreement reflect compromises between Staff, the Company and Public Counsel. In arriving at the amount of the rate base specified herein, no party has agreed to any particular ratemaking principle.
25. **Future Filings.** The Company and Public Counsel acknowledge that the Staff will be filing this Unanimous Stipulation and Agreement and the appendices hereto. The Company and Public Counsel also acknowledge that Staff may make other filings in this case.
26. **Explanation to the Commission.** Additionally, the Company and Public Counsel agree that subject to the rules governing practice before the Commission that Staff shall have the right to provide whatever oral explanation the Commission may request regarding this Unanimous Stipulation and Agreement at any agenda meeting.



27. **Procedural Schedule Suspension.** As a result of this Unanimous Stipulation and Agreement, the Parties request that the previously ordered procedural schedule be suspended and the Parties relieved of adherence to the procedural schedule at this time.

Respectfully submitted,

**/s/ Rachel M. Lewis**

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Attorney for the Office of the Public Counsel

**CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been mailed or hand-delivered, transmitted by facsimile or by electronic mail to all counsel of record on this 7th day of June, 2012.

**/s/ Rachel M. Lewis**

**WA-2012-0018**  
**Rockport Service Area**

A 54.049 ACRE TRACT OF LAND WITHIN PART OF SECTION 13, TOWNSHIP 48 NORTH, RANGE 1 WEST OF THE 5<sup>TH</sup> P.M. AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS: COMMENCING AT THE S.E. CORNER OF THE S.W.  $\frac{1}{4}$  OF THE S.E.  $\frac{1}{4}$  OF SECTION 13 THENCE N 00 DEG. 43'00" E 1714.92 FT. TO A POINT; THENCE N 89 DEG. 53'00" W 1267.48 FT. TO A POINT; THENCE S 00 DEG. 53'10" W 233.12 FT. TO A POINT; THENCE S 03 DEG. 39'09" E. 89.67 FT. TO THE POINT OF BEGINNING OF THE TRACT HEREIN DESCRIBED; THENCE S 00 DEG. 53'10" W 430.39 FT. TO A POINT; THENCE N 87 DEG. 37'50" W 2597.90 FT. TO A POINT; THENCE N 01 DEG. 45'10" E 847.18 FT. TO A POINT; THENCE N 82 DEG. 54.23" E 1493.56 FT. TO A POINT; THENCE S 73 DEG. 03'35" E 482.39 FT. TO A POINT; THENCE ALONG A CURVE TO THE LEFT HAVING A RADIUS OF 513.36 FT. AN INCLUDE ANGLE OF 20 DEG. 51'02", AND A CHORD WHICH BEARS S 39 DEG. 34'35" E 185.79 FT., AN ARC DISTANCE OF 186.82 FT. TO A POINT; THENCE S 50 DEG. 00'06" E 585.60 FT. TO A POINT; THENCE ALONG A CURVE TO THE LEFT HAVING A RADIUS OF 608.69 FT., AN INCLUDE ANGLE OF 07 DEG. 41'03", AND A CHORD WHICH BEARS S 53 DEG. 50' 37" E 81.57 FT., AN ARC DISTANCE OF 81.63 FT. TO THE POINT OF THE BEGINNING. ALL AS SHOWN ON A PLAT BY FITCH AND ASSOC.

A 24.220 ACRE TRACT OF LAND WITHIN PART OF SECTION 13 AND PART OF SECTION 24 TOWNSHIP 48 NORTH, RANGE 1 WEST OF THE 5<sup>TH</sup> P.M. AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS: COMMENCING AT THE S.W. CORNER OF SECTION 13 THENCE N 01 DEG. 45'10" E 910.00 FT. TO A POINT; THENCE S 87 DEG. 37'50" E 474.00 FT. TO THE POINT OF BEGINNING OF THE TRACT HEREIN DESCRIBED; THENCE S 87 DEG. 37'50" E 873.54 FT. TO A POINT; THENCE S 06 DEG. 22'56" W 1117.88 FT. TO A POINT; THENCE N 87 DEG. 24'42" W 1021.40 FT. TO A POINT; THENCE N 13 DEG. 52'10" E 1134.00 FT. TO THE POINT OF THE BEGINNING ALL AS SHOWN ON A PLAT BY FITCH AND ASSOC.

52.64 ACRES, BEING PART OF THE WEST HALF OF SECTION 13, TOWNSHIP 48 NORTH, RANGE 1 WEST, OF THE 5<sup>TH</sup> P.M. AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS: BEGINNING AT AN OLD STONE, THE WEST QUARTER CORNER OF SECTION 13, TOWNSHIP 48 NORTH, RANGE 1 WEST OF THE 5<sup>TH</sup> P.M. THENCE WITH THE SECTION LINE, N. 2 DEGREES 21' E., 810.30 FEET TO AN IRON ROD AT THE SOUTH RIGHT OF WAY STATE HIGHWAY "U"; THENCE WITH THE SOUTH RIGHT OF WAY HIGHWAY "U" S., 87 DEGREES 15' E. 1623.15 FEET TO AN IRON ROD. THENCE S. 14 DEG. 30' W. 559.33 FEET TO AN IRON ROD; THENCE S. 78 DEG. 31.27' E. 275.00 FEET TO A POINT AT THE WEST RIGHT OF WAY OF HIGHWAY "U"; THENCE S. 24 DEG. 21.89' W. 798.99 FEET TO A CORNER POST; THENCE S. 84 DEG. 27.26' W. 1491.53 FEET TO AN IRON ROD IN THE SECTION LINE; THENCE WITH THE SECTION LINE, N. 2 DEG. 21' E. 742.32 FEET TO THE PLACE OF BEGINNING CONTAINING IN THE AGGREGATE 52.64 ACRES, MORE OR LESS, AND BEING A PART OF THE WEST HALF OF SECTION 13, T. 48 N. R. 1 W., OF THE 5<sup>TH</sup> P.M. A TRACT OF LAND BEING PART OF THE WEST HALF OF SECTION 13, TOWNSHIP 48 NORTH, RANGE 1 WEST OF THE 5<sup>TH</sup> PRINCIPAL MERIDIAN, AND DESCRIBED AS FOLLOWS: BEGINNING AT AN IRON ROD AT THE SOUTH RIGHT-OF-WAY LINE OF STATE HIGHWAY "U", SAID IRON ROD BEING NORTH 1 DEGREE 05' EAST, 626.7 FEET AND SOUTH 87 DEGREES 15' EAST 1623.15 FEET FROM THE WEST QUARTER CORNER OF SECTION 13, TOWNSHIP 48 NORTH, RANGE 1 WEST OF THE 5<sup>TH</sup> P.M., THENCE WITH THE RIGHT-OF-WAY, SOUTH 87 DEGREES 10' EAST, 269.95 FEET TO AN IRON ROD; THENCE SOUTH 36 DEGREES 01' EAST 76.5 FEET TO AN IRON ROD; THENCE SOUTH 19 DEGREES 53' WEST, 248.95 FEET TO AN IRON ROD; THENCE NORTH 78 DEGREES 14' WEST, 300.20 FET TO AN IRON ROD; THENCE NORTH 14 DEGREES 30' EAST, 256.6 FEET TO THE PLACE OF BEGINNING, CONTAINING IN THE AGGREGATE 1.987 ACRE, MORE OR LESS.

**Lincoln County Sewer Water, LLC (Rockport Sewer)**  
**Informal Rate/Certification Case**  
**Tracking Number WA-2012-0018/SA-2012-0019**  
**Test Year Ending 06-30-2011**  
**Rate Base Required Return on Investment Schedule - Sewer**

Line Number	<u>A</u> Rate Base Description	<u>B</u> Dollar Amount
1	Plant In Service	\$38,547 From Plant Schedule
2	Less Accumulated Depreciation Reserve	<u>\$9,394</u> From Depreciation Reserve Schedule
3	Net Plant In Service	\$29,153
4	Other Rate Base Items:	\$0
	Materials and Supplies Inventory	\$140
5	Total Rate Base	<u>\$29,293</u>
6	Total Weighted Rate of Return Including Income Tax	<u>7.73%</u> From PreTax Return & Taxes Schedule
7	Required Return & Income Tax	<u><u>\$2,264</u></u>

**Lincoln County Sewer Water, LLC (Rockport Water)**  
**Informal Rate/Certification Case**  
**Tracking Number WA-2012-0018/SA-2012-0019**  
**Test Year Ending 06-30-2011**  
**Rate Base Required Return on Investment Schedule - Water**

Line Number	<u>A</u> Rate Base Description	<u>B</u> Dollar Amount	
1	Plant In Service	\$187,526	From Plant Schedule
2	Less Accumulated Depreciation Reserve	<u>\$33,311</u>	From Depreciation Reserve Schedule
3	Net Plant In Service	\$154,215	
4	Other Rate Base Items:	\$0	
	Materials and Supplies Inventory	\$6	
5	Total Rate Base	<u>\$154,221</u>	
6	Total Weighted Rate of Return Including Income Tax	<u>7.73%</u>	From PreTax Return & Taxes Schedule
7	Required Return & Income Tax	<u><u>\$11,921</u></u>	

**Lincoln County Sewer Water, LLC (Bennington Sewer)**  
**Informal Rate/Certification Case**  
**Tracking Number WA-2012-0018/SA-2012-0019**  
**Test Year Ending 06-30-2011**  
**Rate Base Required Return on Investment Schedule - Sewer**

Line Number	<u>A</u> Rate Base Description	<u>B</u> Dollar Amount
1	Plant In Service	\$62,703 From Plant Schedule
2	Less Accumulated Depreciation Reserve	<u>\$39,142</u> From Depreciation Reserve Schedule
3	Net Plant In Service	\$23,561
4	Other Rate Base Items:	\$0
	Materials and Supplies Inventory	\$140
5	Total Rate Base	<u>\$23,701</u>
6	Total Weighted Rate of Return Including Income Tax	<u>7.73%</u> From PreTax Return & Taxes Schedule
7	Required Return & Income Tax	<u><u>\$1,832</u></u>

**Lincoln County Sewer Water, LLC (Bennington Water)**  
**Informal Case/Rate Case**  
**Tracking Number WA-2012-0018/SA-2012-0019**  
**Test Year Ending 06-30-2011**  
**Rate Base Required Return on Investment Schedule - Water**

Line Number	<u>A</u> Rate Base Description	<u>B</u> Dollar Amount	
1	Plant In Service	\$94,585	From Plant Schedule
2	Less Accumulated Depreciation Reserve	<u>\$55,849</u>	From Depreciation Reserve Schedule
3	Net Plant In Service	\$38,736	
4	Other Rate Base Items:	\$0	
	Materials and Supplies Inventory	\$6	
5	Total Rate Base	<u>\$38,742</u>	
6	Total Weighted Rate of Return Including Income Tax	<u>7.73%</u>	From PreTax Return & Taxes Schedule
7	Required Return & Income Tax	<u><u>\$2,995</u></u>	

**Lincoln County Sewer & Water**  
**SCHEDULE of DEPRECIATION RATES**  
**(WATER)**  
**SA-2012-0018**

<u>ACCOUNT NUMBER</u>	<u>ACCOUNT DESCRIPTION</u>	<u>DEPRECIATION RATE</u>	<u>AVERAGE SERVICE LIFE (YEARS)</u>	<u>NET SALVAGE</u>
<b>Source of Supply</b>				
314	Wells & Springs	2.0%	50	
<b>Pumping Plant</b>				
325.1	Submersible Pumping Equipment	10.0%	10	
<b>Transmission and Distribution</b>				
342	Distribution Reservoirs & Standpipes	2.5%	40	
<b>General Plant</b>				
372.1	Office Electronic & Computer Equip.	20.0%	5	