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February 4, 2000

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P. O. Box 360
Jefferson City, MO 65102

FILED

FEB 4 2000

Missouri Public
Service Commission

RE: Case No. WR-2000-68

Dear Mr. Roberts:

Enclosed for filing in the above-captioned case are an original and fourteen (14) conformed copies of a **NOTICE OF FILING OF SUPPLEMENTAL AGREEMENTS AND REQUEST FOR ADDITIONAL TIME TO FILE STAFF RECOMMENDATION AND TARIFFS.**

This filing has been mailed or hand-delivered this date to all counsel of record.

Thank you for your attention to this matter.

Sincerely yours,

David J. Stueven
Assistant General Counsel
(573) 751-6726
(573) 751-9285 (Fax)

Enclosure
cc: Counsel of Record

FILED

FEB 4 2000

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

Missouri Public
Service Commission

In the matter of Terre Du Lac Utilities)	Case No. <u>WR-2000-68</u>
Corporation Water Rate Increase Request.)	Tariff File 9900333
)	
In the matter of Terre Du Lac Utilities)	Case No. <u>SR-2000-69</u>
Corporation Sewer Rate Increase Request.)	Tariff File 9900334

**NOTICE OF FILING OF SUPPLEMENTAL AGREEMENTS AND REQUEST FOR ADDITIONAL TIME
TO FILE STAFF RECOMMENDATION AND TARIFFS**

COMES NOW the Staff of the Missouri Public Service Commission ("Staff"), by and through its undersigned counsel, and for its Notice of Filing of Supplemental Agreements states to the Missouri Public Service Commission ("Commission") as follows:

1. On December 14, 1999, the Commission issued an Order adopting a Procedural Schedule that required any modified agreements and revised tariff sheets to be filed on January 28, 2000, with the Staff's recommendation regarding the same to be filed on February 4, 2000. On January 28, 2000, Staff requested that any modified agreements not be required to be filed until February 4, 2000. Staff also indicated that it would file its recommendation at the same time.

2. Staff, the Office of the Public Counsel ("OPC"), and Terre Du Lac Utilities Corporation ("Company") have reached an agreement, and all parties have signed the attached Supplemental Agreement. However, the tariffs and Staff's recommendation are not complete because the parties did not reach an agreement on the terms of the Supplemental Agreements until February 4, 2000, and Staff needs additional time to prepare its recommendation. Staff and the Company anticipate both items to be filed no later than February 9, 2000.

3. As all parties have signed on the attached Supplemental Agreement, no additional filings, except the Staff's recommendation, the Company's tariffs, and OPC's comments, if any, are anticipated.

WHEREFORE, the Staff respectfully requests that the Commission consider the attached Supplemental Agreement, and allow Staff to file its recommendation, and the Company to file its tariffs no later than February 9, 2000.

Respectfully submitted,

Dana K. Joyce
General Counsel

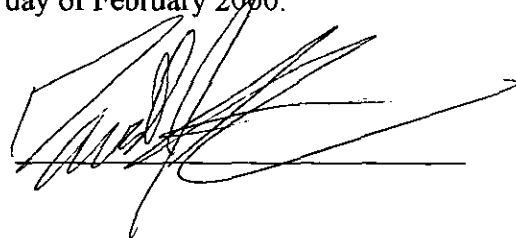


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Missouri Bar No. 51274

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed or hand-delivered to all counsel of record as shown on the attached service list this 4th day of February 2000.



Supplemental Agreement Regarding Disposition
Of Small Company Rate Increase Request

Terre Du Lac Utilities Corporation

MO PSC Case Nos. WR-2000-68 and SR-2000-69

This *Supplemental Agreement Regarding Disposition Of Small Company Rate Increase Request* (Supplemental Agreement) is entered into between Terre Du Lac Utilities Corporation (Company), the Staff of the Missouri Public Service Commission (Staff) and the Office of the Public Counsel (OPC).

Background

The Company initiated the small company rate increase requests (Requests) for water and sewer service that are now the subject of the above-referenced Commission cases under the provisions of Commission rule 4 CSR 240-2.200, Small Company Rate Increase Procedure (the informal rate case procedure). The date the Company's Requests were received at the Commission's offices was October 26, 1998.

In its Requests, the Company represented that it was asking for Commission approval of customer rates intended to generate increases of \$23,000 and \$47,000 in its annual water and sewer operating revenues, respectively. The Company provides water service to approximately 1,015 customers and provides sewer service to approximately 880 customers.

Pursuant to the provisions of the informal rate case procedure, the Staff conducted an audit of the Company's books and records, as well as an inspection of the Company's systems and the operation thereof. Based upon

the results of the Staff's audit and related negotiations, the Company and the Staff agreed that increases of \$20,236 and \$14,402 in the Company's annual water and sewer operating revenues, respectively, were reasonable. On August 3, 1999, the Company filed revised water and sewer tariff sheets including customer rates designed to generate the referenced operating revenue increases. In conjunction with those tariff filings, the Company also filed an *Agreement Regarding Disposition of Small Company Rate Increase Request* pertaining to each of its Requests (the Agreements). Those Agreements reflected settlement of the Company's Requests between the Company and the Staff.

On August 13, 1999, the OPC filed its *Request for Local Public Hearing* in the subject cases. On September 24, 1999, the Commission issued its *Order Scheduling Local Public Hearing*, in which it set the date, time and location for a local public hearing for the subject cases. On November 16, 1999, the Commission held the local public hearing as previously scheduled.

On November 24, 1999, the Staff filed its *Notice of Intent to Conduct Further Investigation and Motion to Further Suspend Tariff Sheets* in the subject cases. On that same date, the OPC filed its *Request for Variance to Allow Additional Time for Filing of Recommendation* in the subject cases.

On December 14, 1999, the Commission issued its *Order Suspending Tariffs and Providing Procedural Schedule*, in which it suspended the tariff sheets pending in these cases until April 7, 2000 and set out a schedule for additional case activities and filings.

On January 14, 2000, the Staff filed its *Notice of Filing of Commission Ordered Report* in the subject cases, to which was attached the *Staff Report on Additional Investigation (Report)*.

Additional Company/Staff/OPC Agreements

Based upon the above-referenced Staff Report and subsequent negotiations, the Company, the Staff and the OPC have reached the additional agreements set out below. Unless specifically noted, these additional agreements have no effect on the provisions of the Company/Staff Agreements filed in these cases on August 3, 1999, and those Agreements remain in effect.

A. Beginning March 1, 2000, the Company will maintain a record of all customer calls received, including those received via its telephone answering machines, and will ensure that all entries on such records are completed. For service-related calls, the Company will use its "work order" record. For other types of customer calls, such as billing inquiries, the Company will use a record to be developed with the Staff and the OPC.

B. Beginning March 1, 2000, the Company will complete a "work order" record for all system leaks discovered by Company personnel and/or reported by customers and will attach documentation of leak repairs, such as material lists and work notes, to such records pertaining to repaired leaks.

C. The Company will continue to cooperate with the Staff in evaluating problems identified in its water system regarding low system pressure and will work with the Staff and the OPC in

developing proposed solutions to those problems upon completion of the additional evaluations. As noted in the Staff's January 14 Report, additional evaluations are planned for early to mid summer.

D. The Company will continue to evaluate the condition of the sewer collection system in the Lac Carmel area through its own efforts and through cooperative efforts with the Staff. The initial evaluation program and a Company/Staff joint report on the results of that program will be completed by May 31, 2000. Upon completion of the report, a copy of the report will be provided to the OPC. Representatives of the Company, the Staff and the OPC will then work to develop an agreed-upon plan of corrective actions and an acceptable schedule under which the corrective actions will be carried out.

E. The Company will provide a copy of the results of the forthcoming "total water quality" tests, which are to be conducted by the Department of Natural Resources, of the Company's three wells to the Staff. Subsequent to receipt of those test results, the Staff will forward a copy of the results to the OPC and the Terre Du Lac Property Owners Association (POA). The Staff will then organize a meeting with representatives of the Company, the OPC and the POA to discuss possible corrective actions, if such actions appear warranted.

F. Beginning March 1, 2000, the Company will keep time records for all persons that receive compensation from Company funds as employees of the utility company. Such persons include the

Company's field operations personnel, the Operations Manager, the Office Manager and the Company's owner.

G. Beginning March 1, 2000, the Company will keep usage logs for all equipment and vehicles that it shares with its owner's development company, with those usage logs showing separately the amount of time the equipment and/or vehicles were used for utility company business and development company business.

H. The Company agrees to implement a policy whereby work pertaining to establishing service to new customers is done on a "first-come, first-served" basis. The Company also agrees to implement a policy whereby emergency utility company work is given priority over all other work in which the Company's employees may be involved. Such policies will be in place and a copy of them will be provided to the Staff and the OPC by May 30, 2000.

I. The Company agrees to conduct a survey of its sewer system to identify structures that now have the collection system available for service, but which are not yet connected to the collection system. The Company will complete this survey and provide a report on it to the Staff by May 30, 2000. Subsequent to receipt of that report, the Staff will forward a copy of the report to the OPC and the POA. The Staff will then organize a meeting with representatives of the Company, the OPC and the POA to discuss possible resolutions of such situations.

J. The Company, the Staff and the OPC agree that the increased customer rates previously agreed to between the Company and

the Staff should go into effect on March 1, 2000, but that those rates shall be considered interim and conditioned upon the Company's compliance with the terms and conditions of this Supplemental Agreement. In that regard, the Staff will file, and the OPC may file, a report in the instant dockets regarding the Company's compliance by September 30, 2000.

K. The Company, Staff and the OPC agree that the instant dockets should remain open for receipt of the reports referenced in Paragraph J, for such other actions as may subsequently be necessary and for a final order of the Commission regarding the rates.

Additional Actions That Will Take Place

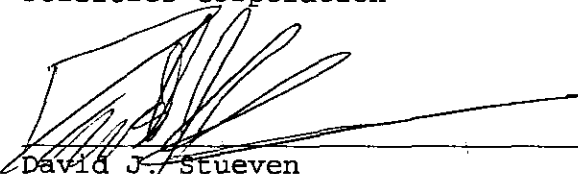
In addition to the filing of this Supplemental Agreement, the Company will file substitute tariff sheets consistent with this Supplemental Agreement and the Staff will file its formal recommendation regarding the subject cases. Both of those filings will take place on or before February 9, 2000. As previously scheduled, the OPC may also file a recommendation regarding the instant cases, with that filing to be made on or before February 11, 2000.

This Supplemental Agreement Regarding Disposition of Small Company
Rate Increase Request is effective as of February 4, 2000, as authorized
by the signatures shown below.



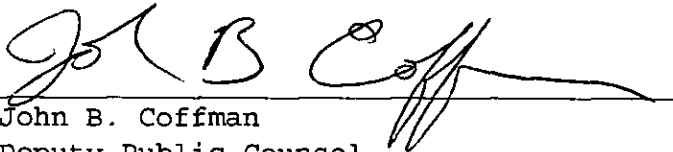
Patricia D. Perkins
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Office of the Public Counsel

**Service List for
Case No. WR-2000-68
February 4, 2000**

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