

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

In the Matter of the Application	)	
Of a Rate Increase for	)	Case No. SR-2016-0202
Raccoon Creek Utility Operating	)	
Company Inc.	)	

STIPULATION AND AGREEMENT

COME NOW Raccoon Creek Utility Operating Company, Inc. (Raccoon Creek), the Staff of the Missouri Public Service Commission (Staff) and the Office of the Public Counsel (OPC), (collectively the Parties), and respectfully state to the Missouri Public Service Commission (Commission) that, as a result of negotiations, the Parties have reached the stipulations and agreements contained herein.

1. **Issues Settled.** This Stipulation and Agreement is intended to settle among the Parties for purposes of the above captioned case all issues previously identified by the Parties. The Parties recommend that the Commission accept this Stipulation and Agreement as a fair compromise of their respective positions.

2. **Revenue Requirement.** The Parties agree that the Commission should approve a total cost of service of \$548,311.

3. **Rates.** Rates will be developed using Staff’s proposed revenues. There will be two rate areas created: 1) the Legacy Villages system; and, 2) a combination of the legacy WPC and West 17th Street systems.

4. **Apartment Rate.** The parties agree that usage for the six months following the effective date of the tariff in structures identified by OPC as “apartments” in The Villages Subdivision of this system, will be reviewed by OPC to assess whether those structures have differing characteristics from the other residential structures in

The Villages Subdivision for the purpose of developing a separate “apartment rate”. The results of this review, along with a definition of “apartment,” will be presented as part of the first scheduled rate review. The definition will clearly differentiate proposed apartment customers from other residential customers and be applicable to current and future customers in The Villages Subdivision. This review does not bind the parties to inclusion of an “apartment rate” in a future rate or complaint case.

5. **Timing.** The parties will cooperate in an effort to provide that new rates become effective by January 1, 2017.

6. **Return on Equity.** The parties acknowledge that Staff recommends a return on equity (ROE) of 12.15% and OPC does not object to this. Company agrees that the effective ROE resulting from the Stipulation does not exceed that figure.

7. **Rate Review.** Within 12-18 months of the effective date of new rates resulting from this case, Staff will initiate a rate review and Staff or OPC may seek to open an investigative docket (if the Company has not by that date initiated a rate case), in order to develop a cost of service based on additional revenue and expense information beyond the applicable period of time available to Staff in this proceeding. The rate review may include a consideration of all other utilities managed and operated by First Round CSWR, LLC. Information derived from the rate review will be available to both Staff and OPC. Staff and/or OPC may file a complaint case, or the Company may file a rate case at the conclusion of the rate review. The parties agree that if either a complaint case, rate case, or both result from the rate review, the parties will agree to a six-month procedural schedule and may request an expedited hearing.

8. **Customer Deposits.** Raccoon Creek will propose a tariff that shall comply with the Commission Rules found in Chapter 13, regarding the use of collecting customer deposits to address its bad debt. For the purposes of this Stipulation as it relates to Raccoon Creek, bad debt is defined as a situation in which uncollectable debt is at least 120 days old and the customer no longer resides at the service address.

9. **Partial Disposition Agreement.** This Stipulation further incorporates by reference the agreements made by Raccoon Creek in the Partial Disposition filed on August 30, 2016.

General Provisions

10. This Stipulation and Agreement is being entered into solely for the purpose of settling the identified issues in the case that is listed above. Unless otherwise explicitly provided herein, none of the Parties to this Stipulation and Agreement shall be deemed to have approved or acquiesced in any ratemaking or procedural principle, including, without limitation, any method of cost determination or cost allocation or revenue-related methodology. Other than explicitly provided herein, none of the Parties shall be prejudiced or bound in any manner by the terms of this Stipulation and Agreement in these or any other proceeding regardless of whether this Stipulation and Agreement is approved. Moreover, this Stipulation and Agreement reflects the entirety of the agreement entered into among the Parties. The terms of the Stipulation and Agreement shall be interpreted only by reference to the document itself. Except as specifically stated in this Stipulation and Agreement, the Parties disclaim the use of any prior written or oral agreement or draft agreement, parole or other extrinsic evidence to interpret the terms of this Stipulation and Agreement.

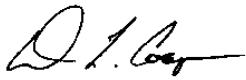
11. This Stipulation and Agreement has resulted from negotiations among the Parties and the terms hereof are interdependent. If the Commission does not approve this Stipulation and Agreement unconditionally and without modification, then this Stipulation and Agreement shall be void and no Party shall be bound by any of the agreements or provisions hereof, except as explicitly provided herein.

12. If the Commission does not approve this Stipulation and Agreement without condition or modification, and notwithstanding the provision herein that it shall become void; neither this Stipulation and Agreement nor any matters associated with its consideration by the Commission shall be considered or argued to be a waiver of the rights that any Party has for a decision in accordance with §536.080 RSMo 2000 or Article V, Section 18 of the Missouri Constitution, and the Parties shall retain all procedural and due process rights as fully as though this Stipulation and Agreement had not been presented for approval, and any suggestions, memoranda, testimony, or exhibits that have been offered or received in support of this Stipulation and Agreement shall become privileged as reflecting the substantive content of settlement discussions and shall be stricken from and not be considered as part of the administrative or evidentiary record before the Commission for any purpose whatsoever.

13. In the event the Commission accepts the specific terms of this Stipulation and Agreement without condition or modification, the Parties waive their respective rights to present oral argument and written briefs pursuant to §536.080.1 RSMo 2000; their respective rights to the reading of the transcript by the Commission pursuant to RSMo §536.080.2 RSMo 2000; their respective rights to seek rehearing, pursuant to §536.500 RSMo 2000; and their respective rights to judicial review pursuant to

§386.510 RSMo 2000. Further, in the event the Commission accepts the specific terms of this Stipulation and Agreement, all prefiled testimony not yet admitted into evidence shall be received into evidence without the necessity of the witnesses taking the stand. The waivers contained in this paragraph apply only to a Commission order approving this Stipulation and Agreement without condition or modification issued in this proceeding and only to the issues that are resolved hereby. It does not apply to any matters raised in any prior or subsequent Commission proceeding nor any matters not explicitly addressed by this Stipulation and Agreement.

WHEREFORE, the Parties respectfully request that the Commission issue its Order approving the specific terms and conditions of the Stipulation and Agreement.



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CERTIFICATE OF SERVICE

The undersigned certifies that a true and correct copy of the foregoing document was sent by electronic mail on October 17, 2016, to the following:

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