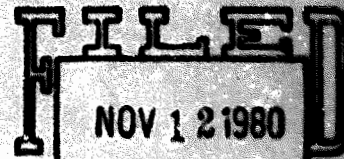


OFFICIAL CASE FILE  
MISSOURI PUBLIC SERVICE COMMISSION

STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION

TRANSCRIPT



CONSOLIDATED RECORD

PUBLIC SERVICE COMMISSION

CASE NO. : SA-80-230 - Jasper County  
SA-81-2 - Greene County  
SA-81-36 - Stone County

In the matter of the application of SOUTHWEST  
SEWER CORPORATION for permission, approval and a  
certificate of convenience and necessity authorizing  
it to construct, install, own, operate, control,  
manage and maintain a sewer system for the public  
located in an unincorporated area within Jasper,  
Greene, and Stone counties in Missouri.

DATE : October 24, 1980

PAGES : 1 TO 34, Inclusive (Index: 33 & 34)

VOLUME NO.: One of One

STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION

At a hearing of the Public Service  
Commission, held at Jefferson City,  
Missouri, on the 24th day of  
October, . . . . . 1980.

CONSOLIDATED RECORD

CASE NO. SA-81-2

In the matter of the application of Southwest  
Sewer Corporation for permission, approval and  
a certificate of convenience and necessity  
authorizing it to construct, install, own,  
operate, control, manage and maintain a sewer  
system for the public located in an unincorporated  
area within Greene County, Missouri.

CASE NO. SA-80-230

In the matter of the application of Southwest  
Sewer Corporation for permission, approval and  
a certificate of convenience and necessity  
authorizing it to construct, install, own,  
operate, control, manage and maintain a sewer  
system for the public located in an unincorporated  
area within Jasper County, Missouri.

1 CASE NO. SA-81-36

2 In the matter of the application of Southwest  
3 Sewer Corporation for permission, approval and  
4 a certificate of convenience and necessity  
5 authorizing it to construct, install, own,  
6 operate, control, manage and maintain a sewer  
7 system for the public located in an unincorporated  
8 area within Stone County, Missouri.

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9 BEFORE:

10 C. GENE FEE, Presiding,

11 CHIEF HEARING EXAMINER.

12 K. CRANDAL McDOUGALL,

13 HEARING EXAMINER.

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21  
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23  
24 REPORTED BY:

25 Karen M. Phelan

APPEARANCES:

W. R. ENGLAND, III, Attorney at Law,  
P. O. Box 456,  
Jefferson City, Missouri 65102,

FOR: APPLICANT: SOUTHWEST SEWER CORPORATION.

ERIC K. BANKS, Assistant General Counsel,  
100 East Capitol Avenue,  
Jefferson City, Missouri 65101,

FOR: THE STAFF OF THE MISSOURI PUBLIC  
SERVICE COMMISSION.



P R O C E E D I N G S

(Written Entries of Appearance Filed.)

(EXHIBITS NOS. 1 THROUGH 4 WERE MARKED BY  
THE REPORTER FOR IDENTIFICATION.)

EXAMINER FEE: The hearing will come to order.  
please in Cases No. SA-80-230, SA-81-2, and SA-81-36, being  
applications of Southwest Sewer Corporation for permission  
to construct sewer systems respectively in Jasper County,  
Greene County, and Stone County. At this time the  
Commission will receive entries of appearance, both written  
and oral.

MR. ENGLAND: Let the record reflect the  
appearance of W. R. England, mailing address, Post Office  
Box 456, Jefferson City, Missouri, 65102, appearing on behalf  
of Applicant, Southwest Sewer Corporation.

MR. BANKS: Eric Banks, business address,  
100 East Capitol, Jefferson City, Missouri, appearing for  
the Commission Staff.

EXAMINER FEE: Does the Applicant have a  
desire to make an opening statement?

MR. ENGLAND: Yes, sir. The case or cases  
that have been set for hearing today represent, I believe,  
a consolidation of three applications for a certificate  
of convenience and necessity for three distinct and different  
subdivisions by the same Applicant. Unfortunately and just

1 recently, Applicant found out that one of the areas to be  
2 certificated is no longer, or at least the developer is no  
3 longer, considering using Applicant to provide them with  
4 sewer service. Therefore, we would ask that that application  
5 for certificate be dismissed. That case being SA-81-2. But  
6 with respect to the other two hearings, we would anticipate  
7 going forward with the testimony of Mr. Keith Newcomb on  
8 behalf of the sewer company. And with respect to the application  
9 SA-80-230, which I will refer to as the Twin Hills Subdivision,  
10 our engineering witness will be Mr. Roger Phillips. And  
11 with respect to SA-81-36, I will refer to as the Lake Country  
12 Manor Subdivision, our engineering witness will be  
13 Mr. Ben Rozell.

14 EXAMINER FEE: All right. That request,  
15 amounting to the ultimate disposition of the case, will have  
16 to be ruled on by Order by a quorum of the Commission.  
17 Therefore, that dismissal will be contained in any Order  
18 to be issued in this matter.

19 Call your first witness.

20 MR. ENGLAND: May I call Mr. Keith Newcomb  
21 to the witness stand, please.

22 (Witness sworn.)  
23 \_\_\_\_\_  
24  
25

KEITH NEWCOMB testified as follows:

DIRECT EXAMINATION BY MR. ENGLAND:

Q State your name and business address for the record if you would, please.

A Keith Newcomb, Post Office Box 31, Mount Vernon, Missouri, 65712.

Q With respect to the application before the Commission today, Mr. Newcomb, by whom are you employed and in what capacity?

A Southwest Sewer Corporation, and I'm the President of the company.

Q And are you authorized to testify on behalf of Southwest Sewer Corporation?

A Yes, sir.

Q Would you briefly describe the business of the Southwest Sewer Corporation?

A We are going to operate and maintain sewage systems either--in this case, these are individual systems into a collection line with the filter as the tertiary system of discharge, or commercial systems such as you have in municipalities.

Q Mr. Newcomb, is the Applicant a Missouri corporation, and are its certificate of incorporation and articles of incorporation on file with the Commission in

Commission Case No. SA-80-13?



1 A Yes, sir.

2 Q And does the Applicant already possess a  
3 certificate for an area in the state of Missouri to operate  
4 as a sewer utility, subject to the regulation of this  
5 Commission?

6 A Yes, sir.

7 Q Besides yourself, who are the other officers  
8 of the Applicant?

9 A My brother-in-law, Mike Heath, is the Vice  
10 President. My wife is Secretary, Sherry Newcomb. And my  
11 father-in-law, Paul Heath, is the Treasurer.

12 Q Would you briefly describe, for the record,  
13 Mr. Newcomb, your educational or work experience background  
14 in the sewer business?

15 A I started seven years ago. We are a dis-  
16 tributor with a distributorship, and I have no education  
17 as far as formal education.

18 Q I see. Well, you say a distributorship. Dis-  
19 tributorship of what, sir?

20 A We have a distributorship of jet aeration,  
21 which are aeration sewage treatment systems for individual  
22 or commercial establishments.

23 Q And you have been operating, have you not, as  
24 a sewer utility, subject to the regulation of this Commission,  
25 one area in the state?



1                   A.     We have a permit. It's just getting started.

2                   Q.     With respect to the other officers, do they  
3 possess any work experience or educational experience in  
4 the sewer business?

5                   A.     Yes. Well, my brother-in-law, Mike Heath,  
6 who is the Vice President, like I, have been working seven  
7 years operating and maintaining the plants. He also has a  
8 Class C license. We also have my brother-in-law, who is not  
9 an officer, that has a Class B license. His name is John  
10 Heath.

11                  Q.     And do--these brothers-in-law, do they work for  
12 the company as well?

13                  A.     Yes, sir.

14                  Q.     Would you briefly describe the two areas sought  
15 to be served by the sewer company as part of the application  
16 before the Commission today?

17                  A.     Lake Country Manor is in the southwest part  
18 of Missouri, down by Kimberling City. It's 109 lots, which we  
19 would put in individual systems in each lot into a 4-inch  
20 collection line to a discharge point where there would be a  
21 tertiary or a sand filter system. Then it would discharge  
22 into the lake.

23                         Twin Hills is in Jasper County, close to  
24 Joplin. It is 49 lots. Also, we'll have the individual  
25 systems into a 4-inch collection line with the tertiary

1 system sand filter to an open discharge point.

2 Q Are the systems that you propose to install  
3 and operate in these two areas similar to the system that  
4 is proposed to be installed and operated in the airport  
5 subdivision district that you now have a certificate for?

6 A Yes, sir.

7 Q And are these areas more fully described in  
8 the feasibility studies of the engineers that are also to  
9 testify today?

10 A Yes, sir.

11 Q Are you aware of any other sewer service that  
12 is available to either one of these areas?

13 A No, sir.

14 Q Has the company complied with all state and  
15 federal regulations with respect to the construction, or  
16 proposed construction, of these sewer systems, to your  
17 knowledge?

18 A Yes, sir.

19 Q With respect to the construction of the  
20 systems, will you briefly describe who will do that con-  
21 struction; and then, secondly, how will that construction be  
22 funded?

23 A We will put in the collection lines and the  
24 tertiary sand filter system and the chlorinator--one of them  
25 has a chlorinator, one does not. The funding is through an

1 escrow account that we have entered into a contract with  
2 one developer, will enter into a contract with the other  
3 developer, that X amount of dollars is set aside into an escrow  
4 account as he sells each lot. That money will be used for  
5 the funding of the systems.

6 Q With respect to that contract, Mr. Newcomb,  
7 let me turn your attention to what has been marked for purposes  
8 of identification as Exhibit No. 3. And is that a copy of  
9 the contract that you have with one of the developers in this  
10 case?

11 A Yes, sir.

12 Q And do you anticipate--that is with the Twin  
13 Hills Subdivision in Jasper County; is that right?

14 A That's correct.

15 Q And do you anticipate entering into a similar  
16 contract with the developer of the Lake Country Manor  
17 Subdivision?

18 A Yes, sir.

19 Q And why have you not, as of this date, entered  
20 into a contract with that developer?

21 A To enter into the contract, we have to be  
22 able to tell him a price per lot that he has to put in the  
23 escrow account because it's in the contract. And we can't  
24 do that now as of yet because the Clean Water Department  
25 has a new engineer down there. And in sizing the filter



1 that he's requiring, he didn't take into account any reduction of  
2 B.O.D. He has it oversized. So we have to get that finalized  
3 before we can give the developer a firm price on the escrow  
4 account.

5 Q Getting back to the contract again, I'm not  
6 sure I understand; but the company proposes to fund or to  
7 have the construction funded by an escrow account which  
8 the developer will contribute to; is that correct?

9 A Yes, sir.

10 Q And does he contribute on a per lot basis?

11 A As he sells the lot, yes, sir.

12 Q And to the best of your ability, have you  
13 attempted to divide the projected cost of the system, collec-  
14 tion and treatment, by the number of lots in order to arrive  
15 at that per lot contribution?

16 A Yes, sir.

17 Q And in the case of Twin Hills Subdivision,  
18 that contribution will be--is it \$800 per lot?

19 A Yes, sir.

20 Q Turning your attention to the Twin Hills  
21 Subdivision, when will you be required to construct the  
22 collection lines and treatment facility?

23 A He has received an exemption from the state;  
24 and after the 15th home, I believe, is built, then the col-  
25 lection line and tertiary system and sand filter will have

to be constructed and installed.

Q So you anticipate the bulk of your construction to take place after the 15th home is built in that subdivision?

A Yes, sir.

Q And what is the developer's plan for construction of that subdivision?

A He's talking a five-year period. He's hoping ten homes per year. He has 49 lots.

Q So hopefully it will be fully developed at the end of five years?

A Yes, sir.

Q And extrapolating from that time table, is it your best estimate that the company will have to begin constructing the collection lines as well as the treatment facility in approximately 18 to 24 months from today?

A Yes, sir.

Q Do you know if there are any local franchise requirements that you will need to meet in order to operate as a sewer utility in either one of these two subdivisions?

A To my knowledge, there aren't.

Q And the company will own the sewer system, the collection lines as well as the treatment facility; is that correct?

A Yes, sir.

Q And who will see to the day-to-day operations of

1 maintenance of those lines and treatment facility?

2 A. The company.

3 Q And does the company also propose to render  
4 maintenance service to the individual treatment units?

5 A. Yes, sir. We're going to take care of the indi-  
6 vidual home units also.

7 Q Who will own the individual home units?

8 A. The home owner.

9 Q And is this similar to what you have proposed  
10 to do in the airport subdivision that you already have a  
11 certificate for?

12 A. Yes, sir.

13 Q With respect to operation and maintenance costs,  
14 have you attempted to arrive at an interim rate, monthly  
15 user rate, that would compensate the company for the operation  
16 and maintenance of the, not only individual units, but as  
17 well as the collection lines and treatment facilities?

18 A. Yes, sir.

19 Q And what did you estimate to be a rate, at  
20 least on an interim level, that you feel will be commensurate?

21 A. \$7 a month to the home owner.

22 Q To the extent that the sewer company does  
23 not receive enough revenues to cover its cost of service  
24 in the first year of operations, Mr. Newcomb, how do you  
25 anticipate subsidizing or accommodating that loss in the  
early years?



1           A     Our other company, Interstate Sewage, is  
2 going to subsidize Southwest Sewer.

3           Q     Again, is that similar to the proposal that  
4 you made in the airport subdivision certificate case?

5           A     Yes, sir.

6           Q     Let me get back to the Lake Country Manor,  
7 Subdivision. You've talked about the time table for develop-  
8 ment of Twin Hills. Do you know what the time table for  
9 development of the Lake Country Manor Subdivision is?

10          A     Ben Rozell has mentioned that they had told  
11 him and he feels, within a 10-year period, 80 percent of the  
12 lots will be sold and probably about 50 homes built within  
13 the 10-year period. And projecting at any one given year,  
14 he thought no more than 10 homes and probably 3 to 5 homes  
15 per year.

16          Q     Again, in light of the Twin Hills Subdivision,  
17 but turning your attention to Lake Country Manor, when will  
18 the company be required to install the filter system and the  
19 collection lines?

20          A     After the--I believe, it's the 36th house is  
21 built, we will have to install the collection system and the  
22 filter, the tertiary filter.

23          Q     Is that based on a 30 percent development?

24          A     Yes, sir.

25          Q     And is that a requirement of DNR or a variance,

1       rather, that DNR is--

2               A     It's an exemption. Yes, sir.

3               Q     What was the total number of customers to  
4       be developed in Lake Country Manor?

5               A     109 lots.

6               Q     You are asking, however, to certificate an  
7       area that encompasses approximately 430 acres, are you not?

8               A     Yes, sir.

9               Q     And the 109 lots only occupy a portion of that  
10      total certificated area?

11              A     Yes, sir.

12              Q     You understand that, if someone builds in  
13      another part of that certificated area and requests service  
14      from you and is willing to comply with the rules and  
15      regulations that you may have on file and approved by the  
16      Commission, that you will have to render sewer service to  
17      them?

18              A     Yes, sir.

19              Q     What type of emergency provisions does the  
20      company have for providing emergency sewer service?

21              A     We have four people that could go out. We  
22      have three different phone numbers that they could call,  
23      my home phone plus the two phones out at the plant. So they  
24      could have 24-hour access to someone.

25              Q     Are those numbers made available and known

1 to the customers?

2 A Yes, sir.

3 Q Are these areas being developed, or proposed  
4 to be developed, in the very near future, Mr. Newcomb?

5 A Yes, sir.

6 Q And to your knowledge, then they will be  
7 requiring sewer service as soon as that development begins  
8 and homes are located in these subdivisions?

9 A As soon as the number of homes are built,  
10 yes, sir.

11 Q And regardless of when you have to put in  
12 the collection system and the filter system, you still will  
13 be maintaining and operating or repairing, if needs be, the  
14 individual home units which the home owner is required to  
15 buy when they build their home?

16 A That's correct. May I amend something?  
17 I said my number. We probably will give, besides the two  
18 plant numbers, my brother-in laws' numbers, because they  
19 are going to be mainly the servicemen.

20 Q With respect to the Twin Hills Subdivision,  
21 have you received preliminary approval from the Missouri  
22 Department of Natural Resources?

23 A Yes, sir. It's in the form of a letter.  
24 They--as you know, the first time we went through this, we  
25 got into a chicken-and-egg situation. They wouldn't give us



1 approval until the PSC gave us approval, and the PSC couldn't  
2 until they did. So what they agreed to do is formulate a letter  
3 saying that, as submitted to them, the plans and everything  
4 are agreeable with them. And then their final approval comes  
5 once we get the PSC.

6 Q And does Exhibit No. 4, or the document that  
7 has been marked for purposes of identification as Exhibit  
8 No. 4, reflect that letter of preliminary approval you've  
9 been talking about?

10 A Yes, sir.

11 Q As a regulated sewer company operator,  
12 Mr. Newcomb, you are aware and understand PSC rules and  
13 regulations with respect to billings, connection, disconnection of  
14 service, things of that nature? And you are willing to  
15 abide by the, not only the PSC law, but their rules and  
16 regulations, are you not?

17 A Yes, sir.

18 MR. ENGLAND: Mr. Examiner, we do not at this  
19 time have with us, as testified to by Mr. Newcomb, the con-  
20 tract with the developer of the Lake Country Manor Subdivision  
21 and would request that a late-filed exhibit number be reserved  
22 for that as well as preliminary approval from the Missouri  
23 Department of Natural Resources for the sewer system to  
24 be installed at the Lake Country Manor Subdivision. If we  
25 could have numbers assigned to those late-filed exhibits--

1 EXAMINER FEE: We'll receive the agreement  
2 with the developer as Exhibit 5, and we'll receive the  
3 preliminary approval of the Department of Natural Resources  
4 as Exhibit 6.

5 MR. ENGLAND: I don't believe I have any other  
6 questions of this witness at this time and would tender him  
7 for cross-examination and offer the exhibits identified by  
8 him subject to cross-examination.

9 EXAMINER FEE: Mr. Banks.

10 MR. BANKS: Thank you, your Honor.

11 CROSS-EXAMINATION BY MR. BANKS:

12 Q Mr. Newcomb, I would like to make sure that  
13 I understand the sewer, individual sewer systems. These  
14 will be units that will be an individual unit for each  
15 household; is that correct?

16 A Yes, sir.

17 Q And will these units be initially paid for  
18 by the developer originally?

19 A Well, the developer or the home builder.  
20 Actually the homeowner will pay for them, but it will be  
21 in the cost. Yes, sir.

22 Q It will be in the cost of the home?

23 A Right.

24 Q You have testified that you have agreed to  
25 continue following the rules and regulations of the

Commission. Does that agreement include your willingness to use the Uniform System of Accounts for keeping your books?

A Yes, sir.

Q And have you agreed to--will you be willing to file tariffs within 180 days of the operation of the Order?

A Yes, sir.

MR. BANKS: Thank you, Mr. Newcomb. Your Honor, I have no further questions.

EXAMINER FEE: Do you have any redirect?

MR. ENGLAND: No, your Honor.

EXAMINER FEE: The witness may be excused, and Exhibits 1 through 4 will be received in evidence.

(Witness excused.)

(EXHIBITS 1 THROUGH 4 WERE RECEIVED IN EVIDENCE AND MADE A PART OF THIS RECORD.)

MR. ENGLAND: At this time, your Honor, I'd like to call Mr. Ben Rozell.

(Witness affirmed.)

BENNY T. ROZELL testified as follows:

DIRECT EXAMINATION BY MR. ENGLAND:

Q Would you state your name and business address for the record, please?

A Benny T. Rozell, 123 West Pacific Street, Branson, Missouri, 65616.



1 Q And Mr. Rozell, by whom are you employed and  
2 in what capacity?

3 A Self-employed. The name of the company is Rozell  
4 Engineering Company. I'm the owner.

5 Q And would you briefly describe your educational  
6 background as well as your work experience?

7 A I'm a professional engineer licensed in the  
8 state of Missouri. I graduated from the University of  
9 Missouri at Rolla, and I have been self-employed since 1972.  
10 And prior to that, I worked with the Corps of Engineers and  
11 various other companies.

12 Q And have you been retained by the Applicant,  
13 Southwest Sewer Corporation, to present a feasibility study  
14 with respect to the proposed sewage collection and treatment  
15 facility in the Lake Country Manor Subdivision?

16 A Yes, sir.

17 Q In that regard, have you prepared an exhibit  
18 which has been marked for purposes of identification as  
19 Exhibit No. 1 which is that feasibility study?

20 A Yes, it is.

21 Q Was that prepared by you?

22 A Yes, it was.

23 Q And is the information contained therein true  
24 and correct to the best of your knowledge and belief?

25 A Yes, it is.

1 Q Would you briefly describe the contents of  
2 that feasibility study as it relates to the Lake Country  
3 Manor Subdivision, please?

4 A The feasibility study contained here takes  
5 a portion of the district applied for, and it is subdivided  
6 into 109 lots. This proposes to collect sewer through  
7 individual home units which reduces these solids load of  
8 your sewage effluent.

9 This effluent is then collected into gravity  
10 flow lines. It is collected at a central point and treated  
11 through a sand filter system.

12 Q Now, in that feasibility study, you provide  
13 a legal description of the area to be certificated, do you  
14 not, sir?

15 A Yes, sir.

16 Q And is that true and correct to the best of  
17 your knowledge and belief?

18 A Yes, it is.

19 Q You also provide, I believe, a map of the  
20 area which is attached to the back of that feasibility study.

21 A Yes, it is.

22 Q And for purposes of the tariff to be filed,  
23 if one is to be filed in this case, we've agreed, or you  
24 have agreed, to supply a different map similar to the one  
25 that we were talking about earlier, I assume?

1 A Yes, sir.

2 Q Have you also presented, in that feasibility  
3 study, a breakdown of the anticipated project costs, the  
4 construction costs of the collection line and the filter  
5 system?

6 A I have.

7 Q As I understand it, those costs are still--  
8 those are your estimate right now. They are still a bit  
9 undetermined because you have not received preliminary  
10 approval from DNR to implement the system that you have  
11 proposed; is that correct?

12 A That's correct.

13 Q When do you expect to receive preliminary  
14 approval from DNR? Do you have any estimation on that?

15 A The normal time would be approximately 2,  
16 3 weeks.

17 Q Have you also--I believe it's on page 4 of  
18 your feasibility study. Have you also projected the annual  
19 cost to run this sewer system?

20 A Yes, sir.

21 Q And that is contained on page 4 as well as  
22 the construction cost?

23 A That's right.

24 Q Based upon your analysis in your feasibility  
25 study, Mr. Rozell, is it your opinion that the system that's



designed and presented in this feasibility study is adequate to serve the needs that it is designed to serve, the 109 customers in the Lake Country Manor Subdivision?

A. Yes, sir.

Q. And is it also your conclusion that, from an engineering point of view, the proposition or the proposal is feasible?

A. Yes, it is.

Q. And from an economical point of view, is it also your testimony that it's feasible?

A. Yes, it is.

MR. ENGLAND: I have no other questions of the witness and would tender him for cross-examination. And if I have not done so, or if it has not been admitted, I offer Exhibit No. 1, subject to cross-examination.

EXAMINER FEE: I have already prematurely received Exhibit No. 1.

MR. ENGLAND: I thought you did, but I wasn't sure.

EXAMINER FEE: Mr. Banks.

MR. BANKS: I have no questions, your Honor.

EXAMINER FEE: The witness may be excused.

(Witness excused.)

MR. ENGLAND: At this time, your Honor, I'd

1 like to call to the witness stand Mr. Roger Phillips.

2 (Witness sworn.)

3  
4 MR. ENGLAND: Mr. Examiner, excuse me. Would  
5 it be all right for Mr. Rozell to be excused from the hearing  
6 room?

7 EXAMINER FEE: Yes.

8 MR. ENGLAND: Thank you.

9 ROGER PHILLIPS testified as follows:

10 DIRECT EXAMINATION BY MR. ENGLAND:

11 Q Would you state your name and business address  
12 for the record, please?

13 A My name is Roger Phillips, and I am employed  
14 with Gordon & Associates at 2244 South Campbell, Springfield,  
15 Missouri, 65807.

16 Q And are you a licensed professional engineer  
17 in the state of Missouri?

18 A Yes, I am.

19 Q Basically or briefly, rather, what is your  
20 educational background and work experience background,  
21 Mr. Phillips?

22 A I graduated from the University of Missouri  
23 at Rolla six years ago, in '74, and have worked in civil  
24 engineering since that time, six years.

25 Q As an employee, or is that correct, of

1 Gordon & Associates? Are you familiar with the feasibility  
2 study prepared by Mr. Gordon?

3 A. Yes, I am.

4 Q. With respect to the Twin Hills Subdivision?

5 A. Yes.

6 Q. And is that feasibility study evidenced by  
7 Exhibit No. 2 which has been previously marked for the purpose  
8 of identification?

9 A. Yes, it is.

10 Q. Would you briefly describe for the record the  
11 feasibility study, the different aspects of the proposed  
12 sewer collection and treatment facility?

13 A. This subdivision is made up of 49 lots which  
14 each lot is going to have its own separate treatment plant.  
15 The effluent--once 15 homes are completed, the effluent will  
16 be gathered by a central collection system which will flow  
17 to a sand filter and chlorinator.

18 Q. And have you, in the context of this feasibility  
19 study, presented a legal description of the area to be  
20 served?

21 A. Yes, I have.

22 Q. And have you also prepared a map that was  
23 attached to that feasibility study of the area to be served?

24 A. Yes.

25 Q. Now, it's my understanding that that map is



1 incorrect, is that true?

2 A Yes, that is true. We have revised the plans,  
3 and we will change this location map to be in accordance  
4 with the plant areas.

5 Q So for purposes of presenting to the  
6 Commission in the company's tariff a map of its certificated  
7 area, you will submit a revised and corrected map; is that  
8 correct?

9 A Yes.

10 Q Now, let me turn your attention to the facility  
11 cost--it's not numbered, but it's a page of approximately  
12 7 or 8 pages into the feasibility study--and ask if you have  
13 any corrections to make to those cost estimates?

14 A Yes. The collection line and appurtenances  
15 was listed as approximately \$58,000, that and the treatment  
16 plant. The design has changed since this facility cost was  
17 worked up.

18 Q Excuse me a second. Is it my understanding  
19 that these costs for the collection line and treatment plant  
20 were based upon a central treatment facility system with  
21 larger mains, manholes, what I consider a more conventional  
22 sewer type operation?

23 A Yes, it was.

24 Q And in light of the fact that it's going to be  
25 an individually- treated sewage system, does that require

1 a revision downward of these costs?

2 A Yes, it does.

3 Q Would you describe for the record what the  
4 revised cost would be?

5 A Well, the collection line is going to be  
6 listed as \$32,940. The treatment plant, or which will  
7 actually be the sand filter and the chlorinator, will have  
8 a cost of \$6,300. The contingency will be reduced to \$2,500.

9 Q I see. Now, with respect to the per lot  
10 contribution calculated at the bottom, do you understand  
11 that the contract provides for an \$800 per lot contribution?

12 A Yes.

13 Q And though the bottom says 1,000, approximately,  
14 dollars per lot, that figure would be more closely, or after  
15 your revisions, would come down more closely to the \$800  
16 per lot figure?

17 A Yes, that is true.

18 Q Based upon your analysis of the system,  
19 Mr. Phillips, is it your opinion that it will adequately  
20 serve the needs of the people in the Twin Hills Subdivision?

21 A Yes.

22 Q And is it also your opinion that the project  
23 is engineeringly feasible?

24 A Yes.

25 Q And from an economics point of view, is it

1 also your opinion that it is economically feasible?

2 A Yes, it is.

3 Q I believe I've already asked this of  
4 Mr. Newcomb, but just to be sure. We do have, or the company  
5 does have, preliminary DNR approval for this system, do they  
6 not?

7 A Yes, that is true.

8 MR. ENGLAND: I have no other questions of  
9 this witness and tender him for cross-examination.

10 EXAMINER FEE: Mr. Banks.

11 MR. BANKS: I have no questions, your Honor.

12 EXAMINER FEE: The witness may be excused.

13 (Witness excused.)

14

15 MR. ENGLAND: Before we conclude the  
16 Applicant's case, let me be sure that all four exhibits have  
17 been included or admitted into evidence.

18 EXAMINER FEE: Yes.

19 MR. ENGLAND: Thank you. That concludes the  
20 Applicant's case except for the filing of the late-filed  
21 exhibits.

22 EXAMINER FEE: Mr. Banks.

23 MR. BANKS: Thank you, your Honor.

24 Your Honor, at this time I'd like to call  
25 Mr. Earl Ebbe as the Staff witness.



(Witness sworn.)

EARL EBBE testified as follows:

DIRECT EXAMINATION BY MR. BANKS:

Q Mr. Ebbe, would you please state your complete name and business address for the record?

A Earl E. Ebbe, in care of the Public Service Commission, Box 360, Jefferson City, Missouri, 65102.

Q Mr. Ebbe, what is your profession?

A Civil Engineer:

Q And would you please explain your educational and experience background?

A I graduated from the University of Missouri at Columbia in '38. And I have worked with consulting engineers and in the construction business, mostly buildings, some water works and sewer plants and have been a private engineer for awhile and in connection with the Public Service Commission.

Q Mr. Ebbe, have you worked on the two applications which are the subject matter of this hearing today?

A Yes, sir.

Q What type of work have you done on these applications?

A Come again, please?

Q What type of work have you done regarding the applications?

1           A.    I checked over the feasibility studies that  
2 they submitted and figured that they were in pretty good  
3 shape.

4           Q.    Did you come up with a recommendation for these  
5 applications?

6           A.    Yes, sir.

7           Q.    And what is that recommendation?

8           A.    I believe the company is responsible and will  
9 fulfill the duties of the application and that it will be  
10 a viable application.

11          Q.    Do you agree that the agreement for Interstate  
12 Sewer Treatment Company to subsidize the operations for  
13 Lake Country Manor initially is feasible?

14          A.    Yes, sir.

15          Q.    Did you devise a suggested rate for these  
16 applications?

17          A.    Yes, sir.

18          Q.    What is that rate?

19          A.    I recommended \$7 per month per customer would  
20 be feasible.

21          Q.    How did you arrive at that rate?

22          A.    It was a rate suggested by the Applicant,  
23 but it was cross-checked. And for a year or two in both  
24 instances, it would require some subsidy from the parent  
25 company.

1 Q What is your opinion about the company filing  
2 a tariff?

3 A I think the company should be required to  
4 file a tariff within 180 days. That would include their  
5 rules and regulations and the amount of the tariff.

6 Q What is your opinion about interim rates?

7 A I believe that these rates, the \$7 per month,  
8 should be reviewed in about 18 months.

9 Q Is there anything else that you would like  
10 to add?

11 A No, sir.

12 Q Mr. Ebbe, would you recommend that the Staff--  
13 that the Commission presently grant the certificate for the  
14 Twin Hills area and then grant the certificate for the Lake  
15 Country Manor area pending their supplying us with the  
16 additional information?

17 A Yes, sir. That would be correct. I need  
18 more information on Lake Country Manor.

19 Q Thank you, Mr. Ebbe.

20 MR. BANKS: I have no further questions, your  
21 Honor.

22 MR. ENGLAND: No questions, your Honor.

23 EXAMINER FEE: The witness may be excused.  
24 Thank you, sir.

25 (Witness excused.)



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EXAMINER FEE: Is there anything further,  
Mr. Banks?

MR. BANKS: No, your Honor.

EXAMINER FEE: The Applicant has nothing  
further?

MR. ENGLAND: The Applicant has nothing further

EXAMINER FEE: If the parties are willing  
to waive compliance with Section 536.080 of the statutes  
concerning the reading of the transcript, please execute  
a written waiver. This matter will be ruled on by Order  
of the Commission and the hearing stands adjourned.

WHEREUPON, the hearing of this case was  
concluded.

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I N D E X

APPLICANT'S EVIDENCE:

PAGE

KEITH NEWCOMB

Direct Examination by Mr. England  
Cross-Examination by Mr. Banks

6  
18

BENNY T. ROZELL

Direct Examination by Mr. England

19

ROGER PHILLIPS

Direct Examination by Mr. England

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STAFF'S EVIDENCE:

EARL EBBE

Direct Examination by Mr. Banks

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E X H I B I T S

	<u>MARKED</u>	<u>RECEIVED</u>
Exhibit No. 1 Feasibility Study for Lake Country Manor Subdivision	4	19
Exhibit No. 2 Feasibility Study for Twin Hills Subdivision	4	19
Exhibit No. 3 Agreement	4	19
Exhibit No. 4 Preliminary Approval Letter from the Department of Natural Resources, Twin Hills Subdivision	4	19
Exhibit No. 5 Contract	*	
Exhibit No. 6 Preliminary Approval Letter from the Department of Natural Resources, Lake Country Manor Subdivision	*	

\* Late-Filed Exhibits. See pages 17 and 18.