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STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a Session of the Public Service
Commission held at its office
in Jefferson City on the 25th
day of February, 1999.

In the matter of the Application of)
George Hoesch, for a Certificate of)
Convenience and Necessity Authorizing)
Him to Own, Operate, and Maintain a)
Water System for the Public, Located)
in an Unincorporated Area of the)
County of Gasconade, Missouri.)

Case No. WA-97-510

ORDER APPROVING STIPULATION AND AGREEMENT

On May 27, 1997, George Hoesch filed an application for a certificate of public convenience and necessity to provide water service in an unincorporated area of Gasconade County. On November 9, 1998, George Hoesch filed direct testimony. On November 30, the Staff of the Commission (Staff) and the Office of the Public Counsel (Public Counsel) filed rebuttal testimony. On December 17, at the request of the Applicant, Gascony Water Company was substituted for George Hoesch.

On December 18, the parties filed a unanimous stipulation and agreement, attached hereto as Attachment A, that resolved all the issues. On January 6, 1999, Staff filed testimony in support of the stipulation in which it explains how the agreed upon rates were determined.

The stipulation reflects that the parties are in agreement that the Commission should grant Applicant a certificate of convenience and necessity to provide water service in the area described in the

application. Pursuant to the stipulation, Applicant will file tariffs implementing the rates and charges agreed upon by the parties. Applicant will also keep its books and records in accordance with the Uniform System of Accounts, use the depreciation rates agreed upon by the parties, and maintain other records as set out in the stipulation. Staff will conduct a rate review between twelve and eighteen months after the effective date of the certificate.

The Commission finds that granting Applicant a certificate of convenience and necessity is in the public interest. Pursuant to Section 536.060 RSMo 1994, the Commission may accept the Stipulation and Agreement as a resolution of the issues in this case. The Commission has reviewed the Stipulation and Agreement and evidence of record in this matter and finds that substantial and competent evidence of record exists to find the Stipulation and Agreement to be reasonable and in the public interest and will, therefore, approve it.

On January 14, Robert C. Johnson filed for leave to withdraw as counsel for Applicant. Since Applicant is still represented by other counsel, the Commission will allow this withdrawal.

IT IS THEREFORE ORDERED:

1. That the Stipulation and Agreement, marked as Attachment A to this Order and incorporated herein, is hereby approved.

2. That Gascony Water Company is granted a certificate of public convenience and necessity to provide water service in the area described in the application, but is not authorized to provide service until the effective date of the tariffs filed pursuant to Ordered paragraph 3 herein and approved by this Commission.

3. That Gascony Water Company shall file with the Commission tariff sheets as described in the Stipulation and Agreement.

4. That Robert C. Johnson may withdraw as counsel for Applicant.

5. That this order shall become effective March 9, 1999.

BY THE COMMISSION



Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

(S E A L)

Lumpe, Ch., Crumpton and Drainer, CC., concur
Murray and Schemenauer, CC., absent

Mills, Deputy Chief Regulatory Law Judge

BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION FILED

OF THE STATE OF MISSOURI

'98 DEC 18 AM 11 16

MO PSC
RECORDS DEPT.

In the Matter of the Application of George)
Hoesch, for a Certificate of Convenience)
and Necessity Authorizing Him to Own,)
Operate, and Maintain a Water System for)
the Public, Located in an Unincorporated)
Area of the County of Gasconade,)
Missouri.)

Case No. WA-97-510

STIPULATION AND AGREEMENT

On May 27, 1997, George Hoesch (Applicant) filed with the Missouri Public Service Commission (Commission) an Application for a certificate of convenience and necessity for a water system in an unincorporated area of Gasconade County, Missouri.

On June 30, 1997, Gascony Association, Inc. (Association), the homeowner's association within the area sought to be certificated, filed a Request to Intervene. On July 15, 1997, the Association was granted intervention in this matter.

On October 26, 1998, the Association's attorney filed a Withdrawal of Counsel in the referenced matter.

On November 6, 1998, Applicant filed the Direct Testimony of witnesses George R. Hoesch and Ernest Harwig. On November 25, 1998, the Applicant George Hoesch filed a motion requesting that Gascony Water Company, Inc. (Company) be substituted as the Applicant in this proceeding.

On November 30, 1998, the Staff of the Missouri Public Service Commission (Staff) filed the Rebuttal Testimony of witnesses James M. Russo, Guy C. Gilbert, and James A.

Merciel, Jr. Also on November 30, 1998, the Office of the Public Counsel (Public Counsel) filed the Rebuttal Testimony of witness Kimberly K. Bolin.

The Applicant, the Staff, and Public Counsel were represented at the prehearing conference on December 3, 1998. As a result of the prehearing conference and further negotiations, the undersigned parties have reached the following stipulations and agreements:

1. The parties agree that the Company should be substituted as the Applicant in this proceeding.

2. The parties agree that the Commission should issue a Report and Order granting the Company a certificate of public convenience and necessity for the area described in the Application.

3. The Company agrees to file a tariff no later than thirty (30) days after the effective date of a Report and Order granting the Company a certificate of public convenience and necessity. The parties suggest that the Report and Order should provide for the certificate to become effective upon the effective date of the tariff.

4. The parties agree to the rates for water service as set forth on Schedule 1. Schedule 2 shows the Staff's rate calculations. The parties agree that many of the components utilized by the Staff in developing Schedules 1 and 2 are estimates and no party shall be bound by these components or calculations in any future ratemaking proceeding.

5. The Company agrees to install meters at the pool, kitchen and dump station before rates go into effect. Metered rates for these facilities will be developed in the Company's next rate proceeding. Flat rates will apply to these facilities until metered rates take effect.

6. The Staff will conduct a rate review between twelve and eighteen months after the effective date of a certificate so that the reasonableness of the estimated expenses and rates can be checked.

7. The parties agree to the depreciation rates as set out on Schedule 3.

8. Because the Company is a small water company and its residential customers do not yet have meters, the parties agree that the Company's tariff can require advance payment for unmetered water service, in which event, the customer shall have thirty days from rendition to pay the bill.

9. The parties agree that the reconnection fee for a customer whose service is discontinued for non-payment of a bill or other tariff violation will be \$425.00. Schedule 4 shows a break down of this estimated amount.

10. The Company agrees to maintain employee time sheets, telephone usage logs, vehicle logs, equipment use logs, work orders, continuing property records, and customer complaint records, examples of which are attached as Schedules 5, 6, 7, 8, 9, 10 and 11.

11. The Company agrees to maintain its books and records in accordance with the Uniform System of Accounts.

12. The parties agree that the prefiled testimony submitted by the Applicant, the Staff and Public Counsel may be received into evidence without the necessity of their respective witnesses taking the stand.

13. This Stipulation and Agreement represents a negotiated settlement for the sole purpose of disposing of this case. None of the signatories shall be prejudiced or bound in any manner by the terms of this Stipulation and Agreement in any other proceeding, except as otherwise specified herein.

14. None of the signatories shall be deemed to have approved or acquiesced in any ratemaking principle or any method of cost determination or cost allocation underlying or allegedly underlying this Stipulation and Agreement, except to the extent specified herein.

15. This Stipulation and Agreement has resulted from extensive negotiations among the signatories and the terms hereof are interdependent. In the event the Commission does not approve and adopt this Stipulation and Agreement, in total, this Stipulation and Agreement shall be void and no signatory shall be bound by any of the agreements or provisions thereof.

16. In the event the Commission accepts the specific terms of this Stipulation and Agreement, the signatories waive their respective rights to cross-examine witnesses pursuant to Section 536.070 RSMo 1994 and to present oral argument and written briefs pursuant to Section 536.080.1 RSMo 1994, their respective rights to the reading of the transcript by the Commission pursuant to Section 536.080.2 RSMo 1994, and their respective rights to judicial review pursuant to Section 386.510 RSMo 1994.

17. If requested by the Commission, the Staff shall have the right to submit to the Commission a memorandum explaining its rationale for entering into this Stipulation and Agreement. Each party of record shall be served with a copy of any memorandum and shall be entitled to submit to the Commission, within five days of receipt of Staff's memorandum, a responsive memorandum which shall also be served on all parties. All memoranda submitted by the parties shall be considered privileged in the same manner as are settlement discussions under the Commission's rules, shall be maintained on a confidential basis by all parties, and shall not become a part of the record of this proceeding or bind or prejudice the party submitting such memorandum in any future proceeding or in this proceeding whether or not the Commission approves this Stipulation and Agreement. The contents of any memorandum provided by any party are its own and are not acquiesced in or otherwise adopted by the other signatories to this Stipulation and Agreement, whether or not the Commission approves and adopts this Stipulation and Agreement.

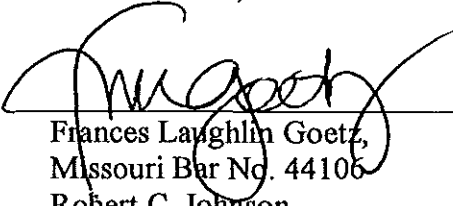
The Staff shall also have the right to provide, at any agenda meeting at which this Stipulation and Agreement is noticed to be considered by the Commission, whatever oral explanation the Commission requests, provided that the Staff shall, to the extent reasonably practicable, provide the other parties with advance notice of when the Staff shall respond to the Commission's request for such explanation once such explanation is requested from Staff. Staff's oral explanation shall be subject to public disclosure, except to the extent it refers to matters that are privileged or protected from disclosure pursuant to any protective order issued in this case.

18. The Staff shall have the right to file suggestions or prepared testimony in support of this Stipulation and Agreement and the other parties shall have the right to file responsive suggestions or prepared testimony.

WHEREFORE, the signatories respectfully request that the Commission issue an order which approves the Stipulation and Agreement, which adopts and sets forth the agreed upon depreciation rates, which grants the Company the requested certificate of convenience and necessity, and which authorizes the Company to file tariffs conforming to the terms hereof.

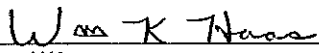
GEORGE HOESCH and GASCONY
WATER COMPANY, INC.

By: _____

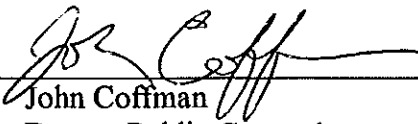

Frances Laughlin Goetz,
Missouri Bar No. 44106
Robert C. Johnson
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720 Olive Street, Suite 2400
St. Louis, MO 63101

STAFF OF THE MISSOURI PUBLIC
SERVICE COMMISSION

By: _____



William K. Haas
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Jefferson City, MO 65101

OFFICE OF THE PUBLIC COUNSEL

By: 
John Coffman
Deputy Public Counsel
Missouri Bar No. 36591
Shannon Cook
Assistant Public Counsel
Missouri Bar No. 50169
P. O. Box 7800
Jefferson City, MO 65101

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 18th day of December, 1998.



SERVICE LIST FOR
CASE NO. WA-97-510
December 18, 1998

Office of the Public Counsel
P.O. Box 7800
Jefferson City, MO 65102

Robert C. Johnson/Frances L. Goetz
Peper, Martin, Jensen Maichel & Hetlage
720 Olive Street, Suite 2400
St. Louis, MO 63101

Stipulated Rates

Quarterly rates		Annual
Pool/Bath	\$ 368.16	\$ 1,472.64
Kitchen	\$ 58.39	\$ 233.56
Dump Station	\$ 170.74	\$ 682.96
Full-Time residential	\$ 103.33	\$ 413.32
Part-time residential and other commercial	\$ 36.88	\$ 147.52

WATER RATE DESIGN

Quarterly billing

Stipulated Rates

Rate base	Item	Orig cost	contribution	depr	depr exp	Years in svc
\$ 20,000	Startup	\$ 20,000.00			20% \$ 4,000.00	-
\$ 150	Meters	\$ 150.00			10% \$ 15.00	
\$ 850	Meter install	\$ 850.00			3% \$ 24.65	
\$ 21,000.00					\$ 4,039.65	

- 180 Customers
- 20 Full time residential customers
- 3 Commercial
- 157 Part time residential and small commercial
- 2577 Thousand Gallons total annual pumped water
- 10% Assumed unaccounted for water

Expenses		Total	customer	commodity
Return	11%	2,310	-	2,310
Deprec		4,040	-	4,040
Electric		500	-	500
Mgt -oper-clerical		15,000	10,000	5,000
Maintenance		1,500	500	1,000
Vehicle		2,829	1,414	1,415
Testing		500	500	-
Rent		1,500	1,500	-
Office equip - suppl		400	400	-
Telephone		600	600	-
Postage		300	300	-
Insurance		-	-	-
Taxes other than income		70	-	70
Income taxes	23.91%	552	-	552
Legal, accounting		1,500	1,500	-
Misc, contingency, M & S,		1,200	1,200	-
Uncollectible	2%	676	676	-
PSC Assess	1.004%	340	340	-
Design Revenue		\$33,817	\$18,930	\$14,887

QUARTERLY RATES
(for flat rate calculation)

Customer charge
\$ 26.29

Commodity charge
\$ 6.42 /1,000 gal

DEVELOPMENT OF FLAT RATES

Assume full time customers use , gallons per quarter 12,000
Common property except swimming pool considered part time

Swimming pool est	5 months activity dimensions	60	40	
	fill vol	7 feet		126000 gallons/yr
	evaporation	5 inches/mo		7500 gallons/mo
	splashing, loss shower	100 people		2000 gal/mo
		8 weekend days		
		6 gal		4800 gallons/mo
	misc use			3000 gal/mo

Customer	Annual use		QUARTERLY FLAT RATES	annual
Pool/Bath	213 Thousand Gal		368.16	1472.64
Kitchen	20 Thousand Gal	Estimated use per Company	58.39	233.56
Dump Stat	90 Thousand Gal	Estimated use per Company	170.74	682.96
Full time	960 Thousand Gal		103.33	413.32
Part time	1,036 Thousand Gal		36.88	147.52
	1,650	Gallons per part-time customer per quarter		

REVENUE CHECK

	Quarterly rates	Annual Revenue
Pool/Bath	368.16	\$ 1,472.64
Kitchen	58.39	\$ 233.56
Dump Station	170.74	\$ 682.96
20 Full time customers	103.33	\$ 8,266.40
157 Part time customers	36.88	\$ 23,160.64
		\$ 33,816.20
		\$ 33,817.00
		\$ (0.80)

GEORGE HOESCH DEPRECIATION RATES

(WATER)

Case No. WA-97-510

<u>Acct. No.</u>	<u>Description of Account</u>	<u>Annual Rate</u>
311	Structures & Improvements	2.5%
314	Wells & Springs	2.0%
316	Supply Mains	2.0%
317	Other Water Source Plant	2.0%
321	Structures & Improvements	2.5%
325	Electric Pumping Equipment	10.0%
328	Other Pumping Equipment	5.0%
331	Structures & Improvements	2.5%
332	Water Treatment Equipment	2.9%
341	Structures & Improvements	2.5%
343	Transmission & Distribution Mains	2.0%
345	Services	2.9%
346.2	Meters - Plastic Chamber (10 yr, 0 salv)	10.0%
346.3	Meter Installations (Services Rate)	2.9%
348	Hydrants	2.5%
349	Other Transmission & Distribution Plant	3.3%
390	Structures & Improvements	2.9%
391	Office Furniture & Equipment	5.0%
391.1	Office Computer Equipment	20.0%
392	Transportation Equipment (7 yr, +9% salv)	13.0%
394	Tools, Shop, Garage Equipment	5.0%
398	Miscellaneous Equipment	5.0%

Gascony Water Company
WA-97-510

Connection/Reconnection Charge

Meter Setting Breakdown

Meter jumper				\$	10.00
Yoke					50.47
Meter Box					29.74
Connection hardware					12.44
Inserts					1.84
Frame and Cover					22.40
Sales tax					7.99
Backhoe	3.8 hrs	@	\$	60	228.00
Labor	4 hrs	@	\$	15	60.00
					422.88

Stipulated amount \$ 425

Employee Time Sheet

For Week of _____, 19____ to _____, 19____

Employee Name: _____

Work Order No. or Work Description	A/C Charged	Time Expended This Week (nearest 1/2 hour)							Total Hours
		Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday	

0001/1

Employee Time Sheet

For Week of _____, 19____ to _____, 19____

Employee Name: _____

Work Order No. or Work Description	A/C Charged	Time Expended This Week (nearest 1/2 hour)							Total Hours
		Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday	

Equipment Use Log

Work Order No. _____ Date: _____ / _____ / _____

Time at Job Site: *(Note if additional days are required)*

Equipment Hour Meter Readings:

Time Equipment Returned From Job Site: _____

At Completion of Job: _____

Time Equipment Taken to Job Site: _____

At Start of Job: _____

Hours Equipment Required at Job Site: _____

Actual Equipment Hours Used: _____

Company Hourly Cost Rate of Equipment: \$ _____

Total Equipment Cost for Work Orders: \$ _____ *(Post to Work Order Form)*

Description and Purpose of Work Performed with Equipment: _____

Please describe on back any equipment repairs that were necessary as a result of todays operations.

0004/KK

Equipment Use Log

Work Order No. _____ Date: _____ / _____ / _____

Time at Job Site: *(Note if additional days are required)*

Equipment Hour Meter Readings:

Time Equipment Returned From Job Site: _____

At Completion of Job: _____

Time Equipment Taken to Job Site: _____

At Start of Job: _____

Hours Equipment Required at Job Site: _____

Actual Equipment Hours Used: _____

Company Hourly Cost Rate of Equipment: \$ _____

Total Equipment Cost for Work Orders: \$ _____ *(Post to Work Order Form)*

Description and Purpose of Work Performed with Equipment: _____

Please describe on back any equipment repairs that were necessary as a result of todays operations.

0004:KK

Work Order

Work Order No. _____ Type: (circle one) Construction Maintenance Other (explain) _____

Date Work Order Prepared	Date Work Order Started	Date Work Order Completed	Customer Name
/ /	/ /	/ /	
Location of Work Being Done: _____			
Work Order Description: _____			

Cost Detail

Materials and Supplies Used:			
Quantity	Material Used (Include Invoice No.)	Vendor	Cost

Labor:				
Employee Name	Hours	Payrate	General Description of Work Completed	Cost

Equipment Charges:	
Description (Include Invoice Number if Applicable)	Cost

Other Charges:	
Description (Include Invoice Number if Applicable)	Cost

Date Work Order Posted to Books: / /	Total Cost of Work Order \$ _____
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CUSTOMER COMPLAINTS

File No. _____
Work Ord. No.

CUSTOMER NAME _____ TELEPHONE _____

ADDRESS _____

DATE RECEIVED _____ FOLLOW-UP DATE _____ DATE CLOSED _____

REFER TO - COMPANY REP. _____

CUSTOMER CLASS:

- | | | | | | | | |
|-----------|--------------------------|--------|--------------------------|-----------|--------------------------|-------|--------------------------|
| PERMANENT | <input type="checkbox"/> | RESID. | <input type="checkbox"/> | MOB. HOME | <input type="checkbox"/> | APT. | <input type="checkbox"/> |
| SEASONAL | <input type="checkbox"/> | COMM. | <input type="checkbox"/> | INDUST. | <input type="checkbox"/> | CONDO | <input type="checkbox"/> |

COMPLAINT DISCRIPTION: _____

ACTION TAKEN - MAINT. REQUIRED: _____

RECEIVED

FEB 26 1999

COMMISSION COUNSEL
PUBLIC SERVICE COMMISSION

REMARKS: _____

