

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the matter of the application of Clarence Cannon)
Wholesale Water Commission for permission, approval and a)
certificate of convenience and necessity authorizing it) Case No. WA-90-3
to construct, install, own, operate, control, manage and)
maintain a wholesale water supply system.)
)

APPEARANCES: Gary H. Sokolik, Attorney at Law, Post Office Box 99, Perry, Missouri
63462, for Clarence Cannon Wholesale Water Commission.

HEARING

EXAMINER: Cecil I. Wright.

REPORT AND ORDER

On July 5, 1989, Clarence Cannon Wholesale Water Commission (CCWWC) filed an application with the Commission seeking a certificate of convenience and necessity and permission and approval to build and operate a wholesale water system. The area for which the certificate is sought is located in unincorporated areas of Monroe, Ralls, Marion and Randolph Counties.

Notice of the application was ordered by the Commission. No person sought intervention. Since no persons intervened, this Report And Order is based upon the evidence filed by CCWWC and the Commission Staff recommendations filed February 13, 1990.

Findings of Fact

The Missouri Public Service Commission, having considered all of the competent and substantial evidence upon the whole record, makes the following findings of fact.

CCWWC is a joint municipal utility commission established to provide wholesale water service to cities and public water districts in northeast Missouri. The cities and public water districts which are to receive water are: Public Water Supply District No. 1 of Audrain County, Missouri; Cannon Water Supply District No. 1

of Ralls, Monroe and Marion Counties, Missouri; Public Water Supply District No. 2 of Monroe County, Missouri; Public Water Supply District No. 1 of Knox County, Missouri; City of Perry, Missouri; City of Paris, Missouri; City of Madison, Missouri; Public Water Supply District No. 1 of Marion County, Missouri; City of New London, Missouri; Thomas Hill Public Water Supply District No. 1 of Randolph County, Missouri; Public Water Supply District No. 1 of Shelby County, Missouri; City of Shelbyville, Missouri; City of Huntsville, Missouri; and, Public Water Supply District No. 1 of Macon County, Missouri.

CCWWC will build its intake structures, source of supply main, treatment plant and portions of its transmission mains on lands owned by the United States and the State of Missouri. CCWWC states that it has or will have the necessary easements to operate its facilities on federal and state property. CCWWC provided a legal description of its proposed service area as Exhibit 4 to the application. That description is attached to this order as Attachment A.

No municipalities are located within the proposed service area. The service area is for the transmission main so CCWWC can deliver the water to the various cities and water districts which have contracted for the service. CCWWC states that present water resources are not sufficient to meet future needs in this area and a public need therefore exists for the service.

Commission Staff reviewed the application and the evidence filed in support of the proposal. Staff determined that CCWWC's plans were reasonable and that CCWWC had adequate financial resources since citizens within the cities and public water districts to be served approved a \$22 million bond issue. Staff recommended that the Commission grant the certificate sought by CCWWC but proposed some conditions.

Staff recommends the Commission order CCWWC to:

1. Maintain its books and records in accordance with the National Association of Regulatory Utility Commissioners 1984 Uniform System of Accounts for Class "A" Water Utilities.

2. Maintain continuing property records of the various units of property including associated cost in accordance with the 1984 Uniform System of Accounts for Class "A" Water Utilities.
3. File for a schedule of depreciation rates once construction is completed.
4. File rules and regulations with the Commission within 30 days of this Report And Order.
5. File a tariff rate sheet for each wholesale customer when the costs are known. The rate will contain the base charges, which will be calculated from the customer's share of CCWWC's debt cost. The debt cost shall include the principal, interest and the required coverage on the bonds issued by CCWWC.
6. File a tariff sheet containing the water use rate of \$.74 per thousand gallons of water.
7. Hire water utility professionals to operate and manage the utility.

The Commission has reviewed the application and Staff's recommendation and has determined that the certificate of convenience and necessity sought by CCWWC will be granted. It is clearly in the public interest that a sufficient supply of water be available to the entities contracting with CCWWC. The proposal of CCWWC has been reviewed by Staff and Staff has found it reasonable. The Commission finds the water system is necessary for the public service. The Commission has also determined that it will adopt the conditions proposed by Staff.

Conclusions of Law

The Missouri Public Service Commission has arrived at the following conclusions of law.

Clarence Cannon Wholesale Water Commission is subject to Commission jurisdiction pursuant to Sections 386.025 and 393.295, R.S.Mo. 1986. Section 393.170, R.S.Mo. 1986, states that no water corporation shall begin construction of a water plant without first having obtained permission and approval of the Commission.

The Commission has found that the water system proposed by CCWWC is in the public interest and is necessary for the public service. Based upon this finding the Commission concludes that it will grant CCWWC a certificate of convenience and necessity as requested.

The requirement for a hearing contained in Section 393.170 has been met when the opportunity for hearing is provided and no proper party requests the opportunity to present evidence. *State ex rel. Rex Deffenderfer Enterprises, Inc. v. PSC*, 776 S.W.2d 494, 496 (Mo. App. 1989). Notice was given in this matter and no person sought intervention or hearing. The Commission concludes that no hearing is necessary and it may base its findings on the evidence submitted by verified statement.

It is, therefore,

ORDERED: 1. That Clarence Cannon Wholesale Water Commission, Post Office Box 7087, Holliday, Missouri 65258, is hereby granted permission and approval and a certificate of convenience and necessity to construct and maintain a water system in unincorporated areas of Monroe, Ralls, Marion and Randolph Counties as described by the metes and bounds description attached to this order as Attachment A.

ORDERED: 2. That Clarence Cannon Wholesale Water Commission shall comply with the conditions as described in this Report And Order.

ORDERED: 3. That this Report And Order shall become effective on the 27th day of February, 1990.

BY THE COMMISSION



Daniel J. Redel
Acting Secretary

(S E A L)

Steinmeier, Chm., Mueller, Rauch,
McClure and Letsch, CC., Concur.

Dated at Jefferson City, Missouri,
on this 16th day of February, 1990.

REVISED

EXHIBIT 4 - Description of area for which certificate is sought.

All that part of the South one-half of Sec. 31, Twn. 55 N., R. 8 W., Monroe County, Missouri, lying South of the middle of the North Fork of the Salt River (now known as Mark Twain Lake).

Also one-fourth mile on each side of the following described lines, to-wit:

1) Begin at the intersection of U. S. Hwy 24 with the West line of Sec. 34, Twn. 54 N., R. 14 W., Randolph County, MO, thence South along the West line of said Sec. 34 and the West lines of Sec.'s 3, 10, 15 and 22 to the Northwest corner of the Southwest quarter of the Southwest quarter of said Sec. 22; thence East along the east-west quarter quarter section line of the Southwest quarter of Sec. 22 to the north-south quarter section line of said Sec. 22 in Twn. 53 N., R. 14 W.; thence South with the said north-south quarter section line to the South line of said Sec. 22; thence Eastwardly with the South lines of Sec.'s 22, 23, and 24 to its intersection with an old railroad grade in the Southwest corner of said Sec. 24; thence Northeasterly with the said old railroad grade to its intersection with the east-west quarter quarter section line of the Southwest quarter of said Sec. 24; thence (leaving said old railroad grade) East along the said quarter quarter section line to the East line of the Southwest quarter of said Sec. 24; thence East Northeasterly to the East quarter corner of said Sec. 24, said point being on the range line between R. 14 W. and R. 13 W.; thence continuing East Northeasterly to the Northeast corner of Sec. 19, Twn. 53 N., R. 13 W., also being the Southwest corner of Sec. 17, Twn. 53 N., R. 13 W.; thence continuing East Northeasterly to the intersection of the east-west quarter quarter section line of the Northeast quarter of said Sec. 17 with the East line of said Sec. 17; thence continuing East Northeasterly to the North quarter corner of Sec. 16, also being the South quarter corner of Sec. 9; thence continuing East Northeasterly to the intersection of the east-west quarter quarter section line of the Southeast quarter of said Sec. 9 with the East line of said Sec. 9; thence continuing East Northeasterly to the intersection of the east-west quarter quarter section line of the Northeast quarter of Sec. 10 with the East line of said Sec. 10; thence continuing East Northeasterly to the North quarter corner of Sec. 11; thence continuing East Northeasterly to the intersection of the North line of the South three-fourths of the East one-half of the Southeast quarter of Sec. 2 with the East line of said Sec. 2; thence Northeasterly to the Northwest corner of the Northeast quarter of the Northeast quarter of Sec. 1, Twn. 53 N., R. 13 W., said point being on the township line between Twn. 53 N. and Twn. 54 N.; thence Northeasterly to the Northeast corner of the Southeast quarter of the Southeast quarter of Sec. 36, Twn. 54 N., R. 13 W., said point being on the county line between Randolph and Monroe Counties and also on the range line between R. 13 W. and R. 12 W.; thence Northeasterly to the Northwest corner of the Northeast fourth of the Northwest quarter of the Northeast quarter of Sec. 31, Twn. 54 N., R. 12 W., Monroe County, Missouri; thence continuing Northeasterly to the East quarter corner of Sec. 30; thence continuing Northeasterly to the Southeast corner of the Northwest quarter of the Northwest quarter of Sec. 29; thence East Northeasterly to the Northwest corner of the Northeast quarter of the Northeast quarter of said Sec. 29; thence East Northeasterly to the Northeast corner of the Southeast fourth of the Southeast quarter of the Southeast quarter of Sec. 20 (said point being on the section line between Sec.'s 20 and 21); thence continuing East Northeasterly to the Northeast corner of the Southwest quarter of Sec. 21; thence East Northeasterly to the South right-of-way line of the Norfolk & Western Railroad in said Sec. 21, Twn. 54 N., R. 12 W.; thence in a generally East Northeasterly direction with the South right-of-way line of said railroad through

Sec.'s 21, 22, 15, 14, 13, and 12 to its intersection with the range line between R. 12 W. and R. 11 W.; thence continuing in a generally Eastwardly direction with the South right-of-way line of said railroad through Sec.'s 7 and 8, Twn. 54 N., R. 11 W. to its intersection with U. S. Highway 24; thence (leaving said railroad right-of-way) generally Eastwardly with the South right-of-way line of U. S. Highway 24 through Sec.'s 8, 9, 10, 11, 12 and 13, Twn. 54 N., R. 11 W. to the North line of said Sec. 13; thence East along the North line of said Sec. 13 to the range line between R. 11 W. and R. 10 W.; thence continuing East along the North line of Sec. 18, Twn. 54 N., R. 10 W. to the Northeast corner of said Sec. 18; thence Northeasterly to a point on the South right-of-way line of the Norfolk & Western Railroad in the Southwest quarter of the Southwest quarter of Sec. 8; thence Eastwardly with the South right-of-way line of said railroad in Sec.'s 8 and 9 to its intersection with U. S. Highway 24 in the Southwest quarter of said Sec. 9; thence Northeasterly with the North right-of-way line of said U. S. Highway 24 through Sec.'s 9, 10, 3 in Twn. 54 N., R. 10 W. to its intersection with Missouri Highway 15; thence Northerly along the West right-of-way line of said Missouri Highway 15 to the South line of Sec. 26, Twn. 55 N., R. 10 W.; thence along the South lines of Sec.'s 26 and 25 to its intersection with U. S. Highway 24; thence Eastwardly with the North right-of-way line of said U. S. Highway 24 through Sec. 25, Twn. 55 N., R. 10 W., and through Sec.'s 30 and 29, Twn. 55 N., R. 9 W. to the intersection of the Northward prolongation of Missouri State Rt. U with said U. S. Highway 24; thence Southwardly with said prolongation and with the West right-of-way line of said Missouri State Rt. U to the North line of Sec. 32; thence East along the North lines of Sec.'s 32, 33 and 34 to the North quarter corner of said Sec. 34; thence South Southeasterly to the Northeast corner of the Southeast quarter of the Southeast quarter of said Sec. 34; thence Southeasterly through the Southwest quarter of the Southwest quarter of Sec. 35 to the intersection of the East line of said quarter quarter section with the North right-of-way line of Missouri State Rt. U; thence Eastwardly with the North right-of-way line of said State Rt. U through Sec.'s 35 and 36, Twn. 55 N., R. 9 W. and through Sec.'s 6, 5 and 4 of Twn. 55 N., R. 8 W. to its intersection with the West line of Sec. 3; thence South with the West lines of Sec.'s 3, 10, 15 and 22 in Twn. 54 N., R. 8 W. to the Southwest corner of said Sec. 22; thence Eastwardly with the South lines of Sec.'s 22, 23, and 24 in Twn. 54 N., R. 8 W., and Sec. 19, Twn. 54 N., R. 7 W. to the Southeast corner of said Sec. 19, said point being on the county line between Monroe and Ralls Counties; thence continue Eastwardly with the South lines of Sec.'s 20, 21, 22, 23 and 24, in Twn. 54 N., R. 7 W., Ralls County, Missouri to its intersection with the North right-of-way of Missouri Highway 19; thence North and Northeasterly with the North right-of-way line of said Missouri Highway 19 through said Sec. 24 and through Sec.'s 19, 18, 17, 8, 9, 4, and 3 in Twn. 54 N., R. 6 W., and through Sec.'s 34 and 35 in Twn. 55 N., R. 6 W. to its intersection with the West line of the East one-half of the Northeast quarter of said Sec. 35; thence (leaving said right-of-way) North with the West line of the East one-half of the Northeast quarter of said Sec. 35 to the North line of said Sec. 35; thence continue North with the West line of the Southeast quarter of the Southeast of Sec. 26, Twn. 55 N., R. 6 W. to the North line of the South one-half of the Southeast quarter of the Southeast quarter of said Sec. 26; thence East with the North line of the South one-half of the Southeast quarter of the Southeast quarter of said Sec. 26 and with the North line of the South one-half of the South one-half of the Southwest quarter of Sec. 25, Twn. 55 N., R. 6 W. to its intersection with the North line of said Missouri Highway 19; thence in a generally East Northeasterly direction with the North right-of-way line of Missouri Highway 19 through Sec. 25, Twn. 55 N., R. 6 W. and through Sec.'s 30, 29, 20, 21, 16, 15, 14, 11, 12 and 1 to a

point one-fourth mile West of the East line of said Sec. 1; thence North parallel with and one-fourth mile West of the East line of said Sec. 1 to Ralls County Road No. 120 in Spanish Land Survey No. 1753, being the point of terminus.

2) Beginning at the intersection of the East right-of-way line of Missouri Highway 15 with the South line of Sec. 26, Twn. 55 N., R. 10 W. in Monroe County, Missouri, thence Northerly with the said East right-of-way line of said Missouri Highway 15 through Sec.'s 26, 23, 14 and 11 to its intersection with the West right-of-way of Monroe County Road No. 412; thence Northerly with the West right-of-way line of said Monroe County Road No. 412 to its intersection with Monroe County Road No. 553; thence West and Northerly with said Monroe County Road No. 553 to the North line of Sec. 35, Twn. 56 N., R. 10 W.; thence continue Northerly with the West right-of-way line of Monroe County Road No. 556 through Sec.'s 26, 27, 22 and 15 in Twn. 56 N., R. 10 W. to the county line between Monroe and Shelby Counties; thence West with the said county line to the South quarter corner of Sec. 9, Twn. 56 N., R. 10 W., Shelby County, Missouri; thence North with the West lines of the East one-halves of Sec.'s 9 and 4 in Twn. 56 N., R. 10 W. to the North line of said Sec. 4 (also being the township line between Twn. 56 N. and Twn. 57 N.; thence continue North with the West lines of the East one-halves of Sec.'s 33, 28 and 21 in Twn. 57 N., R. 10 W.; thence West with the North line of said Sec. 21 to the Northwest corner thereof; thence North with the West line of Sec. 16 to the Northwest corner thereof; thence West with the South line of Sec. 8 to its intersection with Missouri Highway 15; thence Northerly with the East right-of-way line of said Missouri Highway 15 through Sec.'s 8 and 5 in Twn. 57 N., R. 10 W. and through Sec.'s 32 and 29 in Twn. 58 N., R. 10 W. to the Northeast corner of the Southeast quarter of the Northwest quarter of said Sec. 29; thence West with the North line of said Southeast quarter of the Northwest quarter of Sec. 29 to the Northwest corner thereof; thence North with the West line of the Northeast quarter of the Northwest quarter of said Sec. 29 and with the West lines of the East one-half of the Southwest quarter and East one-half of the Northwest quarter of Sec. 20 and with the West line of the Southeast quarter of the Southwest quarter of Sec. 17, Twn. 58 N., R. 10 W. to the Northwest corner of said quarter quarter section; thence West with the North line of the Southwest quarter of the Southwest Quarter of said Sec. 17 to the Northwest corner thereof; thence North with the East line of Sec.'s 18 and 7 to the Northeast corner of said Sec. 7; thence West to the South quarter corner of Sec. 6; thence North with the West line of the East one-half of said Sec. 6 to the township line between Twn. 58 N. and Twn. 59 N.; thence continue North with the West line of the East one-half of Sec. 31, Twn. 59 N., R. 10 W. to the Northwest corner of the Southwest quarter of the Northeast quarter thereof; thence West with the South line of the North one-half of the Northwest quarter of said Sec. 31 and with the South line of the North one-half of the Northeast quarter of Sec. 36, Twn. 59 N., R. 11 W. to the Southwest corner thereof; thence North with the West line of the East one-half of said Sec. 36 and with the West lines of the East one-halves of Sec.'s 25 and 24, Twn. 59 N., R. 11 W. to the North line of said Sec. 24; thence West with the South line of Sec.'s 13 and 14 to the West line of the East one-half of said Sec. 14; thence North with the West lines of the East one-halves of Sec.'s 14, 11 and 2 to the center of said Sec. 2; thence West with the South line of the East one-half of the Northwest quarter of said Sec. 2 to the Southwest corner thereof; thence North with the West line of the East one-half of the Northwest quarter of said Sec. 2, Twn. 59 N., R. 11 W. to the county line between Shelby and Knox Counties; thence continue North with the West lines of the East one-half of the Southwest quarter and East one-half of the Northwest

quarter of Sec. 35, Twn. 60 N., R. 11 W., Knox County, Missouri to the Northwest corner of the East one-half of the Northwest quarter of said Sec. 35; thence East with the North line of said Sec. 35 to the Southwest corner of the East one-half of the Southeast quarter of Sec. 26, Twn. 60 N., R. 11 W.; thence North with the West line of said East one-half of the Southeast quarter of said Sec. 26 to its intersection with the east-west quarter section line in said Sec. 26, being the point of terminus.

3) Beginning at the intersection of the North right-of-way line of Missouri State Rt. U and the West right-of-way line of Missouri Highway 107 in Sec. 4, Twn. 54 N., R. 8 W., Monroe County, Missouri, thence Northerly with the West right-of-way line of said Missouri Highway 107 through said Sec. 4 and through Sec.'s 33 and 28 in Twn. 55 N., R. 8 W. to its intersection with the West line of said Sec. 28; thence North with the West line of said Sec. 28 and with the West lines of Sec.'s 21, 16, 9, 4 to its intersection with the North right-of-way line of U. S. Highway 24; thence Northeasterly with the North right-of-way line of said U. S. Highway 24 to its intersection with the Southward prolongation of the West line of Sec. 35, Twn. 56 N., R. 8 W.; thence North along said prolongation and with the West lines of Sec.'s 35, 26, 23 and 14 in Twn. 56 N., R. 8 W. to the county line between Monroe and Marion Counties; thence continue North with the West lines of Sec.'s 11 and 2 in Twn. 56 N., R. 8 W., Marion County, Missouri to the West quarter corner of said Sec. 2; thence Northeasterly to the Northeast corner of the Southwest quarter of the Northwest quarter of said Sec. 2; thence North with the East line of the Northwest quarter of the Northwest quarter of said Sec. 2 to the North line of said section, also being the township line between Twn. 56 N. and Twn. 57 N.; thence East with said township line and with the North lines of Sec.'s 2 and 1, Twn. 56 N., R. 8 W. and with the North line of Sec. 6, Twn. 56 N., R. 7 W. to the Northeast corner of said Sec. 6, also being the Northwest corner of Ralls County, Missouri, the point of terminus.

4) Beginning at the intersection of the North line of Section 26, Twn. 54 North, R. 7 West, Ralls County, Missouri with the East line of the West one-half of the East one-half of the Northwest quarter of said Sec. 26, thence South to a point 30 feet South of the South right of way of Missouri State Route 154, the point of terminus.