

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of RDG Development, LLC)
for a Certificate of Convenience and)
Necessity Authorizing it to Own, Operate,) **File No. SA-2010-0096**
Maintain, Control and Manage a Sewer)
System in Callaway County, Missouri)

STAFF REPORT AND RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission (Staff), by and through the undersigned counsel, and for its *Staff Report and Recommendation* states as follows:

1. On September 14, 2009, RDG Development, LLC (RDG or Company) filed its *Application and Request for Waiver* with the Missouri Public Service Commission (the Commission) seeking to obtain from the Commission a certificate of convenience and necessity to own, operate, maintain, control, and manage a sewer system in Callaway County, Missouri. RDG also requested a waiver from Commission Rules 4 CSR 240-3.305(1)(A)5, such that it not be required to file the plans for the utility system with its *Application*.

2. On October 1, 2009, the Commission issued its *Order Directing Staff to File a Recommendation*, ordering Staff to file a recommendation regarding RDG's *Application* no later than October 29, 2009.

3. Pursuant to Section 393.170 RSMo (2000), no sewer corporation shall provide service to consumers without first having obtained from the Commission a certificate of convenience and necessity (CCN). See also *In the Matter of Tartan Energy Company, et al.*, 3 Mo. PSC 3d 173, 177 (1994), wherein the Commission set forth five (5) criteria that should be met before a certificate may be issued.

4. In the attached Memorandum, labeled Appendix A, Staff reports its position that “the operation of the Company as outlined in its Application is both necessary and convenient for public service...” in that the operation of the system is currently relied upon by residential customers and that the Company has the necessary technical, managerial and financial capacities to own and operate the system.

5. In the attached Memorandum Staff states its recommendation that the Commission issue an order which:

- a) Approves a Certificate of Convenience and Necessity for RDG Development, LLC for providing sewer service to the service area described in the *Application*;
- b) Approves the schedule of depreciation rates attached to this Memorandum for use by the Company;
- c) Requires the Sewer Company to submit a complete tariff specifying a monthly rate of \$40.06 for residential customers. The customers will not be billed for service until such time as the tariff is approved and made effective;
- d) Requires the Sewer Company to commence a Small Company Rate Case on or before August 31, 2011, to address the costs associated with meeting the DNR disinfection requirement in the facility’s current permit;
- e) Requires the Sewer Company to meet the DNR requirement of retaining a certified operator within 90 days of Commission approval of the CCN;
- f) Requires the Sewer Company to submit to the Manager of the Staff’s Water and Sewer Department within 90 days of Commission approval of the CCN, a map of the subdivision that shows, at a minimum, the location of the manholes and sewer collection main lines;
- g) Recognizes that nothing in this Memorandum, or in any order issued by the Commission in this case, shall bind the Commission on any ratemaking issue in any future rate proceedings.

6. Staff does not oppose the Company's requested waiver, however Staff requests the Commission order the Company to submit a map of the subdivision as described in part "f," above.

WHEREFORE, Staff submits this *Staff Report and Recommendation* in compliance with the Commission's *Order Directing Staff to File a Recommendation*.

Respectfully submitted,

/s/ Sarah Kliethermes

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Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 29th day of October, 2009.

/s/ Sarah Kliethermes