

**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION**

At a session of the Public Service  
Commission held at its office  
in Jefferson City on the 1st  
day of July, 1997.

In the Matter of the Application of Four Seasons )  
Lakesites Water & Sewer Company for a Certificate )  
of Convenience and Necessity Authorizing It to )  
Construct, Install, Own, Operate, Control, Manage )  
and Maintain Water and Sewer Utility Properties )  
for the Public Located in an Unincorporated Area )  
in Camden County and Miller County, Missouri, )  
Generally Comprising the Eastern Half of the Area )  
Known as "Shawnee Bend." )

Case No. WA-95-164

**ORDER APPROVING UNANIMOUS STIPULATION AND AGREEMENT,  
GRANTING CERTIFICATE OF CONVENIENCE AND NECESSITY,  
APPROVING TARIFFS, AND DENYING APPLICATION TO INTERVENE**

On November 16, 1994, Four Seasons Lakesites Water & Sewer Company (Company) filed with the Missouri Public Service Commission (Commission) an application for certificates of convenience and necessity for water and sewer systems in an unincorporated area of Camden and Miller Counties.

On December 14, 1994, the Commission established a procedural schedule. On January 27, 1995, the Commission granted intervention to Osage Water Company. On February 10 the Company filed the direct testimony of Douglas I. Bowden. On March 24 the Staff of the Commission (Staff) filed the rebuttal testimonies of Martin Hummel, Gregory R. Meyer and Randy Z. Wright, and Osage Water Company filed the rebuttal testimony of William Patterson Mitchell.

On June 14, 1995, the Commission suspended the procedural schedule and scheduled an additional prehearing conference on August 22, 1995. The Company, Staff and the Office of the Public Counsel (Public Counsel) were

represented at that prehearing conference. On December 5, 1995, the Commission dismissed Osage Water Company from this case.

On March 12, 1997, the Company, Staff and Public Counsel filed a Unanimous Stipulation And Agreement. The parties request that the Commission issue an order approving the Unanimous Stipulation And Agreement, establishing depreciation rates as provided, authorizing the Company to file tariffs conforming with the Stipulation And Agreement, and granting the Company the requested certificates of convenience and necessity.

The Company currently has a certificate of convenience and necessity, and a tariff for its sewer operations in a part of the Horseshoe Bend area of Camden County. The proposed tariff for sewer operations will replace the existing sewer tariff, and address the Company's sewer operations in both the Shawnee Bend and Horseshoe Bend areas of Camden County. The rates under the proposed sewer tariff are the same as the rates applicable currently to the Horseshoe Bend area. The parties request that the certificates of convenience and necessity become effective on the same date as the proposed tariffs.

The Company agrees to maintain its books and records in accordance with the Uniform System of Accounts and to maintain separate accounts for its water and sewer operations. The Company also agrees to provide semiannual reports to the Staff and the Public Counsel relating to the level of customer growth within the Company's service area. These reports will provide information about the number of customers at June 30 and December 31 of each year through 2000, inclusive, and will be submitted to Staff and Public Counsel, beginning in 1997, within ten working days of these dates. These reports, to be used in conjunction with the Company's annual reports, are designed to allow the parties an opportunity to

determine when it will be appropriate to conduct a review of the rates approved in this case.

The Unanimous Stipulation And Agreement (excluding schedules) is attached to this order and designated Attachment A. There are eight schedules attached to the Unanimous Stipulation And Agreement. Those schedules are:

- (1) Water expenses and rate design;
- (2) Sewer expenses and rate design;
- (3) Plant-in-service beginning balances;
- (4) Water depreciation rates;
- (5) Sewer depreciation rates;
- (6) Breakdown of sewer connection fees;
- (7) Sewer tariff; and
- (8) Water tariff.

The water depreciation rates and sewer depreciation rates are attached to this order and designated Attachments B and C, respectively. Schedules 1, 2, 3, 6, 7 and 8 are specifically incorporated herein by reference.

The Commission has reviewed the Unanimous Stipulation And Agreement and the proposed tariffs, and finds that the Unanimous Stipulation And Agreement is in the public interest and should be approved (Attachment A). The Commission finds that the depreciation rates provided with the Unanimous Stipulation And Agreement are reasonable and should be approved (Attachments B and C). The Commission further finds that the Company should be granted the requested certificates of public convenience and necessity. The Company should implement the proposed tariffs for service rendered on and after July 11, 1997, and shall provide the semi-annual reports required by paragraph 8 of the Unanimous Stipulation And Agreement.

On June 19, 1997, Shawnee Bend Water and Sewer, L.L.C. (Intervenor) filed an Application To Intervene Out Of Time And Motion To

Reject A Portion Of The Proposed Unanimous Stipulation And Agreement. Intervenor states that its affiliate has property under contract in part of the area for which Company seeks a certificate of convenience and necessity. Intervenor states that its affiliate's contract to purchase property in the area of Company's proposed service area constitutes good cause for the Commission to grant intervention out of time under 4 CSR 240-2.075(4)(D).

On June 27, 1997, the Staff filed a Response to Intervenor's application. Staff opposes the application to intervene and requests that the Commission approve the Unanimous Stipulation And Agreement. Staff states that there will always be sales and contracts for sales of real estate located within the proposed or certificated service area of a public utility. Staff states that the proposed sale of part of the area for which the Company requests certificates of convenience and necessity does not affect the financial, managerial and technical ability of the Company to provide water and sewer service.

The Commission finds that Shawnee Bend Water and Sewer, L.L.C. has not demonstrated good cause for granting intervention under 4 CSR 240-2.075(4)(D). The fact that Intervenor's affiliate has certain Shawnee Bend property under contract is not sufficient cause to delay or change Company's certificate of convenience and necessity.

**IT IS THEREFORE ORDERED:**

1. That the Unanimous Stipulation And Agreement filed on March 12 by Four Seasons Lakesites Water & Sewer Company, Staff and the Office of the Public Counsel (Attachment A) is hereby approved.
2. That the water depreciation rates (Attachment B) are hereby approved.

3. That the sewer depreciation rates (Attachment C) are hereby approved.

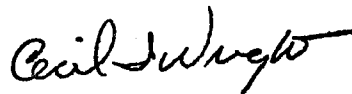
4. That Four Seasons Lakesites Water & Sewer Company is granted a certificate of convenience and necessity in conformance with the Unanimous Stipulation And Agreement both for water and sewer service.

5. That the water and sewer tariffs filed with the Unanimous Stipulation And Agreement are hereby approved for service rendered on and after July 11, 1997.

6. That the Application To Intervene Out Of Time And Motion To Reject A Portion Of The Proposed Unanimous Stipulation And Agreement filed by Shawnee Bend Water and Sewer, L.L.C. is hereby denied.

7. That this order shall become effective on July 11, 1997.

**BY THE COMMISSION**



**Cecil L. Wright  
Executive Secretary**

( S E A L )

Zobrist, Chm., Drainer,  
Murray and Lumpe, CC.,  
concur.  
Crumpton, C., absent.

ALJ: Luckenbill

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

In the matter of the application of Four Seasons Lake- )  
sites Water & Sewer Company for a certificate of )  
convenience and necessity authorizing it to construct, )  
install, own, operate control, manage and maintain )  
water and sewer utility properties for the public, )  
located in an unincorporated area in Camden County )  
and Miller County, Missouri, generally comprising the )  
Eastern half of the area known as "Shawnee Bend". )

Case No. WA-95-164

MAR 12 1997

PUBLIC SERVICE COMMISSION

**UNANIMOUS  
STIPULATION AND AGREEMENT**

On November 16, 1994, Four Seasons Lakesites Water & Sewer Company (Company) filed with the Missouri Public Service Commission (Commission) an Application for certificates of convenience and necessity for water and sewer systems in an unincorporated area of Camden and Miller Counties.

On December 14, 1994, the Commission established a procedural schedule. On January 27, 1995, the Commission granted intervention to Osage Water Company. On February 10, 1995, the Company filed the direct testimony of Douglas I. Bowden. On March 24, 1995, the Staff of the Commission (Staff) filed the rebuttal testimonies of Martin Hummel, Gregory R. Meyer, and Randy Z. Wright. Also on March 24, 1995, Osage Water Company filed the rebuttal testimony of William Patterson Mitchell.

On June 14, 1995, the Commission suspended the procedural schedule and scheduled an additional prehearing conference for August 22, 1995. The Company, the Staff, and the Office of the Public Counsel (Public Counsel) were represented at that prehearing conference. On December 5, 1995, the Commission dismissed Osage Water Company from this case.

As a result of the prehearing conferences and further negotiations, the undersigned parties have reached the following stipulations and agreements:

1. Rates for water service will be as follows:

Minimum Charges -

|                                       |         |
|---------------------------------------|---------|
| 5/8" meter (includes 3,000 gal/month) | \$11.29 |
| 3/4" meter (includes 4,500 gal/month) | \$14.53 |
| 1" meter (includes 7,500 gal/month)   | \$21.01 |

Commodity Charge - \$2.16/1,000 gallons over minimum

Refer to Schedule 1 for detailed calculations.

2. Rates for sewer service will be a flat rate of \$21.96/month.

Refer to Schedule 2 for detailed calculations.

3. Total Beginning Plant-In-Service Balances will be as follows:

Water - \$79,634

Sewer - \$50,565

Refer to Schedule 3 for a detailed breakdown of these balances.

4. Depreciation Rates for the Water Operations are set out on Schedule 4. Depreciation Rates for the Sewer Operations are set out on Schedule 5.

5. Connection Fees will be as follows:

Water - \$610.00

Sewer - \$280.00

Refer to Schedule 6 for a detailed breakdown of these amounts.

6. As reflected with more specificity in the proposed tariff sheets for sewer operations which are set out in Schedule 7, the initial installation of the customers' on-site STEP (septic tank

effluent pump) system equipment will be the responsibility of each individual customer. The on-going maintenance of this equipment, related solely to the removal of solids from the holding tank and the maintenance, repair, and replacement of the STEP pumps, will be the responsibility of the Company. The Company will maintain a reasonable inventory of replacement pumps, which will be treated as materials and supplies for future ratemaking purposes. Replacement pumps will be capitalized and depreciation will commence upon installation by the Company on the customer's premises.

7. A complete legal description of the service area is included as a part of the tariffs attached to this Stipulation and Agreement as Schedule 7 (sewer) and Schedule 8 (water). The service area to be approved in this case generally encompasses the area originally requested by the Company with the exception of the Shawnee Bend #5 area. The Company states that all real estate in the service area is currently owned or controlled for development purposes by affiliates of the Company.

8. The Company agrees to provide semi-annual reports to the Staff of the Commission and the Office of the Public Counsel related to the level of customer growth within the service area. These reports will provide information about the number of customers at June 30 and December 31 of each year through 2000, inclusive, and will be submitted to Staff and Public Counsel, beginning in 1997, within ten (10) working days of these dates. These reports, used in conjunction with the Company's annual reports, are designed to allow the parties to be able to determine when it will be appropriate to conduct a review of the rates approved in this case.

9. The parties agree that the components utilized by Staff in developing Schedules 1, 2 and 6 to arrive at rates or charges are largely estimates and therefore shall not be considered to



necessarily be representative of future actual conditions or costs and no party shall be bound by these components or calculations in any future ratemaking proceeding. However, Schedule 3 does represent recorded plant-in-service beginning balances.

10. The parties recommend that the Commission issue a Report and Order granting the Company certificates of public convenience and necessity for the Shawnee Bend water and sewer properties described in the proposed tariffs attached as Schedules 7 and 8, and that the Commission issue an order authorizing the Company to file tariffs in conformance with Schedules 7 and 8. The Company currently has a certificate of convenience and necessity, and a tariff, for its sewer operations in a part of the Horseshoe Bend area of Camden County. The proposed sewer tariff, which replaces the existing sewer tariff, will address the Company's sewer operations in both Shawnee Bend and Horseshoe Bend. The parties suggest that the Order provide for the certificates to become effective upon the effective date of the tariffs.

11. The Company agrees to maintain its books and records in accordance with the Uniform System of Accounts and further agrees to maintain separate accounts for its water and sewer operations.

12. The parties agree that the prefiled testimony submitted by the Company and the Staff 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 hereof.

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 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

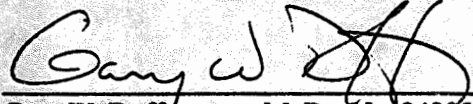
and are not acquiesced in or otherwise adopted by the other signatories to this Stipulation and Agreement, whether or not the Commission approves and adopts this Stipulation and Agreement.

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, establishes depreciation rates as provided, which authorizes the Company to file tariffs conforming to the terms hereof, and which grants the Company the requested certificates of convenience and necessity.


Respectfully submitted,

  
Gary W. Duffy      MoBar No. 24905  
Attorney at Law  
Brydon, Swearngen & England, P.C.  
P.O. Box 456  
Jefferson City, MO 65102  
(573) 635-7166

ATTORNEY FOR FOUR SEASONS LAKE  
SITES WATER & SEWER COMPANY

  
William K. Haas      MoBar No. 28701  
Senior Counsel  
P. O. Box 360  
Jefferson City, Missouri 65102  
(573) 751-7510

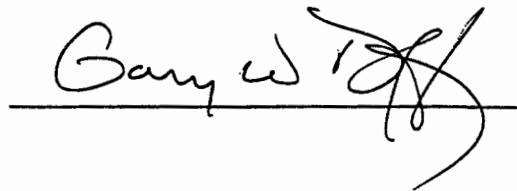
ATTORNEY FOR THE STAFF OF THE  
MISSOURI PUBLIC SERVICE COMMISSION

  
John Coffman      MoBar No. 36591  
Senior Public Counsel  
P.O. Box 7800  
Jefferson City, MO 65102  
(573) 751-5565

ATTORNEY FOR THE  
OFFICE OF THE PUBLIC COUNSEL

#### 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 12<sup>th</sup> day of March, 1997.



# FOUR SEASONS LAKESITES WATER & SEWER COMPANY DEPRECIATION RATES

(WATER)

CASE NO. WA-95-164

| <u>Acct. No.</u> | <u>Description of Account</u>              | <u>Annual Rate</u> |
|------------------|--|--------------------|
| 311              | Structures & Improvements                  | 2.5%               |
| 312              | Collecting & Impounding Reservoirs         | 2.0%               |
| 313              | Lake, River & Other Intakes                | 2.5%               |
| 314              | Wells & Springs                            | 2.0%               |
| 315              | Infiltration Galleries & Tunnels           | 2.0%               |
| 316              | Supply Mains                               | 2.0%               |
| 317              | Other Water Source Plant                   | 2.0%               |
| 321              | Structures & Improvements                  | 2.5%               |
| 323              | Other Power Production Equipment           | 4.0%               |
| 325              | Electric Pumping Equipment                 | 10.0%              |
| 326              | Diesel Pumping Equipment (35 yr, +5% salv) | 2.7%               |
| 327              | Hydraulic Pumping Equipment                | 2.5%               |
| 328              | Other Pumping Equipment                    | 5.0%               |
| 331              | Structures & Improvements                  | 2.5%               |
| 332              | Water Treatment Equipment                  | 2.9%               |
| 341              | Structures & Improvements                  | 2.5%               |
| 342              | Distribution Reservoirs & Standpipes       | 2.5%               |
| 343              | Transmission & Distribution Mains          | 2.0%               |
| 344              | Fire Mains                                 | 2.0%               |
| 345              | Services                                   | 2.9%               |
| 346.1            | Meters - Bronze Chamber (35 yr, +5% salv)  | 2.7%               |
| 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%               |
| 392              | Transportation Equipment (7 yr, +9% salv)  | 13.0%              |
| 393              | Stores Equipment                           | 4.0%               |
| 394              | Tools, Shop, Garage Equipment              | 5.0%               |
| 395              | Laboratory Equipment                       | 5.0%               |
| 396              | Power Operated Equipment                   | 6.7%               |
| 397              | Communication Equipment                    | 6.7%               |
| 398              | Miscellaneous Equipment                    | 5.0%               |

Schedule 4

**FOUR SEASONS LAKESITES  
WATER & SEWER COMPANY  
DEPRECIATION RATES  
(SEWER)  
CASE NO. WA-95-164**

| <u>Acct. No.</u> | <u>Description of Account</u>    | <u>Annual Rate</u> |
|------------------|----------------------------------|--------------------|
| 311              | Structures & Improvements        | 3.0%               |
| 352.1            | Collection Sewers (Force)        | 2.0%               |
| 352.2            | Collection Sewers (Gravity)      | 2.0%               |
| 353              | Other Collection Plant           | 4.0%               |
| 354              | Services to Customers            | 2.0%               |
| 355              | Flow Measurement Devices         | 3.3%               |
| 362              | Receiving Wells & Pump Pits      | 5.0%               |
| 363              | Pumping Equipment                | 10.0%              |
| 372              | Oxidation Lagoons                | 4.0%               |
| 373              | Treatment & Disposal Facilities  | 4.5%               |
| 374              | Plant Sewers                     | 4.5%               |
| 375              | Outfall Sewers                   | 2.0%               |
| 376              | Other Treatment & Disposal Plant | 5.0%               |
| 391              | Office Furniture & Equipment     | 5.0%               |
| 392              | Transportation Equipment         | 13.0%              |
| 393              | Other General Equipment          | 10.0%              |
| 394              | Tools, Shop, Garage Equipment    | 5.0%               |
| 395              | Laboratory Equipment             | 5.0%               |
| 396              | Power Operated Equipment         | 6.7%               |
| 397              | Communication Equipment          | 6.7%               |
| 398              | Miscellaneous Equipment          | 5.0%               |

Schedule 5

Atty/Sec'y: L. Underhill / Pope

6-17

Date Circulated

WA-95-164  
CASE NO.

18013  
Zobrist, Chairman

Robert  
Crumpton, Commissioner

Mr. R.  
Murray, Commissioner

dx  
Lumpke, Commissioner

md  
Draimer, Vice-Chair

7-1 (cont'd from 6-20)  
Agenda Date

Action taken: 4-0, A/A

Must Vote Not Later Than

STATE OF MISSOURI  
OFFICE OF THE PUBLIC SERVICE COMMISSION

I have compared the preceding copy with the original on file in this office and  
I do hereby certify the same to be a true copy therefrom and the whole thereof.

WITNESS my hand and seal of the Public Service Commission, at Jefferson City,  
Missouri, this 1st day of July, 1997.

Cecil L. Wright  
Cecil L. Wright  
Executive Secretary