

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION
Jefferson City

June 20, 1979

CASE NO. SA-77-167

Gentlemen:

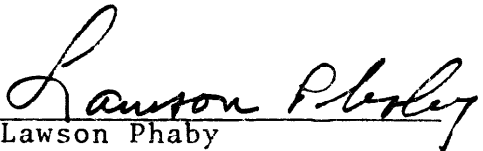
Enclosed find certified copy of Report and/or Order in the above numbered case.

Meramec Sewer Company
William J. Kaufmann, President
195 Shangri La Drive
Fenton, Missouri 63026

uncertified copy:

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

Sincerely,


Lawson Phaby
Acting Secretary

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

CASE NO. SA-77-167

In the matter of the application of MERAMEC SEWER CO. for permission, approval, and a certificate of convenience and necessity authorizing it to construct, operate and maintain a sanitary sewage disposal system in a certain designated area in Jefferson County, Missouri.

Where the Commission finds the operation and maintenance of a sewer system is necessary to meet the public need, authority to provide the service will be granted.

APPEARANCES: W. R. England III, Attorney at Law, Hawkins, Brydon & Swearingen, P.C., P. O. Box 456, Jefferson City, Missouri 65102, for the Applicant.

L. Russell Mitten II, Assistant General Counsel, Missouri Public Service Commission, P. O. Box 360, Jefferson City, Missouri 65102, for the Staff.

REPORT AND ORDER

On March 21, 1977, Meramec Sewer Co. (Applicant or Company) filed an application with the Missouri Public Service Commission requesting that it be granted authority to construct, operate and maintain a sanitary sewer system in a certain designated area in Jefferson County, Missouri. On September 6, 1978, the Commission issued an order dismissing the case for want of prosecution because Applicant had failed to provide a revised feasibility study. The Company filed the revised feasibility study on October 3, 1978 and moved that the dismissal of the case be set aside. The Commission, by order dated October 5, 1978, granted the motion.

On January 30, 1979, the Company filed an amended application whereby the proposed area to be served was modified. A short hearing was held on February 6, 1979, in the Commission's hearing room located on the tenth floor of the Jefferson State Office Building, Jefferson City, Missouri. The hearing was adjourned so the Company could gather additional data the Commission Staff had requested and to also consider further modification of the proposed area to be served by the Company.

On April 15, 1979, the hearing was reconvened and Applicant filed a restrictive amendment whereby it proposed to serve a smaller area than was sought in the original and amended applications. No new area was proposed to be served; the original service area was merely reduced to that as shown in Appendix A attached hereto. The only participants in the hearing were Applicant and the Staff of the Commission. At the conclusion of the hearing the parties waived reading of the transcript, briefing and oral argument.

On June 6, 1979, Applicant's late-filed Exhibit No. 4, Estimated Cost of Existing Sewer Systems, was received by the Commission.

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:

Meramec Sewer Co., is a Missouri corporation formed April 28, 1976, and has as its principal business address 195 Shangri La Drive, Fenton, Missouri 63026. Applicant has on file with the Commission a copy of its articles of incorporation. Mr. William J. Kaufmann is the president and principal shareholder of Applicant.

Applicant seeks to provide sewer service to an approximately 197 acre area in an unincorporated part of Jefferson County, Missouri, known as Shangri La Estates. All the land in the area is currently owned by Mr. Kaufmann and two other companies. Two hundred four mobile home lots are owned by Mr. Kaufmann. Sixty apartment units are owned by Ray Kruse Construction Company and 20 single family lots and three duplex lots are owned by Copperfield Investment Corporation. These would be the initial customers of the Applicant.

The existing sewer system is a gravity system consisting of three trunk lines, a lateral line and a mechanical treatment facility. The current system is being operated in accordance with the Department of Natural Resources and there are no local franchise requirements. If this application is approved the existing system will be transferred to Applicant in exchange for stock and/or debt securities.

Harland Bartholomew and Associates prepared an engineering feasibility study of the sewer project. The population of the proposed area of service in the year 1977 was 792 persons. The population is expected to increase to 3,567

persons by the year 1987. The feasibility study concluded, and the Commission finds, that the existing system proposed to be transferred to Applicant has sufficient capacity to meet the needs of the area for at least the next three years.

Mr. Kaufmann has experience in constructing and operating a sewer system and he will oversee the day-to-day operations of Applicant. An office and telephone will be maintained in the subdivision so that Applicant's customers may call for service. Applicant intends to abide by the rules and regulations of this Commission regarding the operation of a sewer company. Furthermore, the Company will be able to obtain future financing through Mr. Kaufmann as the need arises.

There will be no connection fee charged to customers; however, future customers will be required to provide for their own connection to the system and donate the pipe to Applicant. Mr. Kaufmann will pay the proposed monthly charges for the mobile home pads and recoup his costs through the rent he charges to his tenants.

Applicant proposes to charge monthly rates in the amount of \$9 per month for residential customers and \$7.20 per month for apartments and mobile home pads for a period not to exceed 18 months. These proposed rates are designed to recover operating and maintenance expenses only. Depreciation is not to be considered and the Applicant is not seeking any return on its investment. During the 18 month period following this Report and Order, Applicant and the Commission Staff will perform an original cost study for use in determining future allowances for depreciation and future rates.

The Commission Staff recommends that the application be approved and the above-mentioned rates be allowed for an 18 month period.

Conclusions

The Missouri Public Service Commission has arrived at the following conclusions:

The management of Meramec Sewer Co. has the necessary experience and technical ability to operate a sanitary sewer system. Applicant has the financial capability to provide the proposed services and is able to obtain future

financing as the need arises. We conclude that public convenience and necessity will be promoted by granting the authority requested in this application.

It is, therefore,

ORDERED: 1. That Applicant's late-filed Exhibit No. 4 is hereby accepted into evidence and has been made a part of the record of this case.

ORDERED: 2. That Meramec Sewer Co., 195 Shangri La Drive, Fenton, Missouri 63026, be, and is, hereby granted a certificate of convenience and necessity to construct, operate and maintain a sanitary sewage system in an unincorporated area in Jefferson County, Missouri, described in Appendix A attached hereto.

ORDERED: 3. That for a period of 18 months the Company may charge its residential customers a rate of \$9 per month and its multi-family and mobile home customers a rate of \$7.20 per month. During this period the Company and the Staff will perform an original cost study to be used for future rate cases.

ORDERED: 4. That Meramec Sewer Co., shall, within thirty (30) days after the effective date of this Order, furnish the Commission its tariffs and its rules and regulations for operation for the Commission's approval, in accordance with 4 CSR 240-60.

ORDERED: 5. That, for rate-making purposes, nothing herein contained shall be construed as a finding by the Commission of value of the properties herein involved, nor as an acquiescence in the value placed on said properties by the parties.

ORDERED: 6. That this Report and Order shall become effective on the 3rd day of July, 1979.

BY THE COMMISSION

Lawson Phaby

Lawson Phaby
Acting Secretary

(S E A L)

Fraas, Chm., McCartney and
Dority, CC., Concur.
Slavin, C., Absent.

Dated at Jefferson City, Missouri,
on the 20th day of June, 1979.

Metes and Bounds Description of the Area

An area in U.S. Surveys 2914 and 2917 in Township 43 North, Range 5 East in Jefferson County, Missouri, more particularly described as follows.

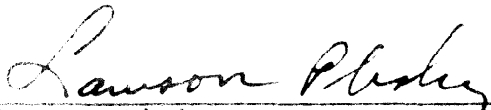
Beginning at the point of intersection of the centerline of Old Missouri State Highway 141 (also known as Birch Road) and the north line of Jefferson County (being also the south line of St. Louis County); thence southward along the centerline of said Highway 141, 2,022 feet more or less to a point on the northeastern boundary of a 20 acre tract conveyed to Floyd Shelton and wife by deed recorded in Book 155, Page 301 of the Jefferson County Records; thence south 69 degrees 38 minutes, along Shelton's northeastern line, 1,948 feet more or less to a point on Shelton's southeast line, said line being also the northwest line of Plat 2 of Shangri-La Estates, as recorded in Plat Book 49, Page 22 of the Jefferson County Records; thence S 19 degrees 52 minutes W along Shelton's southeast line, being also the northwest line of the aforesaid Plat 2 of Shangri-La Estates, 439 feet more or less to a point, said point being also the southwest corner of the aforesaid Plat 2 of Shangri-La Estates; thence S 69 degrees 38 minutes E along the southwest line of Plat 2 of Shangri-La Estates, 1,547 feet more or less to a point; thence S 69 degrees 39 minutes E continuing along the southwest line of Plat 2 of Shangri-La Estates 812 feet more or less to the southeast corner of the aforesaid Plat 2; thence N 20 degrees 21 minutes E, 208 feet more or less to a point; thence N 43 degrees 38 minutes 30 seconds E, 525 feet more or less to a point; thence N 11 degrees 00 minutes E, 200 feet more or less to a point; thence N 12 degrees 31 minutes W, 600 feet more or less to a point; thence N 5 degrees 40 minutes W, 725 feet more or less to a point; thence N 7 degrees 34 minutes W, 500 feet more or less to a point; thence N 42 degrees 01 minutes W, 100 feet more or less to a point; thence N 51 degrees 56 minutes W, 101 feet more or less to a point; thence S 20 degrees 14 minutes W, 21 feet more or less to a point; thence S 84 degrees 32 minutes 30 seconds W, 861 feet more or less to a point; thence N 84 degrees 49 minutes W, 685 feet more or less to a point; thence N 20 degrees 16 minutes E, 560 feet more or less to a point on the north line of Jefferson County (being also the south line of St. Louis County); thence westward along the aforesaid Jefferson County north line, 1,889 feet more or less to its intersection with the centerline of Old Missouri Highway 141, being also the point of beginning and containing 197 acres more or less.

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, this 20th day of June 1979.



Lawson Phaby
Acting Secretary