

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

In the Matter of Central Rivers                     )  
Wastewater Utility, Inc. for                     )  
Certificates of Convenience and                     )  
Necessity Authorizing it to Construct,                     )  
Install, Own, Operate, Maintain                     )  
Control and Manage Sewer Systems                     )  
in Clay County, Missouri                     )

**Case No. SA-2017-0013**

**STAFF'S RECOMMENDATION**

**COMES NOW** the Staff of the Missouri Public Service Commission, by and through counsel, and for its *Recommendation* in this matter hereby states:

1. The Office of the Public Counsel (OPC) filed a formal complaint against Central Rivers Wastewater Utility, Inc., (Central Rivers or Company) in Case No. SC-2015-0152. During the pendency of the complaint case, Central Rivers learned it was providing service to some customers in areas outside of its presently approved certificated areas. Therefore, as a part of the *Stipulation and Agreement* in that case, Central Rivers agreed to file an application for certificates of convenience and necessity for any areas outside of its present approved service areas in which it was providing sewer service. On July 12, 2016, Central Rivers filed an *Application for CCN and Request for Waiver*, pursuant to the agreement in SC-2015-0152, to expand its Wil Mar Estates, Private Gardens and Berkshire Glen service areas.

2. Staff conducted a full investigation of the proposed expansions and the three specific sewer systems presently servicing customers in those areas.

Its investigation revealed that all existing customers are located either within existing service areas, or within the proposed expanded areas connected to the central sewer systems used to serve each of the respective areas; so there will be no change to existing operations resulting from approval of this *Application*.

3. As described in *Staff's Memorandum*, attached to this pleading as Appendix A, each of the sewer systems affected by Central Rivers' *Application* is currently operating within treatment design capacity. Wil Mar Estates has the capacity to provide service to 296 persons at 29,600 gallons per day, but presently operates at approximately 60% of that capacity. Private Gardens has the capacity to provide service to 240 persons at 18,000 gallons per day, but presently operates at approximately 55% of that capacity. Berkshire Glen has the capacity to provide service to 185 persons at 18,500 gallons per day, but presently operates at approximately 40% of that capacity.

4. Based on the results of its investigation, Staff concludes that the proposed expansion to Central Rivers' service area is reasonable, feasible and not detrimental to the public interest.

5. Central Rivers has agreed to file revised tariff sheets consistent with its *Application* should the Commission order the requested expansion. Central Rivers is current on its Annual Report filings and assessments.

6. Central Rivers' last general rate case, Case No. SR-2014-0247, is still pending before the Commission. Staff's investigation revealed no further

actions necessary in that proceeding, and asks the Commission to take notice of its status.

**WHEREFORE**, Staff recommends that the Commission: 1) issue an order granting Central Rivers' request for Certificates of Convenience and Necessity expanding its current service areas; 2) order Central Rivers to file revised tariff sheets within 10 days of the effective date of the Commission's order, consistent with the description provided in Appendix A regarding the tariff sheets; 3) make no findings precluding ratemaking treatment of any matters pertaining to the granting of these Certificates to Central Rivers, including expenditures to the expanded service areas; 4) close Case No. SR-2014-0247; and 5) grant such other and further relief as the Commission considers just in the circumstances.

**/s/ Whitney Payne**

Whitney Payne

Legal Counsel

Missouri Bar No. 64078

Attorney for the Staff of the

Missouri Public Service Commission

P. O. Box 360

Jefferson City, MO 65102

(573) 751-8706 (Telephone)

(573) 751-9285 (Fax)

[whitney.payne@psc.mo.gov](mailto:whitney.payne@psc.mo.gov)

### **CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing was served by electronic mail, or First Class United States Postal Mail, postage prepaid, on this 17<sup>th</sup> day of August, 2016, to all counsel of record.

**/s/ Whitney Payne**

## **MEMORANDUM**

TO: Missouri Public Service Commission Official Case File  
Case No. SA-2017-0013

FROM: Jim Merciel – Water & Sewer Department; Case Coordinator  
Martin Hummel – Water & Sewer Department  
Jonathan Dallas – Water & Sewer Department

|  |                                |
|--|--------------------------------|
| <u>/s/ Jim Merciel</u><br>Water and Sewer Department | <u>August 17, 2016</u><br>Date |
| <u>/s/ Whitney Payne</u><br>Staff Counsel's Office   | <u>August 17, 2016</u><br>Date |

SUBJECT: Staff's Recommendation to Approve Expansion of Certificated Areas

DATE: August 17, 2016

### **CASE BACKGROUND**

On July 12, 2016, Central Rivers Wastewater Utility, Inc. (CRW) filed an *Application for CCN and Request for Waiver* (Application). CRW seeks a Certificate of Convenience and Necessity (CCN), which consists of approval to provide sewer service for additional certificated service areas in Clay County, Missouri. The areas sought by CRW would involve the expansion of three (3) of its existing seven (7) distinct and separate service areas.

On July 13, 2016, the Commission issued its *Order Directing Notice and Setting Intervention Deadline* (Order) in response to CRW's Application. In the Order, the Commission directed notice to be provided to the Clay County Commission, the Missouri Department of Natural Resources (DNR), members of the General Assembly who represent citizens in Clay County, and the news media serving Clay County. In the Order, the Commission established a date of August 12, 2016, for interested parties to submit requests to intervene in the case. No parties have sought intervention. In the Order, the Commission directed Staff to file either a status report or a recommendation no later than August 19, 2016.

CRW filed this case by the terms of a Stipulation and Agreement that was filed on March 24, 2016, in Case No. SC-2015-0152, and approved by the Commission in its *Order Approving Stipulation and Agreement* in that matter. The Order became effective on May 12, 2016. That case was a formal complaint filed by the Office of the Public Counsel to address issues involving customer deposits and certain charges for service, which issues were discovered in CRW's most recent rate case, SR-2014-0247. However, during the processing of SC-2015-0152, CRW

APPENDIX A

disclosed its realization that it was serving customers outside of its approved service areas in several locations. As a remedy for that matter, the parties agreed in Paragraph 4 of the Stipulation and Agreement that CRW would “...file an application for certificate of convenience and necessity within sixty (60) [sic] after the effective date on an order approving this Stipulation and Agreement in order to address any areas where the Company may be serving outside its existing certificated areas.”

This pending CCN case was filed by CRW to comply with that portion of the Stipulation and Agreement.

### **STAFF'S INVESTIGATION**

#### **COMPANY AND SERVICE AREA BACKGROUND**

CRW was incorporated in December 1997. The Commission first granted a CCN to CRW to provide sewer service in Case No. SA-98-530 on May 25, 1999.

Since that initial approval, CRW has expanded into several distinct service territories. CRW's existing service areas consist of the following:

| <b>CCN Case No.</b> | <b>Service Area Name</b>     | <b>County</b> | <b>Number of Customers</b> |
|---------------------|------------------------------|---------------|----------------------------|
| SA-98-530           | Countryside Meadows          | Ray           | 7                          |
| SA-2000-105         | Fox Run                      | Clay          | 40                         |
| SA-2000-248         | Wil Mar Estates              | Clay          | 64                         |
| SA-2001-304         | Park Estates and Bar-B Acres | Clay          | 46                         |
| SA-2004-0470        | Private Gardens              | Clay          | 45                         |
| SA-2005-0302        | Berkshire Glen               | Clay          | 30                         |
| SA-2014-0005        | Country Hill Estates         | Clinton       | 9                          |

Total customers in seven certificated service areas: 241

This case involves expansion of the Wil Mar Estates, Private Gardens, and Berkshire Glen service areas. For each of the expansions, existing customers are located within the proposed areas that are connected to the central sewer systems used to provide sewer service in each of the respective service areas. As such, there will be no change to existing operations as a result of approval of this CCN, and thus evaluation of the feasibility of the expansion is minimal. There will be no new customers added as a direct result of granting this CCN. There is no proposed additional capital investment, no new or revised rates, no change to revenue or expenses, and no change to financial books and recordkeeping.

Staff agrees that the area requested by CRW is reasonable; however, Staff and CRW met to discuss modification of the written service area descriptions as submitted in the Application, to improve clarity and simplicity. The modified service area descriptions will be addressed herein.

## **WIL MAR ESTATES**

This service area expansion includes eight (8) subdivision lots, and eight customers, in a Wil Mar Estates subdivision plat that was excluded in the original Wil Mar CCN case. Capacity of CRW's treatment facility and collecting sewer extensions are not concerns with regard to the proposed expansion because all potential growth for this service area is in the existing approved area. The treatment facility has a design daily flow capacity of 29,600 gallons per day and design population of 296 persons (estimated 100 to 120 customers). CRW currently provides service to 64 customers in this area and Staff estimates the treatment facility is currently operating at approximately 60% of flow capacity.

The modified service area description simply entails removing the exclusion that exists in the currently approved area. A proposed revised map, and a revised proposed service area description, are included with this memorandum as Attachments A and B, and incorporated by reference herein. This map also includes the Fox Run service area, because these two service areas are within close proximity, they presently appear on the same map on one existing tariff page, and it is anticipated that the revised tariff map will similarly include both the expanded Wil Mar service area and existing Fox Run service area.

## **PRIVATE GARDENS**

This service area expansion includes approximately 42 acres to the west and northwest of the Private Gardens subdivision. There is only one customer receiving service presently in this proposed expanded area. The treatment facility has a design daily flow capacity of 18,000 gallons per day and design population capacity of 240 persons (estimated 80 to 100 customers). CRW currently has 45 customers in this area and Staff estimates that the facility is operating at approximately 55% of its flow capacity. Based on Staff's investigation there is growth potential within the proposed expanded service area. Due to the fact that there is plant capacity available, and collecting sewers would be extended under CRW's existing tariff rule for sewer extensions, Staff takes the position that CRW has the ability to provide service in the requested area in the foreseeable future with no substantial capital cost impact.

The modified service area description retains the existing service area description as one section of text, and adds a new section to reflect the new area. A proposed revised map, and a revised proposed service area description, are included with this memorandum as Attachments C and D, and incorporated by reference herein.

## **BERKSHIRE GLEN**

This service area expansion includes two parcels. The first is a subdivision named Walnut Hills Estates to the west of Berkshire Glen, in which CRW is currently providing service to 16

customers. The second area is referred to as McHenry Addition at the south-central portion of the service area, in which CRW is currently providing service to one customer. CRW's treatment facility has a design daily flow capacity of 18,500 gallons per day and a design population capacity of 185 persons (estimated 60 to 75 customers). CRW currently provides service to 30 customers in this area and Staff estimates the facility is operating at approximately 40% of its flow capacity. There is growth potential in all portions of the proposed expanded service area, and Staff's position for this service area is similar to Private Gardens, above, in that plant capacity is available and collecting sewers may be extended by the terms of CRW's existing tariff rule for extensions; and thus CRW has the ability to provide service in the requested area in the foreseeable future with no substantial capital cost impact.

The modified service area description incorporates revision of the entire existing description, resulting in a new description, and referring to this service area as the "Berkshire Glen/Walnut Hills Estates" service area. A proposed revised map, and a revised proposed service area description, are included with this memorandum as Attachments E and F, and incorporated by reference herein.

### **TARIFF**

Assuming the Commission approves the expanded service areas, Staff recommends that after such approval CRW submit revised tariff sheet Nos. 2, 5, 7, 8, 9 and 12 in its currently effective tariff to replace current sheets depicting the three involved service areas. The content of the tariff sheets should be consistent with the attachments to this memorandum.

### **OTHER ISSUES**

CRW is current on its annual report filings with the Commission through calendar year 2015. It has paid annual assessment payments through all of FY2017. CRW corporation status is in "Good Standing" with the Missouri Secretary of State.

Except for its general rate case SR-2014-0247 remaining as an open case, CRW has no other cases or pending actions before the Commission. This pending CCN case will have no impact upon the pending rate case, nor will the pending case impact approval of this proposed CCN expansion.

### **STAFF'S CONCLUSIONS**

Staff concludes that CRW's proposal to expand certain service areas, as modified by Staff as described above, is reasonable, feasible, and not detrimental to the public interest. CRW will need to revise its current tariff to reflect the service area expansions. The proposed expansions do not require capital expenditure by CRW, nor the creation of any new or revised rates. Facility operations would remain unchanged. There is no proposed additional capital expenditure and no

direct change in revenue or expenses. Existing requirements upon CRW to keep financial books and records are adequate for this proposed CCN expansion.

### **STAFF'S RECOMMENDATIONS**

Based upon the above, Staff recommends that the Commission take the following actions:

1. Approve the proposed CCN, as requested by CRW and with written descriptions as modified by Staff as described above in the body of this memorandum and in the attachments to this memorandum;
2. Order CRW to submit, as a 30-day filing, revised tariff sheets within ten (10) days after the effective date of an order issued by the Commission approving the CCN, reflecting the expanded service areas;
3. Make no finding that would preclude the Commission from considering the ratemaking treatment to be afforded any matters pertaining to the granting of this CCN to CRW, including expenditures related to the new certificated service area, in any later proceeding.

Staff will file a further recommendation regarding revised tariff sheets anticipated to be filed subsequent to an order issued by the Commission.

#### List of Attachments:

Attachment A - Wil Mar Map  
Attachment B - Wil Mar Description  
Attachment C - Private Gardens Map  
Attachment D - Private Gardens Description  
Attachment E - Berkshire Glen/Walnut Hills Estates Map  
Attachment F - Berkshire Glen/Walnut Hills Estates Description



**Description of Service Area: – Wil Mar Estates Subdivision**

As modified in Case No. SA-2017-0013

**General Description:**

A subdivision located approximately three miles West of Kearney Missouri, South from Missouri State Highway 92 on State Highway A ½ mile to the entrance of subdivision. This service area includes platted lots of Wil Mar Estates and Wil Mar Estates First Plat.

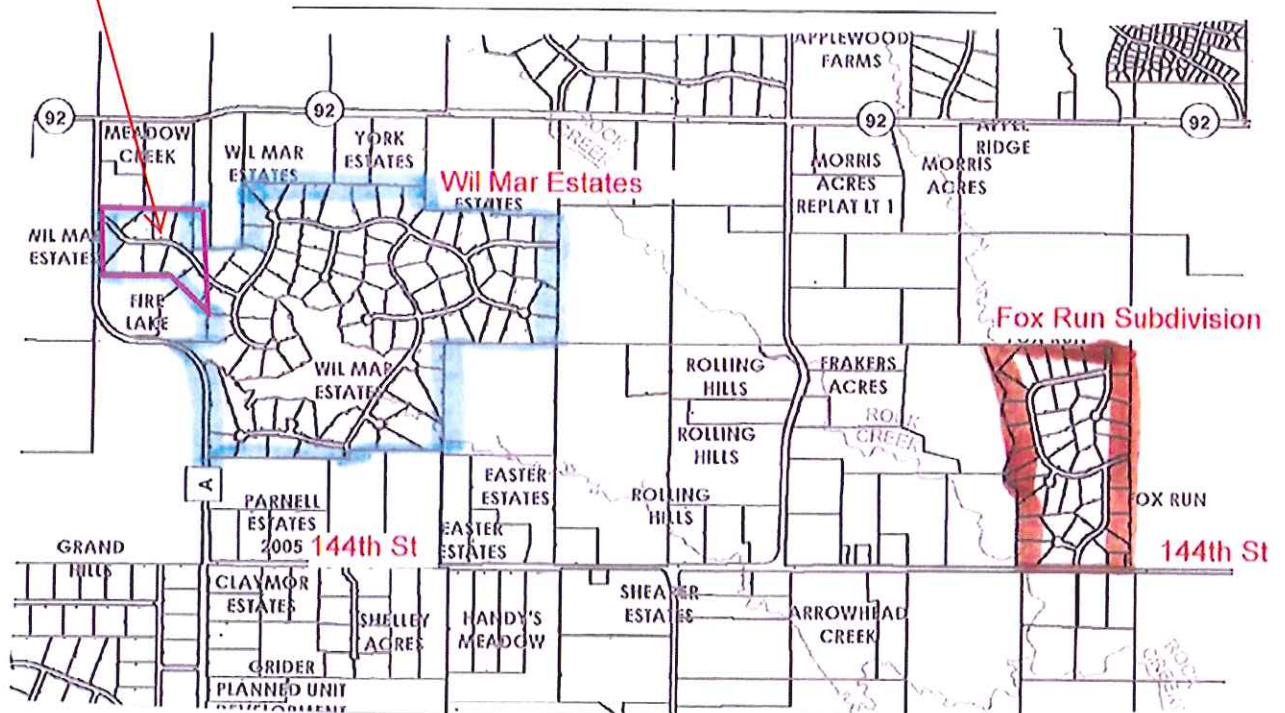
**Legal Description:**

Those portions of Section 36 T53N, R32W and Section 31, T53N, R31 W of the 5th P.M., Clay County, Missouri, described as follows: Beginning at the E ¼ corner of said Section 36 (also the W ¼ corner of said Section 31), thence N00-23-23E, 406.78 feet along the East line of said Section 36 (also the West line of said Section 31), thence N47-57-00W, 620.51 feet; thence S89-55-28W, 810.59 feet to the Easterly right of way line of Missouri Highway "A"; thence N00-02-35E, 614.49 feet along said r.o.w. line; thence N00-03-00E, 174.61 feet along said r.o.w. line; thence N89-55-28E, 1106.74 feet; thence S00-23-23 W, 496.42 feet; thence N89-55-01E, 550.00 feet; thence N00-23-23E, 791.44 feet; thence S89-00-27E, 2096.26 feet; thence South 285.56 feet; thence East 783.20 feet; thence S00-04-00W, 49.11 feet; thence S89-05-15E, 764.29 feet to the East line of the W ½ of the NE ¼ of said Section 31; thence S00-04-00W, 1517.95 feet along said East line to the SE corner of said W ½ NE ¼; thence S89-54-12W, 1317.50 feet to the center of said Section 31; thence S00-00-10W, 1281.28 feet along the East line of the SW ¼ of said Section 31; thence N89-46-58W, 1060.40 feet; thence South 100.00 feet; thence N89-46-58W, 1615.01 feet to the Easterly right of way line of Missouri Highway "A"; thence N00-06-49W, 793.93 feet along said r.o.w. line; thence along a curve to the left having a radius of 607.96 feet, through a central angle of 70-27-13, an arc distance of 747.58 feet along said r.o.w. line to the North line of the SE ¼ of said Section 36; thence N89-55-28E, 367.91 feet along said North line to the point of beginning.

**Map of Wil-Mar Estates and Fox Run Subdivision Service Areas**

As modified in Case No. SA-2017-0013

new expanded area



**Description of Service Area: – Private Gardens Subdivision**

An area generally located in the East Half of Section 19, Township 52 North, Range 31 West, south of NE 120th Street, west of Plattsburg Road, north of NE 112th Street, and platted as Private Gardens in Clay County, Missouri.

More specifically described as follows: All that part of the East one half of Section 19 and a part of the Northeast Quarter of Section 20, both in Township 52, Range 31, Clay County, Missouri described as follows: Commencing at the Southeast corner of said Section 19; thence North 0 degrees, 01 minutes, 51 seconds West along the East line of said Section 19, also being the East Line of SHAVERS HEAVEN CREST, a subdivision of land in Clay County, Missouri, a distance of 1814.97 feet to the Point of Beginning of the tract herein to be described; thence North 89 degrees, 41 minutes, 46 seconds West along the North line of said SHAVERS HEAVEN CREST and its Westerly prolongation thereof, a distance of 2624.80 feet to the West Line of the Southeast Quarter of said Section 19; thence North 0 degrees, 25 minutes, 41 seconds East along said West line, a distance of 828.16 feet to the center of said Section 19; thence North 0 degrees, 24 minutes, 01 seconds East along the West line of the Northeast Quarter of said Section 19, a distance of 1493.20 feet; thence South 89 degrees, 37 minutes, 34 seconds East a distance of 2858.21 feet to a point on the centerline of Lightburne-Plattsburg Road, (the following 5 courses are along said road centerline): thence South 2 degrees, 51 minutes, 39 seconds West, a distance 782.98 feet; thence Southwesterly along a curve to the right being tangent to the last described course, and having a radius of 1300.00 feet, an arc distance of 310.33 feet; thence South 16 degrees, 32 minutes, 18 seconds West, a distance of 339.19 feet; thence Southerly along a curve to the left being tangent to the last described course, and having a radius of 1510.00 feet, an arc distance of 436.57 feet; thence South 0 degrees, 01 minutes, 51 seconds East, a distance of 473.59 feet to the Point of Beginning. Said tract of land contains 145.84 Acres more or less.

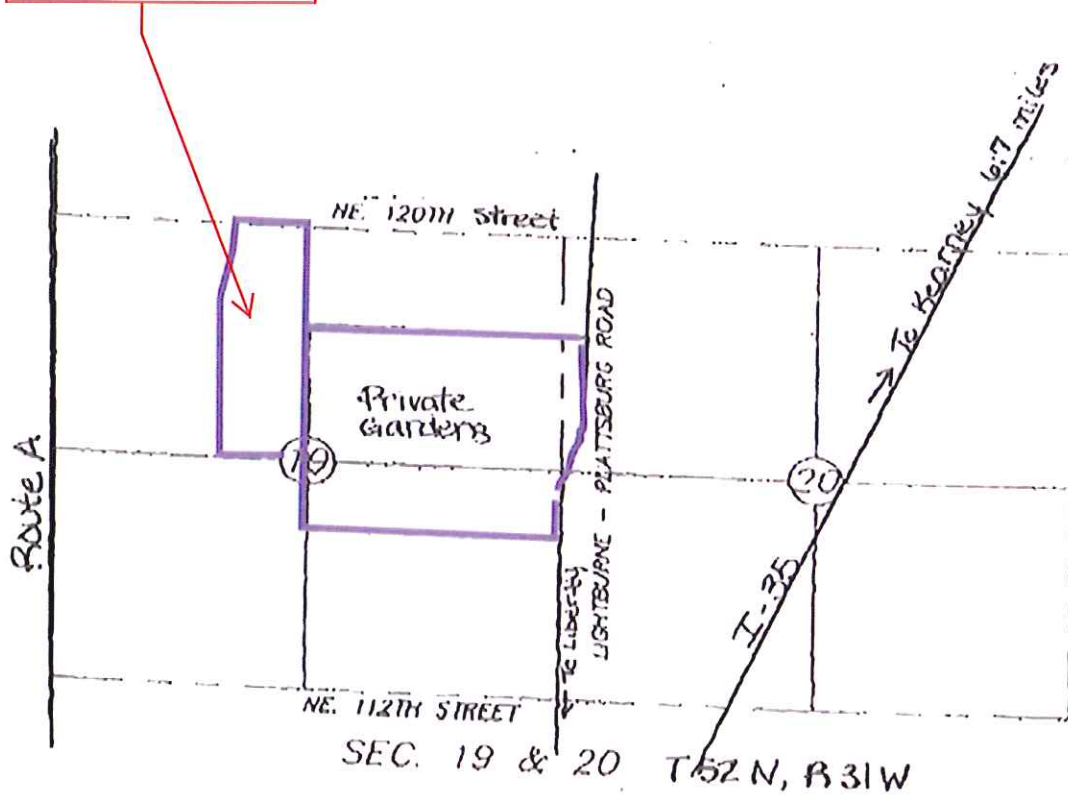
Service area addition with Case No. SA-2017-0013:

Part of the East half of the Northwest Quarter of Section 19, Township 52, Range 31 in Clay County, Missouri described as follows: Beginning at the Northeast corner of said East half; thence West along the North line of said East half and along NE 120<sup>th</sup> Street a distance of 660.0 feet; thence South at right angles a distance of 650.0 feet; thence Southwest along a line that deflects 14 degrees 48 minutes 19 seconds to the right (from said line produced) a distance of 200.0 feet; thence South along a line which deflects 14 degrees 48 minutes 19 seconds to the left (from said line last produced) a distance of 1,770.72 feet to a point on the South line of said East half; thence East along said South line a distance of 697.40 feet to the Southeast corner of said East half; thence North along the East line of said East half a distance of 2,617.62 feet to the point of beginning.

Map of Private Gardens Service Area

As modified in Case No. SA-2017-0013

new expanded area



SA-2017-0013  
Staff Memorandum Attachments  
August 17, 2016

**Description of Service Area: – Berkshire Glen/Walnut Hills Estates**

As modified in Case No. SA-2017-0013  
Includes McHenry Addition

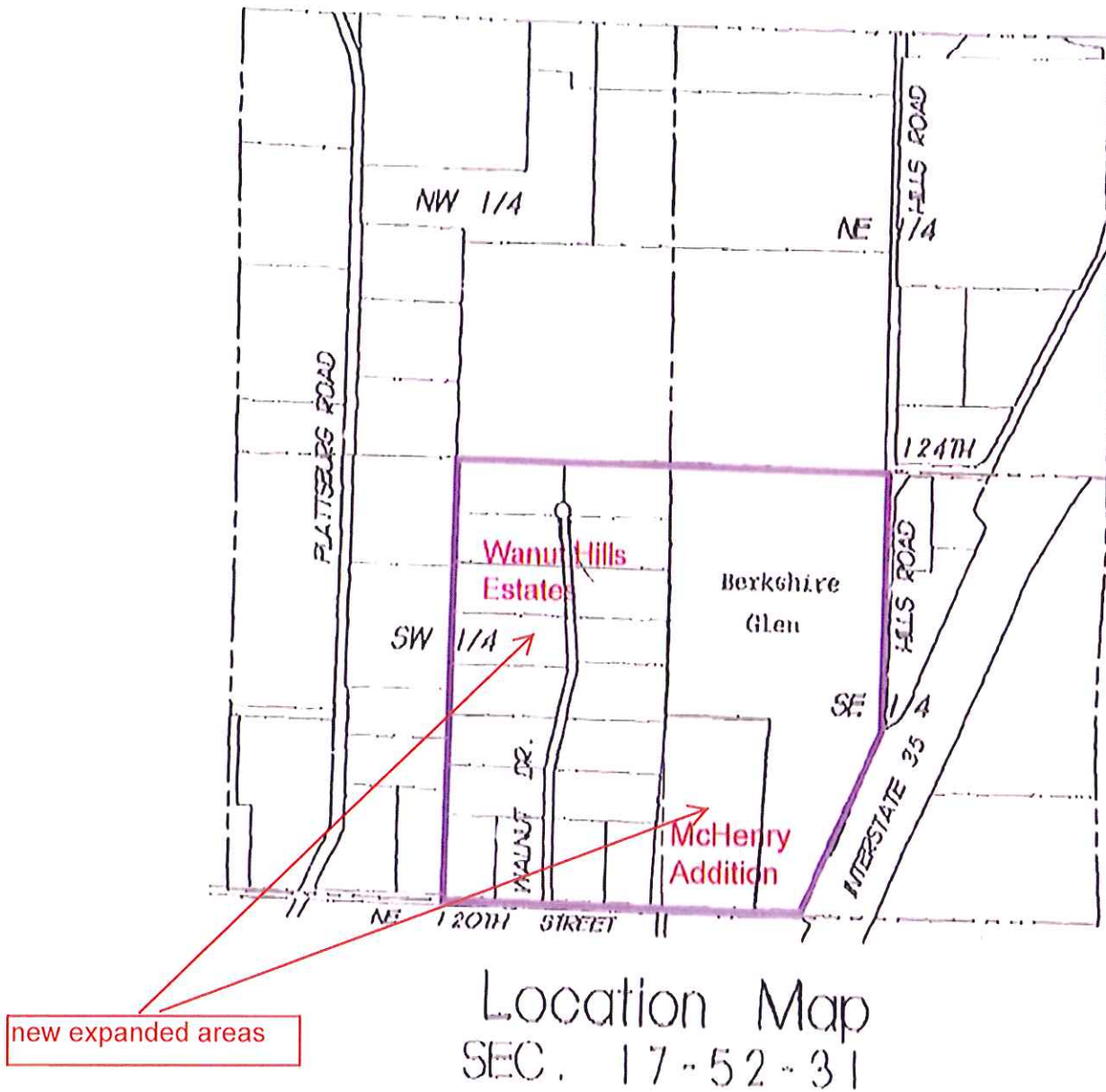
Generally includes all of the W 1/2 of the SE 1/4 of section 17, and, the East 1/2 of the SW 1/4 of Section 17, T52N, R31W, Clay County, Missouri, Lying west of Interstate I-35 highway and North of 120th Street, containing about 153 acres. This service area is about 1.5 miles North of Liberty, MO.

More particularly described as: Beginning at the Center of said Section 17, thence North 89° 31' 56" East 1303.1 feet; thence South 0° 08' 01" West 1626 feet; thence South 22° West 1107 feet (generally along the I-35 Right-of-Way); thence West along 120<sup>th</sup> Street approximately 2186 feet; thence North 2647 feet; thence East 1323 feet to the Point of Beginning.

SA-2017-0013  
Staff Memorandum Attachments  
August 17, 2016

Map of Berkshire Glen/Walnut Hills Estates Service Area

As modified in Case No. SA-2017-0013



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

In the Matter of Central Rivers Wastewater Utility, Inc. )  
For Certificates of Convenience and Necessity )  
Authorizing it to Construct, Install, Own, Operate, )  
Maintain, Control and Manage Sewer Systems in )  
Clay County, Missouri )

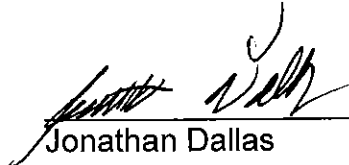
**Case No. SA-2017-0013**

State of Missouri )  
 ) ss.  
County of Cole )

**AFFIDAVIT OF JONATHAN DALLAS**

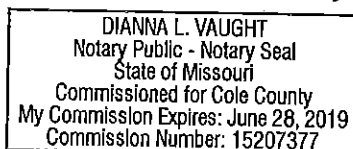
STATE OF MISSOURI )  
 ) ss  
COUNTY OF COLE )

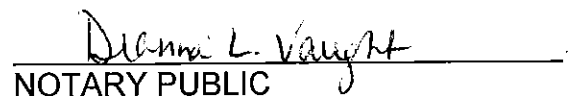
Jonathan Dallas of lawful age, on his oath states: (1) that he is a Utility Operations Technical Specialist II in the Water and Sewer Department of the Missouri Public Service Commission; (2) that he participated in the preparation of the foregoing *Staff Recommendation*; (3) that information in this *Staff Recommendation* was provided by him; (4) that he has knowledge of matters set forth in the *Staff Recommendation*; and (5) that such matters set forth in the *Staff Recommendation* are true and correct to the best of his knowledge, information and belief.

  
Jonathan Dallas

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 17th day of August, 2016.



  
NOTARY PUBLIC

My commission expires: June 28, 2019



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

In the Matter of Central Rivers Wastewater Utility, Inc. )  
For Certificates of Convenience and Necessity )  
Authorizing it to Construct, Install, Own, Operate, )  
Maintain, Control and Manage Sewer Systems in )  
Clay County, Missouri )

**Case No. SA-2017-0013**

State of Missouri )  
 ) ss.  
County of Cole )

**AFFIDAVIT OF MARTIN HUMMEL**

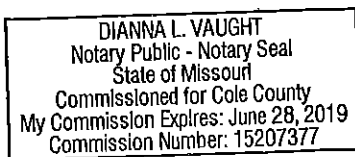
STATE OF MISSOURI )  
 ) ss  
COUNTY OF COLE )

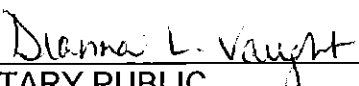
Martin Hummel of lawful age, on his oath states: (1) that he is a Utility Engineering Specialist III in the Water and Sewer Department of the Missouri Public Service Commission; (2) that he participated in the preparation of the foregoing *Staff Recommendation*; (3) that information in this *Staff Recommendation* was provided by him; (4) that he has knowledge of matters set forth in the *Staff Recommendation*; and (5) that such matters set forth in the *Staff Recommendation* are true and correct to the best of his knowledge, information and belief.

  
Martin Hummel

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 17th day of August, 2016.



  
NOTARY PUBLIC

My commission expires: June 28, 2019



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

In the Matter of Central Rivers Wastewater Utility, Inc.)  
For Certificates of Convenience and Necessity )  
Authorizing it to Construct, Install, Own, Operate, )  
Maintain, Control and Manage Sewer Systems in )  
Clay County, Missouri )

**Case No. SA-2017-0013**

State of Missouri )  
 ) ss.  
County of Cole )

**AFFIDAVIT OF JAMES A. MERCIEL, JR.**

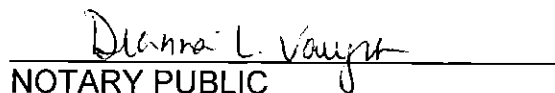
STATE OF MISSOURI )  
 ) ss  
COUNTY OF COLE )

James A. Merciel, Jr., of lawful age, on his oath states: (1) that he is the Utility Regulatory Engineering Supervisor in the Water and Sewer Department of the Missouri Public Service Commission; (2) that he participated in the preparation of the foregoing *Staff Recommendation*; (3) that information in this *Staff Recommendation* was provided by him; (4) that he has knowledge of matters set forth in the *Staff Recommendation*; and (5) that such matters set forth in the *Staff Recommendation* are true and correct to the best of his knowledge, information and belief.

  
James A. Merciel, Jr.  
**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 17th day of August, 2016.

DIANNA L. VAUGHT  
Notary Public - Notary Seal  
State of Missouri  
Commissioned for Cole County  
My Commission Expires: June 28, 2019  
Commission Number: 15207377

  
NOTARY PUBLIC

My commission expires: June 28, 2019