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Missouri Public Service Commission

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November 24, 1999

GORDON L. PERSINGER
Acting Executive Director
Director, Research and Public Affairs

WESS A. HENDERSON
Director, Utility Operations

ROBERT SCHALLENBERG
Director, Utility Services

DONNA M. KOLILIS
Director, Administration

DALE HARDY ROBERTS
Secretary/Chief Regulatory Law Judge

DANA K. JOYCE
General Counsel

Mr. Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102

RE: SA-2000-248

Dear Mr. Roberts:

Enclosed for filing in the above-captioned case are an original and fourteen (14) conformed copies of a **STAFF RECOMMENDATION**.

This filing has been mailed or hand-delivered this date to all counsel of record.

Thank you for your attention to this matter.

Sincerely yours,

Keith R. Krueger
Deputy General Counsel
(573) 751-4140
(573) 751-9285 (Fax)

Enclosure
cc: Counsel of Record

Missouri Public Service Commission

NOV 24 1999

FILED
2

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

In the Matter of the Application of Central)
Rivers Wastewater Utility, Inc., A)
Certificate of Convenience And Necessity)
Authorizing It To Construct, Install, Own,)
Operate, Control, Manage And Maintain)
Sewer System For The Public, Located On)
An Unincorporated Area In Clay County,)
Missouri.)

Case No. SA-2000-248

FILED²

NOV 24 1999

Missouri Public
Service Commission

STAFF RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission ("Staff"), and for its recommendation in this case, states to the Missouri Public Service Commission ("Commission") as follows.

In the attached Memorandum, which is labeled as Appendix A, the Staff recommends that the Commission grant approval of the Application by Central Rivers Wastewater Utility, Inc. ("Company") for a Certificate of Convenience and Necessity to provide sewer service in Wil-Mar Estates subdivision in Clay County, Missouri.

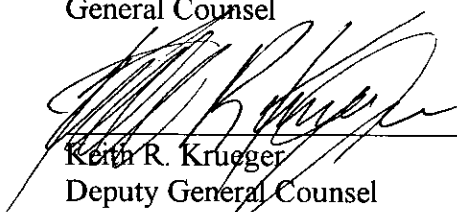
The Staff has thoroughly investigated the Company's Application and believes that it is in the public interest to grant the certificate and to order the Company to file tariffs and to comply with other orders.

WHEREFORE, the Staff recommends that the Commission issue an order which grants the Company a certificate of convenience and necessity as requested in the Application, effective on the same date that the Company's tariff sheets become effective; that it order the company to file tariff sheets, to bear an effective date that is at least 30 days after they are filed with the Commission; that it approve the company's existing depreciation rates and monthly customer

rate of \$32.00 per month; and that it approve a STEP system installation charge of \$4,500 per lot for homes with three bedrooms or fewer, and a new STEP system installation charge of \$4,800 for homes with four bedrooms or more.

Respectfully submitted,

DANA K. JOYCE
General Counsel

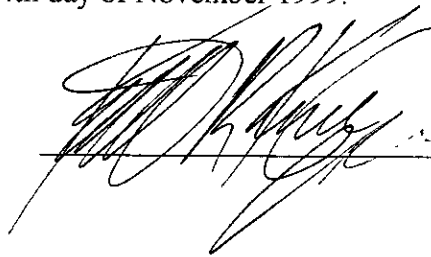


Keith R. Krueger
Deputy General Counsel
Missouri Bar No. 23857

Attorney for the Staff of the
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102
(573) 751-4140 (Telephone)
(573) 751-9285 (Fax)

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 24th day of November 1999.



Service List for
Case No. SA-2000-248
November 24, 1999

Shannon Cook
Office of the Public Counsel
P.O. Box 7800
Jefferson City, MO 65102

Mark E. Kelly
Withers, Brant, Igoe & Mullennix, P.C.
Attorney at Law
Two South Main
Liberty, MO 64068

M E M O R A N D U M

TO: Missouri Public Service Commission Official Case File
Case No. SA-2000-248 (Wil-Mar subdivision)
Central Rivers Wastewater Utility, Inc.

FROM: Martin Hummel
Water and Sewer Department

M.H. Nov. 23, 1999

[Signature] 11/23/99
[Signature] 11/23/99

Wendy Haddock 11-23-99
Utility Operations Division/Date

[Signature] 11-24-99
General Counsel's Office/Date

SUBJECT: Staff's Recommendation for Approval of a
Certificate of Convenience and Necessity

DATE: November 23, 1999

RECEIVED

NOV 21 1999
9:40 AM SS
MISSOURI
Public Service Commission

Background

On September 22, 1999 Central Rivers Wastewater Utility, Inc. (CRW or Company) filed an Application for a Certificate of Convenience and Necessity (Certificate) to provide sewer service in Wil-Mar Estates subdivision (Wil-Mar) in Clay County. The Commission subsequently set an intervention date of October 25, 1999, but no applications to intervene were filed in the case. The Commission also set November 23, 1999 as the date by which the Staff was to file its recommendation.

CRW was incorporated in December 1997 and was granted a certificate to provide sewer service in its first service area known as Countryside Meadows on May 25, 1999 in Case No. SA-98-530. The service proposed for Wil-Mar utilizes a septic tank and pump at each customer's property, like service at Countryside Meadows. This is commonly called a septic tank effluent pump, or STEP system. The sewer system is a pressure collection system, which transports the wastewater from the residences to the treatment facility.

In order to ensure that potential lot buyers know of the cost for a STEP system, it was agreed that the developer would record with the county recorder of deeds a subdivision restriction stating that where a STEP system is required in order to obtain sewer service from CRW that such system will be installed by CRW at the charge specified in its PSC tariff.

CRW proposes to use the existing STEP system installation charge of \$4,500 per lot for homes with 3 bedrooms or less, and to use a \$4,800 STEP charge for homes with 4 bedrooms or more. The larger homes

require a larger tank, thus the necessity for the installation charge difference. The lot owners will own the STEP system, but CRW will have the responsibility for maintaining the pumps, including future replacements, and disposing of tank solids on an as-needed basis. CRW's responsibilities will also include an inspection of each STEP system at least annually.

CRW and Staff agreed to utilize the existing \$32 per month rate, with a review of the rate to be conducted by the Staff subsequent to May 2001 as prescribed in Case No. SA-98-530.

On November 19, 1999, the Staff sent a letter summarizing its position on the Application to CRW and requested a written response regarding CRW's agreement with the Staff's proposed recommendations (see Attachment A). On November 22, 1999 the Staff faxed and mailed a letter correcting an error in the November 19 letter (see Attachment B). On November 22, 1999 CRW faxed the Staff a letter dated November 22, 1999 stating the Company's agreement with the Staff's proposed recommendations (see Attachment C).

The Staff also sent copies of the above mentioned letters to CRW to the Office of the Public Counsel (the OPC). The OPC has not responded either in favor of or in opposition to the Staff's proposed recommendations.

CRW has agreed to continue to use its previously approved depreciation rates.

In conjunction with the Commission granting CRW a Certificate, CRW will need to amend its tariff by filing a map and a written description for the Wil-Mar service area, and the \$4,800 STEP installation charge for large homes.

All Staff members involved in the review of CRW's Application, and all levels of their up-line management, were afforded the opportunity to review and comment on this Memorandum prior to it being filed.

Staff's Recommendations

Based on the above, the Staff recommends that the Commission issue an order which:

- Grants CRW a Certificate of Convenience and Necessity as requested in its Application, with the Certificate to be effective on the same date the Company's tariff sheets become effective;
- Orders CRW to file tariff sheets to show the Wil-Mar service area map and description within 30 days of the date of issue of the Commission's order granting the Certificate, with the tariff sheets

to bear an effective date that is at least 30 days from the date the tariff sheets are filed with the Commission;

- Approves the Company's existing depreciation rates and monthly customer rate of \$32.00/month for the Wil-Mar development;
- Approves a STEP system installation charge of \$4,500 per lot for homes with 3 bedrooms or less, and a new \$4,800 STEP charge for homes with 4 bedrooms or more.

Attachments:

Attachment A - Staff's November 19, 1999 Letter to CRW
Attachment B - Staff's November 22, 1999 Letter to CRW
Attachment C - CRW's November 22, 1999 Letter to Staff

Copies (with attachments):

Director - Utility Operations Division
Director - Utility Services Division
Director - Research and Public Affairs Division
General Counsel's Office
Manager - Accounting Department
Manager - Depreciation Department
Manager - Financial Analysis Department
Manager - Water and Sewer Department
Central Rivers Wastewater Utility, Inc.
Mark Geisinger
Kevin Hawthorne
Richard Stone
Mark Kelly, Counsel
Office of the Public Counsel
John Coffman



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Secretary/Chief Regulatory Law Judge

DANA K. JOYCE
General Counsel

Kevin Hawthorne
Central Rivers Wastewater Utility, Inc.
E. P. Sales
1114 N Walrond
Kansas City, MO 64120

November 19, 1999

RE: Case No.SA-2000- 248, Application for Sewer Service Certificate (Wil-Mar Estates)

Dear Mr. Hawthorne:

The purpose of this letter is to present to you the Staff's position on the Application by Central Rivers Wastewater Utilities Inc. (CRW) for a Certificate of Convenience and Necessity for the provision of sewer service at Wil-Mar Estates.

The Staff is agreeable to the use of the flat rate of \$32.00 per month as established in the previous Case No. SA-98-530(Countryside Meadows) . The rate of \$32.00/month is based on estimates of expected cost, with the expectation that this rate will be reviewed subsequent to May of 2001 based on actual cost of service.

At such time as individual customer water usage is readily available, rates using wintertime water usage data should be instituted.

The proposed rate will not cover all expenses during the beginning phase of the development. Furthermore, in the short term, out-of-pocket expenses will not be covered. The Staff recognizes that CRW has an agreement with the developer to pay \$250/month to CRW until there are 24 customers. This is expected to substantially cover out-of-pocket expenses such as electric use, operator salary, and repairs. In addition, the developer has delivered CRW a \$25,000 Letter of Credit to assure the payment of the monthly fee.

The \$32/month rate is expected to support a ratebase of \$300 per customer as investment in the treatment facility, with the balance being contributed by the developer. The Staff understands that this has been agreed to by the developer and CRW.

As we have also discussed, the Staff is agreeable to a septic tank effluent pump (STEP) installation charge of \$4500 as previously approved in Case No. SA-98-530 for homes with up to 3 bedrooms. In addition, the Staff agrees with a charge of \$4800 for the larger 1500-gallon tanks for homes with 4 or more bedrooms. This is to be a once per connection charge for the

Kevin Hawthorne
Wil-Mar
November 19, 1999
Page 2

installation of the STEP system at each house where it is necessary to receive sewer service. It is understood that where a developer intends to use STEP systems that the lot buyer will have notification of the installation charge prior to the purchase of the lot. CRW will insure this condition when a developer requests service by requiring that the developer record with the county recorder of deeds a restriction stating that where a STEP system is required in order to obtain sewer service from CRW that such system will be installed by CRW at the charge specified in its PSC tariff. The amount of such charge shall be the average actual cost of installation.

CRW will maintain records of each system's construction costs, accumulated depreciation, CIAC, revenues, operation and maintenance expenses.

As we have discussed, subsequent to the Commission issuing an order in this case, CRW will need to file appropriate tariff sheets to add the new service area description, map and large home \$4800 connection fee.

Our proposed recommendations on this case are:

- CRW keep its books and records according to the Uniform System of Accounts;
- Current depreciation rates be approved for the new Wil-Mar Estates area;
- a flat rate of \$32.00/month be approved;
- a one time service charge for the installation of a STEP system, initially to be \$4500 for a 3 bedroom or smaller home, and; \$4800 for a 4 bedroom or larger home, will be included in the company's tariff; and
- that a Certificate of Convenience and Necessity be approved to be effective concurrent with the filing and approval of the appropriate tariff sheets.

If you agree with the proposed recommendations and conditions as set forth in this letter, CRW should send written acknowledgment.

Sincerely,



Martin Hummel
Water and Sewer Department

cc: Mark Geisinger, Accurate Boring
John Coffman, Office of Public Counsel
Larry Cox, PSC-K.C. Office
Stuart Borders, Clay County Planning and Zoning



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DANA K. JOYCE
General Counsel

Kevin Hawthorne
Central Rivers Wastewater Utility, Inc.
E. P. Sales
1114 N Walrond
Kansas City, MO 64120

November 22, 1999

RE: Case No.SA-2000- 248, Application for Sewer Service Certificate (Wil-Mar Estates)

Dear Mr. Hawthorne:

The purpose of this letter is to **correct** an error that I made in the letter that I sent last Friday, November 19. I recognize that the agreement with the developer at Wil-Mar is slightly different than the agreement with the developer of Fox Run.

In order for the developer to assist in the startup costs of sewer service, at Wil-Mar the developer has agreed to monthly payments to Central Rivers Wastewater Utility, Inc. (CRW) that start at around \$1000 and then declines to \$0 when there are 60 customers on the system, rather than, a flat \$250 per month at Fox Run until there are 24 customers. And likewise CRW is investing \$500 per customer at Wil-Mar rather than \$300 per customer at Fox Run.

It is recognized that the sewer service for the developments is significantly different, including having potentially 40 customers at Fox Run and potentially 90 customers at Wil-Mar.

If you agree with this correction and the proposed recommendations and conditions as set forth in the November 19 letter, CRW should send written acknowledgment.

Sincerely,

Martin Hummel
Water and Sewer Department

cc: Mark Geisinger, Accurate Boring
John Coffman, Office of Public Counsel
Larry Cox, PSC-K.C. Office
Stuart Borders, Clay County Planning and Zoning



CENTRAL RIVERS WASTEWATER UTILITY, INC

205 South Spartan Drive
Richmond, MO 64085

November 22, 1999

Martin Hummel
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102

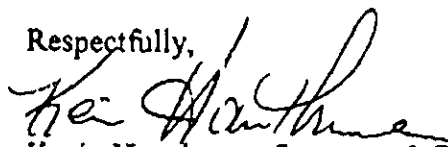
RE: Case No. SA-2000-248

Dear Mr. Hummel:

After review of your letters in response to Application for Sewer Service Certificate (Wil-Mar Estates), all the information meets with our approval and we would encourage your expedience in moving this application forward through typical PSC channels.

If you have any questions, please contact me at (816) 483-3888.

Respectfully,


Kevin Hawthorne, Secretary & Treasurer
Central Rivers Wastewater Utility, Inc.

Cc: Mark Geisinger, President, Central Rivers Wastewater Utility, Inc.
Gary Couchman, Couchman Construction, Inc.
Mike Malone, Clay County Health Department