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August 3, 2000

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Secretary/Chief Regulatory Law Judge

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General Counsel

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

RE: Case No. SA-2000-295

Dear Mr. Roberts:

Enclosed for filing in the above-captioned case are an original and eight (8) 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,

Cliff Snodgrass
Senior Counsel
(573) 751-3966
(573) 751-9285 (Fax)

Enclosure

cc: Counsel of Record

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

FILED²

AUG 03 2000

Missouri Public
Service Commission

In the Matter of the Application of Lake)
Region Water & Sewer Company for a)
Certificate of Public Convenience and)
Necessity Authorizing It to Construct,)
Install, Own, Operate, Control, Manage,)
and Maintain a Centralized Sewage)
Collection and Treatment System in an)
Unincorporated Area in Camden County,)
Missouri, as an Expansion of Its Existing)
Certificated Area.)

Case No. SA-2000-295

**STAFF RECOMMENDATION AND MEMORANDUM IN RESPONSE TO STIPULATION AND
AGREEMENT**

COMES NOW the Staff of the Missouri Public Service Commission (Staff) and for its Recommendation and Memorandum in Response to a Stipulation and Agreement states as follows:

1. On or about July 21, 2000, Staff entered into a Stipulation and Agreement in the above captioned case.
2. On August 1, 2000, the Commission directed the Staff to file a Recommendation and Memorandum in response to the Stipulation and Agreement by no later than August 7, 2000.
3. §536.060 RSMo (1994) provides authority to dispose of cases by stipulation, and §393.170(3) RSMo (1994) provides that the Commission may grant a Certificate of Convenience and Necessity (CNN) whenever it is "necessary or convenient for the public

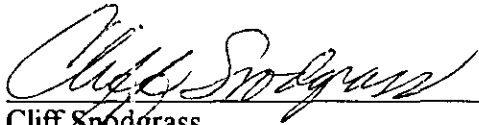
service". See also State ex rel. Intercon Gas, Inc. v. Public Service Commission, wherein the Court of Appeals set forth five criteria which must be met before a CNN may be issued.

4. In the attached Memorandum, which is labeled Appendix A, the Staff explains its rationale for entering into the Stipulation and Agreement connected with this case, and why it will be in the public interest to approve the Stipulation and Agreement.

THEREFORE, based upon the foregoing, the Staff respectfully requests that the Commission enter an Order which approves the terms of the Stipulation and Agreement.

Respectfully submitted,

DANA K. JOYCE
General Counsel


Cliff Snodgrass
Senior Counsel
Missouri Bar No. 52302

Attorney for the Staff of the
Missouri Public Service Commission
P. O. Box 360
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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 1st day of August, 2000.

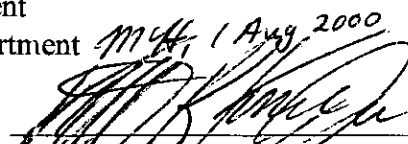


MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. SA-2000-295; Lake Region Water & Sewer Company

FROM: Dale Johansen – Project Coordinator
Roy Boltz – Accounting Department
Jolie Mathis – Engineering & Management Services Department
Ron Bible – Financial Analysis Department
Jim Merciel – Water & Sewer Department
Martin Hummel – Water & Sewer Department

 8/1/00
Project Coordinator/Date

 8/3/00
General Counsel's Office/Date

SUBJECT: Staff's Suggestions in Support of Stipulation and Agreement and Recommendation
for Commission Approval of Stipulation and Agreement

DATE: August 1, 2000

On October 22, 1999 Lake Region Water and Sewer Company (LRWS or Company) filed an Application for a Certificate of Convenience and Necessity (Certificate) to provide sewer service to an area of Horseshoe Bend in Camden County, adjacent to the Company's present service area. Several condominium associations with existing privately owned sewer systems in the proposed new area filed for, and were granted, intervention. After a prehearing conference was held LRWS filed direct testimony and an amended application on May 16, 2000. The amended application sought a much smaller service area, which essentially does not impact any of the interveners.

Neither Staff, the Office of the Public Counsel (OPC) nor any of the interveners filed rebuttal testimony, which had been scheduled for June 30, 2000.

Generally, the interveners have wastewater treatment facilities within the originally proposed area. The intervenors' primary concern appeared to be the uncertainty of any negative impact they might experience by being within the service area of a larger sewer utility with respect to the continued use of their treatment facilities. LRWS's amended application, which excludes all of these facilities from the requested area, appears to have satisfied the intervenors' concerns.

After reviewing LRWS's initial application, the Staff was primarily concerned about the size of the proposed area, and the feasibility and ability of LRWS to implement service to all customers. The Staff also had questions on details such as the number, location and classes of customers.

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APPENDIX A

Through the amended application modifying the proposed service area, direct testimony on behalf of LRWS, and responses to the Staff's questions, LRWS has satisfied the Staff's concerns regarding its request for an expanded service area. The proposed amended area is considerably smaller than the area originally proposed and is essentially the first phase of what could become a much larger service area. In the Staff's opinion, the proposed area as amended is a logical extension of LRWS's current service area and will bring much needed sewer service to current and future homeowners on Horseshoe Bend at the Lake of the Ozarks.

As proposed in both the original and amended applications, the collected wastewater will be treated at a large regional-size treatment facility that is owned and operated by the Cities of Osage Beach and Lake Ozark. Additionally, the treated sewage will be discharged downstream of the lake, which is very desirable from the viewpoint of the quality and safety of the lake's water.

LRWS and the Staff have agreed that the Company will utilize its current Commission-approved monthly rates, with a review of the rates to be conducted by the Staff subsequent to May 2002. LRWS will continue to use depreciation rates that were established in previous certificate cases.

It is the opinion of the Staff that the granting of the Certificate is reasonable and in the public interest, and that the Company is qualified to provide the service contemplated for the expanded service area. The Staff therefore recommends that the Commission approve the Stipulation and Agreement.

As noted at the beginning of this Memorandum, Staff members from the Accounting, Engineering & Management Services, Financial Analysis and Water & Sewer Departments participated in the Staff's review of the subject Application. All Staff participants, as well as their up-line supervisors, were provided the opportunity to review this Memorandum prior to it being filed. Martin Hummel of the Water & Sewer Department created the initial draft of this Memorandum and comments received from the reviewers were incorporated therein for creation of this final version of the Memorandum.

**Service List for
Case No. SA-2000-295
August 3, 2000**

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