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February 9, 2000

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

FILED

FEB 9 2000

RE: Case No. SR-2000-69

Missouri Public
Service Commission

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,

David J. Stueven
Assistant General Counsel
(573) 751-6726
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Enclosure
cc: Counsel of Record

FILED

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

FEB 9 2000

Missouri Public
Service Commission

In the matter of Terre Du Lac Utilities)	Case No. WR-2000-68
Corporation Water Rate Increase Request.)	Tariff File 9900333 200000151
In the matter of Terre Du Lac Utilities)	Case No. SR-2000-69
Corporation Sewer Rate Increase Request.)	Tariff File 9900334 200000150

STAFF RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission ("Staff"), by and through its undersigned counsel, and for its *Staff Recommendation* in the above-referenced cases states to the Missouri Public Service Commission ("Commission") as follows:

Background

(1) Terre Du Lac Utilities Corporation (Company) initiated the small company rate increase requests (Requests) for water and sewer service that are now the subject of the above-referenced Commission cases under the provisions of Commission rule 4 CSR 240-2.200, Small Company Rate Increase Procedure (the informal rate case procedure). The date the Company's Requests were received at the Commission's offices was October 26, 1998.

(2) In its Requests, the Company represented that it was asking for Commission approval of customer rates intended to generate increases of \$23,000 and \$47,000 in its annual water and sewer operating revenues, respectively. The Company provides water service to approximately 1,015 customers and provides sewer service to approximately 880 customers.

(3) Pursuant to the provisions of the informal rate case procedure, the Staff conducted an audit of the Company's books and records, as well as an inspection of the Company's systems and the operation thereof. Based

upon the results of the Staff's audit and related negotiations, the Company and the Staff agreed that increases of \$20,236 and \$14,402 in the Company's annual water and sewer operating revenues, respectively, were reasonable. On August 3, 1999, the Company filed revised water and sewer tariff sheets including customer rates designed to generate the referenced operating revenue increases. In conjunction with those tariff filings, the Company also filed an *Agreement Regarding Disposition of Small Company Rate Increase Request* pertaining to each of its Requests (the Agreements). Those Agreements reflected settlement of the Company's Requests between the Company and the Staff.

(4) On August 13, 1999, the OPC filed its *Request for Local Public Hearing* in the subject cases. On September 24, 1999, the Commission issued its *Order Scheduling Local Public Hearing*, in which it set the date, time and location for a local public hearing for the subject cases. On November 16, 1999, the Commission held the local public hearing as previously scheduled.

(5) On November 24, 1999, the Staff filed its *Notice of Intent to Conduct Further Investigation and Motion to Further Suspend Tariff Sheets* in the subject cases. On that same date, the OPC filed its *Request for Variance to Allow Additional Time for Filing of Recommendation* in the subject cases.

(6) On December 14, 1999, the Commission issued its *Order Suspending Tariffs and Providing Procedural Schedule*, in which it suspended the tariff sheets pending in these cases until April 7, 2000 and set out a schedule for additional case activities and filings.

(7) On January 14, 2000, the Staff filed its *Notice of Filing of Commission Ordered Report* in the subject cases, to which was attached the *Staff Report on Additional Investigation* (Staff Report).

(8) Based upon the Staff Report and subsequent negotiations, the Company, the Staff and the OPC (the parties) reached additional agreements regarding the issues raised in the Staff Report. Those agreements were reduced to writing and a *Supplemental Agreement Regarding Disposition Of Small Company Rate Increase Request* (Supplemental Agreement) between the parties was filed in the instant cases on February 4, 2000.

(9) Among other things, the Supplemental Agreement calls for the Company's pending tariff sheets to go into effect on March 1, 2000, rather than the date to which the Commission has suspended the tariff sheets (April 7, 2000).

(10) With further regard to the Company's pending tariff sheets, the Supplemental Agreement also calls for the Company to submit substitute sheets that are consistent with the Supplemental Agreement.

(11) On February 9, 2000, the Company submitted the substitute tariff sheets called for by the Supplemental Agreement.

Staff's Comments

(12) The Supplemental Agreement filed in the instant cases on February 4 addresses the issues discussed in the January 14 Staff Report to the Staff's satisfaction.

(13) The substitute tariff sheets that the Company submitted on February 9 include language that is consistent with the terms and conditions of the Supplemental Agreement. (These substitute tariff sheets also correct typographical errors found in the original sheets.)

WHEREFORE, the Staff respectfully recommends that the Commission issue its orders in the instant cases that:

- (a) approve the *Company/Staff Agreement Regarding Disposition Of Small Company Rate Increase Request*, which was filed on August 3, 1999;
- (b) approve the *Company/Staff/OPC Supplemental Agreement Regarding Disposition Of Small Company Rate Increase Request*, which was filed on February 4, 2000; and
- (c) approve the tariff sheets set out below (as substituted on February 9) for service rendered on and after March 1, 2000.

P.S.C. MO. No. 1 (Water Service)

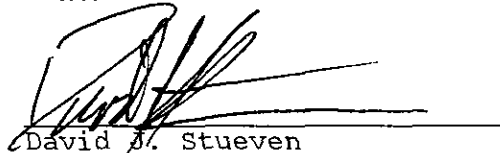
4th Revised Sheet No. 8, Cancelling 3rd Revised Sheet No. 8
Original Sheet No. 8A

P.S.C. MO. No. 1 (Sewer Service)

5th Revised Sheet No. 9, Cancelling 4th Revised Sheet No. 9
2nd Revised Sheet No. 9A, Cancelling 1st Revised Sheet No. 9A

Respectfully Submitted,

Dana K. Joyce
General Counsel



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Assistant General Counsel
Missouri Bar No. 51274

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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 9th day of February, 2000.

A handwritten signature in black ink, appearing to be "J. P. [unclear]", is written over a horizontal line.

**Service List for
Case No. SR-2000-69
February 9, 2000**

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