

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the matter of the application of Quail Run Water &)
Land Company, Inc., for a certificate of convenience and)
necessity authorizing it to construct, install, operate)
and maintain a water system to supply and render water)
service to the public located in an unincorporated area)
of Christian County, Missouri.)

CASE NO. WA-90-142

APPEARANCES: David N. Appleby, Attorney at Law, 119 North Second Street,
P. O. Box 158, Ozark, Missouri 65721, for Quail Run Water &
Land Company, Inc.

HEARING

EXAMINER: Beth O'Donnell

REPORT AND ORDER

On January 8, 1990, Quail Run Water & Land Company, Inc. (Applicant) filed a verified application seeking a certificate of public convenience and necessity to provide water service in an unincorporated area in Christian County, Missouri. On April 10, 1990, Applicant filed an amended application.

On February 23, 1990, the Commission gave notice of this application and established March 26, 1990, as the intervention deadline. No applications to intervene have been received.

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.

Applicant is a Missouri corporation duly organized and existing under the laws of the State of Missouri. Applicant's principal office and place of business is located in Christian County, Missouri. A metes and bounds description of the proposed service area is attached to the application as Exhibit B.

Applicant states that there are no water companies under the jurisdiction of this Commission rendering service in the proposed service area and that there are no incorporated municipalities located within the proposed service area. Applicant further states that Christian County has no ordinances requiring a franchise for water companies.

On May 25, 1990, the Commission's Staff (Staff) filed a memorandum recommending that this application be approved subject to certain conditions. These conditions are as follows:

- 1) Quail Run be required to maintain its books and records in accordance with the NARUC 1984 Uniform System of Accounts for a Class C water company;
- 2) Quail Run be required to book all transmission and distribution mains, all meters and meter installations (except at the master meter), and all hydrants placed in service before January 1, 1990, as contributed plant;
- 3) Quail Run be required to properly book all contributions in aid of construction and contributions of property;
- 4) Rates be approved by the Commission as \$6.31 for the first 2,000 gallons per month plus \$1.32 per thousand gallons for usage over 2,000 gallons per month;
- 5) Depreciation rates as set out in Mr. Love's recommendation be approved by the Commission and Quail Run be required to accrue depreciation expenses based upon those rates;
- 6) Staff be authorized to initiate an audit of Quail Run's books and records subsequent to the rates being in effect for a period of 18 months; and
- 7) Quail Run be required to file a tariff within 30 days of the effective date of the Commission's Order.

The Commission has reviewed the application and attached exhibits as well as Staff's recommendation. The Commission finds that Staff's recommendations are reasonable. The Commission further finds that, provided Applicant complies with the conditions enumerated by Staff, Applicant is qualified to provide the proposed service. In addition the Commission finds that the service is needed and that a grant of the requested authority would promote the public interest. Therefore the

Commission determines that Applicant should be granted a certificate of public convenience and necessity.

The Commission notes that one of Staff's conditions is that Applicant charge its prospective customers \$6.31 for the first 2,000 gallons used per month plus \$1.32 per 1,000 gallons for usage over 2,000 gallons per month. The Commission determines that the rates proposed by Staff to be charged by Applicant are reasonable and should be adopted. By separate Authority Order, the Commission will approve the depreciation rates recommended by Mr. Love of the Staff and will direct Applicant to accrue depreciation expenses based upon those rates.

Conclusions of Law

The Missouri Public Service Commission has arrived at the following conclusions of law.

The Commission has jurisdiction over this application pursuant to Sections 393.170, 393.130 and 393.150, RSMo 1986. Section 393.170 states the Commission has the authority to grant a certificate of public convenience and necessity when it has determined such a grant will be in the public interest. Sections 393.130 and 393.150 empower the Commission to set just and reasonable rates.

The Commission determines that a oral hearing is not necessary in this case. The requirements for a hearing contained in Section 393.170, RSMO 1986, have been met when all those having a desire to be heard are given such an opportunity. Although notice was given, no interventions or motions for hearing were filed. State ex rel. Rex Deffenderfer Enterprises, Inc. v. Public Service Commission, 776 S.W.2d 494, 496 (Mo. App. 1989). The Applicant submitted the evidence in support of its application by verified statement. Since there has been no objection to the evidence submitted by affidavit, the Commission concludes that, pursuant to Section 536.070(12), the verified statement is a sufficient foundation for granting the requested authority.

The Commission has found that Applicant is qualified to operate the water system proposed in the application, provided that Applicant complies with the conditions enumerated in Staff's recommendation. The Commission has further found that there is a need for adequate water service in the proposed service area and that it is in the public interest to grant the authority requested by Applicant. Therefore, the Commission will grant to Applicant the authority requested. The Commission has also determined that the rates proposed herein by its Staff are reasonable and will, therefore, adopt Staff's recommendation.

IT IS THEREFORE ORDERED:

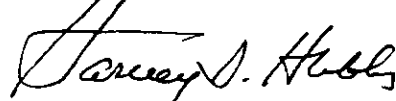
1. That Quail Run Water & Land Company, Inc. be granted hereby a certificate of public convenience and necessity to build, construct, operate and maintain a water system for the purposes of providing water service to the public in an unincorporated area of Christian County, Missouri, as described in Exhibit B, subject to the conditions set forth herein.

2. That Quail Run Water & Land Company, Inc. be directed hereby to file within thirty (30) days of the effective date of this Report and Order tariffs reflecting the rates and charges authorized in this order. These tariffs shall also contain the rules and regulations concerning the utility's operation and service which shall comply with the Commission's rules.

3. That the Commission's Staff be authorized hereby to audit the books and records of Quail Run Water & Land Company, Inc. when company's rates have been in effect for a period of eighteen (18) months.

4. That this Report and Order shall become effective on the 3rd day of July, 1990.

BY THE COMMISSION



Harvey G. Hubbs
Secretary

(S E A L)

Mueller, Rauch, McClure, and
Letsch-Roderique, CC., Concur.
Steinmeier, Chm., Absent.

Dated at Jefferson City, Missouri,
on this 22nd day of June, 1990.