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Missouri Public Service Commission

NO PSC
RE CONSIDERATION

POST OFFICE BOX 360
JEFFERSON CITY, MISSOURI 65102
573-751-3234
573-751-1847 (Fax Number)
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December 18, 1998

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

Commissioners

SHEILA LUMPE
Chair

HAROLD CRUMPTON

CONNIE MURRAY

ROBERT G. SCHEMENAUER

M. DIANNE DRAINER
Vice Chair

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

RE: WA-97-510

Dear Mr. Roberts:

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

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,

William K. Haas
Senior Counsel
(573) 751-7510
(573) 751-9285 (Fax)

Enclosure
cc: Counsel of Record

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BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION FILED

OF THE STATE OF MISSOURI

***98 DEC 18 AM 11 16**

**MO PSC
RECORDS DEPT.**

In the Matter of the Application of George)
Hoesch, for a Certificate of Convenience)
and Necessity Authorizing Him to Own,)
Operate, and Maintain a Water System for)
the Public, Located in an Unincorporated)
Area of the County of Gasconade,)
Missouri.)

Case No. WA-97-510

STIPULATION AND AGREEMENT

On May 27, 1997, George Hoesch (Applicant) filed with the Missouri Public Service Commission (Commission) an Application for a certificate of convenience and necessity for a water system in an unincorporated area of Gasconade County, Missouri.

On June 30, 1997, Gascony Association, Inc. (Association), the homeowner's association within the area sought to be certificated, filed a Request to Intervene. On July 15, 1997, the Association was granted intervention in this matter.

On October 26, 1998, the Association's attorney filed a Withdrawal of Counsel in the referenced matter.

On November 6, 1998, Applicant filed the Direct Testimony of witnesses George R. Hoesch and Ernest Harwig. On November 25, 1998, the Applicant George Hoesch filed a motion requesting that Gascony Water Company, Inc. (Company) be substituted as the Applicant in this proceeding.

On November 30, 1998, the Staff of the Missouri Public Service Commission (Staff) filed the Rebuttal Testimony of witnesses James M. Russo, Guy C. Gilbert, and James A.

Merciel, Jr. Also on November 30, 1998, the Office of the Public Counsel (Public Counsel) filed the Rebuttal Testimony of witness Kimberly K. Bolin.

The Applicant, the Staff, and Public Counsel were represented at the prehearing conference on December 3, 1998. As a result of the prehearing conference and further negotiations, the undersigned parties have reached the following stipulations and agreements:

1. The parties agree that the Company should be substituted as the Applicant in this proceeding.

2. The parties agree that the Commission should issue a Report and Order granting the Company a certificate of public convenience and necessity for the area described in the Application.

3. The Company agrees to file a tariff no later than thirty (30) days after the effective date of a Report and Order granting the Company a certificate of public convenience and necessity. The parties suggest that the Report and Order should provide for the certificate to become effective upon the effective date of the tariff.

4. The parties agree to the rates for water service as set forth on Schedule 1. Schedule 2 shows the Staff's rate calculations. The parties agree that many of the components utilized by the Staff in developing Schedules 1 and 2 are estimates and no party shall be bound by these components or calculations in any future ratemaking proceeding.

5. The Company agrees to install meters at the pool, kitchen and dump station before rates go into effect. Metered rates for these facilities will be developed in the Company's next rate proceeding. Flat rates will apply to these facilities until metered rates take effect.

6. The Staff will conduct a rate review between twelve and eighteen months after the effective date of a certificate so that the reasonableness of the estimated expenses and rates can be checked.

7. The parties agree to the depreciation rates as set out on Schedule 3.
8. Because the Company is a small water company and its residential customers do not yet have meters, the parties agree that the Company's tariff can require advance payment for unmetered water service, in which event, the customer shall have thirty days from rendition to pay the bill.
9. The parties agree that the reconnection fee for a customer whose service is discontinued for non-payment of a bill or other tariff violation will be \$425.00. Schedule 4 shows a break down of this estimated amount.
10. The Company agrees to maintain employee time sheets, telephone usage logs, vehicle logs, equipment use logs, work orders, continuing property records, and customer complaint records, examples of which are attached as Schedules 5, 6, 7, 8, 9, 10 and 11.
11. The Company agrees to maintain its books and records in accordance with the Uniform System of Accounts.
12. The parties agree that the prefiled testimony submitted by the Applicant, the Staff and Public Counsel may be received into evidence without the necessity of their respective witnesses taking the stand.
13. This Stipulation and Agreement represents a negotiated settlement for the sole purpose of disposing of this case. None of the signatories shall be prejudiced or bound in any manner by the terms of this Stipulation and Agreement in any other proceeding, except as otherwise specified herein.
14. None of the signatories shall be deemed to have approved or acquiesced in any ratemaking principle or any method of cost determination or cost allocation underlying or allegedly underlying this Stipulation and Agreement, except to the extent specified herein.

15. This Stipulation and Agreement has resulted from extensive negotiations among the signatories and the terms hereof are interdependent. In the event the Commission does not approve and adopt this Stipulation and Agreement, in total, this Stipulation and Agreement shall be void and no signatory shall be bound by any of the agreements or provisions thereof.

16. In the event the Commission accepts the specific terms of this Stipulation and Agreement, the signatories waive their respective rights to cross-examine witnesses pursuant to Section 536.070 RSMo 1994 and to present oral argument and written briefs pursuant to Section 536.080.1 RSMo 1994, their respective rights to the reading of the transcript by the Commission pursuant to Section 536.080.2 RSMo 1994, and their respective rights to judicial review pursuant to Section 386.510 RSMo 1994.

17. If requested by the Commission, the Staff shall have the right to submit to the Commission a memorandum explaining its rationale for entering into this Stipulation and Agreement. Each party of record shall be served with a copy of any memorandum and shall be entitled to submit to the Commission, within five days of receipt of Staff's memorandum, a responsive memorandum which shall also be served on all parties. All memoranda submitted by the parties shall be considered privileged in the same manner as are settlement discussions under the Commission's rules, shall be maintained on a confidential basis by all parties, and shall not become a part of the record of this proceeding or bind or prejudice the party submitting such memorandum in any future proceeding or in this proceeding whether or not the Commission approves this Stipulation and Agreement. The contents of any memorandum provided by any party are its own and are not acquiesced in or otherwise adopted by the other signatories to this Stipulation and Agreement, whether or not the Commission approves and adopts this Stipulation and Agreement.

The Staff shall also have the right to provide, at any agenda meeting at which this Stipulation and Agreement is noticed to be considered by the Commission, whatever oral explanation the Commission requests, provided that the Staff shall, to the extent reasonably practicable, provide the other parties with advance notice of when the Staff shall respond to the Commission's request for such explanation once such explanation is requested from Staff. Staff's oral explanation shall be subject to public disclosure, except to the extent it refers to matters that are privileged or protected from disclosure pursuant to any protective order issued in this case.

18. The Staff shall have the right to file suggestions or prepared testimony in support of this Stipulation and Agreement and the other parties shall have the right to file responsive suggestions or prepared testimony.

WHEREFORE, the signatories respectfully request that the Commission issue an order which approves the Stipulation and Agreement, which adopts and sets forth the agreed upon depreciation rates, which grants the Company the requested certificate of convenience and necessity, and which authorizes the Company to file tariffs conforming to the terms hereof.

GEORGE HOESCH and GASCONY
WATER COMPANY, INC.

STAFF OF THE MISSOURI PUBLIC
SERVICE COMMISSION

By: 


Frances Laughlin Goetz,
Missouri Bar No. 44106
Robert C. Johnson
Missouri Bar No. 15755
720 Olive Street, Suite 2400
St. Louis, MO 63101

By: 

William K. Haas
Senior Counsel
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Jefferson City, MO 65101

OFFICE OF THE PUBLIC COUNSEL

By:



John Coffman
Deputy Public Counsel
Missouri Bar No. 36591
Shannon Cook
Assistant Public Counsel
Missouri Bar No. 50169
P. O. Box 7800
Jefferson City, MO 65101

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 18th day of December, 1998.



SERVICE LIST FOR
CASE NO. WA-97-510
December 18, 1998

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

Robert C. Johnson/Frances L. Goetz
Peper, Martin, Jensen Maichel & Hetlage
720 Olive Street, Suite 2400
St. Louis, MO 63101

Stipulated Rates

Quarterly rates		Annual
Pool/Bath	\$ 368.16	\$ 1,472.64
Kitchen	\$ 58.39	\$ 233.56
Dump Station	\$ 170.74	\$ 682.96
Full-Time residential	\$ 103.33	\$ 413.32
Part-time residential and other commercial	\$ 36.88	\$ 147.52

WATER RATE DESIGN

Quarterly billing

Stipulated Rates

Rate base	Item	Orig cost	contribution	depr	depr exp	Years in svc
\$ 20,000	Startup	\$ 20,000.00	20%	\$	4,000.00	-
\$ 150	Meters	\$ 150.00	10%	\$	15.00	
\$ 850	Meter install	\$ 850.00	3%	\$	24.65	
\$ 21,000.00					\$ 4,039.65	

- 180 Customers
- 20 Full time residential customers
- 3 Commercial
- 157 Part time residential and small commercial
- 2577 Thousand Gallons total annual pumped water
- 10% Assumed unaccounted for water

Expenses		Total	customer	commodity
Return	11%	2,310	-	2,310
Deprec		4,040	-	4,040
Electric		500	-	500
Mgt -oper-clerical		15,000	10,000	5,000
Maintenance		1,500	500	1,000
Vehicle		2,829	1,414	1,415
Testing		500	500	-
Rent		1,500	1,500	-
Office equip - suppl		400	400	-
Telephone		600	600	-
Postage		300	300	-
Insurance		-	-	-
Taxes other than income		70	-	70
Income taxes	23.91%	552	-	552
Legal, accounting		1,500	1,500	-
Misc, contingency, M & S,		1,200	1,200	-
Uncollectible	2%	676	676	-
PSC AAssess	1.004%	340	340	-
Design Revenue		\$33,817	\$18,930	\$14,887

**QUARTERLY RATES
(for flat rate calculation)**

Customer charge	Commodity charge
\$ 26.29	\$ 6.42 /1,000 gal

DEVELOPMENT OF FLAT RATES

Assume full time customers use , gallons per quarter 12,000
Common property except swimming pool considered part time

Swimming pool est	5 months activity		
	dimensions	60	40
	fill vol	7 feet	126000 gallons/yr
	evaporation	5 inches/mo	7500 gallons/mo
	splashing, loss		2000 gal/mo
	shower	100 people	
		8 weekend days	
		6 gal	4800 gallons/mo
	misc use		3000 gal/mo

Customer	Annual use		QUARTERLY FLAT RATES	annual
Pool/Bath	213 Thousand Gal		368.16	1472.64
Kitchen	20 Thousand Gal	Estimated use per Company	58.39	233.56
Dump Stat	90 Thousand Gal	Estimated use per Company	170.74	682.96
Full time	960 Thousand Gal		103.33	413.32
Part time	1,036 Thousand Gal		36.88	147.52
	1,650	Gallons per part-time customer per quarter		

REVENUE CHECK

	Quarterly rates	Annual Revenue
Pool/Bath	368.16	\$ 1,472.64
Kitchen	58.39	\$ 233.56
Dump Station	170.74	\$ 682.96
20 Full time customers	103.33	\$ 8,266.40
157 Part time customers	36.88	\$ 23,160.64
		\$ 33,816.20
		\$ 33,817.00
		\$ (0.80)

**GEORGE HOESCH
DEPRECIATION RATES**

(WATER)

Case No. WA-97-510

<u>Acct. No.</u>	<u>Description of Account</u>	<u>Annual Rate</u>
311	Structures & Improvements	2.5%
314	Wells & Springs	2.0%
316	Supply Mains	2.0%
317	Other Water Source Plant	2.0%
321	Structures & Improvements	2.5%
325	Electric Pumping Equipment	10.0%
328	Other Pumping Equipment	5.0%
331	Structures & Improvements	2.5%
332	Water Treatment Equipment	2.9%
341	Structures & Improvements	2.5%
343	Transmission & Distribution Mains	2.0%
345	Services	2.9%
346.2	Meters - Plastic Chamber (10 yr, 0 salv)	10.0%
346.3	Meter Installations (Services Rate)	2.9%
348	Hydrants	2.5%
349	Other Transmission & Distribution Plant	3.3%
390	Structures & Improvements	2.9%
391	Office Furniture & Equipment	5.0%
391.1	Office Computer Equipment	20.0%
392	Transportation Equipment (7 yr, +9% salv)	13.0%
394	Tools, Shop, Garage Equipment	5.0%
398	Miscellaneous Equipment	5.0%

**Gascony Water Company
WA-97-510**

Connection/Reconnection Charge

Meter Setting Breakdown

Meter jumper				\$	10.00
Yoke					50.47
Meter Box					29.74
Connection hardware					12.44
Inserts					1.84
Frame and Cover					22.40
Sales tax					7.99
Backhoe	3.8 hrs	@	\$	60	228.00
Labor	4 hrs	@	\$	15	60.00
					422.88

Stipulated amount \$ 425

Equipment Use Log

Work Order No. _____ Date: _____ / _____ / _____

Time at Job Site: *(Note if additional days are required)*

Equipment Hour Meter Readings:

Time Equipment Returned From Job Site: _____ At Completion of Job: _____

Time Equipment Taken to Job Site: _____ At Start of Job: _____

Hours Equipment Required at Job Site: _____ Actual Equipment Hours Used: _____

Company Hourly Cost Rate of Equipment: \$ _____

Total Equipment Cost for Work Orders: \$ _____ *(Post to Work Order Form)*

Description and Purpose of Work Performed with Equipment: _____

Please describe on back any equipment repairs that were necessary as a result of todays operations.

0004/KK

Equipment Use Log

Work Order No. _____ Date: _____ / _____ / _____

Time at Job Site: *(Note if additional days are required)*

Equipment Hour Meter Readings:

Time Equipment Returned From Job Site: _____ At Completion of Job: _____

Time Equipment Taken to Job Site: _____ At Start of Job: _____

Hours Equipment Required at Job Site: _____ Actual Equipment Hours Used: _____

Company Hourly Cost Rate of Equipment: \$ _____

Total Equipment Cost for Work Orders: \$ _____ *(Post to Work Order Form)*

Description and Purpose of Work Performed with Equipment: _____

Please describe on back any equipment repairs that were necessary as a result of todays operations.

0004/KK

CUSTOMER COMPLAINTS

File No. _____
Work Ord. No. _____

CUSTOMER NAME _____ TELEPHONE _____

ADDRESS _____

DATE RECEIVED _____ FOLLOW-UP DATE _____ DATE CLOSED _____

REFER TO - COMPANY REP. _____

CUSTOMER CLASS:

- | | | | | | | | |
|-----------|--------------------------|--------|--------------------------|-----------|--------------------------|-------|--------------------------|
| PERMANENT | <input type="checkbox"/> | RESID. | <input type="checkbox"/> | MOB. HOME | <input type="checkbox"/> | APT. | <input type="checkbox"/> |
| SEASONAL | <input type="checkbox"/> | COMM. | <input type="checkbox"/> | INDUST. | <input type="checkbox"/> | CONDO | <input type="checkbox"/> |

COMPLAINT DISCRIPTION: _____

ACTION TAKEN - MAINT. REQUIRED: _____

REMARKS: _____

