

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a hearing of the Public Service
Commission, held at Jefferson City,
Missouri, on the 15th day of
February, 1979.

In the Matter of
THE APPROVAL OF BATSON DEVELOPMENT)
COMPANY, FOR PERMISSION, APPROVAL, AND A)
CERTIFICATE OF CONVENIENCE AND NECESSITY)
AUTHORIZING IT TO CONSTRUCT, INSTALL, OWN,) Case No. WA-79-136
OPERATE, CONTROL, MANAGE AND MAINTAIN A)
SEWER SYSTEM AND A WATER SYSTEM FOR THE PUBLIC,)
LOCATED IN AN UNINCORPORATED AREA IN BUTLER)
COUNTY, MISSOURI.)

BEFORE:

TOM PARKER, PRESIDING,
HEARING EXAMINER.

Reported by:
Olive Bealmer.

APPEARANCES:

NORMAN L. CHADWICK, Attorney at Law,
306 Vine Street,
Commerce Bank Building,
Poplar Bluff, Missouri 63901,

FOR: APPLICANT,

BATSON DEVELOPMENT COMPANY.

GARY W. DUFFY, Asst. General Counsel,
Post Office Box 360,
Missouri Public Service Commission,
Jefferson City, Missouri,

FOR: STAFF OF THE MISSOURI

PUBLIC SERVICE COMMISSION.

1 PURSUANT to a Session Order of the Missouri
2 Public Service Commission, dated the 9th day of January,
3 1979, entitled "ORDER AND NOTICE OF HEARING", "ORDERED: 1.
4 That a hearing be, and the same is, hereby set in this matter
5 at 10:00 a.m., on the 15th day of February, 1979, in the
6 Commission's hearing room on the tenth floor of the Jefferson
7 State Office Building, Jefferson City, Missouri, for the
8 purpose as specified." at which time, date, and place, the
9 following proceedings were had:

10 (Written Entries of Appearance Filed.)

11 EXAMINER PARKER: The Commission has set for
12 hearing this morning Case No. WA-79-136, in the matter of the
13 approval of Batson Development Company for permission,
14 approval and a Certificate of Convenience and Necessity
15 authorizing it to construct, install, own, operate, control,
16 manage, and maintain a sewer system and a water system for the
17 Public, located in an unincorporated area in Butler County,
18 Missouri.

19 Let the record reflect that written entries
20 of appearance have been made and the Bench will accept oral
21 appearances at this time.

22 MR. CHADWICK: I am Norman Chadwick, an
23 attorney from Poplar Bluff, Missouri. That's 306 Vine Street
24 in Poplar Bluff, Missouri, Post Office Box 310, Zip Code 63901,
25 and I am appearing at this time on behalf of Batson Development

1 Company in connection with this application for a certificate.

2 MR. DUFFY: Gary W. Duffy, Assistant General
3 Counsel, appearing on behalf of the Staff of the Public
4 Service Commission, P.O. Box 360, Jefferson City, Missouri 65102.

5 EXAMINER PARKER: Are there any preliminary
6 matters or any desire to make an opening statement before we
7 proceed?

8 MR. CHADWICK: I don't think so. We have
9 already had an informal discussion of these matters.

10 EXAMINER PARKER: All right; call your first
11 witness.

12 (Witness sworn.)

13 APPLICANT'S EVIDENCE:

14 W I L L I A M C. B A T S O N, J R., called

15 as a witness in behalf of the APPLICANT,

16 BATSON DEVELOPMENT COMPANY, being first duly

17 sworn, testified as follows:

18 DIRECT EXAMINATION BY MR. CHADWICK:

19 Q Would you state your full name for the record,
20 please?

21 A William C. Batson, Jr.

22 Q And your address?

23 A Route 1, Box 238A, Poplar Bluff, Missouri.

24 Q And would you state your connection, please,
25 with the Batson Development Company?

Missouri Public Service Commission

1 A I am the developer of the water system and the
2 sewer system in a subdivision that I own near Poplar Bluff
3 and I desire to develop these and then turn them over to the
4 Batson Development Company, in its entirety.

5 Q And for the record, could you describe the
6 general nature of your subdivision areas there, how many you
7 have, and how many acres they consist of, and so forth?

8 A The entire acreage consists of 385 acres. It's
9 approximately 3 miles west of Poplar Bluff. The sewer acreage
10 consists of about 90 acres where the proposed sewer is and
11 the water system is to cover the entire 385 acres.

12 Q Now, the area to be covered by the water
13 system, part of that area has already been developed with
14 homes, has it not?

15 A Yes.

16 Q And the area to be covered by the sewer system
17 is virtually unoccupied at this time, is it not?

18 A That's true; there is only 3 houses on that
19 area at this time.

20 Q And this area that will be covered by the
21 sewer system then, the sewer is not going to cover that
22 previously developed area where those other homes are?

23 A No.

24 Q I believe you have already stated that you have
25 started developing both of these systems, have you not, the

1 water system is actually in operation, isn't it?

2 A Yes, it is.

3 Q Is there some work to be completed on the
4 water system?

5 A There is future improvements, more storage
6 capacity, et cetera, more lines to be laid and more distribution
7 lines to be laid.

8 Q Has it yet been run through the undeveloped
9 area where the sewer system is going to be?

10 A The mains are run through there in some of the
11 side roads, the smaller pipe has been run, also. There is
12 still some remaining to be done on that.

13 Q And could you describe what installation you
14 have by way of a water system, the pump, and so forth, the
15 storage available?

16 A Yes, I have a standing pipe approximately 60
17 feet high; I have a deep well pump, approximately 1000 feet
18 deep, and I have a pump house, a well house, and I have 4-inch
19 mains running over the entire system, with 2-inch mains branching
20 off from that, with some 3-inch mains.

21 Q Now, this well that is servicing these houses
22 now was built, was it not, in accordance with the Department
23 of Natural Resources specifications?

24 A Yes, it was. In fact, they came out at
25 different stages and observed it as it was being dug.

1 Q And at this time, you do not have their final
2 approval of the water system, do you?

3 A No, I haven't.

4 Q We are going to be asking for a certificate
5 of necessity and convenience here based, a conditional
6 certificate based upon their final approval, are we not?

7 A That's right.

8 Q And approximately how many houses are being
9 serviced now by the water system?

10 A 20-some odd houses, I haven't got an exact
11 count on it.

12 Q And at this time, of course, no charge is being
13 made to anyone for that water, is there?

14 A No.

15 Q And was that water system contemplated in this
16 sale of the lots and the land that was sold in the developed
17 area?

18 A No.

19 Q There wasn't any charge made for this water
20 system at that time?

21 A No.

22 Q And I think some meters are set now, are there
23 not?

24 A Yes; I have some meters in.

25 Q But, of course, no charges are being made yet,

1 pending approval of this matter?

2 A No.

3 Q What type of storage system do you have on
4 the water system?

5 A We have a stand pipe that will hold approximately
6 16,000 gallons of water, 60 feet high. It is on the higher
7 portion of the subdivision.

8 Q And do you contemplate adding additional
9 storage capacity at a later date?

10 A Yes.

11 Q And are you willing to keep the Commission
12 advised of developments and needs with respect to additional
13 storage in your plans?

14 A Yes.

15 Q And you have already submitted some detailed
16 plats of your subdivisions, have you not, showing the legal
17 description of the area to be serviced by this water system?

18 A Yes, I have.

19 Q And I believe that in our informal discussion
20 they have asked that we submit another plat showing the outside
21 perimeter of the service area on a smaller map that can be
22 readily identified and you are willing to do that, are you not?

23 A Yes.

24 Q Can you describe the general area where these
25 subdivisions lie with reference to Poplar Bluff there, in

1 Butler County, Missouri?

2 A It lies to the west and slightly north of
3 Poplar Bluff, approximately 3 miles.
4

5 Q And is there any Public Water Supply System
6 or County System in that immediate area?

7 A No, there isn't.

8 Q About how far would it be to the nearest
9 county water supply system?

10 A Approximately 4 or 5 miles to the south,
11 which would be inadequate, it's on a lower level in that
12 area and it could not be extended up this direction at all.

13 Q And there is no water system that is willing
14 to serve your area out there, is that correct?

15 A No, there isn't.

16 Q Do you have a projected estimate of how many
17 homes eventually may be serviced by this water system?

18 A Approximately 260, 65, something like that.

19 Q Now, we have had an informal discussion this
20 morning, have we not, with the various parties interested
21 here with the Commission?

22 A Yes.

23 Q And there have been some tentative recommendations
24 arrived at here by way of rates, based upon your projected
25 costs, and so forth, have there not?

A Yes, there have.

1 Q And on the water system, I believe the
2 computations were arrived at that there would be recommended
3 a \$6 customer-fixed charge per month for the water, is that
4 correct?

5 A Considered a minimum charge, whether water
6 is used or not, yes.

7 Q And then a rate of \$1.40 per thousand gallons
8 up to a maximum of 10,000 gallons?

9 A Yes.

10 Q And above 10,000 gallons of water per month,
11 the rate would be 50 cents per thousand?

12 A That's correct.

13 Q And it was brought out that you do have some
14 users that will use substantial water by way of washing
15 horses and watering lawns and either, I think those are
16 approximately one-acre lots that you sell out there, aren't
17 they?

18 A They range up to 7 acres. There are some
19 one acres, it's mostly 3 to 6 acres.

20 Q Most people buy multiple lots, do they,
21 based upon one-acre lots?

22 A Yes.

23 Q And the projection, these figures were
24 projected upon about how many families on the water system
25 for the next 18 months?

Missouri Public Service Commission

1 I believe we projected 50 families, did we
2 not?

3 A On the water system, yes, I think 50 is what
4 we projected.

5 Q And this suggested rate is a figure that would
6 be in effect for an 18-month period, then pending review at
7 that time by this Commission of your costs, number of
8 customers, and so forth, is that correct?

9 A Right.

10 Q And as a developer, and on behalf of the
11 developing company, are you willing then to absorb and pay
12 any costs that may be incurred for the water system in the
13 producing of the water in excess of those rates?

14 A I am, yes.

15 Q And, in addition, are you willing to use the
16 accounting procedures recommended by the Commission that we
17 discussed?

18 A Yes, I am.

19 Q With regard to the need for expanding the
20 water storage capacity at a later date as more customers are
21 added and we work up to the potential maximum customers, do you
22 have a figure in mind and already picked for the potential
23 added storage?

24 A Yes, I do.

25 Q And have you discussed that with your engineer?

1 A I have.

2 Q We also discussed the need to prepare an exhibit
3 for late filing of the average cost of connection of the
4 water system, and this will be done, will it not, and that
5 exhibit filed here in this hearing?

6 A Yes, it will.

7 Q And we also discussed that the approval of the
8 Department of Natural Resources of the water system would be
9 secured at an early date, its final approval of the system,
10 and that will be filed, did we not?

11 A Yes; just as soon as possible.

12 Q And we are asking here for separate certificates
13 insofar as the water system is concerned as distinguished from
14 the sewer system, is that correct?

15 A Yes; one for the water and one for the sewer.

16 Q Do you have provisions for a, do you have a
17 standby pump set up?

18 A I have provisions, a local concern that has
19 these pumps in stock, although if the Commission feels I
20 need a standby one, I will have it setting at the well house
21 for use, if necessary.

22 Q Now, with reference to metering, we covered,
23 I believe, the fact that there are some meters set and I think
24 you are adding meters, are you not, as your men get time to
25 set these meters?

1 A Yes; we have meters set already in most of the
2 ones that are using the water, we set them up over a period
3 of several months when the men would have time to do it.

4 Q And there will be a meter, of course, provided
5 for every customer at such time as this application is
6 approved and they go onto the system?

7 A Yes. I have excess meters in stock right now
8 in my pump house.

9 Q And you will have a plan for periodically
10 reading these meters, I assume?

11 A As soon as we have a rate established, we can
12 start this.

13 Q I believe there were certain items, when we
14 were computing the costs, the projected costs last year of this
15 system that probably or possibly were not taken into account,
16 were there not?

17 A Yes, there was.

18 Q I think one of those items was the cost of the
19 billing and record keeping, was it not?

20 A There was no provision for them in our
21 estimated costs when this was prepared.

22 Q Do you think of any other matters that we
23 discussed on that that were not included? It seems to me
24 there might have been--I think we talked about the annual
25 report cost that was not included, that was not included in

1 those kinds of records, was it?

2 A No; that wasn't included.

3 Q Nor was, for example, your hearing time, your
4 hearing time, your attorney fees and those matters were not
5 calculated?

6 A That was not calculated in it either.

7 MR. CHADWICK: I don't have anymore questions
8 at this time.

9 CROSS-EXAMINATION BY MR. DUFFY:

10 Q Mr. Batson, who owns and controls the Batson
11 Development Company?

12 A My wife and I.

13 Q And Batson Development Company is the Applicant
14 in this proceeding?

15 A Yes.

16 Q Who or what is Batson Mini-Farms?

17 A That's the name of my subdivision.

18 Q Is it a corporation?

19 A No, it isn't. It is owned by me and my wife.

20 Q Did you develop Batson Mini-Farms?

21 A Yes, I did.

22 Q Under Batson Development Corporation?

23 A No, no; Batson Development Corporation was
24 formed just a little over a year ago but I have been
25 developing the subdivision since '71 or '72.

1 Q Under what legal entity?

2 A Just as an individual.

3 Q When you installed the water system, the
4 existing water system of Batson Mini-Farms, did you expense
5 the cost of that system on your tax returns?

6 A No, I haven't. I haven't done anything in that
7 regard as yet. Now, I don't intend to because I am going to
8 turn it over to this Batson Development Company, you see,
9 and they will be the owner of it as soon as we get this
10 procedure through.

11 Q You are going to donate it to Batson Development
12 Corporation?

13 A Yes. I will, of course, have stock in it and
14 will be the, you might say, the owner of the corporation
15 through stock, through ownership of the corporation.

16 Q Do you plan to have an office in this sub-
17 division available where people can call with complaints or
18 inquiries about the water and sewer service?

19 A Yes. I have got, I am setting up at the
20 present time an office at my home that is right in the
21 acreage that I have there and I will have my business phone
22 there, there will be a separate entrance to it for people
23 to come in if they want to, or call, or whatever.

24 Q Will there be a telephone number that will be
25 answered 24 hours a day?

1 A Yes.

2 Q Who will be answering that phone?

3 A Myself and my wife, or my son. He will have
4 an extension too. There will be a business phone which we
5 already have, it's 686-2991, we have had that business phone
6 for quite some time. We will use that; I will have a phone
7 at my home and my son will have one at his home.

8 Q His home is also in that subdivision?

9 A His home is just a half a mile from mine,
10 in the subdivision.

11 Q Do you know who you are going to employ as
12 serviceman for this?

13 A My son will do it until we get on our feet and
14 see where this is going to, you know. Here in this interim
15 stage here my son will be--and myself, I will help also to take
16 care of it.

17 Q And both of you would be available 24 hours
18 a day?

19 A Yes. Well, let's put it this way, one of us
20 will be available 24 hours a day, between the two of us, one
21 of us will be.

22 MR. DUFFY: That's all of the questions I have.

23 EXAMINER PARKER: We will reserve then
24 Applicant's Exhibits 1 and 2 for Late Filed Exhibits, Exhibit
25 2 being DNR approval--what was Exhibit 1 for, Mr. Chadwick?

1 MR. CHADWICK: I was just attempting to see
2 here what exhibits I was going to get. We were going to have
3 one on the average cost of connection.

4 EXAMINER PARKER: All right; that would be
5 Exhibit 1.

6 MR. CHADWICK: We were going to have a plat
7 showing the outside perimeters of the service area, then the
8 approval of the DNR. I believe those are 3 items.

9 EXAMINER PARKER: Then Exhibit 3 will be
10 a Late Filed Exhibit which will be a plat from the Applicant.

11 Anything further from the Applicant today.

12 MR. CHADWICK: Not on the water system.

13 EXAMINER PARKER: Let's go off the record.

14 (Discussion off the record.)

15 EXAMINER PARKER: Let's go back on the record.

16 REDIRECT EXAMINATION BY MR. CHADWICK:

17 Q Mr. Batson, continuing our questioning then,
18 and moving over to the area of the certificate for the sewer
19 that we wish to secure, I believe in our discussion we agreed
20 there would be a service map prepared of that area also,
21 is that correct? It will be submitted as Late Exhibit No. 1
22 on the sewer part?

23 A Yes.

24 Q And we had the same agreement, that we would
25 compute the average cost of connections of sewers and submit

1 that also as another exhibit in connection with the sewers?

2 A Yes, I believe that's correct.

3 Q In connection with extending the sewer service
4 line from mains over to the property of the customer, the
5 lot of the customer, how do you propose that that will be paid?
6 In connection with your sewage system, have you started
7 construction?

8 A Yes, I have.

9 Q And what is the status of your construction
10 of your sewage system at this time?

11 A It's pretty close to completion in the area
12 I am sewerer there.

13 Q And again, that area was approximately how
14 many acres?

15 A Approximately 90 acres.

16 Q And how many homes have been built in that
17 area to date?

18 A Three.

19 Q And do you propose to charge the cost of this
20 plant, you entire sewage system, to the lots which you sell
21 in this subdivision?

22 A Yes. The initial outlay of expense for
23 developing this will be recouped through the sale of lots,
24 adding the price onto the lots.

25 Q Then basically, what type of sewage disposal

1 system is this?

2 A It's an aerated type of system with compressors
3 that pump oxygen into it constantly. It has an 8-inch main
4 running all over the subdivision.

5 Q Over in the developed area of your subdivision
6 that we referred to earlier, those homes over there are on
7 septic systems, are they not?

8 A Yes.

9 Q And we do not propose to run this system over
10 into that developed area, do we?

11 A No, I don't.

12 Q Now, in addition, we discussed the fact that
13 we need to get final approval from the Department of Natural
14 Resources on this sewer system also, is that correct?

15 A That's correct.

16 Q And we will submit that as Late Exhibit 3
17 in connection with that sewer system?

18 A As soon as it can be obtained, yes.

19 Q And they have already given you a preliminary
20 approval of your system, have they not, by letter on your
21 plan--

22 A They approved the plan but they haven't given
23 me a construction permit or an operating permit yet.

24 Q And about how many customers did we anticipate
25 here in the next 18 months that might be using this sewage
system in addition to the 3 homes that are already there?

1 A I didn't write those figures down but I think
2 it was something like maybe 10 homes per year, about 18
3 more homes within the next 18 months, I would say.

4 Q And again, in our discussion with the committees
5 here, we were discussing the Proposed Rate for the next
6 18 months, were we not, subject then to review at that time?

7 A Yes; yes, we were.

8 Q And in that discussion we arrived at a figure
9 that was considered reasonable for submission of \$10 per
10 customer, per month, did we not, for the charge for the
11 sewage disposal?

12 A Yes, we did.

13 Q And are you willing, as the developer to assume
14 and pay all costs of operating this system during the next
15 18 months that are in excess of that charge of \$10 per customer?

16 A Yes, I am.

17 Q And the cost of connecting onto the sewer,
18 is that to be a separate charge to each customer at the time
19 they connect on?

20 A Yes; we talked about that and that's to be
21 established. However, I will need to do some figuring and
22 come up with a figure there.

23 Q And that is Exhibit 2 that we are going to
24 submit as a Late Exhibit, and we are asking that that be
25 approved, in addition to the monthly charge?

1 A Yes. Excuse me just a moment. I don't believe
2 we covered this under the water system, did we?

3 We had something on the water system to that
4 effect also.

5 Q All right. I will back up. On the water
6 system, were we also asking then, are you asking for approval
7 of a connection charge to the customer, in addition to the
8 rate that we discussed, the monthly rate?

9 A Right.

10 Q And again, on the sewage disposal, we are
11 asking for a conditional certificate, based upon the final
12 approval of the Department of Natural Resources of the system,
13 is that correct?

14 A Yes.

15 Q I believe in connection with the cost studies
16 that there were similar charges which were not figured in
17 there, overhead charges of operating similar to the ones you
18 previously testified to on the water system, were there not?

19 A Right; such as billing, and insurance, reports,
20 and so forth. We didn't include those in our original
21 consideration.

22 Q On this again, the same matter applies, you are
23 willing here to keep the approved or the recommended records
24 approved by the Commission?

25 A Yes, I am.

1 Q And keep the Commission informed of any
2 developments that might occur in the handling of your
3 project up there?

4 A Yes.

5 MR. CHADWICK: I have no further questions.

6 RECROSS-EXAMINATION BY MR. DUFFY:

7 Q What kind of treatment plant are you planning
8 for the sewer system, Mr. Batson?

9 A It's an aerator-type system, made much like
10 a concrete basement. In fact, it's already in. You saw it
11 the other day. The one we have in is approximately 44 feet
12 long by 14 feet wide and it has a settling portion built on
13 the side of that. We will--the large part has 3 compartments,
14 two smaller compartments and one on each end. The middle one
15 is where the raw sewage will be pumped into.

16 Q It's a prefabricated plant?

17 A No; it's one that I built like building a
18 basement, it was poured right there. It's a permanent deal.
19 There is no prefab about it at all.

20 Q What is the status of its approval by the
21 Department of Natural Resources?

22 A That's something my engineer, Wayne McSpadden,
23 he has submitted this plan to the office in Poplar Bluff and
24 they are well aware of it and I am sure they have seen the
25 site even but I understand just this morning that Wayne hasn't--

1 we changed it from one lot to another right beside it. It
2 was better situated than the one he had drawn on the original
3 plans. The original plans called for a lift station. The
4 sewage would come through a low spot and have to be lifted
5 into this and by moving it to the lot right next to it,
6 which is a lower lot, we run by gravity flow into the tank,
7 so we moved it over there and that plan hasn't been changed
8 to show the new location. My engineer told me a month ago
9 he would have those plans to those people over there but I
10 understand this morning that's what they are holding up their
11 approval of me getting the construction permit and so forth,
12 waiting for that realigned plan.

13 Q Do you know what the capacity of that treatment
14 plant is designed to be?

15 A 26,000 gallons a day, I think.

16 Q Do you know how that translates into families
17 or people that can be on that system?

18 A I think approximately 80 families can be on this
19 one system, approximately 80 homes. We had it arranged to
20 where when we go beyond that need we can build one identical
21 to it, just flip-flop the other direction and go right on.
22 In other words, this system was designed to have two of those
23 units when it became necessary, when we developed that far,
24 the same lines could feed into both of them.

25 Q And help me recall how many homes you were

1 projecting on the sewer system?

2 A I have approximately 165 lots that could go on it.
3 However, it has been my experience that there would probably
4 be only about 100 homes in this area, if it works out like
5 it usually does, a lot of people will buy 2 lots or maybe 3
6 and will only build on 1, you know.

7 Q Well, if you are going to have 100 homes,
8 and the capacity of the first system is 80, you are projecting
9 that you will have to build the second one?

10 A That's in the projection, yes.

11 Q Do you know when?

12 A Oh, it will be sometime before we would have
13 to because my anticipation is that for those 80 homes, it
14 will be a good 5 years before those are developed to that
15 extent.

16 Q Do you recall my questions about the office
17 and the telephone number and the serviceman?

18 A Yes.

19 Q Do they apply equally to the sewer system as
20 they did to the water system?

21 A Yes, they would.

22 MR. DUFFY: That's all the questions I have.

23 Can we go off the record?

24 EXAMINER PARKER: Let's go off the record.

25 (Discussion off the record.)

1 EXAMINER PARKER: Let's go back on the record.

2 FURTHER REDIRECT EXAMINATION BY MR. CHADWICK:

3 Q With reference to the water system, in the
4 description that we have furnished the Commission, we noted
5 that there are some minor changes that should be made to
6 clarify that description, is that correct?

7 A Right.

8 Q All right. And we plan then to submit a late
9 filed Exhibit No. 4 on the water system, with the correct
10 description, is that correct?

11 A That's correct.

12 MR. CHADWICK: I don't have any further questions.

13 EXAMINER PARKER: Mr. Batson, one question for
14 my own clarification, there is a difference between the
15 feasibility study on which you quoted the charges and what
16 you said today. Is it correct that the difference on the
17 feasibility study and the amounts you quoted today, the
18 difference is because of charges that you forgot to include
19 in the feasibility study, not because of the cost of
20 construction on the plant?

21 WITNESS BATSON: Yes. It was caused by those
22 items that we didn't include and also, by the fact that my
23 engineer, when he drew this up, he anticipated a faster
24 growth out there than I think is possible. He based this
25 mostly on the fact that there would be 25 homes built this

Missouri Public Service Commission

1 year, 25 next year, and 25 the next year, which it is going
2 to be impossible to do that. It changes quite a bit when you
3 recompute it that way.

4 EXAMINER PARKER: Thank you, Mr. Batson.

5 (Witness excused.)

6 * * * * *

7 MR. DUFFY: The Staff calls Jim Merciel.

8 (The witness was duly sworn.)

9 STAFF'S EVIDENCE:

10 J I M M E R C I E L, called as a

11 witness on behalf of the STAFF, being first
12 duly sworn, testified as follows:

13 DIRECT EXAMINATION BY MR. DUFFY:

14 Q State your name for the record, please?

15 A My name is Jim Merciel.

16 Q By whom are you employed?

17 A The Water and Sewer Section of the Public
18 Service Commission.

19 Q What is your professional education?

20 A I am a graduate of the University of Missouri
21 at Rolla, I graduated in 1976.

22 Q By training, are you an engineer?

23 A Well, I have a degree in engineering, and I
24 have been working for the Commission about 2 years now.

25 Q Have you had a chance to examine the application

1 of the Batson Development Company in this case?

2 A Yes, I have.

3 Q Have you also participated in discussions
4 with representatives of the company and other members of the
5 Commission's Staff?

6 A Yes, I have.

7 Q Would you tell the Commission your recommendations
8 in regard to this application?

9 A Okay. The rates for both the water and the
10 sewer system have already been testified to by Mr. Batson.
11 The Staff is in agreement with this, so long as they are set
12 up on an interim basis and we are recommending 18 months.

13 It has also been testified that we need
14 evidence of state approval for both the water and the sewer
15 system.

16 Q You would advocate conditioning the certificate
17 upon receipt of that approval?

18 A Yes; it would be conditional.

19 Besides the rates, we talked about connection
20 fees for both the water and the sewer system. The purpose of
21 the fees would be to cover, well, in the case of water, it
22 would cover the service line from the main to the property
23 line and also, the water meter and the meter box and other
24 appurtenances.

25 Then, of course, from the meter up to the house

1 would be built and maintained by the customer. And in the
2 case of the sewer service line, we talked about, the company
3 will build this service line at the expense of the customer
4 and the company will be maintaining that portion of the
5 service line that is under Public right-of-way.

6 Of course, the company will have to file
7 tariffs for both the water and sewer systems, or service,
8 rather.

9 There needs to be a couple of minor corrections
10 on the legal description for the water service area. I think
11 they were going to file that as a Late Filed Exhibit, and of
12 course that will also go in the tariff.

13 And for each tariff, we need a map to go in
14 there of the service area. It would be adequate for them
15 to draw it on something such as a USGS map so that we can
16 look at it and see what the service area looks like and where
17 it goes to.

18 Q Do you have any recommendation as to the time
19 allowed to the company in which to file either the sewer or
20 the water tariffs, or both? Since they are already operating
21 the water system, is there an immediacy to the filing of the
22 water tariff?

23 A Well, yes, the water system is in operation.
24 Well, the sewer system is still under construction--yes,
25 I would say the tariffs should be filed as soon as possible,

1 perhaps 30 days, if the company can get them in that fast.
2 That way they can go ahead and start charging the customers
3 since they are providing water service now.

4 Q Do you agree with their proposals that you have
5 heard testified to regarding metering of the water system?

6 A Yes; we are in agreement with that. They will
7 have meters on all of the customers and we are in agreement
8 with the metered rate that has been set up in this hearing.

9 Q Do you have any specific recommendation as to
10 a standby pump for the water system?

11 A Well, yes, we do, since there is only one
12 well serving the subdivision, there should be a standby pump
13 either owned by the company and setting right there in the
14 well house, or it would be acceptable if one of the local
15 suppliers would keep the pump in stock.

16 What we are trying to avoid is if there would
17 be a pump failure, we don't want them to have to wait like
18 a week or something like that ordering a pump from somewhere,
19 we want it to be available immediately.

20 Q You say that either of those alternatives would
21 be acceptable to the Staff?

22 A Either one would be acceptable.

23 Q Do you foresee any problem if a pump is kept
24 with a supplier and the pump goes out on a Saturday night
25 or Sunday morning in them obtaining the pump from that supplier?

1 A As long as the supplier can get it to them,
2 you know, at a moment's notice.

3 Q Did you investigate the present storage
4 capacity of the water system?

5 A Yes. They have, I am not sure, it's 16 or
6 17 thousand gallons capacity in their stand pipe. We determined
7 this would be adequate for approximately 77 water customers.
8 At that time, additional storage would have to be provided.
9 That is based on a one-day supply of water.

10 Q In your professional opinion, is the present
11 storage system adequate for the reasonable future?

12 A It is adequate for the time being since I
13 believe they have 20 customers hooked up to the system right
14 now and they are anticipating 40 to 50 within the next couple
15 of years.

16 Q Does the same hold true with the sewer system?

17 A The sewer system will be adequate for a number
18 of years. Of course some day there will be a need for a
19 second treatment plant. For the time being, as far as what
20 we are looking at here for the feasibility study, as far
21 into the future as it is going, the system that is under
22 construction will be adequate.

23 Q Is the Staff going to examine the Late Filed
24 Exhibits regarding the connection fees and make recommendations
25 to the company on an allowable connection fee for both the

1 water and the sewer systems?

2 A Yes; they will submit something to us and we
3 will review it, go over it at that time.

4 Q And that would be filed as a tariff eventually
5 by the company?

6 A Yes; that's right.

7 MR. DUFFY: That's all I have. I tender the
8 witness for cross-examination.

9 MR. CHADWICK: I don't think we have any
10 questions. Thank you.

11 EXAMINER PARKER: Thank you, Mr. Merciel. You
12 may step down.

13 (The witness was excused.)

14 * * * * *

15 MR. DUFFY: The Staff rests.

16 EXAMINER PARKER: Let's go off the record.

17 (Discussion off the record.)

18 EXAMINER PARKER: Let's go back on the record.
19 Anything further?

20 MR. DUFFY: Nothing from the Staff.

21 MR. CHADWICK: We have nothing further.

22 EXAMINER PARKER: I assume there is no desire
23 to file briefs or to orally argue the matter?

24 MR. DUFFY: Not on the part of the Staff.

25 MR. CHADWICK: No, sir.

1 EXAMINER PARKER: Any desire to execute a
2 waiver of the reading of the transcript?

3 MR. DUFFY: The Staff has executed a waiver.

4 MR. CHADWICK: We have also done so.

5 EXAMINER PARKER: If there's nothing further,
6 this case will be submitted on the record and the hearing is
7 adjourned.

8 Thank you.

9 WHEREUPON, the hearing of this case was
10 concluded.

11 * * * * *

I N D E X

APPLICANT'S EVIDENCE:

BATSON DEVELOPMENT COMPANY:

PAGE

WILLIAM C BATSON, JR.

Direct Examination by Mr. Chadwick	4
Cross-Examination by Mr. Duffy	14
Redirect Examination by Mr. Chadwick	17
Recross-Examination by Mr. Duffy	23
Further Redirect Examination by Mr. Chadwick	24

STAFF'S EVIDENCE:

PUBLIC SERVICE COMMISSION:

JIM MERCIEL

Direct Examination by Mr. Duffy	26
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EXHIBITS TO BE LATE FILED BY APPLICANT:

EXHIBIT 1 to be cost of connection:

EXHIBIT 2 to be DNR approval:

EXHIBIT 3 to be a plat:

EXHIBIT 4 to be description of system.

Cancelling P.S.C.MO. No. _____

{ Original } SHEET No. _____

{ Revised }

BATSON DEVELOPMENT COMPANY

Name of Issuing Corporation

For Batson Mini Farms, Third, Fourth and
Community, Town or City
Fifth Additions, Butler County, Mo.RATE SCHEDULE "A"

AVAILABILITY: This rate is available to each customer located on Company's mains and pipes that are suitable for supplying the service requested.

RATE TABLE:

Basic Minimum Service Charge for Month: \$6.00 per month. First 10,000 gallons \$1.40 per 1,000. All over 10,000 gallons per month, 50¢ per 1,000.

RATE SCHEDULE "B"

AVAILABILITY: This rate is available to each customer located on company's mains and pipes that are suitable for supplying the service and covers the service connection only.

RATE TABLE:

A flat rate water connection fee will be charged to user for running water from the collecting water to the Customer's property line. This fee will be \$125.00 per user.

This charge is based upon the following average estimated cost:

\$ 60.00

Meter, Box, etc.

\$ 15.00

Fast Tap connection

\$ 5.00

Pipe 20 feet at 25¢ per foot

\$ 45.00

Labor and Machine hire

\$ 125.00**LATE-FILED****APPLICANT** Exhibit No. 1Date 5/1/79 Case No. WA-79-136Reporter Stoutman

Rec'd 5-1-79, pls.

*Indicates new rate or text

+Indicates change

DATE OF ISSUE _____
month day yearDATE EFFECTIVE _____
month day yearISSUED BY William C. Batson, Jr. President Route 1 Box 238A Poplar Bluff, Mo. 63901
name of officer title address

BATSON DEVELOPMENT COMPANY
 Name of Issuing Corporation

For **Batson Mini Farms, Third, Fourth and**
Community, Town or City
Fifth Additions for Butler County, Mo.

RULE 11. Connection Fee

The Connection Fee charges for running the sewer from the collecting sewer to the Customer's property line will be due and payable in accordance with the following charges:

A flat rate sewer connection fee will be charged to user for running the sewer from the collecting sewer to the Customer's property line. This fee will be \$250.00 per user.

This charge is based upon the following average estimated cost:

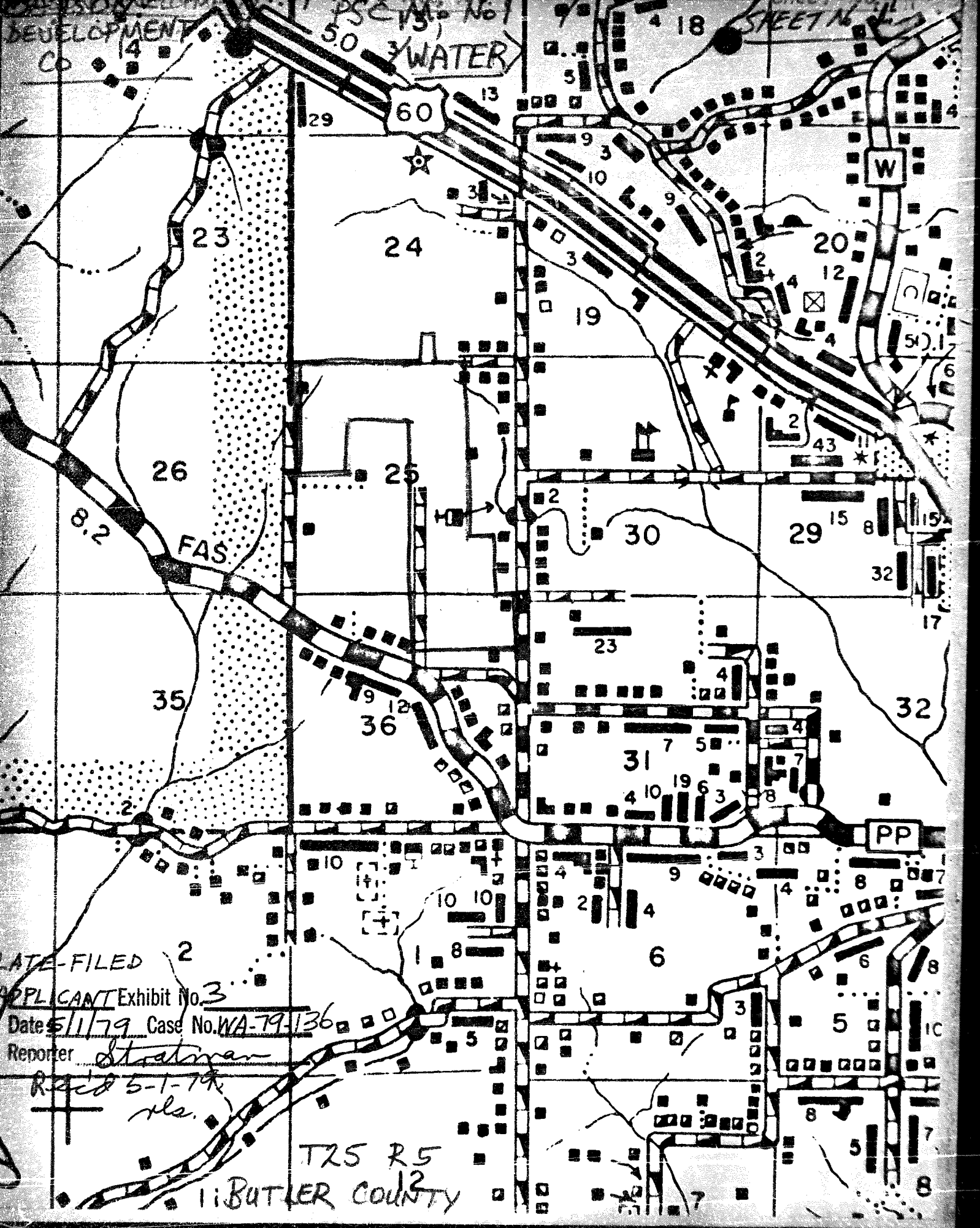
\$ 20.00	Saddle
\$ 30.00	Pipe - 4 inch - 40 feet of pipe
\$ 50.00	Rent and Blades - pavement cutter
\$ 50.00	Repair to paved road
\$ 100.00	Labor and machine hire
<u>\$ 250.00</u>	

*Indicates new rate or text

+Indicates change

DATE OF ISSUE month day year DATE EFFECTIVE month day year

ISSUED BY name of officer title address



PSC 13, No 1
5.0 WATER

SHEET N

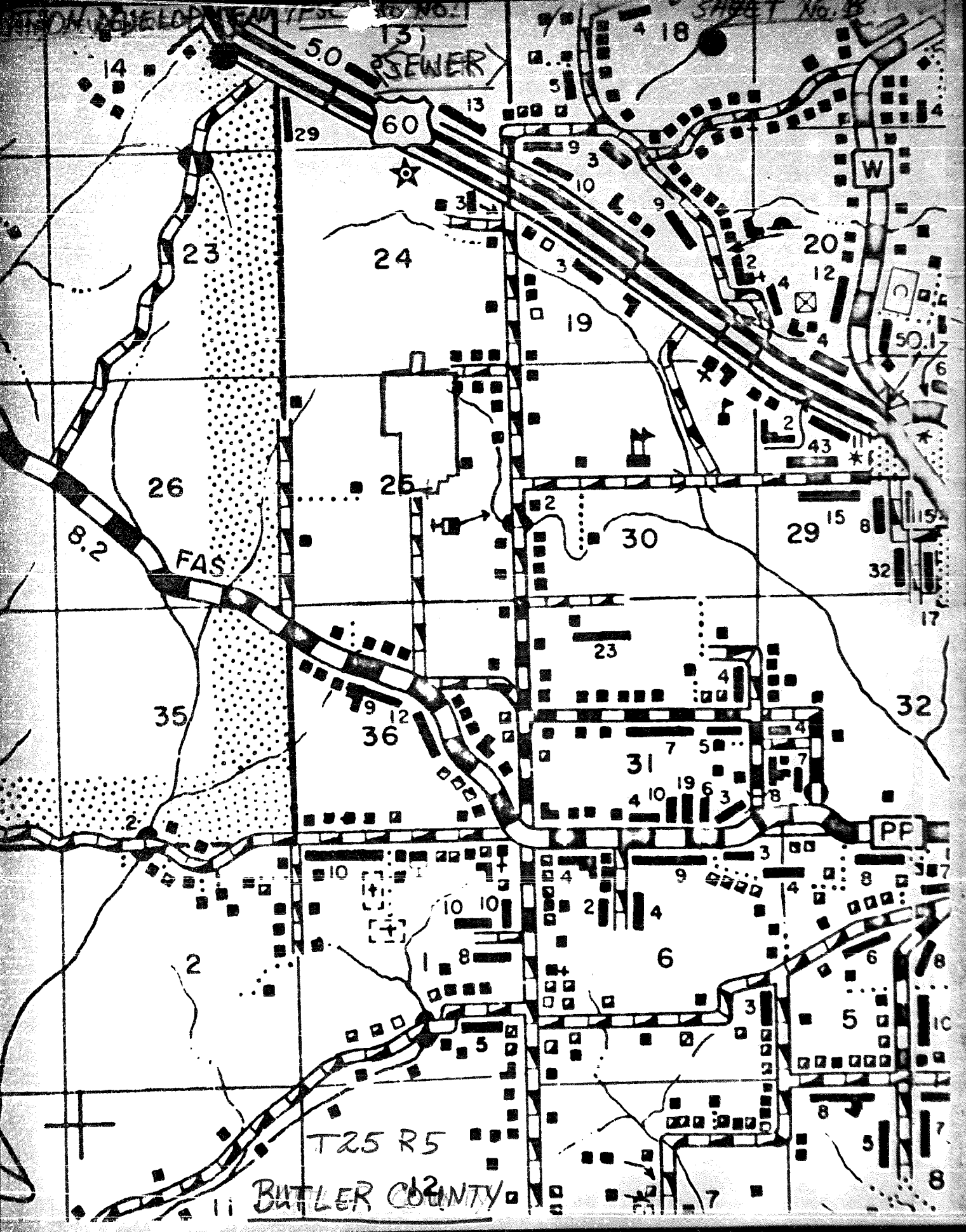
LATE-FILED
APPLICANT Exhibit No. 3

Date 5/1/79 Case No. WA-79-136

Reporter Stratman

Rec'd 5-1-79
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T25 R5
11 BUTLER COUNTY



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T25 R5

BUTLER COUNTY

Cancelling P.S.C.MO. No.

(Original) SHEET No.

(Revised)

BATSON DEVELOPMENT COMPANY

Name of Issuing Corporation

For Batson Mini Farms, Third, Fourth & Fifth

Community, Town or City

Additions in Butler County, Missouri

Water

All the North one-half of the Northeast Quarter of Section 36, all the West half of the Southeast Quarter of the Southeast Quarter of Section 25; all of the West half of the Southeast Quarter of Section 25; all of the West half of the Northeast Quarter of Section 25; all of the North half of the Northwest Quarter of Section 25; all the Southwest Quarter of the Northwest Quarter of Section 25; and also all that part of the Southwest Quarter of the Southeast Quarter of Section 24 described by metes and bounds as follows:

Beginning at the Southeast corner of the Southwest Quarter of the Southeast Quarter of Section 24, Township 25 N, Range 5 East; thence S 89° 20' 20" W, along and with said South line a distance of 653.90 feet to a point of beginning; thence, N 00° 19' 14" W, a distance of 646.64 feet; thence N 89° 41' 47" W a distance of 333.0 feet; thence, S 00° 17' 03" E a distance of 652.25 feet; thence, S 89° 20' 20" E a distance of 333.0 feet to the point of beginning.

LATE-FILED

APPLICANT

Exhibit No. 4Date 5/1/79Case No. WA-79-136Reporter Stratman

Rec'd 5-1-79.

pls.

*Indicates new rate or text

+Indicates change

DATE OF ISSUE _____
month day yearDATE EFFECTIVE _____
month day year

ISSUED BY _____

name of officer

title

address

Cancelling P.S.C.MO. No. _____

BATSON DEVELOPMENT COMPANY

Name of Issuing Corporation

For Batson Mini Farms, Third, Fourth & Fifth
Community, Town or City
Additions in Butler County, MissouriSewer

All of that part of the Southwest Quarter of the Southeast Quarter of Section 24 and all that part of the Northwest Quarter of the Northeast Quarter, the Southwest Quarter of the Northeast Quarter, and the Northeast Quarter of the Northwest Quarter of Section 25 all in Township 25 North, Range 5 East of the 5th Principal Meridian, Butler County, Missouri, described as follows: From the Southeast corner of the Southwest Quarter of the Northeast Quarter of Section 25; thence, N 00° 10' 05" E, along and with the East line of the Southwest Quarter of the Northeast Quarter, a distance of 560.37 feet to the Point of Beginning; thence, S 89° 20' 20" W a distance of 124.8 feet to the cul-de-sac right-of-way; thence, Southwesterly, along and with said cul-de-sac right-of-way, an arc distance of 112.69 feet; thence, S 89° 20' 20" W a distance of 10.0 feet; thence, S 01° 10' 13" W a distance of 160.0 feet; thence, S 89° 20' 20" W a distance of 320.0 feet; thence, S 00° 50' 11" W a distance of 120.0 feet; thence, S 00° 48' 45" W a distance of 120.0 feet; thence, S 89° 20' 20" W a distance of 136.0 feet; thence, S 02° 24' 27" E a distance of 119.15 feet to the South line of the Southwest Quarter of the Northeast Quarter; thence, N 89° 04' 16" W a distance of 652.16 feet to the West line of the Southwest Quarter of the Northeast Quarter; thence N 00° 01' 51" E, along, and with said West line, a distance of 1299.40 feet; thence, N 89° 59' 09" W a distance of 340.33 feet; thence, N 00° 10' 04" E a distance of 1316.0 feet to the North line of the Northeast Quarter of the Northwest Quarter; thence, N 89° 20' 20" E, along and with said North line, a distance of 677.0 feet; thence, N 00° 17' 03" W a distance of 652.25 feet; thence, S 89° 41' 47" E a distance of 333.0 feet; thence, S 00° 19' 14" E a distance of 646.64 feet to the South line of the Southwest Quarter of the Southeast Quarter of Section 24; thence, N 89° 20' 20" E, along and with said South line, a distance of 653.9 feet; thence, measure S 00° 10' 05" W, along and with the East line of the Northwest Quarter of the Northeast Quarter, a distance of 1202.3 feet; thence, S 00° 10' 05" W, along and with the East line of the Northwest Quarter of the Northeast Quarter and the Southwest Quarter of the Northeast Quarter, a distance of 890.85 feet to the Point of Beginning.

*Indicates new rate or text

+Indicates change

DATE OF ISSUE _____ month day year DATE EFFECTIVE _____ month day year

ISSUED BY _____ name of officer title address