

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

Paul Schaefer,)	
Complainant,)	
)	
vs.)	<u>File No. WC-2013-0357</u>
)	
I.H. Utilities, Inc.,)	
Respondent.)	

FIRST STIPULATION OF MATERIAL FACTS

COMES NOW the Staff ("Staff") of the Missouri Public Service Commission ("Commission"), by and through counsel, and on behalf of Mr. Paul Schaefer and I.H. Utilities, Inc., (IH), (collectively, "parties,"),¹ states as follows:

1. The parties agree to the facts as stated in the paragraphs that follow.
2. Mr. Paul Schaefer owns a vacant lot in Indian Hills subdivision, located at 2322 Itawamba near Cuba, Missouri.
3. Mr. Schaefer desires water service at this lot, and has requested water service from I. H. Utilities, Inc., (IH or Company).
4. Mr. Schaefer's lot is within the subdivision and within the Company's service area.
5. Mr. Schaefer also owns approximately 100 acres adjacent to his lot which is not within the Company's service area.
6. The Company, like any regulated utility, is not authorized to provide service to a point outside of its certified area.

¹ Counsel for the Office of the Public Counsel has indicated that the Office of the Public Counsel does not intend to actively participate in this case at this time.

7. The Company is currently providing service to a vacant lot, which provides service to a house outside of IH's certificated area using a three-quarter inch (3/4") service connection. The service connection was initiated prior to 1986 under tariff language and circumstances unknown to the Company's present ownership.

8. IH provides service to approximately 700 customers in the Indian Hills subdivision.

9. Most of the Company's customers have single family residences, but as this is a recreational development, some people own lots but do not have permanent residential structures, but utilize subdivision amenities such as the lake.

10. In late June 2012, Mr. Schaefer contacted members of the Water and Sewer Unit of the Missouri Public Service Commission Staff regarding his request to have water service provided to his lot.

11. Mr. Schaefer states that his plan is to construct a water service line along his driveway through the lot, initially to provide irrigation to vegetation and water service through an outdoor hydrant, and at a recreational shelter he constructed which is approximately 1000 feet from the lot, and then ultimately at some time in the future to provide residential service to a home that he is proposing to build on the 100 acres.

12. Mr. Schaefer is requesting that a one-inch (1") meter be placed at his lot for his use.

13. On July 3, 2012, Staff contacted Ms. Lois Stanley, owner of IH to discuss the situation.

14. On July 10, 2012, Jim Busch, Manager of the Water and Sewer Unit, sent a letter to Ms. Stanley outlining Staff's understanding of the situation. The letter sent to Ms. Stanley is attached as Schedule 1.

15. According to the Company's currently effective tariff, P.S.C. MO No. 3, Original Sheet No. 12, Rule 5 (f) "[t]he Company will not install a service connection to a vacant lot." This language became effective on October 27, 2009.

16. Prior to this revision, the Company was authorized to provide service to vacant lots.

17. On August 10, 2012, Staff facilitated a meeting on-site at Mr. Schaefer's vacant lot.

18. At the meeting, Staff was represented by Jim Busch, James Merciel (Utility Regulatory Engineering Supervisor), and Steve Loethen (Utility Operations Technical Specialist II); IH was represented by Lois Stanley and the Company's certified operator; and Mr. Schaefer represented himself.

19. In addition to observing Mr. Schaefer's subdivision lot and contiguous acreage, as well as his description for what he plans to do, the Company's operator stated that he was not sure if a water main existed in front of Mr. Schaefer's lot.

20. A contract or "installation agreement" was submitted to Mr. Schaefer by the Company on December 14, 2012.

21. In the "installation agreement" the Company proposed in part that the Company would install a three-quarter inch (3/4") service connection to the customer's lot along with a three-quarter inch (3/4") meter at a cost of \$650, and that the customer will make no attempt to extend water service off of the vacant lot. Mr. Schaefer refused to agree to the terms of the "installation agreement."

22. A typical meter used for a residential customer at Indian Hills subdivision is a five-eighths inch (5/8") size meter with a flow capacity of twenty gallons per minute (20 gpm), and is serviced by a 3/4 inch line.

23. A 1" meter has a flow capacity of fifty (50) gpm.

WHEREFORE Staff respectfully submits this *First Stipulation of Material Facts* on behalf of the parties.

Respectfully submitted,

/s/ Sarah Kliethermes

Sarah L. Kliethermes
Senior Counsel
Missouri Bar No. 60024

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 17th day of May, 2013.

/s/ Sarah Kliethermes



Commissioners

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CHERLYN D. VOSS
Director of Regulatory Review

July 10, 2012

Ms. Lois Stanley
I.H. Utilities, Inc.
2538 Allegheny
Cuba, MO 65453

RE: Water Service to a Vacant Lot

Dear Ms. Stanley:

Based on our telephone conversation on July 9, 2012, I wanted to send you this letter outlining the situation as you have described to Staff and enumerate Staff's thoughts on this matter.

It is Staff's understanding that IH has a potential customer who owns a vacant lot in IH's service territory but does not currently receive any water service to the location. This same customer owns property outside of IH's service territory, but adjacent to his vacant lot. This customer is requesting water service from IH to his vacant lot in order to provide water to a home that the customer is proposing to build on the additional acreage.

Under the Company's currently effective tariff, specifically, P.S.C. MO No. 3, Original Sheet No. 12 (f), this may not be possible. The language states:

(f) The Company will not install a service connection to a vacant lot.

However, the Company does provide service to vacant lots based upon previously effective tariffs that allowed the Company to install service connections to vacant lots.

Thus, in order to avoid a possible complaint, it may be in the best interest of the Company to provide service to the potential customer. In order to do that, the Company will need to file a new tariff sheet. The Company would file a proposed change with a brief summary of how the change may affect its customers and provide a 30-day effective date, pursuant to Commission

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Rule 4 CSR 240-3.645. Staff is available to assist in drafting language and properly filing a revised tariff sheet.

Further, to address the specific question regarding the potential customer's use of water outside of the approved service area, Staff recommends that any service provided to the vacant lot should be accompanied by a contract that establishes the parameters for service to avoid the Company being obligated to provide service outside its territory and to prevent the individual who purchased the property from providing service to other customers.

This type of contract is allowed under the Company's current tariff, P.S.C. MO No. 3 Original Sheet 11, Rule 4. In order to create such a contract or service agreement, Staff recommends you contact a private attorney familiar with contract law to ensure the Company's interests are protected.

Additionally, Staff would like to meet with you and the individual who purchased the vacant lot with the adjacent acreage in the near future. Please contact Jim Merciel 573-751-3027 to arrange a time and place that will be convenient for all parties.

Sincerely,



Jim Busch

Manager – Water and Sewer Unit
Missouri Public Service Commission
Jim.busch@psc.mo.gov
573-751-7529