

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

In the Matter of the Application of Lake Region)	
Water & Sewer Company for a Certificate of)	
Convenience and Necessity authorizing it to)	
construct, install, own, operate, control, manage)	<u>Case No. WA-2005-0463, et al.</u>
and maintain a water and sewer system for the)	
public located in an unincorporated area in)	
Camden County, Missouri.)	

AMENDED STIPULATION AND AGREEMENT

COME NOW the Staff of the Missouri Public Service Commission ("Staff") and Lake Region Water & Sewer Company ("LRWS" or "Company") (collectively, "the Parties"), and for their Amended Stipulation and Agreement¹ ("Stipulation") state the following to the Missouri Public Service Commission ("Commission").

PROCEDURAL HISTORY

1. On June 2, 2005, Lake Region Water & Sewer Company, ("LRWS" or "Company") filed an Application with the Commission requesting an expansion of its existing Commission-certificated service area for water service. Upon entry into the Commission's electronic filing and information system, the Application was assigned Case No. WA-2005-0463. On that same date, LRWS filed a companion Application requesting an expansion of its Commission-certificated service area for sewer service and that Application was assigned Case No. SA-2005-0464. On June 7, 2005, the Commission consolidated the above-referenced cases, with Case No. WA-2005-0463 being designated the remaining lead case.

2. On that same date, the Commission also issued its **Order Directing Notice and Setting Date for Submission of Intervention Requests**, wherein it set June 27, 2005 as the

¹ In the initial stipulation filed by the parties on September 29, 2006 they reserved the right to file an amended stipulation in the event a modified consolidated agreement with the Developers was not filed by October 6, 2006. No such agreement has been filed as of this date.

deadline for the filing of intervention requests. No requests to intervene in this consolidated case were timely filed, nor have any such requests subsequently been filed.

3. On July 11, 1997, Applicant acquired a Certificate of Convenience and Necessity (CCN) from the Commission to provide service in its existing service territory. See, *Order Approving Unanimous Stipulation and Agreement, Granting Certificate of Convenience and Necessity, approving tariffs, and denying Application to Intervene*, Case No. WA-95-164, July 11, 1997.² LRWS currently provides water and sewer services to members of the public located in an unincorporated area of Camden County, Missouri.

PROVISIONS REGARDING THE APPLICATION

4. The area the Company proposes to serve is located at the Lake of the Ozarks in Camden County on what is commonly referred to as Shawnee Bend. The property lays North of State Route MM and West of the existing LRWS certificated area. Majestic Pointe Development Corporation and Shawnee Bend Development Company (the "Developers") intend to build 264 residential units over the next five to ten years in the area to be annexed. LRWS has entered service agreements with both developers (the "Developer Agreements"). These agreements were reviewed by the Staff in connection with the application. Currently there is a water line and sewer line (the "MM-Chimney Point Pipelines") both of which extend from the Western edge of the LRWS service territory approximately four and one half miles to the Majestic Pointe condominiums. LRWS is providing water to this development from a meter located on the Western edge of its service territory. The Developers share ownership of these lines. Majestic Point Development Corporation paid the capital cost of these lines with contributions from Shawnee Bend Development Company.

5. Upon approval of the application in this matter, LRWS will accept ownership of the MM-Chimney Point Pipelines pursuant to the Developer Agreements.

6. In general, the water line is a 12" line for the first half of the distance to Majestic Pointe and an 8" line the remainder of the way. The sewer collection line is a 6" pressurized line. The lines were built to accommodate flows from Majestic Pointe, and the Shawnee Bend developments. The total projected build out for these developments and other general development in the area is approximately 606 units by 2015. This includes 214 units for Majestic Pointe, 50 for Shawnee Bend Development, and an estimated 342 units for Shawnee Bend 3 and 4 and other general development. Based on calculations by the Staff, the lines themselves have the capacity for at least 900 customer connections.

7. Except as discussed in Paragraph 10 below, LRWS' current tariffs and rates for water and sewer service will apply to the expanded certificated area.

8. There is a need for the proposed service in the area sought to be certificated, LRWS is qualified, and it has the financial ability to provide the proposed water and sewer service. The company had 460 water customers and 542 sewer customers as of December 31, 2005 and is financially sound. The company has demonstrated the technical and managerial ability to develop and operate water and sewer systems. The operations supervisor has many years experience and the owners of the company have extensive experience with water and sewer utility service.

9. LRWS' water supply and storage facilities and sewage treatment facilities currently have sufficient capacity to meet the immediate demands of the expanded service area

² Applicant was formerly known as Four Seasons Water and Sewer Company. The Commission approved Applicant's change of name to Lake Region Water & Sewer Company by order entered May 6, 1999 in Case No. WO-99-469.

and the developments proposed therein, with those facilities also being capable of being expanded in a reasonable and cost effective manner to meet the expected long-term needs of the expanded service area. Additionally, LRWS has agreed to conduct an engineering study of the facility improvements that will likely be needed in the long-term, with that study to include a detailed analysis of the flow to the Company's sewage treatment plant in the subject service area and the manner in which the plant should be operated, and with the study to be completed no later than six months after the granting of the requested certificates. Further, the Company has agreed that the operation of its sewage treatment facilities will be placed under the guidance of a fulltime operator with at least a "B" Missouri Wastewater Operator's Certificate no later than six months after the granting of the requested certificates.

10. The Company's existing contribution-in-aid-of-construction (CIAC) charge for the company's present service area does not apply to the proposed expanded service area, and the parties were not able to agree on new CIAC charges that would apply to the expanded area.³ The Company agrees that within 60 days after the date the Commission's order approving certificates becomes effective, it will file tariff sheets bearing an effective date that is at least 30 days from the date the tariff sheets are submitted to the Commission setting forth the terms, amount and applicability of CIAC Surcharges which would be collected from newly connected water customers and newly connected sewer customers. If the Company should fail to file such tariff sheets by that date, or any extension of that date, then its existing CIAC charge as tariffed will apply to the expanded service area.

³ With respect to the MM-Chimney Point Pipelines, the Developer Agreements propose a specified amount for a connection fee for each newly connected water customer and each newly connected sewer customer. No agreement has been reached by the parties respecting the connection fees that LRWS may charge with respect to the MM-Chimney Point Pipelines and the Developer Agreements are not approved for purposes of this stipulation.

11. The Company understands that failure to comply with Commission regulatory obligations may result in the assessment of penalties against it. These regulatory obligations include, but are not limited to, the matters set out below.

a. The obligation to file an annual report on or before April 15 of each year, as established by Section 393.140(6), RSMo 2000, and Commission rules 4 CSR 240-3.335 and 4 CSR 240-3.360. Failure to comply with this obligation will make the utility liable to a penalty of \$100 and an additional \$100 per day that the violation continues.

b. The obligation to pay an annual assessment fee established by the Commission, as required by Section 386.370, RSMo 2000. Because assessments are facilitated by order of the Commission, failure to comply with the order will subject the company to penalties ranging from \$100 to \$2,000 for each day of noncompliance pursuant to Section 386.570, RSMo 2000.

c. The obligation to provide safe and adequate service at just and reasonable rates, pursuant to Section 393.130, RSMo 2000.

d. The obligation to comply with all relevant state and federal laws and regulations, including, but not limited to, rules of this Commission, the Department of Natural Resources, and the Environmental Protection Agency.

e. The obligation to comply with orders issued by the Commission. If the company fails to comply it is subject to penalties for noncompliance ranging from \$100 to \$2,000 per day of noncompliance, pursuant to Section 386.570, RSMo 2000.

f. The obligation to keep the Commission informed of its current address and telephone number.

12. LRWS acknowledges that the Commission's granting of the requested certificates will be conditioned upon the compliance of the company with all of these obligations.

13. LRWS asserts, and no party opposes, that its application to expand its certificated service area to include the area described in Appendix A attached hereto should be granted. (The service area description set forth in Appendix A corrects certain errors in, and adds clarifying language to, the service area description included in Paragraph 5 of the Company's Application.)

GENERAL PROVISIONS

14. This Stipulation has resulted from negotiations among the signatories to the Stipulation and the terms hereof are interdependent. In the event the Commission does not adopt this Stipulation in total, then it shall be void and no signatory shall be bound by any of the agreements or provisions hereof. The stipulations and agreements herein are specific to the resolution of this proceeding, and are all made without prejudice to the rights of the signatories to take other positions in other proceedings.

15. On or before October 11, 2006, the Staff will file either a pleading or a case file memorandum containing its suggestions in support of this Stipulation, and explaining its rationale for entering into the Stipulation. The Staff will serve the other signatories to this Stipulation with a copy of its suggestions and the other signatories shall be entitled to file responsive suggestions with the Commission. Responsive suggestions will be filed on or before October 18, 2006, and will also be served on the signatories to this Stipulation. The contents of any suggestions provided by the signatories to this Stipulation are its own and are not acquiesced in or otherwise adopted by the other signatories to this Stipulation, regardless of whether the Commission approves and adopts the Stipulation.

16. At any agenda meeting at which this Stipulation is noticed to be considered by the Commission, the Staff shall have the right to provide whatever oral explanation the Commission may request; provided, however, that the Staff shall, to the extent reasonably practicable, provide the other signatories to this Stipulation with advance notice of when the Staff shall respond to the

Commission's request for such explanation once it is requested from the Staff. The Staff's oral explanation shall be subject to public disclosure, except to the extent that it refers to matters that are privileged or protected from disclosure pursuant to any protective order issued in this case.

WHEREFORE, the Parties respectfully request that the Commission issue an order that:

(a) grants LRWS certificates of convenience and necessity to provide water and sewer service in the area described in Appendix A attached hereto, subject to the conditions specified herein; (b) approves this Stipulation; and (c) directs the Company to file the necessary tariff revisions regarding the provision of service in the new service area.

Respectfully Submitted,

/s/ Robert S. Berlin

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CERTIFICATE OF SERVICE

I hereby certify that copies of this Stipulation have been mailed with first class postage, hand-delivered, transmitted by facsimile or transmitted via e-mail to all counsel and/or parties of record this 6th day of October 2006.

/s/ Robert S. Berlin

APPENDIX A

Modified Description of Proposed Service Area

Lake Region Water & Sewer Company

MO PSC Case No. WA-2005-0463, et al.

Generally includes the areas of the Shawnee Bend peninsula in the subdivisions of Shawnee Bend No. 2, Shawnee Bend No. 3 and Shawnee Bend No. 4, more particularly described as:

Beginning at southern most point of the shoreline (662 contour) that intersects the west boundary of Lot 56 Shawnee Bend No. 6, then following the shoreline (662 contour) northwesterly through sections 4, 5, and 6, Township 39 north, Range 16 west and sections 32, 33 and 34, Township 40 north, Range 16 west and Section 1, Township 39 north, Range 17 west, to the intersection of the 662 contour and a line parallel and 200 feet west of the Range line, also the east section line of section 1 T39N R17W (the southeast corner of Davey Hollow Cove), then south on said line parallel and 200 feet west of the Range line to the shoreline (662 contour), then following the shoreline (662 contour) easterly to a point 1,250 feet east of the west section line of Section 5, Township 39 north , Range 16 west, then leaving the shoreline (662 contour) and going north to the north right-of-way of State Route MM, then east along the north right-of-way of State Route MM, to the West boundary of Lot 56 Shawnee Bend No. 6, then following the west boundary of Lot 56 Shawnee Bend No. 6 north until it intersects the shoreline (662 contour) at the point of beginning.