

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

In the Matter of the Application of the)	
Branson Cedars Resort Utility)	
Company LLC, for Certificates of)	<u>File No. WA-2015-0049</u>
Convenience and Necessity)	
Related to Water and Sewer Systems)	

STAFF RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission, by and through counsel, and hereby recommends, subject to the conditions contained herein, that the Missouri Public Service Commission (Commission) grant to Branson Cedars Resort Utility Company LLC (Company), Certificates of Convenience and Necessity (CCN) to provide regulated water and sewer service in an unincorporated Taney County Missouri. In support of this *Recommendation*, Staff states as follows:

1. On August 15, 2014 the Applicant filed an application for a certificate of convenience and necessity to operate a water utility in case no. WA-2015-0049. Subsequently, the Commission directed the Applicant to file an amended application to include a licensed attorney to represent the limited liability company. The amended application was submitted on August 21, 2014. On August 22, 2014, the Commission issued its *Order Directing Notice and Setting Date for Submission of Intervention Requests*. On December 17, 2014, Branson Cedars, Inc., sought intervention into the case, which the Commission granted. On October 29, 2014, Applicant filed its *First-Amended Application* with the Commission, correcting the entity name to list the name of the LLC which will actually operate the water utility and therefore hold the certificate of convenience and necessity.

2. By order dated September 16, 2014, the Commission directed Staff to file a recommendation in WA-2015-0049 by October 14, 2014. Staff requested its first extension of time to file its recommendation to November 14, 2014, in anticipation and expectation that the Applicant would be filing a parallel application for a certificate of convenience and necessity to operate a sewer utility in the same location. That extension was granted by the Commission on September 30, 2014.

3. On October 29, 2014, the Applicant filed its application for sewer service in case number SA-2015-0107.

4. On November 6, 2014, the Commission consolidated the water and sewer applications into WA-2015-0049 and granted an extension of time for Staff to file its recommendation until February 2, 2015, consistent with the sewer application filing.

5. On January 28, 2015 Staff submitted its *Motion for Extension of Time to File Staff Recommendation*, which was based upon notification by the Applicant that documents needed to develop rate base were not in its possession and that it would not be able to obtain those documents from the prior owner of the system. The Commission granted that extension on January 29, 2015 and ordered that Staff file its recommendation by March 6, 2015. On March 5, 2015, Staff submitted another *Motion for Extension of Time to File Staff Recommendation* in which it requested an extension of time to file a recommendation to April 17, 2015. The Commission granted this motion on the same date. This filing complies with the most recent Commission Order.

6. The water and sewer systems serve the Branson Cedars development in an unincorporated area of Taney County south of the city of Hollister. This is a development of nightly-only rental cabins, some of which are owned by individuals who

are members of the intervener Branson Cedars, Inc., and some of which are owned by The Tranquility Group, LLC d/b/a Branson Cedars Resort (Tranquility). There is ongoing residential cabin construction and a planned build-out ultimately of 400 units. The current development includes 48 rental cabins owned by individuals and 4 owned by Tranquility, and twelve (12) commercial customers, eight (8) of which are also sewer customers. Tranquility intends to construct and own all future residential cabin units.

7. Company is at present operating an unregulated water and sewer utility serving a variable population in the cabins plus the commercial customers, and will serve additional cabins as they are constructed.

8. During the course of Staff's investigation it was determined that the water and sewer systems were constructed largely by previous developers, and the Company has not been able to obtain and produce any plant in service records. Because of this, Staff undertook a study of determining existing plant that is in service including estimated costs and dates of construction, in order to estimate original cost and rate base. Staff's recommendation on rates includes these estimated rate base amounts. Based on its audit of expenses and estimate of rate base levels, Staff recommends the Commission approve monthly residential flat rates of \$53.91 for water service and \$48.82 for sewer service, which results in monthly bills of \$102.73 combined.

9. Pursuant to Section 393.170, RSMo (2000), no water and/or sewer corporation shall provide service to consumers without first having obtained approval from the Commission. In determining whether or not to grant such approval the Commission has traditionally applied the five "Tartan Energy Criteria" established in In the Matter of Tartan Energy Company, et al., 3 Mo. PSC 3d 173, 177 (1994). These

criteria are further explained in the attached Staff Memorandum, Appendix A, and incorporated by reference herein.

10. As explained in Appendix A, Staff conducted an investigation into Company's request including, but not limited to, a review of the feasibility studies provided by the Company and an evaluation of its estimated capital costs and proposed operating expenses. Based upon this review, Staff has determined that Company fulfills the requirements of the Tartan Energy Criteria.

11. Staff takes the position that approval of a CCN for Company to provide water and sewer service in the Taney County Area is not detrimental to the public interest.

WHEREFORE, Staff respectfully submits this Staff Recommendation for the Commission's information and consideration and hereby requests the Commission issue an Order granting Company Certificates of Convenience and Necessity to Install, Own, Acquire, Construct, Operate, Control, Manage, and Maintain a Water and Sewer System in and around the Taney County, Missouri, subject to the conditions contained in Appendix A.

Respectfully submitted,

/s/ Cydney D. Mayfield

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served, either electronically or by First Class United States Mail, postage prepaid, to all counsel of record this 31st day of March, 2015.

/s/ Cydney D. Mayfield

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. WA-2015-0049
Branson Cedars Resort Utility Company LLC

FROM: Jim Merciel – Water and Sewer Unit; Case Coordinator
Curt Gateley – Water and Sewer Unit
Keith Foster – Auditing Unit
Derick Miles – Engineering and Management Services Unit

<u>/s/ Jim Merciel</u>	<u>March 31, 2015</u>
Case Coordinator	Date

<u>/s/ Kevin Thompson</u>	<u>March 31, 2015</u>
Staff Counsel	Date

SUBJECT: Staff's Recommendation to Approve a Certificate of Convenience and Necessity

DATE: March 31, 2015

CASE BACKGROUND

On August 15, 2014, The Tranquility Group, LLC d/b/a Branson Cedars Resort (Tranquility) filed an *Application* with the Commission seeking a Certificate of Convenience and Necessity (CCN) and authority to “Construct, Install, Own, Operate, Maintain, Control and Manage,” and provide water service in unincorporated Taney County. On August 18, 2014 the Commission directed the Applicant to file an amended application demonstrating representation by an attorney, and said amended application was filed on August 21, 2014.

On August 22, 2014, the Commission issued its *Order Directing Notice and Setting Date for Submission of Intervention Requests* for WA-2015-0049. The Order directed the Commission's Data Center and Public Information Office to send out notices regarding the Application, and also established a deadline of September 12, 2014 for interested parties to submit requests to intervene in the case. No applications to intervene in this case were received by the deadline date. On September 16, 2014 the Commission issued *Order Directing Filing of Staff Recommendation*. The Order also directed Staff to file a recommendation no later than October 14, 2014.

On October 29, 2014, Tranquility filed its *First-Amended Application* in which it stated that Branson Cedars Resort Utility Company LLC (BCRU or Company), a newly created corporation, is the entity proposed to be the water utility rather than Tranquility, and is the entity seeking a CCN.

APPENDIX A

On the same date, and supplementing WA-2015-0049, BCRU filed an *Application* with the Commission seeking a CCN and authority to “Construct, Install, Own, Operate, Maintain, Control and Manage” a sewer system in Taney County, docketed as SA-2015-0107. In this filing, BCRU requested authority to provide sewer service in the same proposed service area as requested originally by Tranquility in its water Application.

On November 3, 2014, the Commission issued a *Notice of Application and Order Directing Filing* for SA-2015-0107. The Order directed the Commission’s Data Center and Public Information Office to send out notices regarding the Application, and also established a deadline of December 3, 2014 for interested parties to submit requests to intervene in the case, and established a deadline of February 2, 2015 for Staff to file a recommendation. One request to intervene was received on December 3, 2014 from Branson Cedars, Inc., which is a separate entity representing individual lot owners within the Branson Cedars development, and referred to herein as “Intervenor.” The Commission granted intervention on December 17, 2014.

On November 5, 2014, Staff filed a *Motion for Consolidation and Extension of Time to File Staff Recommendation*. On November 6, 2014 the Commission granted the Motion to consolidate the cases, established WA-2015-0049 as the lead case, and established the time for Staff to file a recommendation for the consolidated cases to February 2, 2015. The style of the case was also revised to “*In the Matter of the Application of Branson Cedars Resort Utility Company LLC for Certificates of Convenience and Necessity Related to Water and Sewer Systems*” to reflect BCRU as the proposed water and sewer utility entity rather than Tranquility, and to establish the consolidated case as relating to a CCN for both water and sewer service. On January 28, 2015, Staff submitted its *Motion for Extension of Time to File Staff Recommendation*, in which it requested an extension of time to file a recommendation to March 6, 2015. The Commission granted this motion on January 29, 2015. On March 5, 2015, Staff submitted another *Motion for Extension of Time to File Staff Recommendation*, in which it requested an extension of time to file a recommendation to April 17, 2015. The Commission granted this motion on the same date.

BACKGROUND OF THE UTILITY SYSTEMS

The water and sewer systems serve the Branson Cedars development in an unincorporated area of Taney County south of the city of Hollister. This is a development of nightly-only rental cabins. There is ongoing residential cabin construction and a planned build-out ultimately of 400 units, but there is no specific growth forecast. The current development includes 48 rental cabins owned by individuals and 4 owned by Tranquility, and twelve (12) commercial customers, eight (8) of which are also sewer customers. Tranquility intends to construct and own all future residential cabin units. There are a few existing individually-owned residences and structures within the service area that potentially could be served by BCRU, requiring water with main and collecting sewer extensions.

This development has a complex history involving several developers, and some historic details are not entirely clear. It was originally called Oakmont Hills, with development beginning sometime during or before 2005. Several of the existing cabins were constructed and owned by

individuals who were sold lots in the Oakmont Hills development during the early time period. Oakmont Hills was then sold to a new developer-owner in 2005, and at some point prior to 2010 it was combined with the Branson Log Homes development next door. The water and sewer systems, constructed between 2005 and 2010 for the entire area, were then repossessed from the then-developer along with unsold lots and other assets. Tranquility purchased these assets from Guaranty Bank in 2010, renamed the development the Branson Cedars Resort, and has now formed BCRU to own, operate and manage the water and sewer systems as a regulated utility. Prior to the filings by Tranquility and BCRU, and continuing at present, the water and sewer systems were and are operated as a public utility without a CCN. Tranquility stated they were informed of requirements to file with the PSC by the Department of Natural Resources (DNR). DNR staff verbally confirmed this assertion to Staff. Tranquility and BCRU have a contract operator, White River Valley Environmental Services (White River) who oversees day-to-day operations of the water and sewer system facilities.

The current sewer system incorporates a recirculating sand filter treatment facility (RSF), with chemical addition for phosphorus removal, tertiary clarification and filtration, and ultraviolet disinfection. The design flow is 9,600 gallons per day. The collection system consists of gravity and pressure collecting sewers utilizing septic tank effluent pump (STEP) units. Effluent from each of the cabins first flows to a septic tank with a filter for partial sewage treatment and where most solids are retained, and the septic tank effluent is then pumped into the pressure collection system. Solids must be removed from each of the STEP units on a frequency that depends upon individual usage but normally is several years. Individual cabin owners own the septic tanks and pumps on their lots. A now-defunct Micro-Fast™ wastewater treatment system (a package plant using fixed media and extended aeration) was initially installed to serve the original Oakmont Hills portion of the development, but a payment dispute with the developer at that time resulted in the controls and treatment equipment being removed from the in-ground structures. The Micro-Fast™ treatment unit is therefore non-functional, and sewage that was directed to it for treatment now joins with flow from other parts of the development to the RSF. Tranquility or BCRU currently negotiates with individual lot owners for maintenance and pumping of solids from the individually-owned septic tanks. BCRU proposes that customers will install, own and maintain the pump units. However, BCRU likely will need to have the authority, by its tariff rules, to step in to undertake emergency repairs or service when an owner of rental property, possibly an absentee owner, does not accomplish repairs necessary to prevent or stop a water pollution event.

As a long-term plan for sewage treatment, Tranquility, along with its affiliate BCRU, has announced its intent to replace the RSF by construction of a lift station and force main that will connect to a sewer owned by the city of Hollister. Hollister would then take the sewage and provide wholesale treatment. This connection is expected to be completed in 2017, after which time the RSF will be removed from service. The RSF is currently in compliance with DNR regulations, and the cost of operating the RSF is being included in the determination of rates in this case, since the RSF is in service and is currently used and useful. The concept of the wholesale arrangement makes sense from an environmental and an operational perspective, and Staff will hold itself out to study the cost of construction and operations cost at a future time after the project is complete and in service.

As of December 6, 2014, the Company stated to Staff that White River had determined a leak exists in the RSF. It is suspected to be in the concrete media bed component of the facility, and the Company intends to seek bids for a repair. When staff examined the facility, no surfacing wastewater was evident down gradient, but the topography and geology of the location could allow such a leak to occur without surfacing immediately, however a repair may become necessary in the future.

The drinking water system includes two wells with separate distribution systems. Well #1 was drilled in 1986, has a 10 horsepower (hp) submersible pump, a 20,000 gallon standpipe, and chlorine disinfection. This well presently serves the existing cabins. On September 18, 2014 Tranquility was cited by DNR for insufficient water pressure at the cabins, resulting from an inspection conducted on August 26, 2014. Measured pressure at three cabins at the highest elevation in the service area was 18 pounds per square inch (psi), which is below the minimum of 20 psi required by DNR regulations at 10 CSR 60-4.025(4)(A)4.C.(II). The Company has stated plans to reconnect an existing booster pump or install a new one to bring pressure back up to acceptable levels, but no timeframe has yet been provided by the Company. Well #2 serves several commercial customers including the sales center, a store, a shop building and provides irrigation water to some landscaped areas. It was drilled in 1985, utilizes a 30 hp submersible pump, includes two 10,000 gallon ground storage tanks, chlorine disinfection, and two high service pumps that pump from the tanks to the distribution system. Neither well has a master meter installed at this time. As such, verification of actual pumping production and customer usage is difficult. The Company has stated they intend to interconnect the two distribution systems so as to provide back up in case one well needs service or experiences a failure. In addition to insufficient pressure at Well #1, Tranquility was cited in September by DNR for not properly securing the overflow from the stand pipe at Well #1. DNR recommended that backflow prevention devices be installed at least for the pool, water features (ponds and landscaping) and irrigation system located at some of the commercial areas, as per DNR's backflow rules, found at 10 CSR 60-11.

In addition to undertaking day-to-day system operations, White River also undertakes extraordinary operations needs, repairs, or other items, at additional cost, should the need arise. White River also provides monthly customer billing and collection services. BCRU will assume this contract arrangement from Tranquility.

In addition to requirements of the Commission, BCRU will need to continue, or implement, system operations procedures that would comply with all DNR drinking water and water pollution regulations and requirements, generally found at 10 CSR Chapters 60, and 20, respectively.

STAFF'S INVESTIGATION

Tranquility and/or BCRU is at present operating an unregulated water and sewer utility serving a variable population in the cabins plus the commercial customers, and will serve additional cabins as they are constructed. White River Valley Environmental Services (White River) is under

contract with Tranquility and/or the Company to provide billing and collection services, and operate the drinking water and sewer systems although neither the water system nor the sewer system are required by DNR regulations to have a certified operator.

The Staff has reviewed the feasibility studies submitted in these cases, and operating expenses as proposed by BCRU, as well as undertaken an audit to study actual investment and actual expenses, to the extent records are available.

The requested service area as was filed in this case generally includes what is served at present but is not adequate for the developer's future plans. In order to include all of the area contemplated to be developed and provided with water and sewer service, Staff worked with the Company to develop the map as shown by Attachment A, incorporated herein by reference, and a metes and bounds description as shown by Attachment B, incorporated herein by reference.

Staff members Arthur Rice and Curt Gateley visited the site on September 18, 2014, and met and discussed various matters related to this case with the Company representatives. Among several topics discussed during this meeting, Tranquility stated they had encountered difficulty obtaining water and sewer records due to the multiple previous owners. Mr. Gateley encouraged them to file an open records request with DNR, as they would have the original plans and specifications for the water and sewer systems, although it is unlikely DNR has actual plant cost information. Staff observed that work was in progress on modifications to address deficiencies noted during DNR's August 26, 2014 inspection, but no timeline was provided by the Company for final completion of this work. Staff will follow up with BCRU, and with DNR, to help insure that the water and sewer systems are in such a condition that BCRU can provide safe and adequate service to its customers.

Staff also attended a customers' meeting set up and held by Tranquility and BCRU on December 6, 2014. Staff answered questions about regulated utilities, requirements of regulated utilities and their customers, and the process for obtaining a CCN; and in the process was able to learn some of the concerns of the property owners.

The water and sewer systems were constructed largely by previous developers, and BCRU has not been able to obtain and produce plant in service records. Because of this, Staff undertook a study of determining existing plant that is in service including estimated costs and dates of construction, in order to estimate original cost and rate base. Staff's recommendation on rates includes these estimated rate base amounts. Staff's estimated rate base is shown on Attachments C and D included with this memorandum and incorporated herein by reference. Any future rate case would also give BCRU the opportunity to present better information for original plant cost if any such information becomes available. Future rates could also include additional prudent and necessary capital costs, for example repair of the RSF leakage issue, if such work is actually necessary and is completed. The Engineering and Management Services Unit (EMSU) recommends the Commission approve depreciation rates for its water and sewer systems similar to those approved for other small water and sewer utilities. With the use of Staff-estimated plant costs rather than actual specific plant records (i.e. plant and reserve balances) Depreciation Staff recommends use of the generic rates established for a Class C water and sewer company. A

future rate case will allow depreciation Staff to narrow down to BCRU specific depreciation rates, as may be necessary depending upon specific utility plant items that may be included in rate base in the future. The depreciation accrual rates for water assets are included as Attachment E, and accrual rates for sewer assets are included as Attachment F, and incorporated herein by reference.

The Auditing Unit conducted a review of expense records of the Tranquility and BCRU, and also incorporated Staff's estimated rate base level. Staff's expenses, and its estimates for plant-in-service, depreciation reserve, CIAC and CIAC amortization balances as of December 31, 2014, are as shown on Attachment G, incorporated herein by reference. Staff's rate base level as of that date is \$32,637 for the water system and \$102,941 for the sewer system.

Tranquility or BCRU currently charges flat rates of \$60 per month for combined water and sewer service, and \$50 per month for water service for those commercial customers that do not have sewer service. In its application, the Company requests \$85 for water and sewer service combined.

Based on its audit of expenses and estimate of rate base levels, Staff recommends the Commission approve monthly residential flat rates of \$53.91 for water service and \$48.82 for sewer service, which results in monthly bills of \$102.73 combined. For the various commercial customers, Staff has assigned factors of 1.0, 1.5, or 4.0 that are based on expected or assumed water usage, which factors are used to multiply the residential flat rates to determine commercial flat rates. Water and Sewer rate design showing the factors used by Staff, the residential and commercial flat rates, and some notations for the various commercial customers regarding needs for water meters, is shown on Attachment H, incorporated herein by reference. Since it is not possible to accurately estimate water usage, Staff will recommend water meters be installed for certain commercial customers, along with appropriately sized master meters at each of the wells. Then, in a future rate case, metered rates may be designed that are based on water usage data even if such data does not include actual usage for all customers.

Staff also proposes a \$25 late fee to reflect the estimated cost of BCRU to handle late payment by customers; a \$25 trip charge to reflect the estimated cost of BCRU or Tranquility maintenance personnel to accomplish utility turn-on or turn-off, or to investigate problems with customer-owned STEP units; and a charge reflecting the actual cost of BCRU to get White River or other contractor to accomplish repairs of customer-owned STEP units if it is necessary to stop or prevent a water pollution event or if such work is accomplished at the customer's request.

By Commission regulations, BCRU will be required to keep its books and records in accordance with the National Association of Regulatory Utility Commission (NARUC) Uniform System of Accounts, including day-to-day operating expenses, revenues and recording in BCRU's ledger existing capital items and adjustments for new capital items placed into service along with retirements, and recording the cost of removal and gross salvage for all replaced or retired plant. BCRU must also utilize a work order system to track material, labor and overhead costs for its water and sewer systems.

BCRU should also keep other operating records including vehicle and equipment logs, telephone logs, customer complaint records, and day-to-day plant operations records.

TECHNICAL, MANAGERIAL, AND FINANCIAL CAPACITY

DNR reviews new proposed water system operations using, among other criteria, determination of technical, managerial and financial capacities of the operation, or TMF. This review criteria method was developed by the United States Environmental Protection Agency in the context of continual updates with the federal Safe Drinking Water Act, may be found at http://water.epa.gov/type/drink/pws/smallsystems/state_guidance.cfm, and was adopted by DNR in its regulations, 10 CSR 60-3.030. Although utilized by DNR for new water systems, Staff finds the concepts of TMF useful in studying some situations involving existing water and/or sewer systems as well. Staff's TMF review is as follow:

Technical Capacity

Tranquility and/or the Company have retained the services of White River to operate the water and sewer systems. White River employs certified operators and has significant experience with various types of water and sewer systems. In addition, the Company has maintenance staff on site that can be trained in basic operation and maintenance of the facilities if necessary.

Managerial Capacity

BCRU is managed by Michael Hyams, who is on-site on a regular basis along with one of the other business partners, Patsy O'Kieffe. They are also the owners of Tranquility, the active developer of the area. Both of these people personally undertake a major portion of the management and clerical work involved with the business matters of this proposed utility.

Financial Capacity

While studying the existing business operation and the books and records of Tranquility, Staff observed that credit, and equity are available. Staff believes that such capital resources are also available for utility day-to-day operations as well as for undertaking capital improvements for the utility.

THE TARTAN ENERGY CRITERIA

As is customary with most cases involving a new CCN, Staff is using criteria similar to that which was studied by the Commission in a past CCN case that was filed by the Tartan Energy Company to justify granting a CCN, as follows:

Is there a need for service?

Yes, there is a need for service, in that residential customers desire and need water and sewer service. Additionally, proper operation and upkeep of these existing water and sewer systems are

necessary in order that customers will have safe and adequate service, and to maintain in compliance with drinking water and water pollution control regulations.

Is the Company qualified to provide the service?

Yes, the Company is qualified to provide the service, as is demonstrated by retaining the services of qualified personnel via White River Valley Environmental Services. Staff has determined that the Company is able to assume operations of the existing systems, and is capable of undertaking necessary future improvements for continued operations of these systems.

Does the Company have the financial ability to provide the service?

Yes, it appears to Staff that the Company has sufficient financial resources, and is able to evaluate the costs of alternatives when undertaking operations and capital improvements. Staff thus believes the Company will be adequately financed through the owner in the context of subdivision development, using a combination of bank financing and owner equity.

Is the Company's proposal economically feasible?

Yes, the proposal is economically feasible, based on Staff's overall evaluation. Staff auditors observed financial resources available to the owner of the Company, and Staff determined that the Company has adequate financial resources necessary for continued operation of these systems including proposed future projects.

Does the Company's proposal promote the public interest?

Yes, the Company's proposal to own and operate the water and sewer systems and to provide service promotes the public interest. The water and sewer service is necessary in order for the living units to be occupied. The water and sewer systems in place and operated by the Company are necessary since there are no other water and sewer systems presently available within the proposed service area. Additionally, BCRU is capable of providing service in the area, as demonstrated by its present operations undertaken by Tranquility.

Could the service be provided by another entity?

There are no other entities readily available to provide service.

OTHER COMPANY ISSUES

Since BCRU is a new entity, and will be a newly regulated water and sewer utility, it has no regulatory history, and thus there are no issues with respect to the submission of annual reports or assessments. BCRU is in good standing with the Missouri Secretary of State.

BCRU will need to submit new complete Schedules of Rates, Rules and Regulations (tariffs) as is required of all regulated utilities, to include rates and charges, a written description and map of

the service area, and rules regarding the provision of utility service including monthly billing for all proposed customers. BCRU's sewer tariff will also incorporate rules regarding construction, ownership, and maintenance of STEP units used for sewage handling. The tariffs should be filed within twenty (20) days after the effective date of an order issued by the Commission granting a CCN. Staff has communicated with the Company regarding preparation of the tariffs. Staff will continue to make itself available for assistance in preparing and filing tariffs, as well as for proper set-up of necessary utility records systems as described herein.

Staff recommends that BCRU implement a meter installation program immediately for certain commercial customers, specifically the swimming pool facility, the pipelines that fill the ponds, and the landscape irrigation areas within six (6) months after the effective date of an order from the Commission approving the CCN, because water usage is unknown and variable for these customers. Staff notes that one such irrigation area is metered at present. Staff also recommends BCRU install master meters at each of the two wells within the same time period. Staff is making no attempt to recommend metered rates at this time, because of the uncertainty of water usage amounts and the cost of installing meters. Metered rates, and inclusion of capital cost associated with meter installations, would be addressed in a future rate case to be filed by BCRU. It may be desirable for BCRU to install water meters for other commercial customers and existing residential cabin customers as well, in order to set rates equitably for all customers when BCRU files a future rate case, although Staff does not make any specific recommendation regarding such an installation program for specific customers at this time. Each future new service connection, whether residential or commercial, should have a meter installed when the connection is made.

INTERVENOR

In its application to intervene, the Intervenor stated its concern that its members (as customers) should not be required to pay for plant capacity that is constructed beyond what is needed for future growth. An Intervenor's representative who was present at the informal local meeting held on December 6, 2014 discussed this point briefly with Staff. Staff does not take a position on this matter at this time, because existing plant is essentially operating "at capacity" and this issue does not exist at this time, in Staff's view. If BCRU expands the existing facilities in the future, then there may well be a need to address this issue, and Staff will hold itself out to do so in any such future context, although it cannot forecast any result at this time.

STAFF'S FINDINGS & CONCLUSIONS

To summarize, Staff takes the position that BCRU's proposal seeking a CCN to provide water and sewer service, as modified by Staff and with conditions as described in this memorandum, is reasonable, feasible and is not detrimental to the public interest.

STAFF'S RECOMMENDATIONS

Based upon the above, the Staff recommends that the Commission issue an order that:

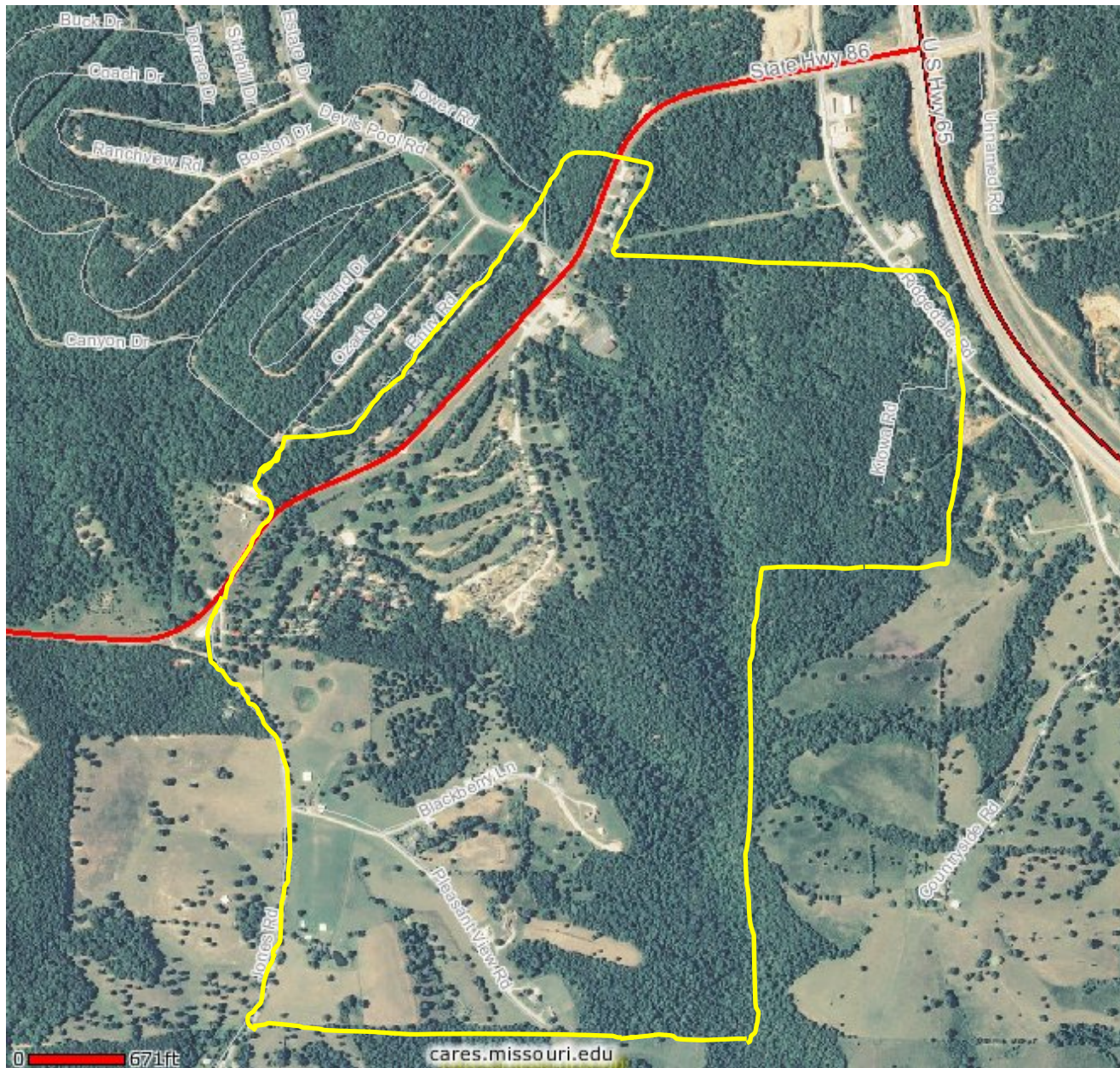
- a. Approves the CCN for BCRU to provide water and sewer service in the proposed Branson Cedars service area as modified by Staff and BCRU and as shown in the attached map and boundary description, under conditions as described within this memorandum and following;
- b. Approves residential flat rates of \$53.91 for water service and \$48.82 for sewer service, with factored flat rates for various commercial customers as shown on Attachment F;
- c. Service charges to include a \$25 late charge applicable to either a water bill or combined water and sewer bill, a \$25 trip charge, and actual cost of emergency or requested repair work to a customer-owned sewer STEP unit;
- d. Requires BCRU to install a master meter on each of its two wells, and water meters for four (4) of the commercial customers, as described above, within six (6) months after the effective date of an order approving a CCN;
- e. Requires BCRU to submit new complete tariffs for water service and sewer service, as 30-day filings, within 20 days after the effective date of an order approving a CCN;
- f. Authorizes BCRU to utilize and apply water and sewer depreciation rates as shown in Attachments E and F;
- g. Requires BCRU to keep its financial books and records for plant-in-service and operating expenses in accordance with the NARUC Uniform System of Accounts;
- h. Requires BCRU to keep operations records including those for customer complaints/inquiries, vehicle, equipment and telephone use records, maintenance activity, service calls and customer account records;
- i. Makes no finding that would preclude the Commission from considering the ratemaking treatment to be afforded any matters pertaining to the granting of the subject Certificate, including expenditures related to the certificated service area, in any later proceeding.

Staff will file a further recommendation regarding approval of water and sewer tariffs that BCRU will be submitting in accordance with the Commission's order granting the CCN.

List of Attachments:

- Attachment A - Map of Service Area
- Attachment B - Description of Service Area
- Attachment C - Staff Estimated Rate Base for Water Plant
- Attachment D - Staff Estimated Rate Base for Sewer Plant
- Attachment E - Depreciation Accrual Rates for Water Plant
- Attachment F - Depreciation Accrual Rates for Sewer Plant
- Attachment G - Staff Rate Base, Revenue, and Operating Expenses
- Attachment H - Rate Design for Water and Sewer Flat Monthly Rates

Branson Cedars - Map of Service Area
WA-2015-0049



Branson Cedars – Service Area Description
WA-2015-0049

Beginning at the northeast corner of the northwest quarter of the northeast quarter of section 18, t21n, r21w; thence westerly along the north line of said section 18 to a point that is 400 feet east of the south r/w line of Missouri Highway 86; thence N 20° E a distance of 950 feet to a point that is in the south half of the south half of section 7, t21n, r 21w; thence N 70° W to the south r/w of said Highway 86; thence continuing north 70° west to a point that is 250 feet from the said south r/w line; thence southwesterly along a course that is parallel to and 250 feet distant from the said south r/w of Highway 86 to the north line of said section 18; thence continuing southwesterly parallel to and 250 feet distant from said south r/w line the following bearings and distances: Thence along a curve to the right having a radius of 1901.72 feet, an arc length of 246.84 feet, and a chord bearing of S 38°37'51" W to a point; thence S 42°21'01" W 114.83 feet to a point; thence S 42°21'01" W, 282.13 feet to a point; thence S 36°38'23" W, 100.45 feet to a point; thence S 42°21'01" W, 199.90 feet to a point; thence S 48°03'39" W, 100.45 feet to a point; thence S 42°21'01" W, 349.82 feet to a point; thence S 36°47'02" W, 103.05 feet to point that is 250 feet northwest of a Right-of-Way marker; thence along a curve to the right having a radius of 1392.70 feet, an arc length of 306.01 feet, and a chord bearing of S 60°00'04" W; thence S 56°07'32" W, 118.71 feet to a point that is 250 feet northwest of a Right-of-Way marker; thence S 66°31'19" W, 408.24 feet to a point; thence along a curve to the left having a radius of 909.74 feet, an arc length of 530.88 feet, and a chord bearing of S 50°02'5S" W, said parallel line to the west line of the said section 18; thence south along the west line of section 18 to the south r/w of Highway 86 in section 13, t21n, r22w; thence southwesterly along the south r/w continuing on the said curve to the left having a radius of 909.74 feet, an arc length of 530.88 feet, and a chord bearing of S 50°02'5S" W; thence south 31°29'32" west, 307.30 feet to a point; thence along a curve to the right having a radius of 882.49 feet, an arc length of 109.04 feet, and a chord bearing of S 35°01'55" W, to a point; thence departing from said r/w south 09°25'51" east, 48.47 feet to a point; thence along a curve to the right having a radius of 403.55 feet, an arc length of 104.63 feet, and a chord bearing of S 02°00'11' E, thence S 05°21'40" W 120.30 feet to a point that is along Jones Road; thence southerly m/l along the centerline of Jones Road to the south line of said section 18; then east along said south line of section 18 to the southeast corner of the southwest quarter of section 18; thence north along the quarter section line to the northeast corner of the southeast quarter of the northwest quarter of section 18; thence east along the quarter-quarter section line to the southeast corner of the northwest quarter of the northeast quarter of section 18; thence north along the quarter-quarter section line to the point of beginning.

Branson Cedars Resort (Water)
Rate Base Computation
Case No. WA-2015-0049

USOA Account Number	Description	Total Plant 12/31/2010	Total Plant 12/31/2011	Total Plant 12/31/2012	Total Plant 12/31/2013	Total Plant 12/31/2014	Total Plant
Plant-in-Service							
		Mos	Mos	Mos	Mos	Mos	
Intangible Plant							
301.000	Organization						
Source of Supply Plant							
310.000	Land and Land Rights						
311.000	Structures and Improvements	\$ 2,000	\$ 2,000	\$ 2,979	\$ 2,979	\$ 2,979	\$ 2,979
	Structures and Improvements (Additions)		\$ 979	5			
314.000	Wells and Springs	\$ 19,614	\$ 19,614	\$ 19,614	\$ 19,614	\$ 19,614	\$ 19,614
Pumping Plant							
320.000	Land and Land Rights - PP						
321.000	Structures and Improvements - PP						
325.100	Electric Pumping Equipment	\$ 24,449	\$ 24,786	\$ 25,524	\$ 26,747	\$ 26,747	\$ 42,920
	Electric Pumping Equipment (Additions)	\$ 337	1 \$ 738	5 \$ 1,223	11		7
	Electric Pumping Equipment (Retirements)					\$ (881)	
Transmission and Distribution Plant							
342.000	Distribution Reservoirs and Standpipes	\$ 12,335	\$ 12,335	\$ 13,737	\$ 13,737	\$ 13,737	\$ 13,737
	Distribution Reservoirs and Standpipes (Additions)		\$ 1,402	7			
343.000	Transmission and Distribution Mains	\$ 34,516	\$ 34,516	\$ 34,516	\$ 34,516	\$ 34,516	\$ 34,516
345.000	Services	\$ 256	\$ 256	\$ 256	\$ 256	\$ 256	\$ 256
	Services (Additions)	\$ 256	1				
346.000	Meters	\$ 99	\$ 99	\$ 99	\$ 99	\$ 99	\$ 99
	Meters (Additions)	\$ 99	1				
Total Gross Plant		\$ 93,605	\$ 96,724	\$ 97,947	\$ 97,947	\$ 114,120	\$ 114,120
Depreciation Rates							
301.000	Organization	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
310.000	Land and Land Rights	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
311.000	Structures and Improvements	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
314.000	Wells and Springs	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
320.000	Land and Land Rights - PP	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
321.000	Structures and Improvements - PP						
325.100	Electric Pumping Equipment	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
342.000	Distribution Reservoirs and Standpipes	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
343.000	Transmission and Distribution Mains	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
345.000	Services	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
346.000	Meters	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%
Depreciation Expense							
301.000	Organization	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
310.000	Land and Land Rights	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
311.000	Structures and Improvements	\$ 50	\$ 50	\$ 74	\$ 74	\$ 74	\$ 74
	Structures and Improvements (Additions)	\$ -	\$ 10	\$ -	\$ -	\$ -	\$ -
314.000	Wells and Springs	\$ 392	\$ 392	\$ 392	\$ 392	\$ 392	\$ 392
320.000	Land and Land Rights - PP	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
321.000	Structures and Improvements - PP						
325.100	Electric Pumping Equipment	\$ 2,445	\$ 2,479	\$ 2,552	\$ 2,675	\$ 2,675	\$ 4,292
	Electric Pumping Equipment (Additions)	\$ 3	\$ 31	\$ 112	\$ -	\$ 995	\$ -
	Electric Pumping Equipment (Retirements)					\$ (88)	
342.000	Distribution Reservoirs and Standpipes	\$ 308	\$ 308	\$ 343	\$ 343	\$ 343	\$ 343
	Distribution Reservoirs and Standpipes (Additions)	\$ -	\$ 20	\$ -	\$ -	\$ -	\$ -
343.000	Transmission and Distribution Mains	\$ 690	\$ 690	\$ 690	\$ 690	\$ 690	\$ 690
345.000	Services	\$ -	\$ 6	\$ 6	\$ 6	\$ 6	\$ 6
	Services (Additions)	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ -
346.000	Meters	\$ -	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3
	Meters (Additions)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Depreciation Expense		\$ 3,889	\$ 3,989	\$ 4,172	\$ 4,183	\$ 5,090	\$ 5,800
Accumulated Reserve							
Intangible Plant							
301.000	Organization						
Source of Supply Plant							
310.000	Land and Land Rights						
311.000	Structures and Improvements	\$ 1,225	\$ 1,275	\$ 1,359	\$ 1,433	\$ 1,507	\$ 1,507
	Structures and Improvements (Additions)	\$ -	\$ 10	\$ -	\$ -	\$ -	\$ -
314.000	Wells and Springs	\$ 9,611	\$ 10,003	\$ 10,395	\$ 10,787	\$ 11,179	\$ 11,179
Pumping Plant							
320.000	Land and Land Rights - PP						
321.000	Structures and Improvements - PP						
325.100	Electric Pumping Equipment	\$ 9,779	\$ 12,261	\$ 14,844	\$ 17,631	\$ 20,306	\$ 21,213
	Electric Pumping Equipment (Additions)	\$ 3	\$ 31	\$ 112	\$ -	\$ 995	\$ -
	Electric Pumping Equipment (Retirements)	\$ -	\$ -	\$ -	\$ -	\$ (88)	\$ -
Transmission and Distribution Plant							
342.000	Distribution Reservoirs and Standpipes	\$ 7,555	\$ 7,863	\$ 8,226	\$ 8,569	\$ 8,912	\$ 8,912
	Distribution Reservoirs and Standpipes (Additions)	\$ -	\$ 20	\$ -	\$ -	\$ -	\$ -
343.000	Transmission and Distribution Mains	\$ 8,629	\$ 9,319	\$ 10,009	\$ 10,699	\$ 11,389	\$ 11,389
345.000	Services	\$ -	\$ 7	\$ 13	\$ 19	\$ 25	\$ 25
	Services (Additions)	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ -
346.000	Meters	\$ -	\$ 3	\$ 6	\$ 9	\$ 12	\$ 12
	Meters (Additions)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Accumulated Reserve		\$ 36,803	\$ 40,792	\$ 44,964	\$ 49,147	\$ 54,237	\$ 54,237
Net Plant in Service		\$ 56,802	\$ 55,932	\$ 52,983	\$ 48,800	\$ 59,883	\$ 59,883
Contributions in Aid of Construction (CIAC)							
	CIAC Balance at Beginning of Year	\$ 34,516	\$ 34,516	\$ 34,516	\$ 34,516	\$ 34,516	\$ 34,516
	PLUS: Additions During the Year	\$ -	\$ -	\$ -	\$ -	\$ 13,584	\$ 13,584
	LESS: Deductions During the Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	CIAC Balance at End of Year	\$ 34,516	\$ 34,516	\$ 34,516	\$ 34,516	\$ 48,100	\$ 48,100
	CIAC Amortization Balance at First of Year	\$ 12,906	\$ 14,340	\$ 15,763	\$ 17,234	\$ 18,708	\$ 18,708
	Percentage Contributions to Gross Plant	36.87%	35.68%	35.24%	35.24%	42.15%	42.15%
	Total Amortization of Contributions	\$ 1,434	\$ 1,423	\$ 1,470	\$ 1,474	\$ 2,145	\$ 2,145
	CIAC Amortization	\$ 14,340	\$ 15,763	\$ 17,234	\$ 18,708	\$ 20,853	\$ 20,853
	Net Contributions in Aid of Construction (CIAC)	\$ 20,176	\$ 18,752	\$ 17,282	\$ 15,808	\$ 27,247	\$ 27,247
	Customer Deposits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Subtract from Net Plant		\$ 20,176	\$ 18,752	\$ 17,282	\$ 15,808	\$ 27,247	\$ 27,247
TOTAL RATE BASE - WATER		\$ 36,627	\$ 37,180	\$ 35,701	\$ 32,992	\$ 32,637	\$ 32,637

USOA Account Number	Description	Total Plant 12/31/2010	Total Plant 12/31/2011	Total Plant 12/31/2012	Total Plant 12/31/2013	Total Plant 12/31/2014	Total Plant
Plant-in-Service			Mos	Mos	Mos	Mos	Mos
Collection Plant							
352.100	Collection Sewer - Force	\$ 44,840	\$ 44,840	\$ 48,591	\$ 48,591	\$ 48,591	\$ 48,591
	<i>Collection Sewer - Force (Additions)</i>		\$ 3,751	5			
352.200	Collection Sewer - Gravity	\$ 7,708	\$ 7,708	\$ 7,708	\$ 7,708	\$ 7,708	\$ 7,708
Treatment & Disposal							
373.000	Treatment & Disposal Equipment	\$ 128,584	\$ 128,584	\$ 129,381	\$ 129,381	\$ 129,381	\$ 129,381
	<i>Treatment & Disposal Equipment (Additions)</i>		\$ 797	8			
Total Gross Plant		\$ 181,132	\$ 185,680	\$ 185,680	\$ 185,680	\$ 185,680	\$ 185,680
Depreciation Rates							
352.100	Collection Sewer - Force	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
352.200	Collection Sewer - Gravity	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
373.000	Treatment & Disposal Equipment	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Depreciation Expense							
352.100	Collection Sewer - Force	\$ 897	\$ 897	\$ 972	\$ 972	\$ 972	\$ 972
	<i>Collection Sewer - Force (Additions)</i>	\$ -	\$ 31	\$ -	\$ -	\$ -	\$ -
352.200	Collection Sewer - Gravity	\$ 154	\$ 154	\$ 154	\$ 154	\$ 154	\$ 154
373.000	Treatment & Disposal Equipment	\$ 6,429	\$ 6,429	\$ 6,469	\$ 6,469	\$ 6,469	\$ 6,469
	<i>Treatment & Disposal Equipment (Additions)</i>	\$ -	\$ 27	\$ -	\$ -	\$ -	\$ -
Total Depreciation Expense		\$ 7,480	\$ 7,538	\$ 7,595	\$ 7,595	\$ 7,595	\$ 7,595
Accumulated Reserve							
Collection Plant							
352.100	Collection Sewer - Force	\$ 1,794	\$ 2,691	\$ 3,694	\$ 4,666	\$ 5,638	\$ 5,638
	<i>Collection Sewer - Force (Additions)</i>	\$ -	\$ 31	\$ -	\$ -	\$ -	\$ -
352.200	Collection Sewer - Gravity	\$ 308	\$ 462	\$ 616	\$ 770	\$ 924	\$ 924
Treatment & Disposal							
373.000	Treatment & Disposal Equipment	\$ 12,858	\$ 19,287	\$ 25,783	\$ 32,252	\$ 38,721	\$ 38,721
	<i>Treatment & Disposal Equipment (Additions)</i>	\$ -	\$ 27	\$ -	\$ -	\$ -	\$ -
Total Accumulated Reserve		\$ 14,960	\$ 22,498	\$ 30,093	\$ 37,688	\$ 45,283	\$ 45,283
Net Plant in Service		\$ 166,172	\$ 163,182	\$ 155,587	\$ 147,992	\$ 140,397	\$ 140,397
Contributions in Aid of Construction (CIAC)							
	CIAC Balance at Beginning of Year	\$ 52,548	\$ 52,548	\$ 52,548	\$ 52,548	\$ 52,548	\$ 52,548
	PLUS: Additions During the Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	LESS: Deductions During the Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	CIAC Balance at End of Year	\$ 52,548	\$ 52,548	\$ 52,548	\$ 52,548	\$ 52,548	\$ 52,548
	CIAC Amortization Balance at First of Year	\$ 4,340	\$ 6,510	\$ 8,643	\$ 10,793	\$ 12,942	\$ 12,942
	Percentage Contributions to Gross Plant	29.01%	28.30%	28.30%	28.30%	28.30%	28.30%
	Total Amortization of Contributions	\$ 2,170	\$ 2,133	\$ 2,149	\$ 2,149	\$ 2,149	\$ 2,149
	CIAC Amortization	\$ 6,510	\$ 8,643	\$ 10,793	\$ 12,942	\$ 15,091	\$ 15,091
	Net Contributions in Aid of Construction (CIAC)	\$ 46,038	\$ 43,904	\$ 41,755	\$ 39,606	\$ 37,456	\$ 37,456
	Customer Deposits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Subtract from Net Plant		\$ 46,038	\$ 43,904	\$ 41,755	\$ 39,606	\$ 37,456	\$ 37,456
TOTAL RATE BASE - SEWER		\$ 120,134	\$ 119,277	\$ 113,832	\$ 108,386	\$ 102,941	\$ 102,941

BRANSON CEDARS RESORT UTILITY COMPANY LLC

SCHEDULE of DEPRECIATION RATES

WATER SYSTEM DEPRECIATION RATES

WA-2015-0049

<u>ACCOUNT NUMBER</u>	<u>ACCOUNT DESCRIPTION</u>	<u>DEPRECIATION RATE</u>	<u>AVERAGE SERVICE LIFE (YEARS)</u>	<u>NET SALVAGE</u>
Source of Supply				
311	Structures & Improvements	2.5%	44	-10%
312	Collecting & Impoundment Reservoirs	2.0%	50	0%
313	Lake, River & Other Intakes	2.5%	40	0%
314	Wells & Springs	2.0%	55	-8%
316	Supply Mains	2.0%	50	0%
Pumping Plant				
321	Structures & Improvements	2.5%	44	-10%
325	Electric Pumping Equipment	10.0%	10	0%
325.1	Submersible Pumping Equipment	10.0%	12	-20%
325.2	High Service or Booster Pumping Equip.	6.7%	15	0%
325.3	Shaft-driven Pumping Equipment	5.0%	24	-20%
326	Diesel Pumping Equipment	2.7%	35	5%
328	Other Pumping Equipment	4.0%	25	0%
328.1	Gas Pumping Equipment	3.3%	29	5%
Water Treatment Plant				
331	Structures & Improvements	2.5%	44	-10%
332	Water Treatment Equipment	2.9%	35	0%
Transmission and Distribution				
341	Structures & Improvements	2.5%	44	-10%
342	Distribution Reservoirs & Standpipes	2.5%	42	-5%
343	Transmission & Distribution Mains	2.0%	50	0%
345	Customer Services	2.5%	40	0%
346	Customer Meters, Bronze (Calibrate)	3.3%	30	0%
346.1	Customer Meters, Plastic (Throw Aways)	10.0%	10	0%
347	Customer Meter Pits & Installation	2.5%	40	0%
348	Hydrants	2.0%	50	0%
General Plant				
390	Structures & Improvements	2.5%	44	-10%
391	Office Furniture & Equipment	5.0%	20	0%
391.1	Office Electronic & Computer Equip.	14.3%	7	0%
392	Transportation Equipment	13.0%	7	9%
393	Stores Equipment	4.0%	25	0%
394	Tools, Shop, Garage Equipment	5.0%	18	10%
395	Laboratory Equipment	5.0%	20	0%
396	Power Operated Equipment	6.7%	13	13%
397	Communication Equipment	6.7%	15	0%

BRANSON CEDARS RESORT UTILITY COMPANY LLC

SCHEDULE of DEPRECIATION RATES SEWER SYSTEM DEPRECIATION RATES

WA-2015-0049

<u>ACCOUNT NUMBER</u>	<u>ACCOUNT DESCRIPTION</u>	<u>DEPRECIATION RATE</u>	<u>AVERAGE SERVICE LIFE (YEARS)</u>	<u>NET SALVAGE</u>
COLLECTION PLANT				
351	Structures & Improvements	4.0%	27.5	-10%
352.1	Collection Sewers (Force)	2.0%	50	0%
352.2	Collection Sewers (Gravity)	2.0%	50	0%
353	Services (A & B)	2.0%	50	0%
354	Flow Measurement Devices	3.3%	30	0%
PUMPING PLANT				
361	Structures & Improvements	4.0%	27.5	-10%
362	Receiving Wells	4.0%	26	-5%
363	Electric Pumping Equipment	10.0%	10	0%
TREATMENT & DISPOSAL PLANT				
372	Oxidation Lagoons	4.0%	40	-60%
373	Treatment & Disposal Facilities	5.0%	22	-10%
374	Plant Sewers	2.5%	40	0%
375	Outfall Sewer Lines	2.0%	50	0%
GENERAL PLANT				
390	Structures & Improvements	2.5%	44	-10%
391	Office Furniture & Equipment	5.0%	20	0%
391.1	Office Electronic & Computer Equip.	14.3%	7	0%
392	Transportation Equipment	13.0%	7	9%
393	Stores Equipment	4.0%	25	0%
394	Tools, Shop, and Garage Equipment	5.0%	18	10%
395	Laboratory Equipment	5.0%	20	0%
396	Power Operated Equipment	6.7%	13	13%
397	Communication Equipment	6.7%	15	0%

Branson Cedars Resort
WA-2015-0049
Staff Rate Base and Revenue Requirement

RATE BASE - WATER		
USOA Account Number	Description	Total Plant 12/31/2014
Plant-in-Service		
Source of Supply Plant		
311.000	Structures and Improvements	\$ 2,979
314.000	Wells and Springs	\$ 19,614
Pumping Plant		
325.100	Electric Pumping Equipment	\$ 42,920
Transmission and Distribution Plant		
342.000	Distribution Reservoirs and Standpipes	\$ 13,737
343.000	Transmission and Distribution Mains	\$ 34,516
345.000	Services	\$ 256
346.000	Meters	\$ 99
Total Gross Plant		\$ 114,120
Depreciation Reserve		
Source of Supply Plant		
311.000	Structures and Improvements	\$ 1,507
314.000	Wells and Springs	\$ 11,179
Pumping Plant		
325.100	Electric Pumping Equipment	\$ 21,213
Transmission and Distribution Plant		
342.000	Distribution Reservoirs and Standpipes	\$ 8,912
343.000	Transmission and Distribution Mains	\$ 11,389
345.000	Services	\$ 25
346.000	Meters	\$ 12
Total Accumulated Reserve		\$ 54,237
Net Plant in Service		\$ 59,883
Subtract from Net Plant		
Contributions in Aid of Construction (CIAC)		\$ 27,247
Customer Deposits		\$ -
Total Subtract from Net Plant		\$ 27,247
TOTAL RATE BASE - WATER		\$ 32,637

RATE BASE - SEWER		
USOA Account Number	Description	Total Plant 12/31/2014
Plant-in-Service		
Collection Plant		
352.100	Collection Sewer - Force	\$ 48,591
352.200	Collection Sewer - Gravity	\$ 7,708
Treatment & Disposal		
373.000	Treatment & Disposal Equipment	\$ 129,381
Total Gross Plant		\$ 185,680
Depreciation Reserve		
Collection Plant		
352.100	Collection Sewer - Force	\$ 5,638
352.200	Collection Sewer - Gravity	\$ 924
Treatment & Disposal		
373.000	Treatment & Disposal Equipment	\$ 38,721
Total Accumulated Reserve		\$ 45,283
Net Plant in Service		\$ 140,397
Subtract from Net Plant		
Contributions in Aid of Construction (CIAC)		\$ 37,456
Customer Deposits		\$ -
Total Subtract from Net Plant		\$ 37,456
TOTAL RATE BASE - SEWER		\$ 102,941

COST OF SERVICE - WATER		
Expense	Amount	
Operations & Maintenance - Outside Services Employed	\$5,426	
Operations & Maintenance - General Expense	\$976	
Maintenance Salaries	\$3,328	
Billing & Collections	\$1,029	
Accounting/Office Staff Salaries	\$731	
Supplies Expense	\$521	
Chemical Expense (Chlorine)	\$1,791	
Chemical Expense (Aluminum Sulfate)	\$0	
Lab Fees (Wastewater Sampling)	\$0	
Lab Fees (E Coli Testing)	\$623	
Electricity Expense (Pumping)	\$18,912	
DNR Lab and Operating Permit Fees	\$100	
Property & General Liability Insurance Expense	\$139	
Real Estate Taxes	\$80	
Legal Fees (Amortization of cost of certificate case)	\$1,075	
PSC Assessment (0.93783445% of revenue)	\$201	
Employer FICA Taxes	\$215	
Missouri Unemployment Taxes	\$99	
Depreciation Expense	\$5,800	
Amortization of CIAC	(\$2,145)	
Weighted Return on Rate Base (7.66%)	\$2,500	
Total Annual Cost of Service - Water		\$41,401

COST OF SERVICE - SEWER		
Expense	Amount	
Operations & Maintenance - Outside Services Employed	\$7,077	
Operations & Maintenance - General Expense	\$0	
Maintenance Salaries	\$1,664	
Billing & Collections	\$1,029	
Accounting/Office Staff Salaries	\$731	
Supplies Expense	\$490	
Chemical Expense (Chlorine)	\$0	
Chemical Expense (Aluminum Sulfate)	\$936	
Lab Fees (Wastewater Sampling)	\$2,400	
Lab Fees (E Coli Testing)	\$0	
Electricity Expense (Pumping)	\$3,652	
DNR Lab and Operating Permit Fees	\$250	
Property & General Liability Insurance Expense	\$65	
Real Estate Taxes	\$0	
Legal Fees (Amortization of cost of certificate case)	\$808	
PSC Assessment (0.93783445% of revenue)	\$179	
Employer FICA Taxes	\$136	
Missouri Unemployment Taxes	\$62	
Depreciation Expense	\$7,595	
Amortization of CIAC	(\$2,149)	
Weighted Return on Rate Base (7.66%)	\$7,885	
Total Annual Cost of Service - Sewer		\$32,810

Total Operating Revenues at Current Rates - Water	\$21,480
Overall Revenue Increase Needed - Water	\$19,921

Total Operating Revenues at Current Rates - Sewer	\$19,080
Overall Revenue Increase Needed - Sewer	\$13,730

Branson Cedars
rate design WA-2015-0049

customers	water		sewer		
		flat rate factor		flat rate factor	
residential	47	1.00	47	1.00	model homes not included in residential count
commercial					
private laundry facility a	1	1.00	1	1.00	separate building
private laundry facility b	1	1.00	1	1.00	basement of a cabin, separate access to unit
model homes	2	1.00	2	1.00	
Big Cedar landscape	1	1.50			5/8 inch meter installed
Branson Cedars landscape	1	1.50			5/8 inch meter recommended
Store	1	1.00	1	1.00	
BC shop	1	1.00			
Outpost	1	1.00	1	1.00	
BC sales office	1	1.50	1	1.50	
Pool/bath	1	1.50	1	1.50	5/8 inch meter recommended
Pond fill	1	4.00			3 inch meter recommended 250 gpm
customer equivalants		64.00		56.00	
design revenue		\$41,401		\$ 32,810	

monthly rates - residential	\$ 53.91	\$ 48.82
commercial class 1.0	\$ 53.91	\$ 48.82
commercial class 1.5	\$ 80.87	\$ 73.23
commercial class 4.0	\$ 215.64	

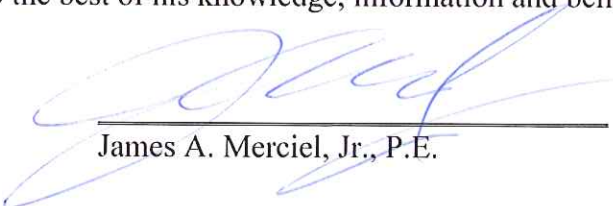
**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of the Application of Branson)
Cedars Resort Utility Company LLC for) File No. WA-2015-0049
Certificates of Convenience and Necessity)
Related to Water and Sewer Systems)

AFFIDAVIT OF JAMES A. MERCIEL, JR., P.E.

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

James A. Merciel, Jr., P.E., of lawful age, on his oath states: (1) that he is the Assistant Manager – Engineering in the Water and Sewer Unit of the Missouri Public Service Commission; (2) that he participated in the preparation of the foregoing *Staff Recommendation* including Attachments A, B and H; (3) that information in the *Staff Recommendation* was provided by him; (4) that he has knowledge of matters set forth in the *Staff Recommendation* and (5) that such matters set forth in the *Staff Recommendation* are true and correct to the best of his knowledge, information and belief.



James A. Merciel, Jr., P.E.

Subscribed and sworn to before me this 31st day of March 2015.



Notary Public

LAURA DISTLER
Notary Public - Notary Seal
STATE OF MISSOURI
Commissioned for Cole County
My Commission Expires: June 21, 2015
Commission Number: 11203914

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

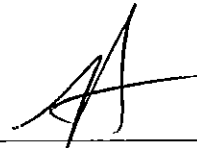
In the Matter of the Application of The)
Tranquility Group, LLC d/b/a Branson)
Cedars Resort for a Certificate of)
Convenience and Necessity Authorizing it to)
Own, Operate, Maintain, Control and)
Manage Water Systems in Taney County,)
Missouri)
)

File No. WA-2015-0049

AFFIDAVIT OF KEITH D. FOSTER

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

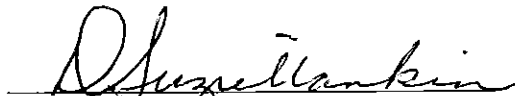
Keith D. Foster, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Staff Recommendation in memorandum form and Attachments C, D, and G, to be presented in the above case; that the information in the Staff Recommendation and Attachments C, D, and G, was developed by him; that he has knowledge of the matters set forth in such Staff Recommendation and Attachments C, D, and G; and that such matters are true and correct to the best of his knowledge and belief.



Keith D. Foster

Subscribed and sworn to before me this 31st day of March 31, 2015.

D. SUZIE MANKIN Notary Public - Notary Seal State of Missouri Commissioned for Cole County My Commission Expires: December 12, 2016 Commission Number: 12412070
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Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

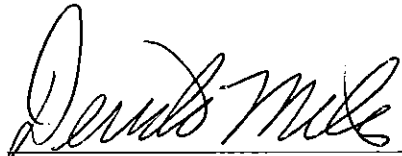
In the Matter of the Application of The)
Tranquility Group, LLC d/b/a Branson)
Cedars Resort for a Certificate of)
Convenience and Necessity Authorizing it to)
Own, Operate, Maintain, Control and)
Manage Water Systems in Taney County,)
Missouri)
)

File No. WA-2015-0049

AFFIDAVIT OF DERICK MILES, P.E.

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

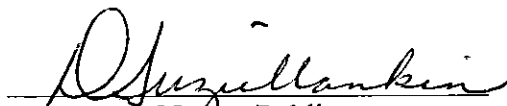
Derick Miles, P.E., of lawful age, on his oath states: that he has participated in the preparation of the foregoing Staff Recommendation in memorandum form and Attachments E and F, to be presented in the above case; that the information in the Staff Recommendation and Attachments E and F, was developed by him; that he has knowledge of the matters set forth in such Staff Recommendation and Attachments E and F; and that such matters are true and correct to the best of his knowledge and belief.



Derick Miles

Subscribed and sworn to before me this 31st day of March 31, 2015.

D. SUZIE MANKIN
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: December 12, 2016
Commission Number: 12412070



Notary Public