

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

In the Matter of the Application of Jerry Reed,	)	
d/b/a Woodland Acres Water System, for a	)	
Certificate of Convenience and Necessity to	)	Case No. WA-2009-0031
Provide Water Service in St. Clair County,	)	
Missouri	)	

**UNANIMOUS STIPULATION AND AGREEMENT**

COME NOW Jerry Reed d/b/a Woodland Acres Water System (Mr. Reed or Company), the Staff of the Missouri Public Service Commission (Staff), and the Office of Public Counsel (OPC), collectively known as the Signatories, and respectfully submit this *Unanimous Stipulation And Agreement* to the Missouri Public Service Commission (Commission) stating the following:

**Stipulated Facts**

The Signatories stipulate to the following facts:

1. On July 21, 2008, Mr. Reed filed an *Application For Certificate Of Convenience And Necessity (Application)* to provide water service in the Woodland Acres Subdivision, St. Clair County, Missouri.
2. On May 22, 2008, Staff conducted an on-site investigation of the water system and service area. Additionally, the Staff reviewed documents and information provided by Mr. Reed, and completed an analysis of the Tartan Energy Criteria.
3. On May 29, 2009, the *Staff Recommendation* was filed. While the investigation found several areas in need of improvement, it remains Staff's belief that the Woodland Acres Water System met all of the Tartan Energy Criteria, and Staff recommended the Commission issue an order granting Mr. Reed a certificate of convenience and necessity to provide water service to the Woodland Acres Subdivision at a quarterly rate of

\$170.34 for full-time customers and \$136.27 for part-time customers. The Staff subsequently provided Mr. Reed and OPC the work-papers developed during the investigation.

4. Pursuant to negotiations held subsequent to Mr. Reed's and OPC's receipt of the work-papers of the Staff's investigation, the Signatories entered into this unanimous agreement regarding the proposed disposition of the *Application*.
5. Additionally, the Signatories stipulate to the facts in Attachment A, and incorporate those facts by reference herein.

#### Agreement

The Signatories hereby agree:

6. To jointly recommend it is in the public interest that the Commission grant Mr. Reed a certificate of convenience and necessity for the provision of water service to the service area known as Woodland Acres Subdivision and described in Attachment B, and incorporated by reference herein.
7. That the CCN be effective on the same date as the effective date of the Company's new tariff sheets to be submitted, as described herein;
8. That Mr. Reed will submit a tariff within 30 days after the effective date of a Commission order granting the CCN, including but not limited to, a map and written description of the service area, and customer rates and miscellaneous service charges, with the tariff sheets to bear an effective date that is at least 30 days from the date the tariff sheets are submitted to the Commission.
9. For the purpose of this settlement, the full-time residential unmetered rate of \$140.34 per quarter, and part-time residential unmetered rate of \$106.27 per quarter, will be charged

for water service. The customers will not be billed for service until the tariff described in paragraph eight (8) is approved by the Commission and becomes effective.

10. That Mr. Reed will commence a Small Utility Rate Case, pursuant to 4 CSR 240-3.050, within twelve (12) months of the effective date of a Commission order granting the Company a CCN.
11. That the rates agreed to in paragraph nine (9) will be interim, subject to a customer refund or credit, based upon the rates established in the Small Utility Rate Case required in paragraph ten (10).
12. That Mr. Reed will commence and maintain accounting records beginning on the effective date of a Commission order granting a CCN, including but not limited to, customer billing, employee time, invoices and receipts.
13. That Mr. Reed will maintain all of its financial records in accordance with the Commission approved 1973 Uniform System of Accounts (USOA), as revised in July 1976.
14. That Mr. Reed acknowledges that the Staff will, and the OPC may, conduct follow-up reviews of the Company's operations and record-keeping to ensure that the Company has complied with the provisions of this *Unanimous Stipulation And Agreement*.
15. That Mr. Reed acknowledges that the Staff or the OPC may file a complaint against it, if the Company does not comply with the provisions of this *Unanimous Stipulation And Agreement*.
16. That the above agreements satisfactorily resolve all issues identified by the Signatories regarding the Company's *Application*, except as otherwise specifically stated herein.

Contingent Waiver Of Rights

The Signatories hereby agree:

17. This *Unanimous Stipulation And Agreement* is being entered into solely for the purpose of settling the issues in this case. Unless otherwise explicitly provided herein, none of the Signatories to this *Unanimous Stipulation and Agreement* shall be deemed to have approved or acquiesced in any ratemaking or procedural principle, including, without limitation, any method of cost determination or cost allocation or revenue-related methodology. Other than explicitly provided herein, none of the Signatories shall be prejudiced or bound in any manner by the terms of this *Unanimous Stipulation And Agreement* in these or any other proceeding regardless of whether it is approved.
18. This *Unanimous Stipulation and Agreement* has resulted from negotiations among the Signatories and the terms hereof are interdependent. If the Commission does not approve this *Unanimous Stipulation And Agreement* unconditionally and without modification, then it shall be void and no Signatory shall be bound by any of the agreements or provisions hereof, except as explicitly provided herein.
19. If the Commission does not approve this *Unanimous Stipulation And Agreement* without condition or modification, and notwithstanding the provision herein that it shall become void; neither this *Unanimous Stipulation And Agreement* nor any matters associated with its consideration by the Commission shall be considered or argued to be a waiver of the rights that any Signatory has for a decision in accordance with §536.080 RSMo 2000 or Article V, Section 18 of the Missouri Constitution, and the Signatories shall retain all procedural and due process rights as fully as though this *Unanimous Stipulation And Agreement* had not been presented for approval, and any suggestions, memoranda, testimony, or exhibits that have been offered or received in support of this *Unanimous*

*Stipulation And Agreement* shall become privileged as reflecting the substantive content of settlement discussions and shall be stricken from and not considered as part of the administrative or evidentiary record before the Commission for any purpose whatsoever.

20. In the event the Commission accepts the specific terms of this *Unanimous Stipulation And Agreement* without condition or modification, the Signatories waive their respective rights to present oral argument and written briefs pursuant to §536.080.1 RSMo 2000; their respective rights to reading of the transcript by the Commission pursuant to §536.080.2 RSMo 2000; their respective rights to seek rehearing pursuant to §36.500 RSMo 2000; and their respective rights to judicial review pursuant to §368.510 RSMo 2000. This waiver applies only to a Commission order approving this *Unanimous Stipulation And Agreement* without condition or modification issued in this proceeding and only to the issues that are resolved hereby. It does not apply to any matters raised in any prior or subsequent Commission proceeding nor any matters not explicitly addressed by this *Unanimous Stipulation And Agreement*.

Right to Disclose

The Signatories hereby agree:

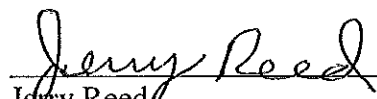
21. The Staff may file suggestions or a memorandum in support of this *Unanimous Stipulation And Agreement*. Each of the Signatories shall be served with a copy of any such suggestions or memorandum and shall be entitled to submit to the Commission, within five (5) days of receipt of Staff's suggestions or memorandum, responsive suggestions or a memorandum, which shall also be served on all Signatories. The contents of any suggestions or memorandum provided by any Signatory are its own and are not acquiesced in or otherwise adopted by the other Signatories to this *Unanimous*

*Stipulation And Agreement*, whether or not the Commission approves and adopts this *Unanimous Stipulation And Agreement*.

22. The Staff also shall have the right to provide, at any agenda meeting at which this *Unanimous Stipulation And Agreement* is noticed to be considered by the Commission, whatever oral explanation the Commission requests; provided, that the Staff shall, to the extent reasonably practicable, provide the other Signatories with advance notice of when the Staff shall respond to the Commission's request for such explanation once such explanation is requested from Staff. Staff's oral explanation shall be subject to public disclosure, except to the extent it refers to matters that are privileged or protected from disclosure pursuant to Commission Rule 4 CSR 240-2.135.

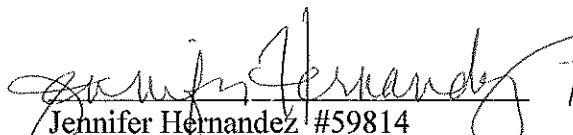
**WHEREFORE**, for the foregoing reasons, the Signatories respectfully request the Commission issue an Order approving all of the specific terms and conditions of this *Unanimous Stipulation And Agreement*.

Respectfully submitted,

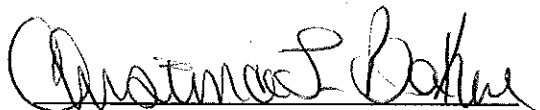
  
Jerry Reed  
d/b/a Woodland Acres Water System  
7210 NE 1031  
Lowry City, MO 64763  
417-644-2358

APPLICANT

7/7/09

 7/13/2009  
Jennifer Hernandez #59814  
Legal Counsel  
Missouri Public Service Commission  
P.O. Box 360  
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(573) 751-8706  
(573) 751-9285 (fax)  
jennifer.hernandez@psc.mo.gov

ATTORNEY FOR THE STAFF OF THE  
MISSOURI PUBLIC SERVICE COMMISSION



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christina.baker@ded.mo.gov

ATTORNEY FOR THE OFFICE OF  
THE PUBLIC COUNSEL

## **BACKGROUND**

On July 21, 2008, Woodland Acres Water System ("Company") filed an *Application* with the Commission, seeking a Certificate of Convenience and Necessity ("CCN") to provide water service to an existing development in St. Clair County known as Woodland Acres Subdivision. The subdivision is near Truman Lake and the residences are used as both year-round homes and as second homes for seasonal use. There are currently 12 residences utilizing the water service.

On July 29, 2008, the Commission issued its **Order and Notice** requiring that notice of the *Application* be sent to legislators, county officials and newspapers serving the affected area. This order also set August 12, 2008 as an intervention deadline for interested parties. No applications to intervene were submitted by the established deadline, nor have any been submitted since.

On August 21, 2008, the Commission issued its **Order Directing Staff Recommendation** in which it set October 15, 2008 as the date by which the Staff was to file its recommendation.

On October 28, 2008, the Commission issued its **Order Granting Motion to File Status Report Within 60 Days** in lieu of a Staff Recommendation at the request of Staff. Significant effort was then made by the parties involved to determine the best solution to the situation. The parties explored various options such as the forming of a Not-For-Profit organization and the transfer of ownership of the utility to a properly formed home owners association or a different utility operating under a CCN. Staff filed Status Reports to the Commission throughout the investigation period and ultimately requested a Settlement Conference be held in order to bring the investigation to a conclusion. A Settlement Conference was held on March 6, 2009, at which point Mr. Reed stated his desire to go forward with the *Application* for a CCN.

There currently is no deadline set for the filing of a Recommendation in this case.

## **STAFF'S INVESTIGATION**

Mr. Jerry Reed is the owner of the water system and is one of the original developers of the Woodland Acres Subdivision. The original water system was constructed in 1996 and has been used to provide water service for an annual fee to the residents of the subdivision since. Staff was first made aware of the situation after a former customer of Mr. Reed's water system sent a comment letter regarding water rate issues to the Missouri Department of Natural Resources (MDNR). MDNR then forwarded the complaint to the Public Service Commission (PSC) on April 7, 2008.

Steve Loethen and Jerry Scheible performed an investigation of the situation and prepared a report dated May 22, 2008. It was found and reported that Mr. Reed was indeed operating as a utility and recommended he be contacted and informed that he needs to file for a CCN or pursue other options that would not require doing so.



Mr. Reed states that he was unaware of PSC requirements and that the customers have been billed on an annual basis in an effort to recover the cost of operation only. He further states that neither compensation for his time, nor funds which would be considered a profit, have been billed for or collected. The customers were charged a flat-rate of \$200 per year as recently as March of 2008, but no bills for service have been sent since Staff contacted him shortly thereafter. Mr. Reed has been cooperative and Staff feels nothing positive would result from filing complaints and assessing penalties at this point.

As noted at the beginning of this Memorandum, Staff members from the Water & Sewer and Engineering & Management Services Departments participated in Staff's investigation of the *Application*. Comments received from the reviewers were incorporated therein to create this final version of the memo.

### **DESCRIPTION OF THE FACILITIES**

There are currently 12 residential customers on the water system, seven of which are full-time residences, with the remaining five being part-time/seasonal residences. The owner of the Company expects no further growth in the 35-lot subdivision in the next three years. The reasons being that several of the lot owners own multiple adjoining lots with no intention of splitting the properties, and that many of the residences have individual wells, therefore would not require the services of the water utility. For purposes of calculating the Company's initial customer rates, Staff has assumed that the Company will continue to have seven full-time customers and five part-time customers. (A part-time customer's water usage is assumed to be 80% of that of a full-time customer, and rates were calculated accordingly.)

The water system consists of two separate groundwater wells, each with a 60-gallon pressure tank and liquid chlorination, enclosed in a small well house, and distribution piping. The service connections are not metered. The original well and respective distribution piping was put in service in 1996. The water supply is permitted as Water System Number MO5252862 by the MDNR. MDNR does not have any non-compliance issues with the water system at present time.

The subdivision residences are served by individual on-site septic systems for sewage disposal.

### **ADDITIONAL MATTERS**

The Company will need to keep its books and records in accordance with the Uniform System of Accounts, as is required of all regulated utilities. The Company will also need to prepare and file for approval a complete tariff for water service. Staff will assist the Company in adapting the Water & Sewer Department's commonly used example tariff for small water utilities for the Company's use, and is also available to assist the Company in setting up its books and records.

Staff notes that the Company, as a utility that is not yet regulated, has had no requirements to submit any annual reports or pay any annual assessments. To Staff's knowledge, there are no

compliance-related issues involving the MDNR, and the company has no other matters pending before the Commission, nor will this case affect any other matter before the Commission.

Legal Description:

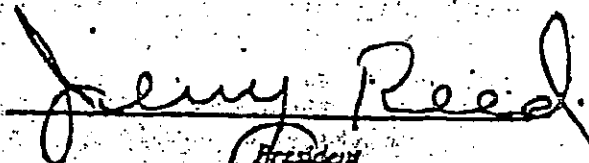
A tract of land in Section 20, Township 39, Range 24, St. Clair County, Missouri described as commencing at the South quarter corner of said Section 20; Thence N 02°02'00" E along the East Right-of-Way line of Country Drive of Block 1, Plat 1 of Woodland Acres a distance of 289.39 feet; Thence S 89°50'32" W a distance of 40.03 feet to the Point of Beginning; Thence S 89°50'32" W a distance of 174.59 feet to a tangent curve to the right having a radius of 105.00 feet; Thence along said curve a distance of 92.34 feet; Thence N 39°46'17" W a distance of 73.00 feet to a tangent curve to the left having a radius of 360.00 feet; Thence along said curve a distance of 331.25 feet; Thence N 01°59'39" E a distance of 2144.60 feet; Thence S 88°30'47" E a distance of 1009.07 feet to a curve to the right having a chord bearing of S 50°00'55" W and a radius of 1138.24 feet; Thence along said curve a distance of 444.49 feet to a tangent curve to the left having a radius of 241.34 feet; Thence along said curve a distance of 119.37 feet to a tangent curve to the left having a radius of 21051.17 feet; Thence along said curve a distance of 564.65 feet; Thence S 81°11'58" W a distance of 48.13 feet to a curve to the left having a chord bearing of S 04°28'57" W and a radius of 406.30 feet; Thence along said curve a distance of 176.93 feet to a tangent curve to the right having a radius of 377.28 feet; Thence along said curve a distance of 194.05 feet; Thence S 01°06'52" W a distance of 115.54 feet to a tangent curve to the left having a radius of 1835.49 feet; Thence along said curve a distance of 463.96 feet to a tangent curve to the left having a radius of 95.00 feet; Thence along said curve a distance of 52.72 feet; Thence S 44°46'52" E a distance of 168.77 feet to a tangent curve to the right having a radius of 55.00 feet; Thence along said curve a distance of 44.94 feet; Thence S 02°02'00" W a distance of 237.37 feet to the Point of Beginning. Containing 27.12 acres, more or less.

DEDICATION

The undersigned owner of the above described tract of land has caused the same to be surveyed and subdivided in the manner indicated hereon and said subdivision shall hereafter be known as "Woodland Acres, Block 3, Plat 3".

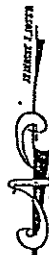
The roads and easements indicated hereon are hereby dedicated to the use of the property owners for the purpose of ingress and egress and the construction and maintenance of utilities.

All lots are subject to conditions and restrictions set forth in an instrument of even date to be filed herewith.

  
President

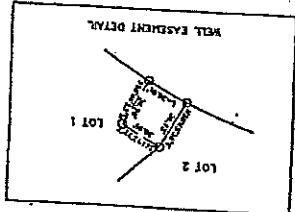
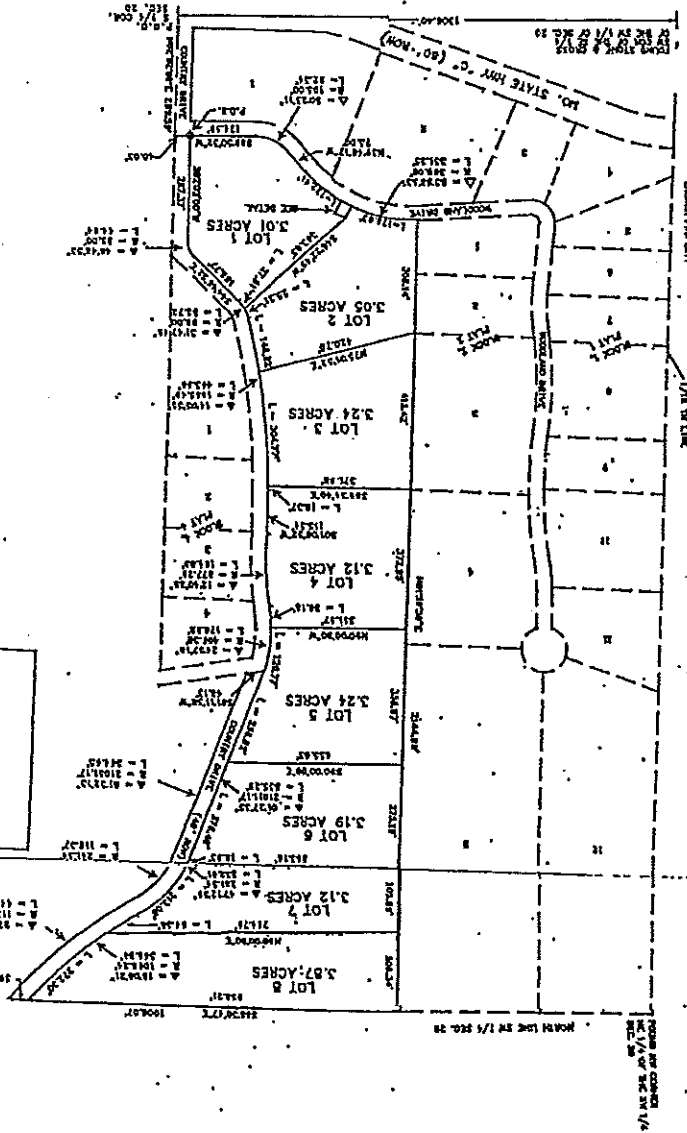
ATTEST:

Attachment B-1



# WOODLAND ACRES

Block 3, Plat 3



**CERTIFICATION**

I hereby certify that this survey and plat was made in accordance with the laws of the State of Missouri, and that I am a duly registered Land Surveyor under the laws of the State of Missouri. This survey has been conducted in accordance with the Official Missouri Standard for Property Surveys of the Missouri Department of Natural Resources.

*John A. [Signature]*  
John A. [Signature]  
Surveyor

**WOODLAND ACRES**  
**BLOCK 3, PLAT 3**

**Whitehead Associates**  
James L. Whitehead, Jr.  
Surveyor  
CLINTON, MISSOURI 67034  
(816) 883-9311

DATE: 4/2/94  
BY: JAW  
JOB: 100-3  
SHEET: 1 of 1

EXRA L. DOWLAND  
Notary Public-Notary Seal  
STATE OF MISSOURI  
ST. CLAIR COUNTY  
My Commission Expires JUL 14, 1998

*John A. [Signature]*  
Notary Public in and for St. Clair County, Mo.

**STATE OF MISSOURI**  
**COUNTY OF ST. CLAIR**

**TESTES:** [Signatures]  
[Signatures]  
[Signatures]

**ATTEST:**  
[Signature]  
[Signature]

**DEDICATION**

The undersigned owner of the above described tract of land has caused the same to be surveyed and subdivided in the manner indicated herein and said subdivision shall be known as "Woodland Acres, Block 3, Plat 3".

The roads and easements indicated herein are hereby dedicated to the use of the property owner for the purpose of highways and rights and the construction and maintenance of said roads.

All lots are subject to conditions and restrictions set forth in an instrument of covenants to be filed herewith.



JERRY REED  
7210 NE 1031  
LOWRY CITY, MO 64763

KANSAS CITY 641-6510

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RECEIVED

JUL 10 2009

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