

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

In the Matter of the Application of Ridge Creek Water)
Company, LLC for a Certificate of Convenience and)
Necessity Authorizing it to Construct, Install, Own,)
Operate, Control, Manage, and Maintain a Water) **File No. WA-2015-0182**
System for the Public Located in an Unincorporated)
Area in Pulaski County, Missouri)

STAFF'S RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission, by and through counsel, and recommends that the Commission grant to Ridge Creek Water Company, LLC ("Ridge Creek" or "Company") a Certificate of Convenience and Necessity ("CCN") to provide regulated water services in an unincorporated area in Pulaski County, Missouri. In support of this *Recommendation*, Staff states as follows:

1. On February 4, 2015, Ridge Creek filed an Application to obtain a certificate of convenience and necessity ("CCN") for authority to construct, install, own, operate, control, manage, and maintain a water system located in an unincorporated area in Pulaski County, Missouri.

2. On March 16, 2015, the Commission ordered Staff to file a recommendation no later than April 16, 2015.

3. On April 8, 2015, Staff requested additional time to gather and process information and ask more questions if necessary. That same day, the Commission ordered that Staff shall file its recommendation or status report no later than May 18, 2015.

4. Pursuant to Section 393.170, RSMo (2013), no water 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): (1) there must be a need for the service; (2) the applicant must be qualified to provide the service; (3) the applicant must have the financial ability to provide service; (4) the applicant’s proposal must be economically feasible; and (5) the service must promote the public interest.

6. As explained in the Staff *Memorandum*, attached hereto as Appendix A, Staff conducted an investigation into the Company’s request. Based upon this review, Staff has determined that Ridge Creek fulfills the requirements of the Tartan Energy Criteria. Accordingly, Staff asserts that granting of the CCN is necessary and convenient for the public service and is not detrimental to the public interest, and recommends approval with conditions as described in the *Staff Memorandum*.

7. The Commission need not hold a hearing if, after proper notice and opportunity to intervene, no party requests such a hearing. *State ex rel. Rex Deffenderfer Enterprises, Inc. v. Public Service Commission*, 776 S.W.2d 494 (Mo. App. W.D. 1989). No party or individual has requested a hearing, so the Commission need not hold a hearing to grant a CCN to the Company.

WHEREFORE, Staff respectfully submits this Staff Recommendation for the Commission’s information and consideration, and requests the Commission grant Ridge Creek Water Company, LLC a Certificate of Convenience and Necessity, with conditions, to provide water service to the requested service area.

Respectfully submitted,

/s/ Marcella L Mueth

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CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing were mailed, electronically mailed, or hand-delivered to all counsel of record this 22nd day of May, 2015.

/s/ Marcella L. Mueth

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. WA-2015-0182
Ridge Creek Water Company, LLC

FROM: Aaron Archer – Water and Sewer Unit; Case Coordinator
James A. Merciel, Jr., P.E. – Water and Sewer Unit
Paul Harrison – Auditing Unit
Deborah A. Bernsen – Engineering and Management Services Unit
Ryan W. Martin- Engineering and Management Services Unit

<u>/s/ Aaron Archer</u>	<u>May 22, 2015</u>
Case Coordinator	Date

<u>/s/ Kevin Thompson</u>	<u>May 22, 2015</u>
Staff Counsel	Date

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

DATE: May 22, 2015

CASE BACKGROUND

On February 4, 2015, Ridge Creek Water Company, LLC ("Ridge Creek" or "Company") filed an *Application* with the Commission seeking a Certificate of Convenience and Necessity ("CCN") authorizing it to "construct, install, own, operate, control, manage and maintain a water system for the public located in an unincorporated area in Pulaski County, Missouri."

On February 6, 2015, the Commission issued its Order *Directing Notice and Setting Date for Submission of Intervention Deadline* for WA-2015-0182. The Order directed the Commission's Data Center and Public Information Office to send out notices regarding the Application, and established a deadline of March 6, 2015, for interested parties to submit requests to intervene in the case. The Missouri Department of Natural Resources ("DNR") filed an application to intervene on February 24, 2015. In its application to intervene, DNR stated its concern that the Company or its owners installed an unpermitted public water system that may not be in compliance with Missouri law and safe drinking water regulations. DNR has been working with the Company and its owners to bring it into compliance, but as of the date of this filing, Ridge Creek remains out of compliance to Staff's knowledge. On March 6, 2015, the Company filed a response to DNR's application to intervene and stated that the owners of the Company disputed some of the allegations made by DNR, but it does not object to DNR's application to intervene. On March 16, 2015, the Commission issued an Order *Granting the Application to Intervene and Directing Staff to File its Recommendation* no later than April 16, 2015.

On April 8, 2015, Staff filed its *Status Report and Request for Extension of Filing Date*, in which

it requested an extension to May 18, 2015, for time to file either another status report or a recommendation. On April 8, 2015, the Commission granted that extension. Due to numerous customer service related concerns that Staff received regarding the Company, Staff submitted a request on April 14, 2015, for a local public hearing. On April 17, 2015, the Commission granted the request for a local public hearing, scheduling it for April 29, 2015. On April 22, 2015, the Commission issued an order directing all parties of record in this matter have a representative present at the local public hearing. During the informal session prior to this hearing, Staff responded to numerous questions from the Ridge Creek Customers concerning benefits of being a regulated utility. In addition, Staff responded to the customers' concerns on a variety of issues that included billing, collections, and quality of service. This forum allowed Staff to augment the documentation and breadth of contact previously obtained with Customers during numerous site visits to the system. Furthermore, Staff obtained a better understanding of some concerns of the customers and provided information to assist the customers in understanding the regulatory utility environment and how it functions. During the local public hearing, two customers testified.

BACKGROUND OF THE UTILITY SYSTEM

The water system serves an unincorporated portion of Pulaski County, Missouri, just north of the Cities of Waynesville and St. Robert, specifically in an area known as Ridge Creek. Ridge Creek consists of 4 phases. Approximately a half mile separates phase 3 from the other three phases, so there are actually two distinct proposed service areas.¹ Construction is effectively completed at Ridge Creek, with no additional growth forecast, although a few additional homes could be constructed. Staff estimates 136 single and duplex units exist on this system.

A number of wells, owned and operated by the Company, provide service to customers, each well servicing various numbers of customers. DNR presently is not regulating this water system, or series of water systems, as a Public water supply, although that status could change in the near future.

STAFF'S INVESTIGATION

Water System

Staff members James Merciel, Aaron Archer, Paul Harrison, and Ryan Martin visited the site numerous times, individually and jointly, to develop an understanding of how the system was configured and constructed, to determine the locations and overall conditions of the well facilities, to determine the location and condition of the currently unused customer service meters, and to gather pertinent documents from the owners of the Company and Customers. The overall purpose of these visits was to supplement Staff's original investigation in a formal complaint case that led to this CCN application being filed, Case No. WC-2015-0011. The

¹ The Company submitted maps of the plats with its Application; Staff is proposing a map and written description for the service area, addressed elsewhere in this memorandum.

formal complaint case is currently being held in abeyance pending the outcome of this current CCN case.

This water system is not typical. For most water systems, there is a source of supply such as one or more wells, along with a distribution network of water mains, all designed and constructed to meet state regulations with the approval of DNR, specifically 10 CSR 60, Chapter 3, and DNR's "Minimum Design Standards for Missouri Community Water Systems," publication No. 2489,² referred to as the "Design Guide." However, Ridge Creek's source of supply consists of some 22 domestic and multiple-family wells, as identified by Staff, within the proposed certificated area which are not constructed to standards of the Design Guide. Domestic wells are defined as those that serve up to three service connections; multiple-family wells are those that serve between 4 and 14 service connections, as per DNR regulations at 10 CSR 23-1.030, (3) and (5). Additionally, rather than utilizing a typical distribution system of pipelines constructed along streets and fronting each customer's property, with a customer water service line connecting the premise to the main distribution pipeline, and a pipeline resembling a customer water service line is constructed between a well and each house. Staff has no knowledge whether or not there are any Company-owned distribution water mains in existence. These wells were reportedly installed with the intent that no well would serve more than 14 customer connections, apparently intending to avoid DNR's regulatory authority.

As per DNR's definitions in its water regulations, 10 CSR 60-2.015(2)(P)8, a "public water system" has at least fifteen (15) service connections or serves at least twenty-five (25) individuals. If the system did not fall within this definition of a public water system, requirements for routine bacteriological testing, a certified water system operator, monitoring reports, a permit to dispense, required information for consumers of the water, and other requirements pertaining to water quality could have been avoided, thereby bypassing DNR regulations during the period that the majority of this development was under construction, as well as its subsequent operation. However, pursuant to the reasoning of Judge Dorr in *Smith v. McGinnis Estates Homeowners Association*, Case No. 11-3135-CV-S-RED (Mo. W.D., Feb. 15, 2012), the Ridge Creek system is subject to DNR's jurisdiction because its several wells, taken together, serve at least twenty-five persons.³ Under this precedent, the approximately 22 wells and water systems at Ridge Creek fall under DNR's regulatory authority as one public water system. Currently, DNR and the Company are working toward compliance with the operation requirements for a public drinking water system. The reason the issue of DNR jurisdiction is important to Staff is that Staff believes the requirements of testing the drinking water, licensing of certified operators, and other DNR regulations are important to providing safe and adequate service. Also, Staff is including costs for water testing, and for operations personnel in its proposed rates, so that Ridge Creek is able to meet the requirements of DNR

² The current version of DNR's Design Guide became effective December 10, 2013; it is an update of a previous version of the Design Guide, which was named "Design Guide for Community Water Systems," publication 000417, effective August 29, 2003.

³ "When considering the water system that Defendant operates, it is clear that Defendant's water system serves at least twenty-five individuals as it is undisputed that both wells serve at least twenty-five people on a regular basis. Thus, Defendant's operation is subject to the regulations of the Missouri Safe Drinking Water Law." *Smith v. McGinnis Estates Homeowners Assn.*, slip op. at 4.

drinking water regulations going forward.

The approximately 22 domestic and multifamily well systems utilized in this development were drilled and constructed between 2005 and 2011, with a majority constructed between 2005 and 2006. The wells are cased from 80 feet to as much as 126 feet, and reported water production ranges from 25 to 45 Gallons Per Minute (“GPM”). Customers have reported extended and frequent outages, beginning with the high water usages periods in summer 2013 due to drought conditions. It is unclear to Staff whether or not any of these wells are interconnected. Interconnections, if they exist, could address service supply issues during a failure of one of the wells, since a limited amount of storage capacity exists for each well to draw on to provide water during such a failure. Furthermore, to Staff’s knowledge and observations, each well only has two 86-gallon hydro-pneumatic tanks, which store a total of approximately 58 gallons of usable water for each well. This amount cannot provide more than a few minutes of water usage and fails to meet Design Guide specifications for storage volume capacity. A single-well system should have usable storage capacity to meet average day use – that would typically be approximately 180 gallons of water per residential customer for most systems.

Currently, there are no master meters at the wellhead of each well, which is common amongst most water systems. Also, most customers have a meter installed, however, no meter readings are currently being conducted by the Company. Due to these facts, it is impossible to calculate an exact usage figure to meet DNR requirements for storage capacity.

Business Operations

Denise Stoner owns the company. Staff has observed that Ms. Stoner’s husband, Mike, is also involved with Company activities. Staff has also observed that Mr. and Mrs. Stoner both own the company that developed Ridge Creek, Ridge Creek Development, LLC. The Company has no employees, vehicles, or equipment to use for system operations or business matters and in the past utilized a number of different pump companies and contractors for repairs and day-to-day system operations. The Company has not identified a contract certified operator, but it currently retain Lebanon Pump Company to perform some maintenance and repairs. Ms. Stoner provides quarterly customer billing and collection services, although numerous customers state that they did not receive the third or fourth quarter billings for 2014.

In addition to requirements of the Commission, Ridge Creek will need to implement system operations procedures that comply with all DNR drinking water regulations, as well as those being implemented in a forthcoming consent agreement between DNR and the Company.

David Krehbiel, P.E., of Darren Krehbiel Consulting in Camdenton, Missouri, is preparing a feasibility study for this case. He is also attempting to develop operating expenses for Ridge Creek, as well as undertaking an infrastructure audit to study actual investment and actual expenses, to the extent records are available. The Company would normally be obligated to submit a feasibility study with its application for a CCN, but Staff takes the position that since this is an existing water utility that does not have authority from the Commission to provide service, it is more important to move ahead with getting a recommendation submitted to the

Commission, and issuance of a CCN, than to wait for a feasibility study. Staff has been able to investigate the feasibility of the proposed operation and will discuss its findings below. Once the Company's feasibility is finalized and provided to Staff, Staff will review the information from the study and consider its implications as necessary, appropriate, and practical. Such information could result, for example, in the ability to identify several wells that could be interconnected.

The requested service area filed in this case included customers served at this time, but it is insufficient for a defined service area. Staff modified and defined the service area, included as Attachments A and B, incorporated herein by reference. Attachment A shows the service area on a United States Geological Survey topographic map, and Attachment B includes a written description. The Company has informally agreed with Staff's suggested service area map and description.

Revenue Requirement and Rates

Staff recommends the Commission approve a schedule of generic depreciation rates to be established for a Class D water company, included as Attachment C, and incorporated herein by reference. Staff calculated plant balances based on documentation provided by the Company and estimations for plant balances where no documentation could be provided. Staff recommends that the Company use these balances for its utility records, unless invoices are located that can be used to document actual cost.

Ridge Creek Development, LLC, constructed the water system as part of its subdivision development, and has been unable to produce significant plant-in-service records for utility ratemaking purposes. This system also does not meet DNR's drinking water system requirements, and a need exists for either constructing or modifying system elements to provide components that the developer was obligated to construct from the start. Most notably, there is no state-approved public drinking water source of supply or system of water mains to be used as a distribution system. For that reason, Staff does not believe the vast majority of the initial investment by the developer should be included as rate base. Staff proposes to include capital expense items incurred by the Company for the ongoing operation of the water system. Staff's proposed rate base is included as Attachment D and incorporated herein by reference. Staff asks the Commission to order a rate review within 12 to 18 months after the effective date of a CCN to examine the Company's actual revenues and expenses based on metered water service, and to determine if rates are set appropriately for the Company to recover its costs. Future rate reviews or rate cases would also give the Company 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, including installation of interconnections between wells, master meter installations at each well, and storage capacity.

The Auditing Unit reviewed plant-in-service and operations expenses of the Company to the extent they existed, as previously mentioned. These expenses, and Staff's recommended rate base level, depreciation reserve, Contribution In Aid of Construction ("CIAC"), and CIAC amortization balances as of March 31, 2015 is \$49,856 for the water system.

Based upon Staff's discussions with Company employees and examination of Ridge Creek's books and records, Staff recommends a revenue requirement calculation for Ridge Creek through March 31, 2015, using a return on equity ("ROE") of 8.090%, to be \$40,862. Staff concludes that this revenue requirement amount will allow Ridge Creek an opportunity to recover its costs to provide service to its ratepayers. Attached to this Memorandum are Staff's Accounting Schedules included as Attachment E, and incorporated herein by reference.

Staff recommends the Commission approve monthly residential rates of \$10.71 customer charge, and a commodity charge of 2.62 per 1,000 gallons, which would result in a monthly bill of \$24.84 for a customer using 5,400 gallons per month (if meters were to be read to the 100-gallon digit). Staff is also recommending a flat rate of \$24.00 per month, a rate to be temporarily used for up to three months for any existing customers unknown to Staff that do not presently have working meters. Attachment F shows the water rate design used by Staff, and is incorporated herein by reference. Ridge Creek Development, LLC, currently charges flat rates of \$33 per month for water service. Although water meters exist, there are no meter readings, nor data for water production or sales, to set a metered rate at this time. However, Staff believes that utilizing the water meters and metered water rates is important and uses an estimated average water use per customer of 180 gallons per day.

Staff also proposes a \$25 late fee to reflect the estimated cost of Ridge Creek to handle late payment by customers, a trip charge of \$15 for turn-on and turn-off activity or emergency calls that involve customer responsibility.

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

Ridge Creek must also keep other operating records including vehicle and equipment logs, telephone logs, customer complaint records, and day-to-day plant operations records in accordance with the NARUC USOA.

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." The United States Environmental Protection Agency developed these review criteria, part of the federal Safe Drinking Water Act (found at http://water.epa.gov/type/drink/pws/smallsystems/state_guidance.cfm) and DNR adopted it in regulation 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 systems as well. Staff's TMF review follows.

Technical Capacity

Ridge Creek retained the services of David Krehbiel to develop a feasibility study for future planning in the system. Additionally, the Company owners have an arrangement with Lebanon Pump Company to service and perform emergency repairs on the water systems. The Company has not identified a contract certified operator for their water system. At a nearby site, the development company has a maintenance person to perform very basic system operations. Staff understands that the Stoners' are absentee owners who perform no on-site maintenance or operations of the water system themselves. Therefore, it is imperative that the Stoners maintain business relationships with these or similar entities to ensure safe and adequate service is maintained.

Managerial Capacity

Denise Stoner owns and manages the Company. The Company is affiliated with Ridge Creek Development Company, LLC, which Ms. Stoner, along with Mr. Michael Stoner, owns and manages as well. Ridge Creek Development, LLC, developed Ridge Creek subdivision. Ms. Stoner personally undertakes the billing, collection, and clerical activities involved with the business matters of this utility. It is unclear to Staff to what extent Mr. Stoner will perform any portion of the other work related to this utility.

The transition to becoming a regulated utility will require many changes to the Company's present office functions, its billing and payment processes, as well as its connection to its customers. A Commission-regulated water company is required to meet a certain standard of service. It also is required to comply with a wide range of administrative, operational, and customer service rules. At this time, the Staff has some concerns with respect to the Company's ability to effectively address the multitude of administrative changes in a timely manner. In the past, there have been numerous instances of a lack of effective communication with customers over billing problems and Staff regarding this case filing. The Company will need to determine how it can cost-effectively address these changes with its present resources and determine if additional assistance will be necessary to meet its responsibilities to the customers and the Commission as a regulated utility.

Financial Capacity

While reviewing the existing business operation, along with the books and records the Stoners made available for Ridge Creek, Staff observed the availability of credit and equity resources. 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 uses the criteria considered by the Commission in a past CCN case 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. Residential customers desire and need water service and that water service is already being provided by the Company. Additionally, proper operation and upkeep of these existing water systems are necessary so customers have safe and adequate service that is in compliance with drinking water control regulations.

Is the Company qualified to provide the service?

Yes, the Company is qualified to provide the service, by retaining the services of qualified personnel, the Lebanon Pump Company, as a contractor to maintain the water system, and David Krehbiel, P.E., for engineering services; however the Company must hire a certified operator to comply with DNR drinking water regulations, specifically 10 CSR 60-14. Staff determined that the Company is able to assume operations of the existing system and is capable of undertaking repairs and minor 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. Staff believes the Company can source adequate funding through Ms. Stoner via Ridge Creek Development Company, LLC, 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. However, it is unknown if the current owners have the desire or financial resources to install distribution piping and one or more state-approved wells to provide long-term service to this development.

Does the Company's proposal promote the public interest?

Yes, the Company's proposal to own and operate this water system and to provide service promotes the public interest. The water service is necessary for current living units to remain occupied. The water systems in place and operated by the Company are necessary since there are no other water systems presently available within the proposed service area. Additionally, the Company is capable of providing service in the area, as demonstrated by its present operation by the owners of the Company.

Could the service be provided by another entity?

There is no other entity readily available to provide water service in the proposed service area,

although there are other nearby water utilities. The City of Waynesville is presently undertaking a feasibility study of combining operations of nearby areas with its existing municipal water system operations. The City of St. Robert is also within proximity to the proposed service area. However, any transfer of assets or interconnection with a nearby municipal water system is likely years away, since there are no such proposals at this time.

OTHER COMPANY ISSUES

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

The Company will need to submit a new Schedules of Rates, Rules and Regulations (tariff), required of all regulated utilities, which includes 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. The tariff must be filed within twenty (20) days after an order issued by the Commission granting a CCN. Staff communicated with the Company regarding preparation of a tariff and Staff is presently working to develop a tariff document for the Company's review and input. Staff continues to make itself available for assistance in preparing and filing a tariff, as well as for proper set-up of necessary utility records systems as described herein.

Staff requires the Company to read customer water meters monthly, for water billing purposes, immediately after an order from the Commission issuing a CCN. In addition, the sewer utility in the Company's proposed service area is the Pulaski County Sewer District, which normally bills its customers based on water usage data from water utilities. However, such water meter readings for the Company's customers are presently not available to the Pulaski County Sewer District. Therefore, Staff also recommends that the Company negotiate an agreement with the Sewer District to begin providing water meter readings, for purposes of sewer billing, within three months after the effective date of an order from the Commission approving the CCN. Metered rates will be included in the tariff. Each future new service connection, whether residential or commercial, must have a meter installed when the connection is made, and if any existing customers do not have working meters installed, the Company must install such a meter within three months. Staff also recommends Ridge Creek install master meters at each of the 22 wells in the system within six months of an order from the Commission issuing a CCN.

The Company will be required to comply with the provisions of 4 CSR 240-13 (Chapter 13) which governs billing, meter reading, payment, discontinuance of service, handling of customer inquiries and other customer service processes for water utilities. The Engineering and Management Services Unit (EMSU) of Staff mailed a letter to the Company dated February 23, 2015, which included a copy of Chapter 13 along with some data requests. Several phone calls were held with the Company to try and obtain responses to the requests for data. At this time, the EMSU staff identifies a number of areas where procedures and documents must be developed and implemented in order to ensure compliance with the Chapter 13 rules. A brief document

citing the changes to be addressed within the Company's initial efforts is included in this document as Attachment G.

STAFF'S FINDINGS & CONCLUSIONS

Staff takes the position that Ridge Creek's proposal seeking a CCN to provide water service, as modified by Staff and with conditions as described in this memorandum, is reasonable, feasible and is not detrimental to the public interest, and should therefore be granted.

STAFF'S RECOMMENDATIONS

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

- a. Approves the CCN for the Company to provide water service in the proposed Pulaski County service area, as modified by Staff and as shown in the attached map and boundary description, included as Attachments A and B under conditions as described within this memorandum and following;
- b. Approves residential metered rates of a monthly customer charge \$10.71 plus commodity charge of \$2.62 per 1,000 gallons, as shown on Attachment F;
- c. Requires the Company to submit a new complete tariff for water service, as a 30-day filing, within 20 days after the effective date of an order approving a CCN;
- d. Approves service charges to include a \$25 late charge applicable for the water bill, with provisions regarding its applicability to be described in the tariff, and a trip charge of \$15 for turn-on and turn-off activity or emergency calls that involve customer responsibility;
- e. Requires the Company to install a master meter on each of its wells, as described above, within six (6) months after the effective date of an order approving a CCN;
- f. Authorizes the Company to utilize and apply water depreciation rates as shown in Attachments C;
- g. Requires the Company to keep its financial books and records for plant-in-service and operating expenses in accordance with the NARUC USOA using plant balances prepared by Staff;
- h. Requires the Company 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. Requires the Company to comply with DNR drinking water regulations, and any specific agreements it enters into with DNR;

- j. 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 CCN, including expenditures related to the certificated service area, in any later proceeding, and;
- k. Require that Staff perform a rate review within 12 to 18 months after rates become effective for the Company in this case.

Staff will file a further recommendation regarding approval of a water tariff that the Company will submit 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 - Depreciation Accrual Rates for Water Plant
Attachment D – Rate Base Calculation
Attachment E- Staff Accounting Schedules
Attachment F - Rate Design for Water Rates
Attachment G – EMSU Customer Service and Chapter 13

WA-2015-0182

Ridge Creek Water Company, LLC

Service Area Description – Staff Recommendation

An area that includes Ridge Creek Plats 1,2, and 4 –
the W $\frac{1}{2}$ of the NW $\frac{1}{4}$ of Section 18, T36N, R11W;
the W $\frac{1}{2}$ of the SE $\frac{1}{4}$ of the NW $\frac{1}{4}$ of said Section 18.
Also, an area that includes Ridge Creek Plat 3 -
the SE $\frac{1}{4}$ of the SW $\frac{1}{4}$ of said Section 18;
the SW $\frac{1}{4}$ of the SE $\frac{1}{4}$ of said Section 18 that lies west of Laramie Road.

RIDGE CREEK WATER COMPANY
SCHEDULE of DEPRECIATION RATES
(WATER Class D)
WR-2015-0182 Attachment C

NARUC USOA ACCOUNT NUMBER	ACCOUNT DESCRIPTION	DEPRECIATION RATE	AVERAGE SERVICE LIFE (YEARS)	NET SALVAGE
Source of Supply				
311	Structures & Improvements	2.5%	44	-10%
314	Wells & Springs	2.0%	55	-8%
Pumping Plant				
321	Structures & Improvements	2.5%	44	-10%
325.1	Submersible Pumping Equipment	10.0%	12	-20%
325.2	High Service or Booster Pumping Equip.	6.7%	15	0%
WaterTreatment Plant				
331	Structures & Improvements	2.5%	44	-10%
332	Water Treatment Equipment	2.9%	35	0%
Transmission and Distribution				
342	Distribution Reservoirs & Standpipes	2.5%	42	-5%
343	Transmission & Distribution Mains	2.0%	50	0%
345	Customer Services	2.5%	40	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 CLASS D				
371	Structures & Improvements	2.5%	40	0%
372	Office Furniture & Equipment	5.0%	20	0%
372.1	Office Electronic & Computer Equip.	20.0%	5	0%
373	Transportation Equipment	13.0%	7	9%
379	Other General Equipment (tools, shop equip., backhoes, trenchers, etc.)	10.0%	8.7	13%

Ridge Creek Water Company LLC.
WA-2015-0182
Rate Base

Plant in Service	\$224,290
Reserve	<u>(\$96,561)</u>
Net Plant in Service	\$127,729
Contributions in of Construction	(\$171,030)
CIAC Amortization	<u>\$93,157</u>
Total Rate Base	\$49,856



MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

Initial Run

STAFF ACCOUNTING SCHEDULES

RIDGE CREEK WATER COMPANY, LLC

CASE NO. WA-2015-0182

Jefferson City, Missouri

May-15

Ridge Creek Water Company, LLC
Informal Rate Case
Case Number WA-2015-0182
Test Year Ending 12-31-2014, Update 3/31/2015
Rate Design Schedule - Water

A		B	C	D	E	F
Line Number	Description	Account Number (Optional)	Staff Annualized	Customer Charge	Commodity	Percentage Rate
Rev-1	ANNUALIZED REVENUES					
Rev-2	Annualized Rate Revenues	(1)	\$53,856			
Rev-3	Miscellaneous Revenues	(1)	\$0			
Rev-4	TOTAL ANNUALIZED REVENUES		\$53,856			
1	OPERATIONS EXPENSES	(2)				
2	Operators Salary/Services		\$7,392	\$7,392	\$0	100.00%
3	Electricity-(Pumping)		\$10,876	\$10,876	\$0	100.00%
4	Water Testing (DNR)		\$4,400	\$0	\$4,400	0.00%
5	TOTAL OPERATIONS EXPENSE		\$22,668	\$18,268	\$4,400	
6	MAINTENANCE EXPENSES					
7	Maintenance & Repairs		\$1,200	\$1,200	\$0	100.00%
8	TOTAL MAINTENANCE EXPENSE		\$1,200	\$1,200	\$0	
9	CUSTOMER ACCOUNT EXPENSE					
10	Billing and Collection		\$2,191	\$0	\$2,191	0.00%
11	Meter Reading Expense		\$2,097	\$2,097	\$0	100.00%
12	Office Supplies		\$1,267	\$1,267	\$0	100.00%
13	TOTAL CUSTOMER ACCOUNT EXPENSE		\$5,555	\$3,364	\$2,191	
14	ADMINISTRATIVE & GENERAL EXPENSES					
15	Property & Liability Insurance		\$0	\$0	\$0	100.00%
16	Legal Expenses		\$500	\$0	\$500	0.00%
17	Phone Expense		\$240	\$0	\$240	0.00%
18	Rent Expense		\$600	\$0	\$600	0.00%
19	Tax Preparation Expense		\$200	\$0	\$200	0.00%
20	TOTAL ADMINISTRATIVE AND GENERAL		\$1,540	\$0	\$1,540	
21	OTHER OPERATING EXPENSES					
22	PSC Assessment		\$386	\$386	\$0	100.00%
23	Licenses and Permit Fees		\$24	\$24	\$0	100.00%
24	Secretary of State Registration Fees		\$20	\$0	\$20	0.00%
25	CIAC Depreciation Expense Offset		-\$11,188	\$0	-\$11,188	0.00%
26	Depreciation		\$14,785	\$14,785	\$0	100.00%
27	TOTAL OTHER OPERATING EXPENSES		\$4,027	\$15,195	-\$11,168	
28	TAXES OTHER THAN INCOME					
29	Real & Personal Property Taxes		\$1,215	\$1,215	\$0	100.00%
30	TOTAL TAXES OTHER THAN INCOME		\$1,215	\$1,215	\$0	
31	TOTAL OPERATING EXPENSES		\$36,205	\$39,242	-\$3,037	
32	Interest Expense	(3)	\$1,528	\$1,528	\$0	100.00%
33	Return on Equity	(3)	\$2,505	\$2,505	\$0	100.00%
34	Income Taxes	(3)	\$624	\$624	\$0	100.00%
35	TOTAL INTEREST RETURN & TAXES		\$4,657	\$4,657	\$0	
36	TOTAL COST OF SERVICE		\$40,862	\$43,899	-\$3,037	
37	Less: Miscellaneous Revenues		\$0	\$0	\$0	100.00%
38	COST TO RECOVER IN RATES		\$40,862	\$43,899	-\$3,037	
39	INCREMENTAL INCREASE IN RATE REVENUES		-\$12,994			
40	PERCENTAGE OF INCREASE		-24.13%			
41	REQUESTED INCREASE IN REVENUES		\$0			

Ridge Creek Water Company, LLC
Informal Rate Case
Case Number WA-2015-0182
Test Year Ending 12-31-2014, Update 3/31/2015
Rate Design Schedule - Water

<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>	
Line Number	Description	Account Number (Optional)	Staff Annualized	Customer Charge	Commodity	Percentage Rate

- (1) From Revenue Schedule
(2) From Expense Schedule
(3) From PreTax Rate of Return Schedule, Rate Base & Return Schedule

Ridge Creek Water Company, LLC
Informal Rate Case
Case Number WA-2015-0182
Test Year Ending 12-31-2014, Update 3/31/2015
Rate Base Required Return on Investment Schedule - Water

Line Number	<u>A</u> Rate Base Description	<u>B</u> Dollar Amount	
1	Plant In Service	\$224,290	From Plant Schedule
2	Less Accumulated Depreciation Reserve	\$96,561	From Depreciation Reserve Schedule
3	Net Plant In Service	\$127,729	
4	Other Rate Base Items:	\$0	
	Contribution in Aid of Construction	-\$171,030	
	CIAC Amortization	\$93,157	
5	Total Rate Base	\$49,856	
6	Total Weighted Rate of Return Including Income Tax	9.34%	From PreTax Return & Taxes Schedule
7	Required Return & Income Tax	\$4,657	

Ridge Creek Water Company, LLC
Informal Rate Case
Case Number WA-2015-0182
Test Year Ending 12-31-2014, Update 3/31/2015
Rate of Return Including Income Tax - Water

	A	B	formulas
1 State Income Tax Rate Statutory / Effective	6.25% (2)	5.81%	(1 - (B2 x .5)) x A1
2 Federal Income Tax Rate Statutory / Effective	15.00% (1) & (2)	14.13%	(1 - B1) x A2
3 Composite Effective Income Tax Rate		19.94%	B1 + B2
4 Equity Tax Factor		1.2490	1 / (1-B3)
5 Recommended Weighted Rate of Return on Equity - Common and Preferred		5.03%	From Capital Structure Schedule
6 Weighted Rate of Return on Equity Including Income Tax		6.28%	B4 x B5
7 Recommended Weighted Rate of Return on Debt - Long-Term and Short-Term		3.07%	From Capital Structure Schedule
8 Total Weighted Rate of Return Including Income Tax		9.34%	B6+B7

To Rate Base Schedule

(1) If Sub-Chapter S Corporation, Enter Y:

N

Equity Income Required \$2,947
& Preliminary Federal Tax

Tax Rate Table

Net Income Range				
Start	End	Tax Rate	Amount in Range	Tax on Range
\$0	\$50,000	15.00%	\$2,947	\$442
\$50,001	\$75,000	25.00%	\$0	\$0
\$75,001	\$100,000	34.00%	\$0	\$0
\$100,001	\$335,000	39.00%	\$0	\$0
\$335,001	\$9,999,999,999	34.00%	\$0	\$0
			\$2,947	\$442
			Consolidated Tax Rate:	15.00%
			Average Tax Rate:	

Ridge Creek Water Company, LLC
Informal Rate Case
Case Number WA-2015-0182
Test Year Ending 12-31-2014, Update 3/31/2015
Capital Structure Schedule - Water

<u>A</u>		<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>
Line Number	Description	Dollar Amount	Percentage of Total Capital Structure	Embedded Cost of Capital	Weighted Cost of Capital
1	Common Stock	\$24,803	49.75%	10.10%	5.025%
2	Other Security-Non Tax Deductible	\$0	0.00%	0.00%	0.000%
3	Preferred Stock	\$0	0.00%	0.00%	0.000%
4	Long Term Debt	\$25,053	50.25%	6.10%	3.065%
5	Short Term Debt	\$0	0.00%	0.00%	0.000%
6	Other Security-Tax Deductible	\$0	0.00%	0.00%	0.000%
7	TOTAL CAPITALIZATION	<u>\$49,856</u>	<u>100.00%</u>		<u>8.090%</u>

To PreTax Return Rate Schedule

Note: column C: is 6 positions with 4 that are displayed (if not totaled correctly, due to rounding)

Ridge Creek Water Company, LLC
 Informal Rate Case
 Case Number WA-2015-0182
 Test Year Ending 12-31-2014, Update 3/31/2015
 Plant In Service - Water

Line Number	A Account # (Optional)	B Plant Account Description	C Total Plant	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
1		INTANGIBLE PLANT					
2	301.000	Organization	\$0			100.00%	\$0
3	302.000	Franchises	\$0			100.00%	\$0
4		TOTAL INTANGIBLE PLANT	\$0		\$0		\$0
5		SOURCE OF SUPPLY PLANT					
6	310.000	Land & Land Rights - SSP	\$0			100.00%	\$0
7	311.000	Structures & Improvements - SSP	\$0			100.00%	\$0
8	312.000	Collection & Impounding Reservoirs	\$0	P-8	\$0	100.00%	\$0
9	313.000	Lake, River & Other Intakes	\$0			100.00%	\$0
10	314.000	Wells & Springs	\$66,861			100.00%	\$66,861
11	315.000	Infiltration Galleries & Tunnels	\$0			100.00%	\$0
12	316.000	Supply Mains	\$0			100.00%	\$0
13		TOTAL SOURCE OF SUPPLY PLANT	\$66,861		\$0		\$66,861
14		PUMPING PLANT					
15	321.000	Structures & Improvements - PP	\$0	P-15	\$0	100.00%	\$0
16	325.100	Electric Pumping Equipment	\$106,429	P-16	\$0	100.00%	\$106,429
17	326.000	Diesel Pumping Equipment	\$0			100.00%	\$0
18	328.000	Other Pumping Equipment	\$0			100.00%	\$0
19		TOTAL PUMPING PLANT	\$106,429		\$0		\$106,429
20		WATER TREATMENT PLANT					
21	330.000	Land & Land Rights-WTP	\$0			100.00%	\$0
22	331.000	Structures & Improvements - WTP	\$0			100.00%	\$0
23	332.000	Water Treatment Equipment	\$0			100.00%	\$0
24		TOTAL WATER TREATMENT PLANT	\$0		\$0		\$0
25		TRANSMISSION & DISTRIBUTION PLANT					
26	340.000	Land & Land Rights-T&D	\$0			100.00%	\$0
27	341.000	Structures & Improvements - T&D	\$0			100.00%	\$0
28	342.000	Distribution Reservoirs & Standpipes	\$0			100.00%	\$0
29	344.000	Fire Mains	\$0			100.00%	\$0
30	345.000	Services	\$0	P-30	\$0	100.00%	\$0
31	343.000	Transmission & Distribution Mains	\$0			100.00%	\$0
32	346.000	Meters- Bronze Chamber	\$0	P-32	\$0	100.00%	\$0
33	346.000	Meters- Plastic Chamber	\$20,400			100.00%	\$20,400
34	347.000	Meter Installations- Bronze	\$0			100.00%	\$0
35	347.000	Meter Installations- Plastic	\$30,600			100.00%	\$30,600
36	348.000	Hydrants	\$0	P-36	\$0	100.00%	\$0
37		TOTAL TRANS. & DISTRIBUTION PLANT	\$51,000		\$0		\$51,000
38		GENERAL PLANT					
39	370.000	Land & Land Rights-GP	\$0			100.00%	\$0
40	371.000	Structures & Improvements - GP	\$0			100.00%	\$0
41	372.000	Office Furniture & Equipment	\$0			100.00%	\$0
42	372.100	Office Computer Equipment	\$0			100.00%	\$0
43	379.000	Other General Equipment 1	\$0			100.00%	\$0
44	373.000	Transportation Equipment	\$0			100.00%	\$0
45	395.000	Laboratory Equipment	\$0			100.00%	\$0
46	396.000	Power Operated Equipment	\$0			100.00%	\$0
47		TOTAL GENERAL PLANT	\$0		\$0		\$0
48		TOTAL PLANT IN SERVICE	\$224,290		\$0		\$224,290

To Rate Base & Depreciation Schedules

Ridge Creek Water Company, LLC
Informal Rate Case
Case Number WA-2015-0182
Test Year Ending 12-31-2014, Update 3/31/2015
Schedule of Adjustments for Plant in Service - Water

<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>
Plant Adjustment Number	Plant In Service Adjustment Description	Account Number	Adjustment Amount	Total Adjustment
P-8	Collection & Impounding Reservoirs	312.000		\$0
	Description		\$0	
P-15	Structures & Improvements - PP	321.000		\$0
	Description		\$0	
P-16	Electric Pumping Equipment	325.100		\$0
	Description		\$0	
P-30	Services	345.000		\$0
	Description		\$0	
P-32	Meters- Bronze Chamber	346.000		\$0
	Description		\$0	
P-36	Hydrants	348.000		\$0
	Description		\$0	
Total Plant Adjustments				\$0

Ridge Creek Water Company, LLC
 Informal Rate Case
 Case Number WA-2015-0182
 Test Year Ending 12-31-2014, Update 3/31/2015
 Depreciation Expense - Water

Line Number	A Account Number	B Plant Account Description	C Adjusted Jurisdictional	D Depreciation Rate	E Depreciation Expense
1		INTANGIBLE PLANT			
2	301.000	Organization	\$0	0.00%	\$0
3	302.000	Franchises	\$0	0.00%	\$0
4		TOTAL INTANGIBLE PLANT	\$0		\$0
5		SOURCE OF SUPPLY PLANT			
6	310.000	Land & Land Rights - SSP	\$0	0.00%	\$0
7	311.000	Structures & Improvements - SSP	\$0	2.50%	\$0
8	312.000	Collection & Impounding Reservoirs	\$0	0.00%	\$0
9	313.000	Lake, River & Other Intakes	\$0	0.00%	\$0
10	314.000	Wells & Springs	\$66,861	2.00%	\$1,337
11	315.000	Infiltration Galleries & Tunnels	\$0	0.00%	\$0
12	316.000	Supply Mains	\$0	0.00%	\$0
13		TOTAL SOURCE OF SUPPLY PLANT	\$66,861		\$1,337
14		PUMPING PLANT			
15	321.000	Structures & Improvements - PP	\$0	2.50%	\$0
16	325.100	Electric Pumping Equipment	\$106,429	10.00%	\$10,643
17	326.000	Diesel Pumping Equipment	\$0	0.00%	\$0
18	328.000	Other Pumping Equipment	\$0	0.00%	\$0
19		TOTAL PUMPING PLANT	\$106,429		\$10,643
20		WATER TREATMENT PLANT			
21	330.000	Land & Land Rights-WTP	\$0	0.00%	\$0
22	331.000	Structures & Improvements - WTP	\$0	2.50%	\$0
23	332.000	Water Treatment Equipment	\$0	2.90%	\$0
24		TOTAL WATER TREATMENT PLANT	\$0		\$0
25		TRANSMISSION & DISTRIBUTION PLANT			
26	340.000	Land & Land Rights-T&D	\$0	0.00%	\$0
27	341.000	Structures & Improvements - T&D	\$0	2.50%	\$0
28	342.000	Distribution Reservoirs & Standpipes	\$0	2.50%	\$0
29	344.000	Fire Mains	\$0	0.00%	\$0
30	345.000	Services	\$0	2.50%	\$0
31	343.000	Transmission & Distribution Mains	\$0	2.00%	\$0
32	346.000	Meters- Bronze Chamber	\$0	2.50%	\$0
33	346.000	Meters- Plastic Chamber	\$20,400	10.00%	\$2,040
34	347.000	Meter Installations- Bronze	\$0	0.00%	\$0
35	347.000	Meter Installations- Plastic	\$30,600	2.50%	\$765
36	348.000	Hydrants	\$0	2.00%	\$0
37		TOTAL TRANS. & DISTRIBUTION PLANT	\$51,000		\$2,805
38		GENERAL PLANT			
39	370.000	Land & Land Rights-GP	\$0	0.00%	\$0

Ridge Creek Water Company, LLC
 Informal Rate Case
 Case Number WA-2015-0182
 Test Year Ending 12-31-2014, Update 3/31/2015
 Depreciation Expense - Water

<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	
Line Number	Account Number	Plant Account Description	Adjusted Jurisdictional	Depreciation Rate	Depreciation Expense
40	371.000	Structures & Improvements - GP	\$0	2.50%	\$0
41	372.000	Office Furniture & Equipment	\$0	5.00%	\$0
42	372.100	Office Computer Equipment	\$0	14.30%	\$0
43	379.000	Other General Equipment 1	\$0	10.00%	\$0
44	373.000	Transportation Equipment	\$0	13.00%	\$0
45	395.000	Laboratory Equipment	\$0	5.00%	\$0
46	396.000	Power Operated Equipment	\$0	14.30%	\$0
47		TOTAL GENERAL PLANT	\$0		\$0
48		Total Depreciation	\$224,290		\$14,785

Ridge Creek Water Company, LLC
Informal Rate Case
Case Number WA-2015-0182
Test Year Ending 12-31-2014, Update 3/31/2015
Accumulated Depreciation Reserve - Water

Line Number	A Account Number	B Depreciation Reserve Description	C Total Reserve	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
1		INTANGIBLE PLANT					
2	301.000	Organization	\$0			100.00%	\$0
3	302.000	Franchises	\$0			100.00%	\$0
4		TOTAL INTANGIBLE PLANT	\$0		\$0		\$0
5		SOURCE OF SUPPLY PLANT					
6	310.000	Land & Land Rights - SSP	\$0			100.00%	\$0
7	311.000	Structures & Improvements - SSP	\$0			100.00%	\$0
8	312.000	Collection & Impounding Reservoirs	\$0			100.00%	\$0
9	313.000	Lake, River & Other Intakes	\$0			100.00%	\$0
10	314.000	Wells & Springs	\$10,676			100.00%	\$10,676
11	315.000	Infiltration Galleries & Tunnels	\$0			100.00%	\$0
12	316.000	Supply Mains	\$0			100.00%	\$0
13		TOTAL SOURCE OF SUPPLY PLANT	\$10,676		\$0		\$10,676
14		PUMPING PLANT					
15	321.000	Structures & Improvements - PP	\$0			100.00%	\$0
16	325.100	Electric Pumping Equipment	\$80,976			100.00%	\$80,976
17	326.000	Diesel Pumping Equipment	\$0			100.00%	\$0
18	328.000	Other Pumping Equipment	\$0			100.00%	\$0
19		TOTAL PUMPING PLANT	\$80,976		\$0		\$80,976
20		WATER TREATMENT PLANT					
21	330.000	Land & Land Rights-WTP	\$0			100.00%	\$0
22	331.000	Structures & Improvements - WTP	\$0			100.00%	\$0
23	332.000	Water Treatment Equipment	\$0			100.00%	\$0
24		TOTAL WATER TREATMENT PLANT	\$0		\$0		\$0
25		TRANSMISSION & DISTRIBUTION PLANT					
26	340.000	Land & Land Rights-T&D	\$0			100.00%	\$0
27	341.000	Structures & Improvements - T&D	\$0			100.00%	\$0
28	342.000	Distribution Reservoirs & Standpipes	\$0			100.00%	\$0
29	344.000	Fire Mains	\$0			100.00%	\$0
30	345.000	Services	\$0			100.00%	\$0
31	343.000	Transmission & Distribution Mains	\$0			100.00%	\$0
32	346.000	Meters- Bronze Chamber	\$0			100.00%	\$0
33	346.000	Meters- Plastic Chamber	\$3,570			100.00%	\$3,570
34	347.000	Meter Installations- Bronze	\$0			100.00%	\$0
35	347.000	Meter Installations- Plastic	\$1,339			100.00%	\$1,339
36	348.000	Hydrants	\$0			100.00%	\$0
37		TOTAL TRANS. & DISTRIBUTION PLANT	\$4,909		\$0		\$4,909
38		GENERAL PLANT					
39	370.000	Land & Land Rights-GP	\$0			100.00%	\$0
40	371.000	Structures & Improvements - GP	\$0			100.00%	\$0
41	372.000	Office Furniture & Equipment	\$0			100.00%	\$0
42	372.100	Office Computer Equipment	\$0			100.00%	\$0
43	379.000	Other General Equipment 1	\$0			100.00%	\$0
44	373.000	Transportation Equipment	\$0			100.00%	\$0
45	395.000	Laboratory Equipment	\$0			100.00%	\$0
46	396.000	Power Operated Equipment	\$0			100.00%	\$0
47		TOTAL GENERAL PLANT	\$0		\$0		\$0
48		TOTAL DEPRECIATION RESERVE	\$96,561		\$0		\$96,561

To Rate Base Schedule

Ridge Creek Water Company, LLC
Informal Rate Case
Case Number WA-2015-0182
Test Year Ending 12-31-2014, Update 3/31/2015
Schedule of Adjustments for Accumulated Depreciation Reserve - Water

<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>
Reserve Adjustment Number	Accumulated Depreciation Reserve Adjustments Description	Account Number	Adjustment Amount	Total Adjustment Amount
Total Reserve Adjustments				\$0

Ridge Creek Water Company, LLC
Informal Rate Case
Case Number WA-2015-0182
Test Year Ending 12-31-2014, Update 3/31/2015
Revenue Schedule - Water

	A	B	C	D	E	F	G
Line Number	Account Number (Optional)	Revenue Description	Company/ Test Year Amount	Adjustment Number	Jurisdictional Adjustments	Jurisdictional Allocation	Adjusted Jurisdictional
Rev-1	ANNUALIZED REVENUES						
Rev-2	Annualized Rate Revenues		\$0	Rev-2	\$53,856	100.00%	\$53,856
Rev-3	Miscellaneous Revenues		\$0	Rev-3	\$0	100.00%	\$0
Rev-4	TOTAL ANNUALIZED REVENUES		\$0		\$53,856		\$53,856

Ridge Creek Water Company, LLC
 Informal Rate Case
 Case Number WA-2015-0182
 Test Year Ending 12-31-2014, Update 3/31/2015
 Revenue Adjustment Schedule - Water

<u>A</u> Revenue Adj Number	<u>B</u> Adjustment Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment
Rev-2	Annualized Rate Revenues			\$53,856
	1. To Annualize Rate Revenues		\$53,856	
Rev-3	Miscellaneous Revenues			\$0
	1. To Annualize Miscellaneous Revenues		\$0	
Total Revenue Adjustments				<u>\$53,856</u>

Ridge Creek Water Company, LLC
Informal Rate Case
Case Number WA-2015-0182
Test Year Ending 12-31-2014, Update 3/31/2015
Rate Revenue Feeder Schedule - Water

Line Number	A Description	Residential Full-Time Customers		Residential Part-Time Customers	
		B Amount	C Amount	D Amount	E Amount
1	<u>Customer Charge Revenues:</u>				
2	Customer Number	136		0	
3	Bills Per Year	12		0	
4	Customer Bills Per year	1,632		0	
5	Current Customer Charge	<u>\$33.00</u>		<u>\$0.00</u>	
6	Annualized Customer Charge Revenues		\$53,856		\$0
7	<u>Commodity Charge Revenues:</u>				
8	Total Gallons Sold	0		0	
9	Less: Base Gallons Included In Customer Charge	<u>0</u>		<u>0</u>	
10	Commodity Gallons	0		0	
11	Block 1, Commodity Gallons per Block	0		0	
12	Block 1, Number of Commodity Gallons per Unit	<u>0</u>		<u>0</u>	
13	Block 1, Commodity Billing Units	0.00		0.00	
14	Block 1, Existing Commodity Charge	<u>\$0.00</u>		<u>\$0.00</u>	
15	Block 1, Annualized Commodity Charge Rev.		\$0		\$0
16	Total Annualized Water Rate Revenues		<u>\$53,856</u>		<u>\$0</u>

Commodity Billing Units are based on the number of commodity gallons applicable to each block, divided by the tariff usage rate gallons (e.g. for tariff rate of \$2.50 per 1,000 gallons of usage, the commodity gallons for that rate would be divided by 1,000 to arrive at the number of commodity billing units.

Ridge Creek Water Company, LLC
Informal Rate Case
Case Number WA-2015-0182
Test Year Ending 12-31-2014, Update 3/31/2015
Rate Revenue Feeder Schedule - Water

Line Number	A Description	Total	
		F Amount	G Amount
1	<u>Customer Charge Revenues:</u>		
2	Customer Number	136	
3	Bills Per Year		
4	Customer Bills Per year	1,632	
5	Current Customer Charge		
6	Annualized Customer Charge Revenues		\$53,856
7	<u>Commodity Charge Revenues:</u>		
8	Total Gallons Sold	0	
9	Less: Base Gallons Included In Customer Charge	0	
10	Commodity Gallons	0	
11	Block 1, Commodity Gallons per Block		
12	Block 1, Number of Commodity Gallons per Unit		
13	Block 1, Commodity Billing Units		
14	Block 1, Existing Commodity Charge		
15	Block 1, Annualized Commodity Charge Rev.		\$0
16	Total Annualized Water Rate Revenues		\$53,856

Commodity Billing Units are based on the number of commodity gallons applicable to each block, divided by the tariff usage rate gallons (e.g. for tariff rate of \$2.50 per 1,000 gallons of usage, the commodity gallons for that rate would be divided by 1,000 to arrive at the number of commodity billing units.

Ridge Creek Water Company, LLC
Informal Rate Case
Case Number WA-2015-0182
Test Year Ending 12-31-2014, Update 3/31/2015
Miscellaneous Revenues Feeder - Water

<u>A</u>		<u>B</u>
Line Number	Description	Amount
1	Late Charge Fees	\$0
2	Description of Miscellaneous Revenue Item2	\$0
3	Total Miscellaneous Revenues	<u>\$0</u>

Ridge Creek Water Company, LLC
Informal Rate Case
Case Number WA-2015-0182
Test Year Ending 12-31-2014, Update 3/31/2015
Expense Schedule - Water

A	B	C	D	E	F	G
Line Number	Account Number (Optional) Expense Description	Company/ Test Year Amount	Adjustment Number	Adjustments	Jurisdictional Allocation	Adjusted Jurisdictional
1	OPERATIONS EXPENSES					
2	Operators Salary/Services	\$7,392			100.00%	\$7,392
3	Electricity-(Pumping)	\$10,876			100.00%	\$10,876
4	Water Testing (DNR)	\$4,400			100.00%	\$4,400
5	TOTAL OPERATIONS EXPENSE	\$22,668		\$0		\$22,668
6	MAINTENANCE EXPENSES					
7	Maintenance & Repairs	\$500	W-7	\$700	100.00%	\$1,200
8	TOTAL MAINTENANCE EXPENSE	\$500		\$700		\$1,200
9	CUSTOMER ACCOUNT EXPENSE					
10	Billing and Collection	\$2,191			100.00%	\$2,191
11	Meter Reading Expense	\$2,097			100.00%	\$2,097
12	Office Supplies	\$1,267			100.00%	\$1,267
13	TOTAL CUSTOMER ACCOUNT EXPENSE	\$5,555		\$0		\$5,555
14	ADMINISTRATIVE & GENERAL EXPENSES					
15	Property & Liability Insurance	\$0			100.00%	\$0
16	Legal Expenses	\$0	W-16	\$500	100.00%	\$500
17	Phone Expense	\$0	W-17	\$240	100.00%	\$240
18	Rent Expense	\$0	W-18	\$600	100.00%	\$600
19	Tax Preparation Expense	\$0	W-19	\$200	100.00%	\$200
20	TOTAL ADMINISTRATIVE AND GENERAL	\$0		\$1,540		\$1,540
21	OTHER OPERATING EXPENSES					
22	PSC Assessment	\$386			100.00%	\$386
23	Licenses and Permit Fees	\$24			100.00%	\$24
24	Secretary of State Registration Fees	\$0	W-24	\$20	100.00%	\$20
25	CIAC Depreciation Expense Offset	-\$11,188			100.00%	-\$11,188
26	Depreciation	\$0	W-26	\$14,785	100.00%	\$14,785
27	TOTAL OTHER OPERATING EXPENSES	-\$10,778		\$14,805		\$4,027
28	TAXES OTHER THAN INCOME					
29	Real & Personal Property Taxes	\$1,215			100.00%	\$1,215
30	TOTAL TAXES OTHER THAN INCOME	\$1,215		\$0		\$1,215
31	TOTAL OPERATING EXPENSES	\$19,160		\$17,045		\$36,205

Ridge Creek Water Company, LLC
Informal Rate Case
Case Number WA-2015-0182
Test Year Ending 12-31-2014, Update 3/31/2015
Expense Adjustment Schedule - Water

<u>A</u> Expense Adj Number	<u>B</u> Adjustment Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment
W-7	Maintenance & Repairs			\$700
	To include a normalized amount for maintenance & repair based upon Staff's expectation of the ongoing annual level of this expense. (Archer)		\$700	
W-16	Legal Expenses			\$500
	To amortization legal expense over a 5-year period based upon Staff's expectation of the ongoing annual level of this expense. (Harrison)		\$500	
W-17	Phone Expense			\$240
	To include a normalized amount for phone expense based upon Staff's expectation of the ongoing annual level of this expense. (Harrison)		\$240	
W-18	Rent Expense			\$600
	To include a normalized amount for rent expense based upon Staff's expectation of the ongoing annual level of this expense. (Harrison)		\$600	
W-19	Tax Preparation Expense			\$200
	To include a normalized amount for tax preparation expense based upon Staff's expectation of the ongoing annual level of this expense. (Harrison)		\$200	
W-24	Secretary of State Registration Fees			\$20
	To include a normalized amount for Secretary of State Registration Fees based upon Staff's expectation of the ongoing annual level of this expense. (Harrison)		\$20	
W-26	Depreciation			\$14,785

Ridge Creek Water Company, LLC
Informal Rate Case
Case Number WA-2015-0182
Test Year Ending 12-31-2014, Update 3/31/2015
Expense Adjustment Schedule - Water

<u>A</u> Expense Adj Number	<u>B</u> Adjustment Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment
	1. To Annualize Depreciation		\$14,785	
Total Expense Adjustments				<u>\$17,045</u>

Ridge Creek Development Co. LLC.
WA-2015-0182
Rate Design - from Auditing workpaper

merciel and archer

		Customer charge	Commodity charge	
Billing & Collection	\$ 2,191	\$ 2,191		
Operator Expense	\$ 7,392	\$ 1,478	\$ 5,914	
Meter Reading Expense	\$ 2,097	\$ 2,097		
Electric Expense	\$ 10,876	\$ -	\$ 10,876	
Depreciation Expense	\$ 3,597	\$ 3,371	\$ 226	
Office Expense	\$ 1,267	\$ 1,267		
Legal Expenses	\$ 500	\$ 500		
Telephone Expense	\$ 240	\$ 216	\$ 24	
Rent Expense	\$ 600	\$ 600		
Tax Preparation Expense	\$ 200	\$ 200		
Water Testing	\$ 4,400	\$ -	\$ 4,400	
PSC Assessment	\$ 386	\$ 193	\$ 193	
Licenses & Permit Fees	\$ 24	\$ 24		
SOS	\$ 20	\$ 20		
Property Taxes	\$ 1,215	\$ 608	\$ 608	
Rate of Return-9.34%	\$ 2,505	\$ 2,294	\$ 211	
Interest	\$ 1,528	\$ 1,385	\$ 143	
Operation & Maintenance (Contr	\$ 1,200	\$ 720	\$ 480	
Total Expenses	\$ 40,238			
Taxes Federal & State	\$ 624	\$ 312	\$ 312	
Total Expenses after Taxes	\$ 40,862	\$ 17,476	\$ 23,386	\$ 40,862
		42.77%	57.23%	

customer count	136	\$ 10.71	customer charge	\$ 2.62	commodity charge	
customer use per day	180 gallons					
monthly average	5475 gallons					
total annual sales	8,935,210 gallons	check	\$ 17,476	check	\$ 23,386	\$40,862

example bill 5400 gallons

\$ 24.84
check \$ 40,541.66
difference is in rounding monthly use for example bill

Flat rate, residential, applicable up to three months for existing customers, until company installs a working meter
\$24.00 per quarter

Case No. WA-2015-0182
Ridge Creek Water Company LLC
Customer Service and Chapter 13

The Engineering and Management Services (EMSU) staff conducted a preliminary review of Ridge Creek Water Company's customer service processes in conjunction with the Staff's investigation in Case No. WA-2015-0182. The Company is seeking a Certificate of Convenience and Necessity (CCN) to operate a water system in Pulaski County, Missouri. The primary focus of the EMSU review was to assess the Company's compliance with the Missouri Public Service Commission (Commission) rules that pertain to the provision of customer service for companies regulated by the Commission. These rules are known as the Service and Billing Practices for Residential Customers of Electric, Gas, Sewer, and Water Utilities (Chapter 13) and are cited as 4 CSR 240-13. The Company has been provided a copy of these rules.

The rules must be adhered to by companies regulated by the Commission, therefore, if the Company is seeking certification, it must also agree to follow these rules. While Staff did not perform a comprehensive review of Chapter 13 compliance, the following stated areas in customer billing, customer communication, customer complaint process and discontinuance of service were noted as requiring the most immediate attention. These changes represent areas that should be addressed first. The Company's practices will need to be in compliance with all of the provisions of Chapter 13. The Company should address the following areas to work towards compliance with Chapter 13.

Customer Billing

The Company's current billing format does not contain billing information required by Chapter 13 billing rules. The Company's current bills do not include the following: bill due dates, bill delinquency dates, company contact information, and identification of utility services being billed. The Commission Rule 4 CSR 240-13.020(9) states:

Every bill for residential utility service shall clearly state - (A) The beginning and ending meter readings of the billing period and the dates of these readings. (B) The date when the bill will be considered due and the date when it will be delinquent, if different. (D) The amount due for the most recent billing period for electric, gas, sewer, or water usage . . . (G) The telephone number the customer may call from the customer's service location without incurring toll charges and the address of the utility where the

customer may initiate an inquiry or complaint regarding the bill as rendered or the service provided.

This rule establishes reasonable and uniform billing and payment standards for residential service to be adhered to for utilities and customers.

Customer Communication

The Company does not have a comprehensive written document with information documenting the rights and responsibilities of the Company and its customers. The Commission Rule 4 CSR 240-13.040(3) states:

A utility shall prepare, in written form, information in plain language, which summarizes the rights and responsibilities of the utility and its customers in accordance with this chapter. The form shall be submitted to the consumer services department of the Missouri Public Service Commission, and to the Office of the Public Counsel. This written information shall be displayed prominently, and shall be available at all utility office locations open to the general public, and shall be mailed or otherwise delivered to each residential customer upon request. The information shall be delivered or mailed to each new customer of the utility upon the commencement of service and shall be available at all times upon request.

This rule establishes procedures to be followed when customers make inquiries of utilities so customer inquiries are handled in a reasonable manner.

Customer Complaint and Inquiry Contact Log

The Company currently does not record customer inquiries or complaints. Customer inquiries and complaints are handled by Company management and no record of the inquiry or complaint is kept. The Commission's Utility Billing Practices 4 CSR 240-13.040 specifies that utilities are required to maintain records on their customers for at least two years relating to the customer's service, billing, and payments as well as customer complaints received by the utility. Commission Rule 4 CSR 240-13.040(5) states:

A utility shall maintain records on its customers for at least two (2) years which contain all information concerning- . . . (B) The number and general description of complaints registered with the utility.

This rule establishes procedures to be followed when customers make inquiries of utilities so customer inquiries are handled in a reasonable manner.

Notice of Discontinuance of Service:

The Company currently does not have a notice of discontinuance of service. The Company has stated that no customers have been disconnected for nonpayment. Should the Company discontinue service in the future, however, appropriate customer notice is required. Commission Rule 4 CSR 240-13.050(4) states:

The notice of discontinuance shall contain the following information: (A) The name and address of the customer and the address, if different, where service is rendered; (B) A statement of the reason for the proposed discontinuance of service and the cost for reconnection; (C) The date on or after which service will be discontinued unless appropriate action is taken; (D) How a customer may avoid the discontinuance; (E) The possibility of a settlement agreement if the claim is for a charge not in dispute and the customer is unable to pay the charge in full at one (1) time; and (F) A telephone number the customer may call from the service location without incurring toll charges and the address of the utility prominently displayed where the customer may make an inquiry. Charges for measured local service are not toll charges for purposes of this rule.

This rule prescribes the conditions under which service to a customer may be discontinued and procedures to be followed by utilities and customers regarding these matters so that reasonable and uniform standards exist for the discontinuance of service.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Application of Ridge)
Creek Water Company, LLC for a)
Certificate of Convenience and Necessity)
Authorizing it to Construct, Install, Own,)
Operate, Control, Manage, and Maintain a)
Water System for the Public Located in an)
Unincorporated Area in Pulaski County,)
Missouri)

Case No. WA-2015-0182

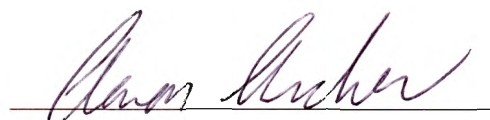
AFFIDAVIT OF AARON ARCHER

State of Missouri)
) ss.
County of Cole)

AFFIDAVIT

COMES NOW Aaron Archer and on his oath declares that he is of sound mind and lawful age; that he contributed to the attached Staff Recommendation and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.



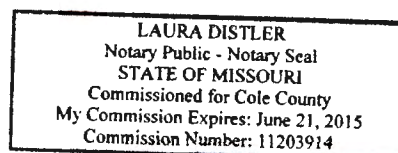
Aaron Archer

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 21st day of May, 2015.



NOTARY PUBLIC



BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

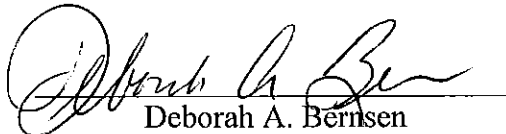
In the Matter of the Application of Ridge)
Creek Water Company, LLC for a Certificate)
of Convenience and Necessity Authorizing it)
to Construct, Install, Own, Operate, Control,)
Manage, and Maintain a Water System for)
the Public Located in an Unincorporated)
Area in Pulaski County, Missouri)

Case No. WA-2015-0182

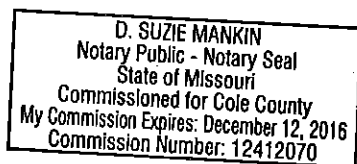
AFFIDAVIT OF DEBORAH A. BERNSEN

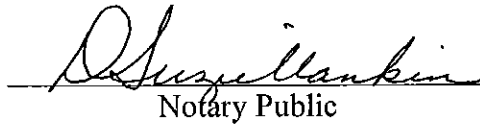
STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

Deborah A. Bernsen, of lawful age, on her oath states: that she has participated in the preparation of the foregoing *Staff Recommendation Regarding Certificate of Convenience and Necessity* in memorandum form and Attachment G, to be presented in the above case; that the information in the Staff Recommendation and Attachment G, was developed by her; that she has knowledge of the matters set forth in such Staff Recommendation and Attachment G; and that such matters are true and correct to the best of her knowledge and belief.


Deborah A. Bernsen

Subscribed and sworn to before me this 21st day of May, 2015.




Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

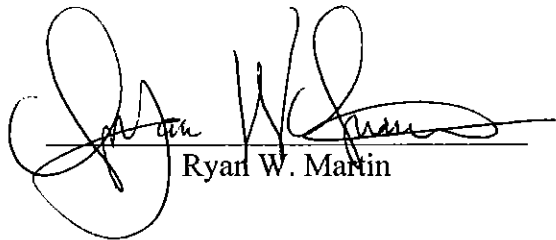
In the Matter of the Application of Ridge)
Creek Water Company, LLC for a Certificate)
of Convenience and Necessity Authorizing it)
to Construct, Install, Own, Operate, Control,)
Manage, and Maintain a Water System for)
the Public Located in an Unincorporated)
Area in Pulaski County, Missouri)

Case No. WA-2015-0182

AFFIDAVIT OF RYAN W. MARTIN

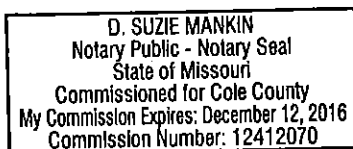
STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

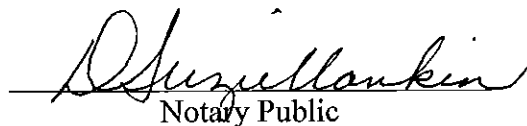
Ryan W. Martin, of lawful age, on his oath states: that he has participated in the preparation of the foregoing *Staff Recommendation Regarding Certificate of Convenience and Necessity* in memorandum form and Attachment C, to be presented in the above case; that the information in the Staff Recommendation and Attachment C, was developed by him; that he has knowledge of the matters set forth in such Staff Recommendation and Attachment C; and that such matters are true and correct to the best of his knowledge and belief.



Ryan W. Martin

Subscribed and sworn to before me this 22nd day of May, 2015.





Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Application of Ridge)
Creek Water Company, LLC for a)
Certificate of Convenience and Necessity)
Authorizing it to Construct, Install, Own,)
Operate, Control, Manage, and Maintain a)
Water System for the Public Located in an)
Unincorporated Area in Pulaski County,)
Missouri)

Case No. WA-2015-0182

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

State of Missouri)
) ss.
County of Cole)

AFFIDAVIT

COMES NOW James A. Merciel, Jr., P.E. and on his oath declares that he is of sound mind and lawful age; that he contributed to the attached Staff Recommendation and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.



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

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 21st day of May, 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