



Missouri Public Service Commission

Commissioners
KELVIN L. SIMMONS
Chair
CONNIE MURRAY
SHEILA LUMPE
STEVE GAW
BRYAN FORBIS

POST OFFICE BOX 360
JEFFERSON CITY, MISSOURI 65102
573-751-3234
573-751-1847 (Fax Number)
<http://www.psc.state.mo.us>
December 20, 2001

ROBERT J. QUINN, JR.
Executive Director
WESS A. HENDERSON
Director, Utility Operations
ROBERT SCHALLENBERG
Director, Utility Services
DONNA M. PRENGER
Director, Administration
DALE HARDY ROBERTS
Secretary/Chief Regulatory Law Judge
DANA K. JOYCE
General Counsel

FILED³

DEC 20 2001

Missouri Public
Service Commission

Mr. Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102

RE: Case No. WA-2002-65-In the Matter of the Application of Environmental Utilities, LLC, for Permission, Approval, and 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 Unincorporated Portions of Camden County, Missouri (Golden Glade Subdivision).

Dear Mr. Roberts,

Enclosed for filing in the above-captioned case are an original and eight (8) conformed copies of "ATTACHMENT A" TO STAFF'S POSITION STATEMENTS that was filed on December 19, 2001. This attachment was not filed with Staff's pleading. I apologize for the oversight.

This filing has been mailed or hand-delivered this date to all counsel of record.

Thank you for your attention to this matter.

Sincerely yours,

Victoria L. Kizito
(573) 751-6726 (Telephone)
(573) 751-9285 (Fax)

Enclosure
cc: Counsel of Record

1 system for service to OWC customers in Eagle Woods, as was originally
2 planned, might be more difficult.

3 2. Some or all residents in Golden Glade using individual or shared wells, as
4 existing residents are doing now. Although some residents may be happy with
5 this arrangement, especially those who have had to spend money to maintain the
6 wells, the disadvantage is a lack of organization between residents in equitably
7 sharing the costs of maintaining the wells. This disadvantage could be resolved
8 if the homeowners association assumed some responsibility. There could also
9 be a minor issue for the developer involving a subdivision restriction requiring a
10 central system.

11 3. Since Eagle Woods was intended to be connected to the system as proposed by
12 EU, though the original plan was for OWC to be the water utility serving both
13 Eagle Woods and Golden Glade, the alternative of continued use of existing
14 wells in Eagle Woods might need to be utilized, either under individual
15 ownership, ownership of a homeowners association, or ownership of OWC.

16 **TARIFF**

17 Q. Do you have issues regarding the tariff as proposed by EU?

18 A. Yes. I have an issue with the flat rate, and with some of the proposed
19 rules. Although most of the proposed tariff is similar to the Water and Sewer
20 Department's example tariff for water utilities, some rules were created uniquely for EU,
21 and may need further improvement. Some rules, though somewhat "standard" for water
22 utilities, should be modified to better address situations with customers who are owners

34

1 of condominium units. Modifications to these rules likely will involve the creation of
2 additional service charges for meter installations under various circumstances. In the
3 event that the Commission grants a certificate of convenience and necessity to EU, then
4 all of the tariff matters may be able to be worked out informally between the Staff, the
5 Office of the Public Counsel, and EU. My specific comments are as follows:

- 6 1. **Sheet 4**, flat rate expressed as "monthly minimum" should not be there.
7 Availability of a flat rate should be defined to include only pre-existing subdivision
8 or condominium residential developments acquired by EU where immediate
9 meter installation is not practical. Not intended to allow new developments with
10 inadequate metering. Also flat rate amount is too high. Needs to include a
11 reasonable amount of water, and exclude meter and meter reading costs.
12
- 13 2. **Sheet No. 5**, re-define construction inspection charge and service connection
14 installation charge, and justify the amounts. These charges are for the pipeline
15 connected to the company-owned water main and ending approximately at the
16 street curb (lot line) where a meter is set, or a valve is set in the case of inside
17 meter(s). This connection serves a single customer, or serves a multiple unit
18 building where outside facilities are owned by one owner or a condo association.
19 Need language to allow for extra costs associated with commercial/larger service
20 lines as necessary.
21
- 22 3. Subdivide New Inside Meter Installation charges for varying circumstances
23 including placing meter (both with and without remote capability) in an existing
24 adequate setting; installation of shutoff valve; modification of plumbing to accept
25 shutoff valve or meter installation, installation of remote read unit, installation of
26 remote reader wiring. Each charge to be justified. The reason for subdividing
27 into various charges is to encourage customers/developers to adequately

Rebuttal Testimony of James A. Merciel, Jr.
Case No. WA-2002-65

1 construct plumbing facilities to conform with company's meter installation
2 requirements.

3
4 4. Disconnect and reconnect charge with backhoe needs to be justified (Osage
5 Water Company charge is \$400 instead of proposed \$600) and applicability
6 needs to be defined (for customers with no meter or inside meter with no
7 accessible valve. May need two charges -- one for installation of a valve, and
8 one for installation of meter setting and meter.

9
10 5. **Sheets 6 and 7**, re-define "meter setting," "service connection," and "unit," and
11 "water service line;" not to change the basic concepts, but to incorporate
12 individually metered multi-unit building developments.

13
14 6. **Sheet 11 Rule 5b** rewrite and/or create a new paragraph to address individually
15 metered multi-unit building developments.

16
17 7. **Sheets 22 and 23, Rules 11d, 11f, and 11j** need to be modified to include multi-
18 unit buildings or perhaps specifically condominium buildings. Modify **Rule 11i** to
19 apply to inside meter locations rather than limiting to basements.

20
21 8. **Sheet 23**-- revise meter rules to include condominiums

22
23 9. **Sheets 26 and 27** -- delete tax impact for main extensions (still applies to service
24 line contributions)

25
26 10. **Sheet 29 Rule 15b** delete tax impact; **rule 15d**, justify refunds for plant
27 expansion formula -- basis not clear to me.
28

1 **11. Sheet 31 Rule 16**, the basic concept may be ok, but language may need to
2 include a provision for company participation for cases where an expanded
3 service area encompasses more than what a developer is requesting. Also
4 address how to handle this if requested new area is for multiple developers, and
5 then one bows out after expenses are incurred.

6
7 **12. Sheet 32 Rule 17f** – Need to think about this from a ratemaking standpoint.
8 Maybe a fire protection rate is needed, or maybe a different rate if fire protection
9 is available. I am not convinced it would be proper in all cases to make a
10 particular developer or customer pay for fire protection upgrade when other
11 customers also benefit.

12
13 **RECOMENDATION**

14 Q. Do you recommend that the Commission grant a certificate of public
15 convenience and necessity to EU in this case?

16 A. At this time, I am not prepared to recommend a certificate be granted, due
17 to issues as discussed herein as well as in rebuttal testimony of other staff members.
18 EU might be able to resolve some of the issues, but some of them have been
19 developed over many years by EU's owners in the context of operating OWC.

20 **SUMMARY**

21 Q. Would you please summarize your testimony?

22 A. Yes. I am not prepared to recommend a certificate be granted to EU at
23 this time. If certain issues could adequately be addressed then I would be in a position
24 to recommend such a certificate. Those issues include various technical, managerial,

**Service List for
WA-2002-65
Revised: November 21, 2001, (cgo)**

**Office of the Public Counsel
P.O. Box 7800
Jefferson City, MO 65102**

**Missouri Department of Natural Resources
205 Jefferson Street
Jefferson City, MO 65101**

**Presiding Commissioner
Camden County Courthouse
1 Court Circle, PO Box 960
Camdenton, MO 65020**

**Gregory D. Williams
Attorney at Law
Highway 5 at Lake Road 5-33
PO Box 431
Sunrise Beach, MO 65079**

**Loraine & Associates
Thomas E. Loraine
4075 Highway 54, Suite 300
Osage Beach, MO 65065**