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Missouri Public  
Service Commission

# Public Water Supply District #7

Cass County, Missouri

## Aquila Peeking Facility Informational Packet

March 15, 2005

Provided to the  
Missouri Public Service Commission

Harrisonville  
Public Hearing Exhibit No. 1  
Date 3/15/05 Case No. EA-2005-0248  
Reporter \_\_\_\_\_

# PUBLIC WATER SUPPLY DISTRICT #7 OF CASS COUNTY, MO



106 E. MAIN ♦ P.O. BOX 345 ♦ FREEMAN, MO. 64746  
Phone 816-250-2300 ♦ Fax 816-250-2900

March 3, 2005

Missouri Public Service Commission  
Jefferson City, MO 65102

Dear Commissioners,

Please accept the following information regarding Cass #7's experiences and business relations to date with Aquila, referencing their Peeking Facility on Harper Road, Peculiar, Missouri.

As early as September of 2004, Aquila's engineering firm, SEGA Inc. of Stilwell, Kansas began researching water provisions and fire flows with us. Based upon every request we submitted, SEGA rose with out question to the occasion. Their professional and open minded efforts at negotiating and mimicking our policies and procedures was a *"breath of fresh air"*!

As Aquila stepped into the arena during larger portions of what we as a District required, there was an air of comfort and give and take that molded precisely with every goal Cass #7 stands for. They agreed openly to fall under every guideline and policy we apply, as we would to every other customer. You can tell their business and professional approach under our request has been without reproach.

As you see further into the packet, Aquila has contracted and given a Notice to Proceed to Cass #7 to install about 1¼ miles of 6" water main and about 20 fire hydrants – not because we mandated it, but because of what this provides as a more secure water supply for every customer in our north section, and fire protection also.

In our opinion, Aquila's support – at 100% their expense is proof of their commitment, not only to us and our Customers, but to the community as a whole.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Leonard Whiting'. The signature is fluid and extends across the width of the text area.

Leonard Whiting  
Manager

Cass #7's goals, as any business, is key to water sales. Through established policies and procedures, we negotiate and provide various services under those goals.

In or around September 2004, we were approached by SEGA, Inc. – the engineering firm for an Aquila Peeking Facility on Harper road near Peculiar, Missouri. Of course water sales and fire flows were the focus of the initial contacts. Based upon our policies, SEGA has to date and throughout the process been 100% straight forward and a superb engineering firm to work with – not one (1) of our suggestions or requirements have been questioned. As Aquila began taking over the negotiations regarding larger portions of our requirements, we have always been listened to and responded to by Aquila, based upon any request that we have made.

One of our big concerns is the need for two (2) feeds to our north section; it in itself will enhance and strengthen a large portion of our system. Aquila has been and continues to be diligent in their attempts to do the right thing at the right time for our water system – and not solely for their benefit, but the benefits of the community as a whole.

Explained later is a brief description of a water system improvement project Aquila has contracted and agreed to do.

Cass #7, as any other business has a market that we depend upon – for us its water sales and some fee capturing by various policies and procedures. Current regulations and governmental intervention in all aspects of our business is a driving force which equate to an eventual increase in water rates for every customer of the District.

As with any business, the actual cost of doing business or *"keeping the doors open"* is for all practical purposes a set amount – barring emergencies. For us producing 1000 gallons of water – if that was all we sold, would be astronomical. So as new users

(customers) move into our system each 1000 gallons sold that is produced by economic terms becomes less costly – simply stated, more profit proportionately is captured as growth increases, thus if enough growth occurs annually to overcome the increase in chemicals, fuels, electricity, insurance and beyond – then rates are stabilized for longer durations.

Cass #7 currently, by historical trends, grows at 1.7% in customers annually. This alone does not capture nor cover routine expenses that increase annually for us. In dollars of revenue that those 25 customers (1.7%) generate, if they are average users equates to \$18,000 gross annually.

Aquila has contracted with Cass #7 under the same rate structure and policies & procedures that any other customer would have to abide by – keeping in mind growth, however we can acquire it, within prudent business operations is our goal. This goal is not optional for us, but life sustaining in our budgetary management practices. No different by any measure than any other business, simply looking to capture every corner of the market we can.

In a public utility or entity that is typically sustained by rate structure for their product, rates without growth – whether by total sales or additional customers, will rise constantly under the economic inflation factor. Aquila brings on line at their current predictions of water usage (and our agreement with them) an instant growth factor of 9.4% when on line – or for the benefit of the entire District and every customer, we will have grown 5+ years at one customer coming on line, where simple arithmetic brings Cass #7 to a point that rate increases will be less and less frequent, and the real factor that will be a plus is our normal historical growth will continue to multiply and assist in covering annual expense

increases, required maintenance and capitol improvements – with a smaller share being sustained by every customer.

### In Summary

Though Fire Flow and Fire Protection has not, nor is routinely included in most public water supply systems management practices, Cass #7 has believed since 1998 that to be a responsible community member, life safety and the well being of the community as a whole is a driving factor which molds and shapes any public utility. Cass #7 believes that to ignore this important factor within the guidelines of prudent and manageable business ethics - and driven by the need for urban development and the urgency to manage expenses under an aggressive and even sometimes burdensome regulatory agenda, simply mandates, that to turn a blind eye to fire protection and water sales in any quantity whatsoever is inappropriate and even a foolish business practice. To this end, Cass #7 developed and implemented their Subdivision and Main Extension policy in June of 1998.

Our District, Board of Directors, and Management is challenged 24-hours a day, 365 days per year to negotiate and acquire agreements for water sales and main extensions at every corner – and when an opportunity arises that 100% is financed by any customer, that will bring a “Win – Win” union of everyone’s dreams, and assists in steadying our rates for every customer – provides a complete additional North Feed Loop & Establishes Fire Protection at 20 additional locations where in reality very little exists today, without any hesitation our business duties are clear to us.

**Project Title:     **Cass #7 North Feed Loop #2 and  
Fire Protection Improvements****

**Project Funded 100% by Aquila**

**Scope of Project**

Contains approximately 6200 feet, + or -, of 6" PVC main, valves, fittings and all appurtenances to complete the installation, including labor and equipment. This will allow and complete a total looping and an additional feed to the North Tower and the adjacent areas. The area that will benefit will be an approximate 40-square mile area, located from Cleveland Avenue to the west, 267<sup>th</sup> Street on the South, 215<sup>th</sup> Street to the north and Cowger Road on the East. The population that will benefit will neighbor 2700 actual water users at the current time.

The fire protection now afforded within these boundaries currently is limited to 4 fire hydrants for pumper, tanker or support use for filling fire trucks. The fire protection improvements will include 20 new Mueller 5¼ 3-way fire hydrants, installed throughout the densely populated and the most beneficial positions; this positioning will be assisted by West Peculiar's Fire Department.

Aquila has agreed to enhance the feed supply and fire protection to this entire area at no charge to Cass #7 beyond their oversight, inspections and under the guidelines of our current MoDNR Supervised Program and a Subdivision and main Extension Agreement already in place.

The benefit for every customer in this North Section is the comfort of less and shorter durations of water outages, fewer boil orders and possibly home owners seeing insurance reductions based upon the fire protection and hydrant installations for a large portion of the

area – both along the loop, extension and immediate surrounding areas. The dual feed also provides routing of water to Aquila and several hundred customers by valve positioning during repairs, maintenance and emergencies.

The actual fire flows at these new 20 and existing 4 hydrants – depending upon location, will range from + or -, 2000 GPM to 400 GPM. Cass #7 has as a routine, required fire hydrants to be installed along routes of extensions and surrounding areas where existing mains are active. This is based upon our current policies and procedures.

More importantly – and the most noteworthy, is the fact that Aquila is not being 100% required to establish these upgrades, which will be at an expense to them of \$108,000, plus or minus! Our Engineers have stated already that we can provide the necessary water to service Aquila as we are today, but all have agreed that without the back-up feed available, Aquila – along with hundreds of Cass #7 customers will experience water shortages and outages with certainty.

**Cass #7 applauds Aquila in helping with our System Improvements and Fire Protection Enhancements that will benefit all of our Customers in various ways – and as stated, without any hesitation will allow Aquila - along with several hundred customers, to have an available water supply with less interruptions, and will support fire flows and protection in that endeavor.**

# PUBLIC WATER SUPPLY DISTRICT #7 OF CASS COUNTY, MO



106 E. MAIN ♦ P.O. BOX 345 ♦ FREEMAN, MO. 64746  
Phone 816-250-2300 ♦ Fax 816-250-2900

November 2, 2004

Aquila Networks  
Mr. Terry Hedrick, Project Manager  
Aquila S. Harper Peaking Facility  
10700 E. 350 Highway  
P.O. Box 11739  
Kansas City, MO 64138  
(816) 737-7854  
Fax (816) 743-3854

Dear Mr. Hedrick,

We are pleased to have the opportunity to provide water from our Water District #7 system to your proposed project at 24400 S. Harper Road in Peculiar, Missouri. We support the added water sales revenue value, which aids in controlling the escalating cost of water for all of our customers.

Currently we have studied the need for system upgrades to meet your water usage. Aquila's commitment to the 6" loop option to provide Aquila backup water also provides benefit to other customers through enhanced system stability and added additional fire hydrants to the area. Costs for these improvement upgrades would be borne by Aquila.

We support the opportunity Aquila brings to enhance and improve Water District #7's system, residential fire protection and increase water sales revenue; which we see would provide improvements for all of our customers, as well as provide backup contingency for Aquila.

We are pleased that Aquila has selected a development site in Water District #7 and will meet your water usage needs to the best of our capabilities. If you should have any questions, please do not hesitate to contact Water District #7.

Sincerely,

Benny Odom, Board Chairman

Signature

Date

11-08-04

JH

**Quality**  
**On Tap!**  
Our Commitment  Our Profession