

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION
JEFFERSON CITY
March 6, 2001**

CASE NO: WR-2000-68, SR-2000-69

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

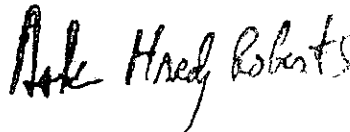
General Counsel
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102

Mr. Jim Kwon, President
Terre Du Lac Utilities Corporation
P. O. Box 191
Bonne Terre, MO 63628

Patricia D. Perkins
Hendren and Andrae
221 Bolivar St., Suite 300
P. O. Box 1069
Jefferson City, MO 65102

Enclosed find certified copy of an ORDER in the above-numbered case(s).

Sincerely,

A handwritten signature in dark ink, appearing to read "Dale Hardy Roberts". The signature is written in a cursive, somewhat stylized script.

**Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge**

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office
in Jefferson City on the 6th
day of March, 2001.

In the Matter of Terre Du Lac Utilities)	<u>Case No. WR-2000-68</u>
Corporation Water Rate Increase Request.)	

In the Matter of Terre Du Lac Utilities)	<u>Case No. SR-2000-69</u>
Corporation Sewer Rate Increase Request.)	

FINAL ORDER AND ORDER CLOSING CASE

On July 26, 1999, Terre Du Lac Utilities Corporation (Company) filed revised tariff sheets pursuant to an agreement between the Company and the Commission's Staff (Staff) for both water and sewer rate increases pursuant to the Commission's Small Company Rate Increase Procedure under 4 CSR 240-2.200.

The Commission issued its Order Approving Tariffs and First and Supplemental Agreements on March 14, 2000. Under the Supplemental Agreement, the tariffs were approved for service rendered on and after April 1, 2000, on an interim basis and these cases were held open to address the matters set out in the Supplemental Agreement. The Supplemental Agreement addressed service, quality and management concerns raised by the public and verified by the Staff and the Office of the Public Counsel (Public Counsel). The Supplemental Agreement required specific actions of the Company and continued monitoring and reporting by each of the parties.

The Staff was directed to file its report on compliance and recommendations related to the Supplemental Agreement no later than September 30, 2000. The Public Counsel was provided an opportunity to file a similar report no later than September 30, 2000. These dates were subsequently extended at the request of the parties.

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Staff filed a report on October 13, 2000. Each of the matters related to the Supplemental Agreement was addressed but not all matters were resolved. The Commission issued its Order Directing Filing on November 21, 2000, to obtain a further resolution of the matters presented. On December 22, 2000, Staff filed its Response to Order Directing Filing. On February 1, 2001, the parties filed a Joint Response to Order Directing Filing and Motion to Close Cases.

The Supplemental Agreement presented items A - K as additional agreed upon actions. Items A - I presented additional undertakings by the Company. Items J and K provided for approving the subject tariffs on an interim basis, compliance reporting for Items A - I, and keeping these cases open to accept the reports and to issue a final order. Staff's October 13, 2000, response and report indicated substantial compliance for Items A, B, F, and G. Items C, D, E, H and I were not resolved. Staff's December 22, 2000, response and report and the Joint Response of the parties filed on February 1, 2001, addressed the remaining items.

Item A

Beginning March 1, 2000, the Company will maintain a record of all customer calls received, including those received via its telephone answering machines, and will ensure that all entries on such records are completed. For service-related calls, the Company will use its "work order" record. For other types of customer calls, such as billing inquiries, the Company will use a record to be developed with the Staff and the OPC.

In its October 13, 2000, report Staff stated that the Company is keeping its records according to this provision. Staff stated that it would continue to monitor the Company's compliance during its routine inspections. Staff stated that no further actions regarding this provision are necessary.

Item B

Beginning March 1, 2000, the Company will complete a "work order" record for all system leaks discovered by Company personnel and/or reported by customers and will attach documentation of leak repairs, such as material lists and work notes, to such records pertaining to repaired leaks.

In its October 13, 2000, report Staff stated that the Company is keeping its records according to this provision. Staff stated that it would continue to monitor the Company's compliance during its routine inspections. Staff stated that no further actions regarding this provision are necessary.

Item C

The Company will continue to cooperate with the Staff in evaluating problems identified in its water system regarding low system pressure and will work with the Staff and the OPC in developing proposed solutions to those problems upon completion of the additional evaluations. As noted in the Staff's January 14 Report, additional evaluations are planned for early to mid summer.

In its October 13, 2000, report Staff states that the Company has cooperated to identify particular areas or locations of concern and that Staff and the Company have conducted pressure tests. In one location the problem was discovered to be with a customer's interior plumbing and not in the Company's system. In two other locations water system pressures fluctuated, but in each case the pressures were considered adequate by Staff and the tests showed system pressures were well above the minimum pressure required by the Department of Natural Resources. The Staff indicated that Staff and the Company should continue to conduct pressure checks in response to customer complaints.

Staff and Company also identified potential system improvements to address this concern. The improvements under consideration provide for

installation of telemetry system controls for the Company's wells and additional equipment at the Company's water storage tank. The costs would range from \$8,950 to \$18,980 depending on the particular improvements implemented.

In its December 22, 2000, report, Staff concluded substantial expenditures for these improvements were not presently warranted but advised that monitoring and case-by-case responses by the Company should continue.

Item D

The Company will continue to evaluate the condition of the sewer collections system in the Lac Carmel area through its own efforts and through cooperative efforts with the Staff. The initial evaluation program and a Company/Staff joint report on the results of that program will be completed by May 31, 2000. Upon completion of the report, a copy of the report will be provided to the OPC. Representatives of the Company, the Staff and the OPC will then work to develop an agreed-upon plan of corrective actions and an acceptable schedule under which the corrective actions will be carried out.

In its October 13, 2000, report Staff stated that the Company had undertaken an evaluation through its own efforts as well as with Staff. Staff stated that the Company had acted to address some problems by purchasing a sewer "rodding machine" which is being used to clear clogged manholes and sewer lines and to clear tree roots from the system. Staff stated that a joint report has not yet been completed.

Staff stated that it would obtain additional information from the Company and report on the issues presented by the Company's sewer collection system. Staff indicated that following the completion of the report a plan of corrective actions based on the report is still needed.

Staff stated in its subsequent report filed on December 22, 2000, that the Company was taking necessary steps to improve the quality and efficiency of its gravity sewer system through its purchase and use of the

mobile sewer cleaner and through plans for a program of selective main replacements and manhole rehabilitation.

In the Joint Response filed on February 1, 2001, the Company agreed that it would not seek any further rate increase without first addressing replacement on a limited basis of collecting sewers presenting the most severe problems, and further agreed that it would obtain bids for manhole rehabilitation and determine, in consultation with Staff and the Public Counsel, the cost/benefit of proceeding with such a program.

Item E

The Company will provide a copy of the results of the forthcoming "total water quality" tests, which are to be conducted by the Department of Natural Resources, of the Company's three wells to the Staff. Subsequent to receipt of those test results, the Staff will forward a copy of the results to the OPC and the Terre Du Lac Property Owners Association (POA). The Staff will then organize a meeting with representatives of the Company, the OPC and the POA to discuss possible corrective actions, if such actions appear warranted.

In its October 13, 2000, report Staff stated that it had not received the Company's "total water quality" report. The Joint Response of Parties filed on February 1, 2001, indicated that the Company provided the Staff with two sets of reports conducted by the Missouri Department of Natural Resources. The reports showed that none of the Company's three wells exceeded maximum contaminant levels and that the test results were in fact significantly under these levels. With respect to secondary standards, the tests showed that two of three wells tested in excess of the recommended standard for iron and were somewhat high for hardness and alkalinity.

The Company agreed in the Joint Response filed on February 1, 2001, to obtain bids to determine the costs of addressing the concerns with the secondary standards, and agreed that it would not seek any further rate

increase without obtaining this information and performing a cost/benefit analysis in consultation with Staff and the Public Counsel.

Item F

Beginning March 1, 2000, the Company will keep time records for all persons that receive compensation from Company funds as employees of the utility company. Such persons include the Company's field operations personnel, the Operations Manager, the Office Manager and the Company's owner.

In its October 13, 2000, report Staff stated that the Company is keeping its records according to this provision. Staff stated that it would continue to monitor the Company's compliance during its routine inspections and would review these records in future rate case audits. Staff recommended that the Company continue to keep these records.

Item G

Beginning March 1, 2000, the Company will keep usage logs for all equipment and vehicles that it shares with its owner's development company, with those usage logs showing separately the amount of time the equipment and/or vehicles were used for utility company business and development company business.

In its October 13, 2000, report Staff reported that on August 14, 2000, the Company advised the Staff that equipment sharing between the Company and the development company was no longer occurring. The Company indicated that it would keep usage logs in the future if equipment were shared. Staff stated that no further actions would be required.

Item H

The Company agrees to implement a policy whereby work pertaining to establishing service to new customers is done on a "first-come, first-served" basis. The Company also agrees to implement a policy whereby emergency utility company work is given priority over all other work in which the Company's employees may be involved. Such policies will be in place and a copy of them will be provided to the Staff and the OPC by May 30, 2000.

In its October 13, 2000, report, Staff reported that the Company had advised Staff that it was following the policies described. However, the Company had not reduced the policies to writing. On November 21, 2000, the Commission ordered the Company to prepare written policies for defining its practices and priorities for responding to service calls and submit them to Staff and Public Counsel no later than November 30, 2000. In its December 22, 2000, report, Staff advised the Commission that the Company complied with this order.

Item I

The Company agrees to conduct a survey of its sewer system to identify structures that now have the collection system available for service, but which are not yet connected to the collection system. The company will complete this survey and provide a report on it to the Staff by May 30, 2000. Subsequent to receipt of that report, the Staff will forward a copy of the report to the OPC and the POA. The Staff will then organize a meeting with representatives of the Company, the OPC and the POA to discuss possible resolution of such situation.

According to Staff's October 13, 2000, report, the Company provided a listing initially identifying 53 homes in the Terre Du Lac development where the sewer collection system was available for service, but which were not yet connected. The Company and the POA (Property Owner's Association) sent letters to these homeowners and as of July 12, 2000, 22 of the 53 homes had connected to the system. The Company and the POA were considering contacting the St. Francois County Health Department regarding the 31 homes that had not yet connected to the system.

The Staff stated that it would obtain an update identifying structures serviceable by the sewer collection system but not connected to the sewer collection system and review the connection issues with the

Company, the Public Counsel and the local owners association to determine if any further actions are needed in regard to this situation.

In its December 22, 2000, report Staff fixed responsibilities for connection issues and enforcement with the Company, the POA and the local county health departments, collectively. The parties did not address this issue any further in the Joint Response filed on February 1, 2001.

**No Further Action Required for Final Disposition
of Small Company Rate Increase Cases**

The Supplemental Agreement was entered into between the Company, the Staff and the Public Counsel to address concerns regarding the management and operations of the Company that were brought to the Commission's attention by the public during the consideration of the Company's rate increase requests. The parties presented a plan to address the concerns presented by the public in their Supplemental Agreement. The Commission approved the agreements presented by the parties and approved the agreed-upon rate increases on an "interim" basis as agreed by the parties. *See Order Approving Tariffs and First and Supplemental Agreements*, Case Nos. WR-2000-68 and SR-2000-69, March 14, 2000.

The reports and responses filed by Staff and the Joint Response filed by the Staff, Company and the Office of the Public Counsel, demonstrate substantial and ongoing compliance by the Company with the terms of the Supplemental Agreement. No further action is required in these cases, and the rate increases approved on an interim basis can now be made final and these cases closed.

IT IS THEREFORE ORDERED:

1. That the substitute tariff sheets set out below and approved for service rendered on and after April 1, 2000, on an interim basis pending the Commission's final order in this case, are finally approved.

P.S.C. MO. No. 1 (Water Service)

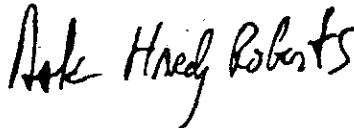
4th Revised Sheet No. 8, Canceling 3rd Revised Sheet No. 8
Original Sheet No. 8A

P.S.C. MO. No. 1 (Sewer Service)

5th Revised Sheet No. 9, Canceling 4th Revised Sheet No. 9
2nd Revised Sheet No. 9A, Canceling 1st Revised Sheet No. 9A

2. That this order shall become effective on March 16, 2001.
3. That these cases may be closed on March 17, 2001.

BY THE COMMISSION



Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

(S E A L)

Lumpe, Ch., Drainer, Murray,
Schemenauer, and Simmons, CC., concur.

Thornburg, Regulatory Law Judge

ALJ/Sec'y:

Thermonburg Pope

2-27
Date Circulated

WR-2000-68
CASE NOS. and
SR-2000-69

LT
Lumpke, Chair

ndd
Drauer, Vice Chair

CM
Murray, Commissioner

KS
Schemenauer, Commissioner

KS
Simmons, Commissioner

3-6
Agenda Date

Action taken:

5-0 AS

Must Vote Not Later Than

STATE OF MISSOURI

OFFICE OF THE PUBLIC SERVICE COMMISSION

I have compared the preceding copy with the original on file in this office and

I do hereby certify the same to be a true copy therefrom and the whole thereof.

WITNESS my hand and seal of the Public Service Commission, at Jefferson City,

Missouri, this 6th day of March 2001.

Dale Hardy Roberts

Dale Hardy Roberts

Secretary/Chief Regulatory Law Judge

