

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 October, 1993.

In the matter of the application of Shell )  
Knob Estates Utilities, Inc. for permission, )  
approval, and a certificate of convenience )  
and necessity authorizing it to construct, ) Case No. WA-93-190  
install, own, operate, control, manage and )  
maintain a water and sewer system for the )  
public in Barry County, Missouri. )

ORDER GRANTING CERTIFICATE

On December 14, 1992, Shell Knob Estates Utilities, Inc. (Shell Knob or Applicant) filed an Application for permission, approval and a Certificate of Convenience and Necessity authorizing it to construct, install, own, operate, control, manage and maintain a water and sewer system for the public in Barry County, Missouri. On January 8, 1993, the Commission issued its Order and Notice establishing an intervention date of February 8, 1993. Pursuant to an inquiry from the Commission, the Applicant submitted a correction to the Application regarding the township and range designation as set out in the Application. This correction was received by the Commission on December 28, 1992.

There were no applications for intervention nor have there been any requests for hearing filed in this case. Since no proper party filed an application to intervene and there are no outstanding requests for hearing, the Commission determines that an oral hearing is not necessary and the Applicant may submit evidence in support of its Application by verified statement. *State ex rel. Rex Deffenderfer Enterprises, Inc. v. Public Service Commission*, 776 S.W.2d 494, 496 (Mo. App. 1989). On June 3, 1993, the Commission issued its Order Directing Staff Investigation and Report wherein it ordered the Staff to file its Memorandum setting out its position on this case not later than July 6, 1993. On July 6, 1993, the Staff filed its Memorandum(a) which included separate

reports as submitted by the Commission Utility Services Division, the Commission Accounting Department, the Commission Financial Analysis Department and the Commission Water and Sewer Department. These memoranda included the details of the review and the analysis conducted. Based upon the review of the Application following this proceeding the overall joint recommendation of the Staff was the recommendation that the Commission approve the Application of Shell Knob Estates Utilities, Inc. subject to several requirements.

These requirements were as follows:

1. Shell Knob Estates Utilities, Inc. shall submit for Commission approval separate tariffs (one for its water and one for its sewer operations) containing a complete set of rates, rules and regulations within ten (10) days of the issue date of the Commission order;
2. A certificate of convenience and necessity to Shell Knob Estates Utilities, Inc. shall be granted and become effective upon the effective date of the tariff to be filed in accordance with Recommendation No. 1 above;
3. The Commission's Staff shall review the rates within eighteen (18) months of the effective date of the Commission's order to determine whether or not the rates are reasonable based upon the operational data from this new company;
4. Shell Knob Estates Utilities, Inc. shall keep its books and records according to the Uniform System of Accounts as is required by Commission regulations;
5. The Commission shall approve the depreciation rates as shown on Attachments No. 1 and No. 2 of the Water and Sewer Departments' recommendation. These proposed depreciation rates are identical

to those commonly recommended for small water and sewer companies;

6. The Commission shall approve the rates and charges as shown on Pages 2 and 3 of the Water and Sewer Departments' recommendation;
7. The Commission shall approve the gross revenue requirements as indicated in the Accounting Department's recommendation;
8. Shell Knob Estates Utilities, Inc. shall make application to the Department of Natural Resources to transfer operating permits from White River Development to Shell Knob Estates Utilities, Inc., and
9. The approval herein does not constitute any determination of the ratemaking treatment to be accorded the transactions that will occur as a result of the approval of the Application.

The depreciation rates shown on Attachments No. 1 and No. 2 of the Water and Sewer Department of the Public Service Commission are attached hereto and incorporated herein. Pages 2 and 3 of the Water Department's recommendation are also attached hereto and incorporated herein.

The Commission has reviewed the recommendation of the Staff and the facts herein and having done so finds that the Application is in the public interest and therefore a certificate of convenience and necessity shall be granted subject to the conditions numbered 1-9, listed above. Utilities which serve the public for gain are required to be regulated by Missouri statute and the Commission finds the Applicant herein to be such a utility. The Commission finds that service by a regulated utility is in the public interest inasmuch as the rates, company regulations and quality of service are subject to review and regulation by the Missouri Public Service Commission. The Commission also finds that the Applicant has complied with 4 CSR 240-13.2.060 and all other filing requirements herein.

**IT IS THEREFORE ORDERED:**

1. That Shell Knob Estates Utilities, Inc. is granted a certificate of convenience and necessity authorizing it to construct, install, own, operate and maintain a water and sewer system for the public in Barry County, Missouri.

2. That a certificate of convenience and necessity shall not become effective until the approval of the tariffs to be filed by Shell Knob Estates Utilities, Inc.

3. That Shell Knob Estates Utilities, Inc. shall file for Commission approval separate tariffs, one for its water and one for its sewer operations, containing a complete set of rates, rules and regulations within ten (10) days of the issue date of the Commission's order.

4. That the Certificate of Convenience and Necessity ordered herein shall also meet the nine (9) numbered paragraphs as the terms and conditions which are set out herein.

5. That Shell Knob Estates Utilities, Inc. shall hereby be authorized to serve the public in Barry County, Missouri, in an area which bears the legal description as follows:

Beginning at the Northwest corner of Lot 1 in Shell Knob Estates, a subdivision according to the Amended Plat thereof, thence South along the East right-of-way of Knob Hill Road to the point of intersection with the North right-of-way of Missouri State Highway No. 39, thence Southeasterly along said right-of-way to the East boundary of the Southwest Quarter of the Northeast Quarter of Section Twenty-three, Range Twenty-five, Township Twenty-two, thence North along said boundary to a point of intersection with Government Take Line for Table Rock Reservoir, thence West and as it extends along said Take Line to the Northeast corner of Lot 47 in Shell Knob Estates, a subdivision according to the Amended Plat thereof, thence West to the point of beginning, all being in Barry County, Missouri.

6. That this order shall become effective on October 19, 1993.

BY THE COMMISSION

A handwritten signature in cursive script that reads "David L. Rauch".

David L. Rauch  
Executive Secretary

(S E A L)

Mueller, Chm., McClure, Perkins,  
Kincheloe and Crumpton, CC., Concur.

# Recommended Depreciation Rates for Shell Knob Estates Utilities, Inc.

## PSC Water and Sewer Department

Case No. WA-93-190

### WATER

<u>Acct. No.</u>	<u>Description of Account</u>	<u>Annual Rate</u> <u>Percent</u>
311	Structures & Improvements	2.5
314	Wells & Springs	2.0
316	Supply Mains	2.0
317	Other Water Source Plant	2.0
321	Structures & Improvements	2.5
325	Electric Pumping Equipment (20 yr, -5% salv)	5.3
326	Diesel Pumping Equipment (35 yr, +5% salv)	2.7
327	Hydraulic Pumping Equipment	2.5
328	Other Pumping Equipment	5.0
341	Structures & Improvements	2.5
342	Distribution Reservoirs & Standpipes	2.5
343	Transmission & Distribution Mains	2.0
344	Fire Mains	2.0
345	Services	2.9
346	Meters - Bronze (35 yr, +5% salv)	2.7
347	Meters - Plastic	10.0
348	Hydrants	2.5
349	Other Transmission & Distribution Plant	3.3
393	Stores Equipment	4.0
394	Tools, Shop, Garage Equipment	5.0
395	Laboratory Equipment	5.0
396	Power Operated Equipment	6.7
398	Miscellaneous Equipment	5.0

# Recommended Depreciation Rates for Shell Knob Estates Utilities, Inc.

PSC Water and Sewer Department

Case No. WA-93-190

## SEWER

<u>Acct. No.</u>	<u>Description of Account</u>	<u>Annual Rate</u> <u>Percent</u>
311	Structures & Improvements	3.0
352.1	Collection Sewers (Force)	2.0
352.2	Collection Sewers (Gravity)	2.0
353	Other Collection Plant	4.0
354	Services to Customers	2.0
355	Flow Measurement Devices	3.3
362	Receiving Wells & Pump Pits	5.0
363	Pumping Equipment	6.7
372	Oxidation Lagoons	4.0
373	Treatment & Disposal Facilities	4.5
374	Plant Sewers	4.5
375	Outfall Sewers	2.0
376	Other Treatment & Disposal Plant	5.0
393	Other General Equipment	10.0

### Water Metered Rate

\$4.75 minimum charge which includes first 2,000 gallons\* water usage and \$1.36 per 1,000 gallons in excess of 2,000 gallons of water usage per month.

\* minimum bill is comprised of customer charge of \$2.03 and commodity charge of \$1.36 per 1,000 gallons for 2,000 gallons

Sewer Flat Rate           \$ 10.39 per month.

The service area map and legal description was reviewed and found to be correct. The service area for water service is the same as that for sewer service.

As a result of the investigation by the Accounting Department Staff and the Water and Sewer Department Staff, the following recommendations are offered:

1. that the Company be ordered to make application to the Department of Natural Resources (DNR) to transfer operating permits from White River Development to Shell Knob Estates Utilities, Inc.,
2. that Company shall file a complete set of rates and rules (tariff) within ten (10) days of the issue date of the Commission's order,
3. that a Certificate of Convenience and Necessity to Shell Knob Utilities, Inc. be granted and become effective upon the effective date of the tariff to be filed in accordance with recommendation #2 above,
4. that the Commission's Staff shall review the rates within eighteen (18) months of the effective date of the Commission's Order to determine whether or not the rates are reasonable based on the operational data from this new company,
5. that Shell Knob Estates Utilities, Inc. keep its books and records according to the Uniform System of Accounts as is required by Commission regulations,
6. that the Commission approve the depreciation rates as shown on Attachments #1 and #2 (these proposed depreciation rates are identical to those commonly recommended for small water and sewer companies),
7. that the Commission approve the following rates:



Water Rates

\$ 4.75 monthly minimum charge which includes the first  
2,000 gallons per month

Sewer Rate

Flat Rate of \$10.39 per month

**Attachments**

Copies: Sam Goldammer  
Jay Moore  
Mark Oligschlaeger  
David Winter  
Bill Haas