

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a Session of the Public Service
Commission held at its office
in Jefferson City on the 22nd
day of March, 1996.

In the matter of the Application of)
Taneycomo Highlands, Inc. for a)
certificate of convenience and)
necessity authorizing it to construct,)
install, operate and maintain a sewer) Case No. SA-96-40
system and to supply and render sewer)
service to the public located in and)
around an unincorporated area in)
Taney County, Missouri.)

ORDER GRANTING CERTIFICATE OF CONVENIENCE AND NECESSITY

On August 7, 1995, Taneycomo Highlands Inc. (Taneycomo Highlands) filed an application with the Commission for a certificate of convenience and necessity to build, construct, operate and maintain a sewer system and related facilities, including the acquisition of rights of way and other land, in an unincorporated area of Taney County, Missouri, known as Taneycomo Highlands #1.

Together with its application, Taneycomo Highlands also filed a metes and bounds description and plat maps of the proposed service area. In addition, the applicant filed a feasibility study for the operation of the service and states that it has obtained the necessary permission from the Taney County Regional Sewer District for the proposed franchise.

On February 23, 1996, the Staff of the Commission (Staff) filed its recommendation. Notice was issued by the Commission allowing appropriate

time to respond to the Staff recommendation, and no adverse responses were forthcoming.

In its recommendation, the Staff stated that the area proposed for the service, currently in the boundary of the Taney County Regional Sewer District, is being rapidly developed as a recreational vehicle park. After review and investigation, the Staff proposed a flat monthly rate of \$18.14 per customer, some \$4 lower than the original rate proposed by Taneycomo Highlands. In addition, the Staff proposed the following:

- inclusion of the cost of the first phase of the treatment facilities (\$32,000) in rate base - depending upon the success of the overall development, the Company anticipates a need to construct additional treatment facilities in about two years at a cost similar to the first phase;
- exclusion of the cost of the collection facilities (\$42,100) from rate base - the Staff is treating these facilities as contributions-in-aid-of-construction provided by the developer.
- a depreciation rate of 4.5% for the treatment facilities - Attachment A is a complete schedule of recommended depreciation rates for the Company;
- a capital structure consisting of 100% equity and a return on equity of 10%; and
- inclusion of projected operation and maintenance expenses related to: utilities, part-time payroll, sludge removal, accounting services, vehicle usage, a plant operator, liability insurance, Commission assessments, postage, telephone service and office supplies.

Taneycomo Highlands agreed to the Staff's rate proposal by letter from its attorney.

The Staff made the following recommendations, based on its review:

- That the Commission approve the Company's Application and thus grant the requested certificate of public convenience and necessity, with the certificate to become effective on the effective date of the tariff the Company will be filing;
- That the Commission order the Company to file a complete tariff for sewer service within thirty days of the date of the order approving the Application, with the tariff having a 30-day effective date;
- That the Commission approve the rates for sewer service described herein, with a review of the rates to be scheduled within eighteen months of the effective date of the certificate;
- That the Commission approve the depreciation accrual rates set out on Attachment A; and
- That the Commission order the Company to keep its books and records according to the *Uniform System of Accounts for Class C and D Sewer Utilities*, along with appropriate documentation of its various expenditures, both as discussed herein.

After appropriate notice, no response was made by Taneycomo Highlands. As set out in the notice, this indicates agreement with the above recommendations.

After review of the application, accompanying documents, and the Staff recommendation, the Commission finds that, as a result of the predicted rapid growth in the proposed service area, the issuance of the

requested certificate of convenience and necessity for sewer service is in the public interest. In addition, the Commission finds the rates, as proposed by the Staff, to be reasonable. The Commission will order Taneycomo Highlands to file appropriate tariffs in accordance with the Staff rate proposal and the remainder of the Staff recommendations as set out above prior to commencing operation.

IT IS THEREFORE ORDERED:

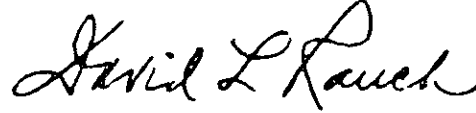
1. That Taneycomo Highlands, Inc. is hereby granted a certificate of convenience and necessity to build, construct, operate, and maintain a sewer service for the public within an unincorporated area of Taney County, Missouri, known as Taneycomo Highlands #1, and to acquire rights of way and other land for that purpose as appropriate.

2. That Taneycomo Highlands, Inc. shall file in this docket a complete set of rates, rules, service area description, and other necessary tariffs, including tariffs incorporating the recommendations of the Staff of the Commission as set out in this order and Attachment A hereto, prior to commencing operations.

3. That the Staff of the Commission shall review all filed tariffs within 18 months of the effective date of this order to determine whether the rates for service remain reasonable.

4. That this order shall become effective on April 2, 1996.

BY THE COMMISSION



**David L. Rauch
Executive Secretary**

(S E A L)

Zobrist, Chm., McClure, Kincheloe,
Crumpton, and Drainer, CC., Concur.

TANEYCOMO HIGHLANDS, INC.
SEWER
DEPRECIATION RATES
CASE NO. SA-96-40

<u>Acct. No.</u>	<u>Description of Account</u>	<u>Annual Rate</u> <u>Percent</u>
311	Structures & Improvements	3.0%
352.2	Collection Sewers (Gravity)	2.0%
362	Receiving Wells & Pump Pits	5.0%
363	Pumping Equipment	10.0%
373	Treatment & Disposal Facilities	4.5%
374	Plant Sewers	4.5%
375	Outfall Sewers	2.0%
391	Office Furniture & Equipment	5.0%
392	Transportation Equipment	13.0%
393	Other General Equipment	10.0%
394	Tools, Shop, Garage Equipment	5.0%
395	Laboratory Equipment	5.0%
396	Power Operated Equipment	6.7%
397	Communication Equipment	6.7%
398	Miscellaneous Equipment	5.0%