

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

CASE NO. WA-88-15

In the matter of the application of Rocky Ridge Ranch Utilities Company for permission, approval, and a certificate of convenience and necessity authorizing it to construct, own, operate, control, manage and maintain a water system for the public, located in the Village of Rocky Ridge in Ste. Genevieve County, Missouri.

APPEARANCES: Gary W. Duffy, Attorney at Law, Hawkins, Brydon & Swearengen, P.C., P. O. Box 456, Jefferson City, Missouri 65102, for Rocky Ridge Ranch Utilities Company.

Thomas M. Utterback, Attorney at Law, Kimme, Lamke, O'Connor and Utterback, P. O. Box 128, Washington, Missouri 63090, for Rocky Ridge Ranch Property Owners Association.

Douglas M. Brooks, Public Counsel, and Carol L. Bjelland, Assistant Public Counsel, P. O. Box 7800, Jefferson City, Missouri 65102, for the Office of the Public Counsel and the Public.

Thomas M. Byrne, Assistant General Counsel, P. O. Box 360, Jefferson City, Missouri 65102, for the Staff of the Missouri Public Service Commission.

REPORT AND ORDER

On August 4, 1987, Applicant, Rocky Ridge Ranch Utilities Company, filed an application with the Commission seeking a certificate of public convenience and necessity to provide water service to the public in the village of Rocky Ridge in Ste. Genevieve County, Missouri. By orders of the Commission the matter was set for prehearing conference and for hearing. A timely application to intervene was filed on behalf of Rocky Ridge Ranch Property Owners Association.

At the convening of the hearing on October 21, 1987, a Stipulation was presented which was executed by all parties in proposed disposition of all issues herein.

Findings of Fact

The Missouri Public Service Commission, having considered all of the competent and substantial evidence upon the whole record, makes the following findings of fact:

A Stipulation and Agreement was presented to the Commission on October 21, 1987. The Stipulation and Agreement which delineates the matters of agreement between the signatory parties with respect to disposition of this matter, is attached hereto as Appendix A and is incorporated herein by reference.

In amplification of the Stipulation and Agreement statements of counsel, as well as evidence adduced on behalf of the Property Owners Association, established the fact that acceptance of the Stipulation and Agreement as proposed would resolve all outstanding issues of the complaint of Rocky Ridge Ranch Property Owners Association pending before the Commission in Case No. WC-87-76. Accordingly, the Commission finds that it is proper to dismiss the pending complaint simultaneously with approval of the Stipulation and Agreement in this matter.

Conclusions

The Missouri Public Service Commission has arrived at the following conclusions:

Rocky Ridge Ranch Utilities Company proposes to be a public utility subject to the jurisdiction of this Commission pursuant to Chapters 386 and 393, RSMo 1986.

The Commission may accept a stipulated settlement on any or all contested matters submitted by the parties. Since the Commission determines that the matters of agreement between the parties in this matter are reasonable and proper the Stipulation should be accepted.

In the instant case the Stipulation and Agreement embraces matters of doubtful jurisdiction by this Commission. Since the parties have expressed the intention that matters of agreement in the Stipulation which may be beyond the jurisdiction of the Commission are for the purposes of being a binding agreement between the parties for subsequent unrelated actions, the Commission is of the opinion that it is proper to approve the Stipulation as presented.

It is, therefore,

ORDERED: 1. That the Stipulation and Agreement entered into between the parties to this matter, identified as Exhibit 1, attached hereto as Appendix A, is hereby accepted and adopted in disposition of all matters in this case.

ORDERED: 2. That for the purpose of implementing the Stipulation and Agreement entered into in this proceeding Rocky Ridge Ranch Utilities Company, Route 3, Box 1, Ste Genevieve, Missouri 63670, is hereby granted a certificate of convenience and necessity authorizing it to construct, own, operate, control, manage, and maintain a water system for the public, for gain, subject to the jurisdiction of this Commission, within the area described in Appendix B attached hereto.

ORDERED: 3. That for purposes of implementing the Stipulation and Agreement Rocky Ridge Ranch Utilities Company is hereby directed to file, for Commission approval, tariffs including rates, rules for service, and a service area description and map covering the service to be provided as a result of this Report and Order.

ORDERED: 4. That the tariffs to be filed with the Commission for Commission approval pursuant to this Report and Order shall be filed on or before December 1, 1987, and may be effective for service rendered on and after January 1, 1988.

ORDERED: 5. That the attachments to the application filed in this matter and the feasibility study prepared for Rocky Ridge Ranch Utilities Company by Hudwalker and Associates are hereby received in evidence.

ORDERED: 6. That this Report and Order shall become effective on 6th day
of November, 1987.

BY THE COMMISSION

Harvey G. Hubbs

Harvey G. Hubbs
Secretary

(S E A L)

Steinmeier, Chm., Musgrave, Mueller,
and Fischer, CC., Concur.
Hendren, C., Absent.

Dated at Jefferson City, Missouri,
this 27th day of October, 1987.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the matter of the application of)
Rocky Ridge Ranch Utilities Company)
for permission, approval, and a)
certificate of convenience and)
necessity authorizing it to)
construct, own, operate, control,)
manage and maintain a water system)
for the public, located in the)
Village of Rocky Ridge in Ste.)
Genevieve County, Missouri.)

Case No. WA-88-15

STIPULATION AND AGREEMENT

Pursuant to Order of the Missouri Public Service Commission ("the Commission") issued September 22, 1987, representatives of the Staff of the Public Service Commission ("the Staff"), the Office of the Public Counsel ("Public Counsel"), Rocky Ridge Ranch Utilities Company ("the Company"), and the Rocky Ridge Ranch Property Owners Association ("the POA") conducted a prehearing conference in the offices of the Commission on October 15, 1987. As a result of extensive discussion and negotiation at the prehearing conference, all of the undersigned parties have reached an agreement on issues presented by this proceeding and by this Stipulation and Agreement seek to resolve those issues and this proceeding. The undersigned parties therefore stipulate and agree as follows:

1. That the Commission shall issue a Report and Order granting a certificate of public convenience and necessity to Rocky Ridge Ranch Utilities Company in accordance with its application filed herein on August 4, 1987; that said Order shall authorize the filing of tariffs by the Company for the

provision of water service under the jurisdiction of the Commission effective January 1, 1988, for service rendered on and after January 1, 1988, in accordance with the terms of this Stipulation and Agreement. In order to monitor revenues and expenses under regulated conditions for a test period of twelve months, the rate provisions in these tariffs shall bear an expiration date of July 1, 1989, subject to the following conditions. The July 1, 1989, expiration date for rate provisions necessarily assumes: (1) that the Staff shall conduct and complete an audit of the Company's books and records and provide Company with the results thereof, including workpapers showing amounts and underlying assumptions for all components thereof, prior to March 15, 1989; and (2) that subsequent to such audit, an agreement is reached between all involved parties for rates to replace those expiring on July 1, 1989. The March 15 deadline assumes that the Company's books and records are closed and ready for inspection by the Staff by February 1, 1989. For each day after February 1, 1989, that they are not so available, the March 15 deadline shall be extended by one day. If these conditions have not been met by July 1, 1989, the rates established by this Stipulation and Agreement shall continue in effect until otherwise ordered by the Commission, after opportunity for a full evidentiary hearing and briefs.

2. That the tariffs to be filed by the Company shall comply with the rules and regulations of the Commission and shall provide for the following rates and related charges for water

service, exclusive of gross receipts or sales taxes:

A. Charges for Metered/Unmetered Water Service:

Residential Customers:

Residential customer with meter: a customer charge of \$6.18 per month (which includes 2,000 gallons of usage), plus a commodity charge of \$1.95 per 1,000 gallons metered above 2,000 gallons, plus surcharges.

Weekend* residential customer without meter: a flat rate of \$6.18 per month for all gallons delivered, plus surcharges.

Permanent* residential customer without meter: a flat rate of \$13.98 per month for all gallons delivered, plus surcharges.

*The distinction between weekend and permanent customers shall be set forth in the tariff.

Commercial Customers:

Condominiums and rental cabins for seasonal occupancy operated by Areaco Investment Company (or its successors or assigns):

without meters: a flat rate of \$10.08 per month per unit for all gallons delivered. This charge only applies six months per year. During the remaining six months, there is no charge.

with meters: a customer charge of \$2.28 per unit per month, plus a commodity charge of \$1.95 per 1,000 gallons metered.

For the lodge operated by Areaco Investment Company (or its successors or assigns):

without meter: a flat rate of \$121.17 per month for all gallons used.

with meter: a customer charge of \$2.28 per month, plus a commodity charge of \$1.95 per 1,000 gallons metered.

For the pool operated by Areaco Investment Company (or its successors or assigns):

without meter: a flat rate of \$29.00 per month for the months of June, July, August and September for all gallons used. There is no charge during any other months.

with meter: a customer charge of \$2.28 per month per meter, plus a commodity charge of \$1.95 per 1,000 gallons metered.

For the lower campground:

without meter: a flat rate \$332.17 per month for all gallons used. This charge only applies six months per year. During the remaining six months, there is no charge.

with meter: a customer charge of \$2.28 per month per meter, plus a commodity charge of \$1.95 per 1,000 gallons metered.

For the upper campground:

without meter: a flat rate of \$86.33 per month. This charge only applies six months per year. During the remaining six months, there is no charge.

with meter: a customer charge of \$2.28 per month per meter, plus a commodity charge of \$1.95 per 1,000 gallons metered.

For the dump station:

without meter: a flat rate of \$45.50 per month. This rate only applies six months per year. During the remaining six months, there is no charge.

with meter: a customer charge of \$2.28 per month per meter, plus a commodity charge of \$1.95 per 1,000 gallons metered.

B. Temporary Surcharges

(i). Well Surcharge: The tariffs shall provide for a temporary surcharge to all residential customers, metered or unmetered, in the amount of \$1.37 per month, to be identified on bills as "temporary well surcharge."

The Company shall immediately commence the necessary design, engineering and construction work required to construct an additional well and pressure tank and necessary appurtenances with an expected completion and "in service"

date of March 31, 1988, weather and product availability permitting. The Company shall notify the Staff when the well and pressure tank are placed into service and the Staff shall verify same as soon as possible. When verified that the same is in service, the Company shall be authorized to begin billing for and collecting the "well surcharge" and it is contemplated by the parties that this surcharge will be in effect for approximately a five year period.

Revenues generated by this surcharge shall be separately accounted for by the Company on its books and records. Expenses incurred by the Company in the design, engineering, and construction of an additional well and pressure tank and accompanying piping and appurtenances shall also be separately accounted for on the books and records of the Company. When all invoices for design, engineering, and construction of the well, pressure tank and necessary appurtenances (hereinafter "the facility") are compiled (i.e. total costs), a copy shall be provided to the Staff which, within a reasonable time, shall verify and notify the Company of what Staff considers the reasonable and prudent total cost thereof to be. If there is a dispute as to that amount, Company shall have the right to have the matter determined by the Commission in a hearing, and for judicial review thereof.

Areaco Investment Company (its successors or assigns), as a customer of the Company, shall be responsible for

paying for one half of the agreed to (or finally adjudicated if no agreement is reached) reasonable and prudent total cost of the facility. The temporary well surcharge shall continue in effect until the remaining one half of the agreed to (or finally adjudicated if no agreement is reached) reasonable and prudent costs of the facility have been recovered in revenues by means of such surcharge. The term "reasonable and prudent costs" shall include interest and any net income tax generated as a result of revenues produced by this temporary surcharge. Notwithstanding these provisions, title to the facility shall be in the Company.

(ii). **Meter Surcharge:** The tariffs shall provide for a temporary surcharge to all residential customers, metered or unmetered, in the amount of \$2.27 per month, to be identified on bills as "temporary meter surcharge." This temporary surcharge shall commence for service rendered on and after January 1, 1988, to residential customers, and is contemplated to continue until approximately January 1, 1993.

Revenues generated by this temporary surcharge shall be separately accounted for by the Company on its books and records, along with expenses related to procuring and installing meters for the residential customers. When all invoices and company records reflecting expenses for procuring and installing meters for the residential

customers are compiled (i.e. total costs), a copy shall be provided to the Staff which, within a reasonable time, shall verify and notify the Company of what Staff considers to be the reasonable and prudent total cost thereof. If there is a dispute as to that amount, Company shall have the right to have the matter determined by the Commission in an evidentiary hearing, and judicial review thereof.

The temporary meter surcharge shall continue in effect until all of the agreed to (or finally adjudicated if no agreement is reached) reasonable and prudent costs of the Company incurred in procuring and installing meters for customers existing as of January 8, 1988, have been recovered in revenues by means of such surcharge and the meter installation fees set out below. The term "reasonable and prudent costs" shall include interest and any net income tax generated as a result of revenues produced by this temporary surcharge. Notwithstanding these provisions, title to the meters shall be and remain in the Company.

C. Meter Installation Fee

All residential customers now without meters, and those becoming customers on or before January 8, 1988, shall pay a meter installation fee of \$95.00, which charge shall be set forth in the tariff. Such charge shall be added to the customer's bill covering the billing period during which the meter is installed. Nonpayment of the meter installation fee twenty one days after it is billed shall make the

customer's service subject to termination with prior notice as provided in 4 CSR 240-13.050(3),(4) and (5). The derivation of the \$95.00 installation charge is directly tied to the temporary meter surcharge and is based upon the installation of an assumed 214 meters at an assumed average installation cost of \$250 for materials and labor. (The actual number of meters installed and costs thereof will vary from this estimate.) It also assumes (but does not require) that the Company will borrow the full cost of installing all of such meters commencing January 1, 1988, at an assumed annual interest rate of 12% and repay such loan in equal monthly installments over a five year period. The temporary meter surcharge, in conjunction with the meter installation fee of \$95.00, is designed to recover the Company's actual costs for meters and installation and is expected to continue until approximately January 1, 1993.

The \$95.00 meter installation fee applies only to customers receiving service at residences existing at Rocky Ridge Ranch on January 8, 1988. Any other person requesting a meter shall pay the full actual cost of installing a water meter and service connection at the time he is connected to the water system. Consequently, the temporary meter surcharge shall not be added to the bill of any customer who has paid the full cost of his meter installation.

3. **Installation of Water Meters.** The parties agree that

it is prudent to install meters for all presently unmetered customers receiving service. Company, before installing such meters, shall notify the Staff of the anticipated location of meters and a location for each meter shall be agreed to between Staff and Company before installation.

A. A water meter for each of the following existing facilities shall be installed as soon as reasonably possible: the lodge, the administration building, the water office building, the lunch room, the welcome center, the maintenance shed, and the bait shop. A meter shall be installed on the lodge first, and the remainder of such meters shall be installed by December 31, 1987, weather and availability of supplies permitting. Areaco Investment Company shall pay for these meters and the installation thereof, and donate same to the Company, and title to these meters shall be in the Company.

B. A water meter for each of the following existing facilities shall be installed by May 1, 1988, weather and availability of supplies permitting: upper and lower campgrounds, condominium buildings, cabins, pool and bathhouse, dump station. Areaco Investment Company shall pay for these meters and the installation thereof, and donate same to the Company, and title to these meters shall be in the Company.

C. The Company shall install or cause to be installed a water meter for each residential customer existing as of January 8, 1988, who does not then have a meter (between approximately 214 and 238 in number), in addition to any

remaining facilities owned by Areaco Investment Company not identified in paragraphs A. and B. above. This installation shall be accomplished by April 1, 1989, weather and availability of supplies permitting. Areaco Investment Company shall pay for the meters on its facilities, and donate same to the Company. Title to these meters shall be in the Company.

4. Bills for Water Service Rendered During 1987. Bills issued to customers for water service rendered during October, November and December, 1987, shall be in the amount of \$20.00 per month, and the POA agrees to instruct its members to pay same promptly. Service rendered on and after January 1, 1988, shall be pursuant to filed and approved tariffs incorporating charges set forth in this document.

5. Coincident with the approval of this Stipulation and Agreement by the Commission, the POA agrees that it will remove any pickets it sponsors, maintains or encourages at Rocky Ridge Ranch, and that its board of directors will, within ten days of the date of approval of this Stipulation and Agreement, adopt a resolution which urges its members not to picket Rocky Ridge Ranch with regard to the rates or charges for water service, or conditions of water service, which may now exist or may have in the past existed.

6. The application filed by Company along with its attachments, and the feasibility study prepared for Rocky Ridge Ranch Utilities Company by Hudwalker and Associates, shall be received in evidence in this proceeding without the necessity of

any witness for the Company taking the stand. All other parties waive cross examination of Company witnesses. The hearings presently scheduled for October 21 and 22, 1987, for the purposes of hearing evidence and cross examination of witnesses on the application of Company shall not be held, but rather the parties may formally present this Stipulation and Agreement to the Commission on either of such dates. No party shall be required to present sworn testimony or undergo cross examination at such proceeding.

7. Books and Records: The Company agrees to maintain its books and records in accordance with the Uniform System of Accounts for Class C Water Utilities as published by the National Association of Regulatory Utility Commissioners. In addition, the Company agrees to establish and maintain the following documents: maintenance work orders, construction work orders, vehicle logs, equipment (backhoe) log, and employee time sheets. Establishment of these forms shall commence concomitant with the Staff providing suggested forms and on-site instruction in the implementation thereof. All such documents shall describe the work performed, location, parts and materials used to complete the job, and cost information as applicable. The Company shall also establish, at the same time, customer complaint/service call forms (in similar form to that attached as Appendix A) showing time of receipt, work done, and time cleared; along with meter logs showing the history of usage for each meter, by identification number, and telephone logs which document each

long-distance call made by the Company.

8. In the event that the Company's assets used in providing water service are subjected to eminent domain, the parties agree as follows: A motion in limine shall be presented to the trial court regarding the admissibility of evidence concerning the fact that residential customers, through the temporary well surcharge and the temporary meter surcharge agreed to herein, have provided funds for such assets. If the court rules on the motion such that the condemning authority is not allowed to present evidence that the ratepayers supplied funds for a portion of the well and meters, and such evidence is not otherwise admitted, then the Company agrees that the total amount actually paid by the residential ratepayers through the temporary well and meter surcharges shall be credited or set-off against the finally adjudicated award of damages. However, if evidence is admitted showing that ratepayers supplied funds for the well and meters, the Company shall be under no obligation to make the set-off or credit mentioned above. By agreeing to this specific provision, the Company does not waive any rights or defenses it may be able to assert in any eminent domain proceeding; neither does it concede that its property may lawfully be acquired by eminent domain.

9. This Stipulation and Agreement is a negotiated settlement and the parties to this Stipulation and Agreement shall not be deemed to have approved or acquiesced to any ratemaking principle, valuation method, cost of service method,


or rate design proposal; and any number used in this Stipulation and Agreement or in the rates and tariffs provided for by this Stipulation and Agreement shall not prejudice, bind or affect any party hereto, except to the extent necessary to give effect to the terms of this Stipulation and Agreement. It is the position of the POA that the granting of the certificate to Company has no meaning or relevance beyond this proceeding, and specifically, that the granting of such certificate shall not be considered to be an admission of any type, or to be inconsistent with any position taken by the POA in any other proceeding or matter of litigation with Areaco Investment Company, Arthur E. Collins, the Company, or the successors or assigns thereof. By executing this document, Areaco Investment Company, Arthur E. Collins and the Company shall not be deemed to be bound or prejudiced by the position taken by the POA.

10. That in the event the Commission accepts the specific terms of this Stipulation and Agreement, the parties waive their respective rights to cross examine witnesses and to present oral arguments or written briefs and the reading of the transcript, pursuant to Section 536.080, RSMo 1986, and their respective rights to judicial review pursuant to Section 386.510 RSMo 1986;


11. That the agreements contained in this Stipulation and Agreement have resulted from extensive negotiations among the signatory parties and are interdependent; that in the event that the Commission does not approve and adopt the terms of this Stipulation and Agreement in total or in the event the tariffs

agreed to herein do not become effective in accordance with the provisions contained herein, this Stipulation and Agreement shall be void and no party shall be bound by any of the agreements or provisions hereof.

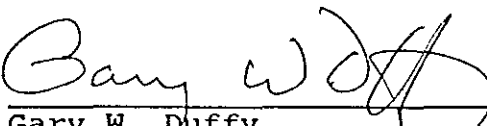
Respectfully submitted,


Thomas M. Byrne
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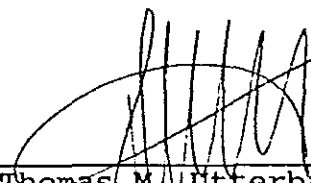
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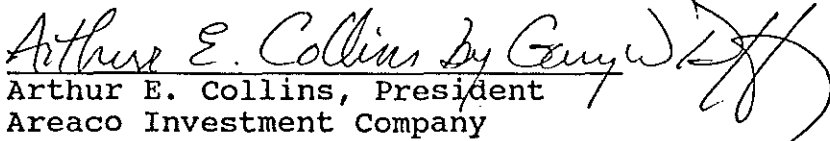
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Property Owners Association


Arthur E. Collins, President
Areaco Investment Company

Dated: October 21, 1987

All of Lots 6, 7, 8, 17, 18, 19, 30, 43, 44, 51, 52, 53, 54, 55, 67, 68, 69, 70, 75, 76, 77, 78, 79, 80, 81, 88, 89, 90, 91, 92, 102, 103, 104, 105, 112, 113, 114, 115, 127, 128, 129, and 135, and part of Lots 5, 20, 28, 29, 31, 32, 42, 45, 46, 66, 93, 94, 100, 101, 106, 111, 116, 125, 126, 130, 131, 134 and 136 of the Division of U.S. Survey No. 884, Township 37 and 38 North, Range 7 East of the Fifth Principal Meridian as shown on plat of said Division recorded in Book 30, Page 211 in the office of the Recorder of Deeds of Ste. Genevieve County, Missouri, all of which is more particularly described as follows: Beginning at a point on the Northwest line of said Survey No. 884 from which point the most Western corner of said Survey No. 884 bears South 52° West 2492.16 feet; Thence North 52° East along said Northwest line a distance of 2701.38 feet more or less to a point in aforesaid Lot 136, said point being the most Western corner of a tract 120 acres conveyed to Anton Kraenzle as shown on aforesaid plat of the Division of Survey No. 884; Thence South 38° East along the South line of said Kraenzle tract a distance of 1320 feet more or less to the most Southern corner of aforesaid Kraenzle tract; Thence North 52° East along the Eastern line of said Kraenzle tract a distance of 3960 feet more or less to the most Eastern corner of said Kraenzle tract on the Southwest line of a tract conveyed to Anton Koenig as shown on aforesaid plat of the Division of Survey No. 884; Thence South 38° East along said Southwest line a distance of 1320 feet more or less to the most Southern corner of said Koenig tract; Thence North 52° East along the Southeast line of said Koenig tract a distance of 660 feet more or less to a point in the middle of Yellow Branch in aforesaid Lot 125; Thence Northeasterly along and with the meanders of Yellow Branch to its intersection with Establishment Creek; Thence with the meanders of Establishment Creek to its intersection with the Northeast line of aforesaid Lot 94, from which point the most Northern corner of said Lot 94 bears North 38° West 66.00 feet more or less; Thence South 38° East along the Northeast line of aforesaid Lots 94, 75, 70 and 51 a distance of 4800 feet more or less to a point in the centerline of State Route 'O'; Thence Southerly along and with said centerline through aforesaid Lots 51, 46, 45, 28, 22 and 5 to a point on the Southeast line of aforesaid U.S. Survey No. 884, said point also being on the Southeast line of aforesaid Lot 5; Thence South 52° West along said Southeast line to the most Southern corner of aforesaid Lot 8; Thence North 38° West to a point where the Southwest line of aforesaid Lot 32 intersects the centerline of Establish Creek; Thence Northeasterly with the meanders of said centerline to its intersection with the Southwest line of aforesaid Lot 43; Thence North 38° West to the most Southern corner of aforesaid Lot 54°; Thence South 52° West to the most Southern corner of aforesaid Lot 55; Thence North 38° West to the most Western corner of said Lot 55; Thence North 7° East to the most Northern corner of aforesaid Lot 66; Thence South 52° West to the most Southern corner of aforesaid Lot 81; Thence North 38° West 2640 feet more or less to the most Southern corner of aforesaid Lot 105; Thence South 52° West 330 feet; Thence North 38° West a distance of 1320 feet more or less to the Northwest corner of Jacob Millers land; Thence North 64° West along the North line of a tract of 178.20 acres conveyed to Jacob Bieser as shown on aforesaid plat of the Division of Survey No. 884 1716 feet more or less to the Northwest corner of said Bieser tract; Thence South 52° West a distance of 363 feet more or less; Thence North 75° West a distance of 858 feet more or less; Thence North 40° West a distance of 1996.5 feet more or less to the point of beginning.