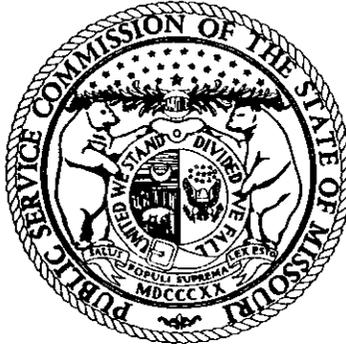


**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**



In the Matter of St. Louis County )  
Water Company's Tariff Designed to )  
Increase Rates for Water Service to )  
Customers in the Company's Service )  
Area. )

Case No. WR-97-382

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**REPORT AND ORDER**

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**Issue Date: December 4, 1997**

**Effective Date: December 16, 1997**

**BEFORE THE PUBLIC SERVICE COMMISSION**  
**OF THE STATE OF MISSOURI**

In the Matter of St. Louis County            )  
Water Company's Tariff Designed to        )  
Increase Rates for Water Service to        ) Case No. WR-97-382  
Customers in the Company's Service        )  
Area.    )

**APPEARANCES**

Richard T. Ciottone and David Abernathy, Attorneys at Law, 535 North New Ballas Road, St. Louis, Missouri 63141, for St. Louis County Water Company.

Diana M. Schmidt, Attorney at Law, Peper, Martin, Jensen, Maichel & Hetlage, 720 Olive Street, 24th Floor, St. Louis, Missouri 63101, for Barnes-Jewish Hospital, Emerson Electric Company, McDonnell Douglas Corporation and Monsanto Company.

John B. Coffman, Senior Public Counsel, Office of the Public Counsel, Post Office Box 7800, Jefferson City, Missouri 65102, for the Office of the Public Counsel and the public.

William K. Haas, Senior Counsel, and Marc Poston, Assistant General Counsel, Post Box 360, Jefferson City, Missouri 65102, for the Staff of the Missouri Public Service Commission.

**REGULATORY**

**LAW JUDGE:**            Thomas H. Luckenbill, Deputy Chief.

**REPORT AND ORDER**

**Procedural History**

On March 14, 1997, St. Louis County Water Company (Company) filed proposed tariff sheets with the Missouri Public Service Commission bearing an effective date of April 14. The proposed tariff sheets were designed

to produce an increase in annual revenues of approximately \$8,250,000, or 8.25 percent, excluding applicable taxes.

On April 4 the Commission suspended the proposed tariff sheets until February 12, 1998, and directed that notice of the application be provided. On May 1 the Company filed the direct testimony and schedules of five witnesses and requested that the Commission provide for a true-up of certain items.

On May 22 the Commission established a procedural schedule and granted intervention to Barnes-Jewish Hospital, Emerson Electric Company, McDonnell Douglas Corporation and Monsanto Company (Intervenors).

On September 2 the Staff of the Missouri Public Service Commission (Staff) filed direct testimony and schedules of nine witnesses and requested that the Commission provide for a true-up of certain items. The Office of the Public Counsel (Public Counsel) filed the direct testimony and schedules of three witnesses. On September 17 the Commission directed a true-up audit and scheduled a true-up hearing for January 9, 1998.

The Company, Staff, and Public Counsel appeared and participated in a prehearing conference on September 9. The Intervenors' attorney appeared and was excused from the prehearing conference by Deputy Chief Regulatory Law Judge Luckenbill. On October 6 the parties filed a unanimous stipulation and agreement. On October 7 the Staff filed Staff's Explanatory Memorandum. On November 3 the Commission convened an on-the-record presentation of the stipulation and agreement.

### **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. The positions and arguments of all of the parties have been considered by the Commission in making this decision.

Failure to reflect a piece of evidence, position or argument of any party in no way indicates that the Commission has failed to consider relevant evidence, but indicates only that the omitted matter was not considered dispositive of the decision or outcome.

St. Louis County Water Company is a public utility regulated by the Commission, organized and existing under the laws of the State of Missouri, and engaged in the business of providing water service to the general public in various certificated areas in the State of Missouri. On March 14 of 1997 the Company filed tariff sheets designed to increase revenues. On October 6 the parties to the case filed a unanimous stipulation and agreement which, if approved by the Commission, will resolve the rate case.

The parties have agreed that the Company may file revised tariff sheets containing rate schedules for water service designed to produce an increase in overall Missouri gross annual water revenues of \$3,800,000, exclusive of any applicable license, occupation, franchise, gross receipts or other similar fees and taxes. The parties agree that a true-up audit and hearing are not necessary. Further, the parties strongly recommend that the revised rates become effective January 1, 1998.

The parties have agreed that the Company may file tariff changes to reduce the rates charged to the Metropolitan St. Louis Sewer District for customer billing information to \$1.31 per residential customer per year and \$0.655 per meter reading for non-residential and residential multi-family customers.

The Company has requested that it be allowed to accrue infrastructure replacement costs in an accounting authority order, as initially authorized in Case No. WR-95-145, after the order in this

proceeding becomes effective.<sup>1</sup> However, the Staff and Public Counsel have concerns with such use of an accounting authority order. Thus, the Stipulation requests that the Commission establish a spin-off docket to address the Company's request.

The Commission will establish Case No. WO-98-223 as requested by the parties to consider an accounting authority order designed to accrue infrastructure replacement costs for St. Louis County Water Company.

The Commission finds that the proposed Unanimous Stipulation and Agreement is in the public interest and should be approved. The proposed Unanimous Stipulation and Agreement is consistent with the Commission's obligation to ensure just and reasonable rates under Section 393.130.<sup>2</sup>

### **Conclusions of Law**

The Missouri Public Service Commission has reached the following conclusions of law.

The Missouri Public Service Commission has jurisdiction over water corporations under Section 386.250 RSMo. St. Louis County Water Company is a water corporation under Section 386.020(58), RSMo Supp. 1996, and is subject to the jurisdiction of the Missouri Public Service Commission pursuant to Chapters 386 and 393 RSMo.

The Commission finds that the proposed Unanimous Stipulation and Agreement is in the public interest and should be approved. The proposed Unanimous Stipulation and Agreement is consistent with the Commission's obligation to ensure just and reasonable rates under Section 393.130 RSMo. The Commission may accept a unanimous stipulation and agreement as disposition of a case under Section 536.060, RSMo Supp. 1996.

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<sup>1</sup> This request is contained in the prefiled direct testimony of Company witness Mr. Jenkins.

<sup>2</sup> All statutory references are to Revised Statutes of Missouri 1994, unless otherwise indicated.

**IT IS THEREFORE ORDERED:**

1. That the Unanimous Stipulation and Agreement filed by St. Louis County Water Company, the Staff of the Missouri Public Service Commission, the Office of the Public Counsel, and the Intervenors is approved (Attachment 1).

2. That the proposed tariff sheets filed by St. Louis County Water Company on March 14, 1997 are rejected.

3. That St. Louis County Water Company may file revised tariff sheets containing rate schedules for water service designed to produce an increase in overall Missouri jurisdictional annual water revenues of \$3,800,000, exclusive of any applicable license, occupation, franchise, gross receipts taxes or other similar fees or taxes, said tariff sheets to be in compliance with this Report and Order.

4. That Case No. WO-98-223 is established and the Commission's Records Department shall place a certified copy of this report and order in the official case papers of that case.

5. That late-filed Exhibit 20 is received into the record.

6. That this order shall become effective on December 16, 1997.

**BY THE COMMISSION**



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

(S E A L)

Lumpe, Ch., Crumpton, Murray,  
and Drainer, CC., concur.

Luckenbill, Deputy Chief Regulatory Law Judge

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

FILED  
OCT 06 1997  
MISSOURI  
PUBLIC SERVICE COMMISSION

In the matter of St. Louis County Water )  
Company's tariff designed to increase rates )  
for water service to customers in the )  
Company's service area. )

Case No. WR-97-382

UNANIMOUS STIPULATION AND AGREEMENT

On March 14, 1997, St. Louis County Water Company (Company) filed proposed tariff sheets with the Missouri Public Service Commission (Commission). The proposed tariff sheets bear an effective date of April 14, 1997, and were designed to produce an annual increase of approximately \$8,250,000, or 8.25%, in the Company's water revenues, exclusive of applicable taxes.

On April 4, 1997, the Commission suspended the proposed tariff sheets until February 12, 1998, and provided for notice to be given.

On May 1, 1997, the Company filed the direct testimony and schedules of five witnesses and also filed a request for a true-up.

On May 22, 1997, the Commission established the procedural schedule and granted the application to intervene filed by Barnes-Jewish Hospital, Emerson Electric Company, McDonnell Douglas Corporation and Monsanto Company (Intervenors).

On September 2, 1997, the Staff of the Missouri Public Service Commission (Staff) filed the direct testimony and schedules of nine witnesses and also filed a recommendation for a true-up. The Office of the Public Counsel (Public Counsel) filed the direct testimony and schedule of three witnesses.

On September 17, 1997, the Commission directed a true-up audit and scheduled a true-up hearing for January 9, 1998.

The pre-hearing conference began, as scheduled, on September 9, 1997. The Company, Staff, and Public Counsel appeared and participated at the pre-hearing conference. The Intervenor's attorney appeared and was excused from the pre-hearing conference by the presiding officer. As a result of the pre-hearing conference and subsequent negotiations, the undersigned parties (Parties) have reached the following stipulations and agreements:

1. The Company shall be authorized to file revised tariff sheets containing rate schedules for water service designed to produce an increase in overall Missouri jurisdictional gross annual water revenues of \$3,800,000, exclusive of any applicable license, occupation, franchise, gross receipts taxes or other similar fees or taxes. An analysis of revenues at present and proposed rates is attached as Exhibit 1 and is incorporated by reference. The Parties strongly recommend that the revised rates become effective January 1, 1998. The Parties agree that a true-up audit and hearing are not necessary.

2. The Company shall be authorized, consistent with its original filing in this case, to *reduce the rates charged to the Metropolitan St. Louis Sewer District for customer billing information to \$1.31 per residential customer per year and \$0.655 per meter reading for non-residential and residential multi-family customers.*

3. The Company requests, at page 8 of the pre-filed direct testimony of James M. Jenkins, that it be allowed to accrue infrastructure replacement costs in an accounting authority order, as initially authorized in Case No. WR-95-145, after the rate order in this proceeding. The

Parties ask the Commission to address this request in a spin-off docket to be created in the Order approving this Stipulation and Agreement.

4. None of the parties to this Stipulation and Agreement shall have been deemed to have approved or acquiesced in any rate making or procedural principle, any method of cost determination or cost allocation, and none of the Parties shall be prejudiced or bound in any manner by the terms of this Stipulation and Agreement in this or any other proceeding, except as otherwise expressly specified herein.

5. The Parties do not intend to alter existing Commission policy in this settlement process.

6. This Stipulation and Agreement has resulted from extensive negotiations among the Parties. The terms of this Stipulation and Agreement are interdependent. In the event the Commission does not approve and adopt the matters addressed in this Stipulation and Agreement, then this Stipulation and Agreement shall be void and no signatory shall be bound by any of the agreements or provisions hereof.

7. To the extent the Commission approves and adopts the matters addressed in this Stipulation and Agreement, the Parties waive their respective rights pursuant to Section 536.070(2) RSMo 1994 to present testimony and to cross-examine witnesses, their respective rights to present oral argument or written briefs pursuant to Section 536.080.1, RSMo 1994, their respective rights to the reading of the transcript by the Commission pursuant to Section 536.080.2 RSMo 1994, and their respective rights to judicial review pursuant to Section 386.510 RSMo 1994.

8. The Parties agree that all of the pre-filed testimony submitted in this case shall be received into evidence without the necessity of the respective witnesses taking the stand.

9. The Staff will file and serve each party with a memorandum that sets forth Staff's reasons for entering into this Stipulation and Agreement. The other parties shall be allowed ten days from the date of filing to respond to the Staff's memorandum. A memorandum filed pursuant to this paragraph shall not bind the Staff in this proceeding if the Commission does not approve the Stipulation and Agreement and shall not bind the Staff in any future proceeding.

10. The Staff may also submit to the Commission a confidential memorandum explaining its rationale for entering into the Stipulation and Agreement. Each party of record shall be served with a copy of any memorandum and shall be entitled to submit to the Commission, within five (5) days of receipt of Staff's memorandum, a responsive memorandum which shall be also be served on all Parties. All memoranda submitted by the Parties shall be considered privileged in the same manner as are settlement discussions under the Commission's rules, shall be maintained on a confidential basis by all Parties, and shall not become a part of the record of this proceeding or bind or prejudice the Party submitting such memorandum in any future proceeding or in this proceeding, whether or not the Commission approves this Stipulation and Agreement. The contents of any memorandum provided by any Party are its own and are not acquiesced in or otherwise adopted by the other signatories to this Stipulation and Agreement, whether or not the Commission approves and adopts this Stipulation and Agreement.

11. The Staff shall also have the right to provide, at any agenda meeting at which this Stipulation and Agreement is noticed to be considered by the Commission, whatever oral explanation the Commission requests, provided that the Staff shall, to the extent reasonably practicable, promptly provide other parties with advance notice of when the Staff shall respond to the Commission's request for such explanation once such explanation is requested from Staff. Staff's

oral explanation shall be subject to public disclosure, except to the extent it refers to matters that are privileged or protected from disclosure pursuant to any Protective Order issued in this case.

12. The Parties propose to present this Stipulation and Agreement on November 3, 1997, which is the first day scheduled for the hearing in this case. To assist the Commission in its review of this Stipulation and Agreement, the Parties request that the Commission advise them of any additional information that the Commission may desire from the Parties relating to the matters addressed in this Stipulation and Agreement, including any procedures for furnishing such information to the Commission.

WHEREFORE, the undersigned Parties respectfully request that the Commission issue an Order approving all of the specific terms and conditions of this Stipulation and Agreement.

Respectfully submitted,

Richard T. Ciottone by W K H  
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Missouri Bar No. 21530

David B. Abernathy  
Missouri Bar No. 33785

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St. Louis, MO 63141

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St. Louis, MO 63101

**Attorney for Barnes-Jewish Hospital,  
Emerson Electric Company, McDonnell  
Douglas Corporation and Monsanto  
Company**

**CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been mailed or hand-delivered to all counsel of record as shown on the attached service list this 6th day of October, 1997.

Wm K Haas

ST LOUIS COUNTY WATER COMPANY  
Revenue Analysis  
Proposed Rates Using Pro Forma Sales Compared to  
Present Rates Applied to Pro Forma Sales  
WR-97-382

	Units	Pro Forma Sales ccf	Proposed Rate	Pro Forma Revenue @ Proposed Rates	Pro Forma Revenue @ Current Rates	%Increase
<b>Rate A - Residential</b>						
Prorated Service Charge Exc	28,676		\$4.4886	128,715		
Cust Charge (Mtr Serv & Reading)				10,862,427		
Minimum Bill (Commodity Portion)	73,212	239,230	\$8.6754	635,143		
First 600 cu ft (Commodity Portion)		6,386,171	\$1.4459	9,233,765		
Over 600 cu ft (Commodity Portion)		44,267,471	\$1.4459	64,006,336		
<b>Total</b>		<b>50,892,872</b>		<b>84,866,386</b>	<b>81,419,061</b>	<b>4.23%</b>
<b>Rate B - Wholesale</b>						
Commodity Rate		4,193,431	\$0.7749	3,249,489	3,163,104	2.73%
<b>Rate E - Public Fire Protection</b>						
Hydrants	27,163		\$187.68	5,097,952	5,124,028	-0.51%
<b>Rate F - Private Fire Protection</b>						
Taps (Equivalent 6" Taps)	3,606		\$187.68	676,774		
Detector Checks (Equivalent 5/8" Mtr)	2,280		\$72.80	165,977		
<b>Total</b>				<b>842,751</b>	<b>844,863</b>	<b>-0.25%</b>
<b>Rate J&amp;D - Large User</b>						
Cust Charge (Mtr Serv & Reading)				111,067		
Minimum Bills (Commodity Portion)	33	16,693	\$436.20	14,395		
60% Minimum Bills Commodity		1,885,960	\$0.9799	1,848,053		
Over Minimum Commodity		8,268,495	\$0.7270	6,011,196		
<b>Total</b>		<b>10,171,148</b>		<b>7,984,711</b>	<b>7,713,051</b>	<b>3.52%</b>
<b>Rate K - Construction</b>						
Prorated Service Charge Exc	2,214		\$4.4886	9,938		
Cust Charge (Mtr Serv & Reading)				60,904		
Minimum Bill (Commodity Portion)	872	974	\$9.5430	8,321		
First 600 cu ft (Commodity Portion)		9,018	\$1.5905	14,343		
Over 600 cu ft (Commodity Portion)		137,053	\$1.5905	217,983		
<b>Total</b>		<b>147,045</b>		<b>311,489</b>	<b>290,549</b>	<b>7.21%</b>
<b>Misc Sales</b>						
		51,019		944,086	944,086	0.00%
<b>TOTAL</b>		<b>65,455,515</b>		<b>\$103,296,864</b>	<b>\$99,498,742</b>	<b>3.82%</b>