

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office
in Jefferson City on the 14th
day of February, 1996.

In the matter of the application of S.T. Ventures,)
L.L.C., for a certificate of convenience and necessity)
authorizing it to construct, install, operate and main-)
tain a sewer system and to supply and render sewer) Case No. SA-96-91
service to the public in and around an unincorporated)
area in Taney County, Missouri.)
)

ORDER GRANTING CERTIFICATE OF CONVENIENCE AND NECESSITY

On September 22, 1995, S.T. Ventures, L.L.C., a Missouri Limited Liability Company (S.T. Ventures), filed an application with the Commission seeking a certificate of public convenience and necessity to provide sewer service to Smoke Tree Hills, a subdivision located in Taney County, Missouri. An Order And Notice was issued by the Commission on September 27, 1995. The Commission set October 27, 1995, as the deadline for intervention. The Commission directed that notice be provided to appropriate persons. No person has sought intervention in this matter. On January 8, 1996, S.T. Ventures filed an amended application which included a legal description of the property known as the Smoke Tree Hills subdivision.

Since no proper person 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 Commission will grant a certificate of convenience and necessity to S.T. Ventures based upon the evidence which has been provided by verified statement. *State ex rel. Deffenderfer Enterprises, Inc. v. Public Service Commission*, 776 S.W.2d 494, 496, (Mo. App. 1989).

On January 29, 1996, the Staff of the Missouri Public Service Commission (Staff) filed a memorandum to the official case file. Staff states that it conducted a field inspection/audit. Staff determined rate base to be \$70,664, to be funded 30 percent by equity. Staff states that S.T. Ventures plans to spend approximately \$75,000 for treatment plant expansion over the next several years, which will become rate base assets. Staff recommends the depreciation accrual rates as shown on Attachment A which is attached to this order.

Staff calculated a revenue requirement of \$19,582 after using assumptions as to the appropriate cost of debt and equity capital and making estimates of operating expenses. Staff recommends that the Commission make no finding that would preclude consideration of the ratemaking treatment afforded expenditures of S.T. Ventures in a future proceeding.

Staff agrees with S.T. Ventures' proposed rate which is a monthly flat rate of \$23.50. Staff recommends that expenses be reviewed within 18 months after the effective date of S.T. Ventures' certificate to review the reasonableness of estimated expenses and rates. Staff states that S.T. Ventures and Staff have already informally worked out a proposed tariff based on the Water and Sewer Department's example tariff for sewer utilities.

Staff states that S.T. Ventures will need to keep its books and records in accordance with the Uniform System of Accounts for Class C and D Sewer Utilities as prescribed by the National Association of Regulatory Utility Commissioners.

Based upon review of the application, the amended application, and Staff's memorandum, the Commission finds that the provision of safe, reliable sewer service to the proposed service area is in the public interest, and that the relief requested in the application as amended is reasonable. The Commission finds that the proposed monthly rate for providing sewer service is reasonable.

Thus, the Commission finds that S.T. Ventures, L.L.C.'s amended application for a certificate of convenience and necessity is in the public interest and should be approved.

IT IS THEREFORE ORDERED:

1. That S.T. Ventures, L.L.C., be, and is hereby, granted a certificate of convenience and necessity to install, own, acquire, construct, operate, control, manage and maintain a sewer system for Smoke Tree Hills, a subdivision located in Taney County, Missouri, as proposed in the amended application filed herein. The Smoke Tree Hills subdivision is described in Attachment B.

2. That the certificate of convenience and necessity referenced in Ordered Paragraph 1 shall become effective simultaneously with the effective date of the tariff required to be filed pursuant to Ordered Paragraph 3.

3. That S.T. Ventures, L.L.C., shall file a complete tariff which includes a schedule of rates, rules and regulations for providing sewer service in accordance with this order on or before February 23, 1996, to be effective for service rendered on and after March 4, 1996.

4. That the tariff to be filed pursuant to Ordered Paragraph 3 shall reflect a rate for sewer service of \$23.50 per month.

5. That the Commission's Staff shall review the sewer service rates, operating expenses, and capital expenditures of S.T. Ventures, L.L.C., within eighteen (18) months after the certificate of convenience and necessity becomes effective.

6. That S.T. Ventures, L.L.C., shall adopt the depreciation rates as shown on Attachment A of this order.

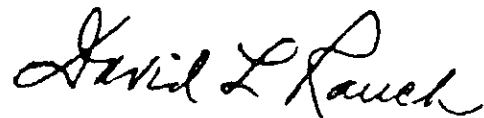
7. That S.T. Ventures, L.L.C., shall keep its books and records in accordance with the Uniform System of Accounts for Class C and D Sewer Utilities.

8. That nothing in this order shall be considered as a finding by the Commission of the reasonableness of the expenditures herein involved, nor of the value for ratemaking purposes of the properties herein involved, nor as an acquiescence in the value placed upon the property.

9. That the Commission reserves the right to consider the ratemaking treatment to be afforded the facilities constructed pursuant to the certificate of convenience and necessity granted herein, and its resulting cost of capital, in any later proceeding.

10. That this order shall become effective on the 4th day of March, 1996.

BY THE COMMISSION



David L. Rauch
Executive Secretary

(S E A L)

Mueller, Chm., McClure, Kincheloe,
Crumpton and Drainer, CC., concur.

S. T. VENTURES, LLC

SEWER

DEPRECIATION RATES

CASE NO. SA-96-91

<u>Acct. No.</u>	<u>Description of Account</u>	<u>Annual Rate 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%

Attachment 1

DESCRIPTION OF PROPERTY REFERRED TO AS SMOKE TREE HILLS SUBDIVISION

All of the NE 1/4 of the NW 1/4 of Section 28 Township 23 North, Range 20 West, Taney County, Missouri.

Also

All of the West 1/2 of the SE 1/4 of the SW 1/4 of Section 21, Township 23 North, Range 20 West, Taney County, Missouri

And

All of the NE 1/4 of the SW 1/4 of Section 21, Township 23 North, Range 20 West, Taney County, Missouri

And

That part of the SE 1/4 of the NW 1/4 lying South of Missouri State Highway #76 in Section 21, Township 23 North, Range 20 West, Taney County, Missouri more particularly described as follows:

Beginning at the Southeast corner of said SE 1/4 NW 1/4; thence S 87°30'26" W for a distance of 1328.34 feet; thence N 0°00'44" E for a distance of 425.81 feet; thence S 86°34'18" E for a distance of 979.85 feet; thence along a curve to the left having a radius of 365.60 feet for a distance of 334.12 feet; thence N 41°03'56" E for a distance of 76.87 feet; thence S 0°06'10" E for a distance of 492.17 feet to the point of beginning.

Said above described tracts containing 112.18 Acres

EXHIBIT C

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