

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 26th day of
July, 2017.

In the Matter of the Request for Increase in)
Annual Water and Sewer System Operating)
Revenues for Terre Du Lac Utilities)

File No. WR-2017-0110 et al.

**ORDER APPROVING DISPOSITION AGREEMENTS AND SMALL
COMPANY RATE INCREASE**

Issue Date: July 26, 2017

Effective Date: August 25, 2017

On October 11, 2016, Terre Du Lac Utilities (“Terre Du Lac” or “the Company”) submitted a letter in accordance with the Commission’s Small Utility Rate Case Procedure¹ seeking an annual water rate increase of \$134,000 and an annual sewer rate increase of \$8,700.² The Company serves approximately 1,298 water customers and 1,255 sewer customers.

On May 9, 2017, a *Notice of Partial Disposition Agreement* was filed on behalf of the Staff of the Missouri Public Service Commission, Terre Du Lac, and the Office of the Public Counsel (“OPC”) (jointly, “the Parties”). The Parties requested the Commission approve a Partial Disposition Agreement that listed customer notice requirements as well as records to be tracked by the Company. The Parties also requested the Commission schedule an evidentiary hearing to address unresolved issues. The Commission established a procedural schedule and set an evidentiary hearing for July 12 and 13, 2017.

¹ 4 CSR 240-3.050.

² On November 23, 2016, the Commission issued an order consolidating the sewer rate case, File No. SR-2017-0109, with the water rate case, File No. WR-2017-0110. EFIS Item No. 6.

On June 28, 2017, the Parties filed a *Joint Motion to Suspend Procedural Schedule* stating a settlement was reached in principle. The Commission granted the motion and suspended the procedural schedule. On July 5, 2017, the Parties submitted a *Unanimous Stipulation and Agreement* (“Stipulation”) for the Commission’s approval. The Stipulation resolves all outstanding contested issues.

In the Stipulation, the Parties agree that Terre Du Lac will file revised tariff sheets with rate schedules designed to produce an increase in overall gross annual base revenue of \$78,000 for its water operations and \$4,724 for its sewer operations.³ Terre Du Lac’s water and sewer rates will be increased by an equal percentage for each rate class. The current water usage rate of \$1.38 per 1,000 gallons will increase to \$1.80. The current \$11.14 water service charge for 5/8” or 3/4” customers will increase to \$14.50, while the \$28.53 service charge for 1” customers will increase to \$37.14. The current \$19.41 sewer service charge for 5/8” or 3/4” customers will increase to \$19.72, while the \$48.52 sewer service charge for 1” customers will increase to \$49.29. Although the capital structure was not specified, the Stipulation establishes a return on equity of 9.5% to 9.75%. Under the terms of the Stipulation, Terre Du Lac also agrees to file a financing case to address Loan No. 62060550.

Although the Parties previously requested an evidentiary hearing, they subsequently requested it be canceled and the Stipulation approved. The requirement for a hearing is met when the opportunity for a hearing has been provided.⁴ Pursuant to Commission Rule 4 CSR 240-3.050(25), the Commission is tasked with setting just and reasonable rates,

³ The water revenue under the Stipulation will increase by approximately 30.174% over current amounts. The sewer revenue under the Stipulation will increase by approximately 1.59%.

⁴ *State ex rel. Rex Deffenderfer Enterprises, Inc. v. Public Service Commission*, 776 S.W.2d 494, 496 (Mo. App. 1989).

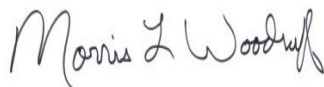
which may result in a revenue increase that is less than the increase originally sought by the utility. The Commission has the authority to approve a disposition agreement.

The Commission independently finds and concludes that the Partial Disposition Agreement and the Stipulation are reasonable and should be approved. Furthermore, the proposed rates are just and reasonable.

THE COMMISSION ORDERS THAT:

1. The Partial Disposition Agreement attached as Exhibit A to the *Notice of Partial Disposition* filed on May 9, 2017, is approved.
2. Terre Du Lac Utilities, the Commission's Staff, and the Office of the Public Counsel shall comply with the terms of the Partial Disposition.
3. The *Unanimous Stipulation and Agreement* is approved.
4. Terre Du Lac Utilities, the Commission's Staff, and the Office of the Public Counsel shall comply with the terms of the *Unanimous Stipulation and Agreement*.
5. No later than August 25, 2017, Terre Du Lac Utilities shall file revised tariff sheets in compliance with this order.
6. This order shall become effective on August 25, 2017.

BY THE COMMISSION



Morris L. Woodruff
Secretary



Hall, Chm., Stoll, Kenney, Rupp, and
Coleman, CC., concur.

Burton, Senior Regulatory Law Judge.

STATE OF MISSOURI

OFFICE OF THE PUBLIC SERVICE COMMISSION

I have compared the preceding copy with the original on file in this office and I do hereby certify the same to be a true copy therefrom and the whole thereof.

WITNESS my hand and seal of the Public Service Commission, at Jefferson City, Missouri, this 26th day of July 2017.




Morris L. Woodruff
Secretary

MISSOURI PUBLIC SERVICE COMMISSION

July 26, 2017

File/Case No. WR-2017-0110

**Missouri Public Service
Commission**

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Enclosed find a certified copy of an Order or Notice issued in the above-referenced matter(s).

Sincerely,

A handwritten signature in dark ink, reading "Morris L. Woodruff". The signature is fluid and cursive, with the first letters of each word being capitalized and prominent.

**Morris L. Woodruff
Secretary**

Recipients listed above with a valid e-mail address will receive electronic service. Recipients without a valid e-mail address will receive paper service.