

Foxfire Utility Company

323 Fox Creek Road
Jefferson City, Missouri 65109
Phone (573) 632-6007

June 27, 2002

Secretary to the Commission
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102

RE: **Foxfire Utility Company**
Small Company Rate Increase Request
Mo. PSC Tariff File No. 2002 00566 (Sewer)

Dear Mr. Secretary:

I am enclosing for filing with the Commission an original and three copies of a revised tariff sheet that includes rate and language changes reflecting an agreement between the Foxfire Utility Company (Company) and the Commission Staff (Staff) on the above subject. The Company initiated the subject rate increase request in January 2002, under the Commission's small company rate increase procedure, and the request was assigned the above-referenced file number.

Additionally, consistent with the Commission's small company rate increase procedure, I am enclosing an Agreement Regarding Disposition of Small Company Rate Increase Request (Agreement). This Agreement reflects a "settlement" between the Company and the Staff regarding all matters related to the Company's sewer service rate increase request.

The Agreement calls for, and the revised tariff sheets contains, customer rates intended to produce an increase of \$38,035 (an approximate 60.4 % increase) in its Lantern Bay (Stone County) service area's annual operating revenues for its sewer operations. The Agreement also calls for the Commission approval of revised depreciation rates.

This Agreement is between the Company and the Staff; therefore, the enclosed tariff sheets bear an effective date that is greater than 45 days from the issue date. The Office

of the Public Counsel has requested that a second customer notice be accomplished because of the magnitude of these increases.

It is my understanding that the Staff will be providing additional information about the Company's rate increase request and the related Staff audit and investigation, for filing in the case papers following the creation of a formal docket.

Please contact me at your convenience if you need anything further.

Sincerely,

FOXFIRE UTILITY COMPANY

A handwritten signature in cursive script, appearing to read "Joy Helms".

Joy Helms

Vice President & Secretary

enclosures

copies (w/enclosures):

Wendell R. Hubbs - PSC Staff

Office of the Public Counsel - Ruth O'Neill

Foxfire Utility Company

For: **Certificated Sewer Service Areas in Stone County**

Name of Issuing Company

Community, Town or City

Schedule of Sewer Rates – Stone County

A.+ Application – The following monthly sewer service charges will be in effect for Customers of Foxfire Utility Company, located within the Company's Stone County, Missouri Public Service Commission approved, service area (Lantern Bay Condominium Development area).

Monthly Minimum Sewer Service Charge + - The following minimum monthly service charge based on meter size must be paid regardless of the quantity of metered water usage.

Meter Size:		Monthly Charge:+
5/8"	Includes 2,000 gallons	\$ 40.22
3/4"	Includes 2,000 gallons	\$ 57.12
1"	Includes 2,000 gallons	\$ 90.91
1-1/2"	Includes 2,000 gallons	\$175.39

Sewer Service Commodity Charge:+

This rate shall be billed for all metered water usage over the amount included in the minimum charge.

\$3.21 per 1,000 gallons over metered water usage of 2,000 gallons per month.

Rule 10 Surcharge: A surcharge in accordance with Rule 10 of this tariff, for excess strength waste discharge shall be applied when applicable.

Taxes: +

Any applicable Federal, State or local taxes computed on a billing basis shall be added as separate items in rendering each bill.

Late Payment Charge: +

Billings will be made and distributed at monthly intervals. Bills will be rendered net, bearing the last date on which payment will then be considered delinquent. The period after which the payment is considered delinquent is 21 days after rendition of the bill. A charge of \$3.00 or three percent (3%) per month times the unpaid balance, whichever is more, will be added to delinquent amounts.

* indicates new rate or text

+ indicates change

Date of Issue:

6/27/02

Date Effective:

8/12/02

Issued By: Garah F Helms, President

323 Fox Creek Road, Jefferson City, MO 65101

Name of Officer

Title

Address

Foxfire Utility Company

For: **Certificated Sewer Service Areas in Stone County**

Name of Issuing Company

Community, Town or City

Schedule of Sewer Rates – Stone County (continued)**Bad Check Charge: ***

A bad check charge of \$20 per check will be paid on all checks returned from the bank for insufficient funds. Where a bad check is applicable from a customer for both water and sewer service, only one bad check charge shall be billed the customer for both his water and sewer service for each instance of a returned check.

Door Collection Charge:*

A door collection charge of \$15.00 will be applicable when a customer pays the serviceman at the time of scheduled disconnection (turn-off) of service to prevent such disconnection. Where a door collection charge is applicable from a customer for both water and sewer service, only one door collection charge shall be billed the customer for both his water and sewer service for each disconnection.

Emergency Call Out Charge:*

An Emergency Call-Out Charge of \$15.00 per occurrence will be assessed where a customer requests a shut-off of service and the emergency exists entirely on the customer owned facilities.

Reconnection of Service for "Seasonal" Disconnects:* - \$25.00 plus the monthly customer charge times the number of months "off-system" (not to exceed 9 months) where the owner of the premises being served discontinues and restores service to the same location within a 12-month period. Restoration of service of a non-payment disconnect after 45 days is deemed to be a seasonal reconnection of service. Any customer receiving water service from the Company will be considered as also receiving sewer service.

* indicates new rate or text

Date of Issue: 6/27/02

Date Effective: 8/12/02

Issued By: Garah F Helms, President

323 Fox Creek Road, Jefferson City, MO 65101

Name of Officer

Title

Address

Foxfire Utility Company For: **Certificated Sewer Service Areas in Stone County**
Name of Issuing Company Community, Town or City

Schedule of Sewer Service Charges – Stone County

- (1) An inspection fee of \$75.00 per service connection will be charged to each individual making application for connection to the Company's sewer.
- (2) The Customer will be charged the actual cost of disconnection or reconnection of their service line to the Company's sewer. This cost may not exceed the maximum amount of \$400 for either disconnection or reconnection. The maximum cost for both activities may not exceed \$800.

* indicates new rate or text
+ indicates change

Date of Issue:

6/27/02

Date Effective:

8/12/02

Issued By: Garah F Helms, President 323 Fox Creek Road, Jefferson City, MO 65101

Name of Officer

Title

Address

Foxfire Utility Company For: **Certificated Water Service Areas in Stone & Benton County**
Name of Issuing Company Community, Town or City

Rules Governing
Rendering of **Water Service – Stone & Benton Counties**

Rule 10 Bills for Service (continued)

- (m) After a Customer has paid proper and undisputed utility bills by the due dates, for a period not to exceed one (1) year, credit shall be established or re-established, and the deposit and any interest due shall be refunded. The Company may withhold full refund of the deposit pending resolution of a disputed matter.
- (n) The Company shall give a receipt for deposits received, but shall also keep accurate records of deposits, including customer name, service address, amounts, interest, attempts to refund and dates of every activity regarding the deposit.
- (o) All billing matters shall be handled in accordance with the Missouri Public Service Commission's Utility Billing Practices, 4 CSR 240-13.
- (p) *The owner of a rented or leased premises served with water service by the company will be ultimately responsible for payment of all charges incurred by their tenant(s) related to water service provided. The owner will be responsible provided the Company has made reasonable and timely efforts to collect monies due from the owner's renter or lessor. All notices of delinquent bills or disconnection shall also be sent to the owner of the property (or his agent if requested by the owner).

Date of Issue:

6/27/02

Date Effective:

8/12/02

Issued By: Garah F Helms, President

323 Fox Creek Road, Jefferson City, MO 65101

Name of Officer

Title

Address

Agreement Regarding Disposition of
Small Company Rate Increase Request

Foxfire Utility Company

MO PSC Tariff File No. 2002 00556 (Sewer)

Background

Foxfire Utility Company ("Company") initiated the small company rate increase request ("Request") for sewer service that is the subject of the above-referenced Missouri Public Service Commission ("Commission") "file" by submitting a letter to the Secretary of the Commission. The Company submitted its Request under the provisions of Commission Rule 4 CSR 240-2.200, Small Company Rate Increase Procedure ("Informal Rate Case Procedure"). The date that the Company's Request was received at the Commission's offices was January 9, 2002.

In its Request, the Company represented that it was asking for Commission approval of customer rates intended to generate an increase of \$48,089 in its total annual sewer service operating revenues. The Company provides sewer service to approximately 182 customers, all of which are residential customers in nature.

Upon review and acceptance of the Company's Request, personnel in the Commission's Data Center assigned Tariff File No. 2002 00556 to the Request, for purposes of identification and tracking, and forwarded the Request to the Commission's Water & Sewer Department for processing under the Informal Rate Case Procedure.

Pursuant to the provisions of the Informal Rate Case Procedure and related internal operating procedures, the Staff of the Commission ("Staff") initiated an audit of the Company's books and records, a review of certain of the Company's general business

practices, an inspection of the Company's facilities and a review of the Company's operation of its facilities. (Hereafter, these activities will be collectively referred to as the Staff's "investigation" of the Company's Request.)

Upon completion of its investigation of the Company's Request, the Staff provided the Company and the Office of the Public Counsel ("OPC") various information regarding the results of the investigation, as well as its initial recommendations for resolution of the Company's Request.

Resolution of the Company's Rate Increase Request

Pursuant to negotiations held subsequent to the Company's and the OPC's receipt of the above-referenced information regarding the Staff's investigation of the Company's Request, the Staff and the Company hereby state the following agreements.

- (1) That for the purpose of implementing the agreements set out herein, the Company will file tariff revisions with the Commission containing the rates, charges and language set out in the example tariff sheets attached hereto as Attachment A. Additionally, the Company will submit the original signed version of this document with its tariff filing.
- (2) That except as otherwise noted in the agreements below, the ratemaking income statement attached hereto as Attachment B reflects the Company's annualized revenues generated by its current customer rates, the Company's total annualized cost of providing service and the annualized agreed-upon sewer service operating revenue increase of \$38,035, which is required to recover the Company's cost of service.
- (3) That the rates set out in the attached example tariff sheets are designed to generate revenues sufficient to recover the Company's total annualized cost of service, and that the provisions of the attached example tariff sheets also properly reflect all other agreements set out herein, where necessary.

- (4) That the rates included in the attached example tariff sheets are just and reasonable.
- (5) That the depreciation rates set out on Attachment C hereto should be the prescribed sewer plant depreciation rates for the Company, as these were the depreciation rates used by the Staff in its revenue requirement analysis.
- (6) That the implementation of a Late Payment Charge is reasonable.
- (7) That the implementation of a Bad Check Charge of \$20 per bad check is reasonable.
- (8) That the implementation of a Door Collection Charge of \$15, to avoid disconnection, is reasonable.
- (9) That the implementation of an Emergency Call Out Charge of \$15 to shut off service where the emergency exists entirely on the customer owed facilities is reasonable.
- (10) That the implementation of a Reconnection of Service for "Seasonal" Disconnects of \$25 plus the monthly customer charge times the number of months "off-system" (not to exceed 9 months) is reasonable.
- (11) That the above agreements satisfactorily resolve all issues identified by the Staff and the Company regarding the Company's Request, except as otherwise specifically stated.

Additional Matters

This Disposition Agreement is only between the Staff and the Company, as the OPC has requested that the Company send a second customer notice to its customers. In compliance with the Informal Rate Case Procedure, the Company's second notice will reflect the terms of this Disposition Agreement, and will provide the Company's customers an opportunity to send comments to the OPC and the Staff within twenty (20) days after the date of that notice. In addition to this second customer notice, the Company

acknowledges that the OPC also has the right to request that the Commission hold a local public hearing regarding the Company's Request and/or the provisions of this Disposition Agreement.

Other than the specific conditions agreed upon and expressly set out herein, the terms of this Disposition Agreement reflect compromises between the Staff and the Company, and neither party has agreed to any particular ratemaking principle in arriving at the amount of the annual operating revenue increase specified herein.


The Company acknowledges that it has consented to an extension of the "150-day" tariff filing date set forth in the Informal Rate Case Procedure.

The Company acknowledges that the Staff will be making an additional filing with the Commission regarding this matter. That filing will include the Staff's recommendation for approval of the subject tariff revisions, background information regarding the Company's Request and the Staff's investigation thereof, and certain Staff workpapers regarding the following items: (a) the ratemaking income statement referenced in item (2) above; (b) the agreed-upon design of the Company's customer rates; (c) a residential customer billing comparison reflecting the agreed-upon changes in the Company's rates; (d) a general overview of the Company; and (e) an overview of the Company's customer service procedures and practices. Additionally, that filing will include information regarding the status of the Company's payment of its Commission assessments and the Company's filing of its Commission annual reports, as well as information regarding any other pending cases that the Company may have before the Commission.


Effective Date and Signatures

This Disposition Agreement shall be considered effective as of the date that it and the requisite tariff revisions are filed with the Commission.

Agreement Signed and Dated:


Dale W. Johansen
Manager - Water & Sewer Department
Missouri Public Service Commission Staff


Date


Garah F. Helms
President
Foxfire Utility Company


Date

List of Attachments

Attachment A	Example Tariff Sheets
Attachment B	Ratemaking Income Statement
Attachment C	Depreciation Rates

Foxfire Utility Company For: **Certificated Sewer Service Areas in Stone County**
 Name of Issuing Company Community, Town or City

Schedule of Sewer Rates – Stone County

A.+ Application – The following monthly sewer service charges will be in effect for Customers of Foxfire Utility Company, located within the Company's Stone County, Missouri Public Service Commission approved, service area (Lantern Bay Condominium Development area).

Monthly Minimum Sewer Service Charge + - The following minimum monthly service charge based on meter size must be paid regardless of the quantity of metered water usage.

Meter Size:		Monthly Charge:+
5/8"	Includes 2,000 gallons	\$ 40.22
3/4"	Includes 2,000 gallons	\$ 57.12
1"	Includes 2,000 gallons	\$ 90.91
1-1/2"	Includes 2,000 gallons	\$175.39

Sewer Service Commodity Charge:+

This rate shall be billed for all metered water usage over the amount included in the minimum charge.

\$3.21 per 1,000 gallons over metered water usage of 2,000 gallons per month.

Rule 10 Surcharge: A surcharge in accordance with Rule 10 of this tariff, for excess strength waste discharge shall be applied when applicable.

Taxes: +

Any applicable Federal, State or local taxes computed on a billing basis shall be added as separate items in rendering each bill.

Late Payment Charge: +

Billings will be made and distributed at monthly intervals. Bills will be rendered net, bearing the last date on which payment will then be considered delinquent. The period after which the payment is considered delinquent is 21 days after rendition of the bill. A charge of \$3.00 or three percent (3%) per month times the unpaid balance, whichever is more, will be added to delinquent amounts.

* indicates new rate or text

+ indicates change

Date of Issue:

Date Effective:

Issued By: Garah F Helms, President 323 Fox Creek Road, Jefferson City, MO 65101
 Name of Officer Title Address

Attachment A-1

Foxfire Utility Company For: **Certificated Sewer Service Areas in Stone County**
 Name of Issuing Company Community, Town or City

Schedule of Sewer Rates – Stone County (continued)

Bad Check Charge: *

A bad check charge of \$20 per check will be paid on all checks returned from the bank for insufficient funds. Where a bad check is applicable from a customer for both water and sewer service, only one bad check charge shall be billed the customer for both his water and sewer service for each instance of a returned check.

Door Collection Charge:*

A door collection charge of \$15.00 will be applicable when a customer pays the serviceman at the time of scheduled disconnection (turn-off) of service to prevent such disconnection. Where a door collection charge is applicable from a customer for both water and sewer service, only one door collection charge shall be billed the customer for both his water and sewer service for each disconnection.

Emergency Call Out Charge:*

An Emergency Call-Out Charge of \$15.00 per occurrence will be assessed where a customer requests a shut-off of service and the emergency exists entirely on the customer owned facilities.

Reconnection of Service for "Seasonal" Disconnects:* - \$25.00 plus the monthly customer charge times the number of months "off-system" (not to exceed 9 months) where the owner of the premises being served discontinues and restores service to the same location within a 12-month period. Restoration of service of a non-payment disconnect after 45 days is deemed to be a seasonal reconnection of service. Any customer receiving water service from the Company will be considered as also receiving sewer service.

* indicates new rate or text

Date of Issue:

Date Effective:

Issued By: Garah F Helms, President 323 Fox Creek Road, Jefferson City, MO 65101
 Name of Officer Title Address

Attachment A-2

P. S. C. MO. No. 1 **1st Revised** Sheet No. SCC 1

Cancelling P. S. C. MO. No. 1 **Original** Sheet No. SCC 1

Foxfire Utility Company For: Certificated Sewer Service Areas in Stone County
Name of Issuing Company Community, Town or City

Schedule of Sewer Service Charges – Stone County

- (1) An inspection fee of \$75.00 per service connection will be charged to each individual making application for connection to the Company's sewer.
- (2) The Customer will be charged the actual cost of disconnection or reconnection of their service line to the Company's sewer. This cost may not exceed the maximum amount of \$400 for either disconnection or reconnection. The maximum cost for both activities may not exceed \$800.

* indicates new rate or text
+ indicates change

Date of Issue:

Date Effective:

Issued By: Garrah F Helms, President 323 Fox Creek Road, Jefferson City, MO 65101
Name of Officer Title Address

Attachment A-3

Foxfire Utility Company For: **Certificated Water Service Areas in Stone & Benton County**
Name of Issuing Company Community, Town or City

Rules Governing
Rendering of **Water Service – Stone & Benton Counties**

Rule 10 Bills for Service (continued)

- (m) After a Customer has paid proper and undisputed utility bills by the due dates, for a period not to exceed one (1) year, credit shall be established or re-established, and the deposit and any interest due shall be refunded. The Company may withhold full refund of the deposit pending resolution of a disputed matter.
- (n) The Company shall give a receipt for deposits received, but shall also keep accurate records of deposits, including customer name, service address, amounts, interest, attempts to refund and dates of every activity regarding the deposit.
- (o) All billing matters shall be handled in accordance with the Missouri Public Service Commission's Utility Billing Practices, 4 CSR 240-13.
- (p) *The owner of a rented or leased premises served with water service by the company will be ultimately responsible for payment of all charges incurred by their tenant(s) related to water service provided. The owner will be responsible provided the Company has made reasonable and timely efforts to collect monies due from the owner's renter or lessor. All notices of delinquent bills or disconnection shall also be sent to the owner of the property (or his agent if requested by the owner).

Date of Issue:

Date Effective:

Issued By: Garah F Helms, President 323 Fox Creek Road, Jefferson City, MO 65101
Name of Officer Title Address

Attachment A-4

Foxfire Utilities Company
Small Company Rate Filing - Sewer Service
 File # 2002 00556

Sewer-LB-6.19

Rate Making Income Statement

	As Adjusted		Minimum	Commodity
Revenue	\$62,951		Bill Allocated	Allocated
Expenses				
Operator Salary	\$6,476			\$6,476
Mangement Fee	\$6,000		\$6,000	
Clerical/Billing Fee	\$2,678		\$2,678	
Sludge Disposal	\$2,590			\$2,590
Electricity	\$7,569			\$7,569
Materials and Supplies	\$177		\$177	
Supplies	\$369		\$369	
Professional Services - Accounting	\$396		\$396	
Contract Services - Other	\$675			\$675
Helm's Travel & Expenses	\$0		\$0	
Travel Ent - Meals	\$0		\$0	
Insurance	\$1,975		\$988	\$988
Telephone & Pager	\$1,278		\$1,278	
Billing/Accounting Software	\$312		\$312	
Computer Repairs	\$124		\$124	
Postage & Delivery	\$493		\$493	
Printing & Reproduction	\$113		\$113	
Rent	\$1,500		\$1,500	
Other Miscellaneous	\$170		\$170	
Mo DNR WWTP Fees	\$3,120			\$3,120
Regulatory Commission Expense	\$3,134		\$1,567	\$1,567
Taxes - Other property	\$13		\$13	
Depreciation	\$21,431		\$21,431	
Income Tax Expense	\$8,053		\$8,053	
Return	\$32,340		\$32,340	
Total Cost of Service	\$100,986		\$78,002	\$22,985
Other Revenues	\$2,950		\$2,950	\$0
Cost to recover from Rates (less other revenues)	\$98,036		\$75,052	\$22,985
Total COS	\$100,986			
Increase Needed	\$38,035	60.4%		

Attachment B

June 19, 2002
 Missouri Public Service Commission Staff

W. R. Hubbs

**FOXFIRE UTILITY CO.
DEPRECIATION RATES**

(SEWER)

File No. 200200556

<u>ACCOUNT NUMBER</u>	<u>ACCOUNT</u>	<u>DEPRECIATION RATE %</u>	<u>AVERAGE SERVICE LIFE (YEARS)</u>
311	Structures & Improvements	2.5%	40
352.1	Collection Sewers (Force)	2.0%	50
352.2	Collection Sewers (Gravity)	2.0%	50
354	Services	2.0%	50
355	Flow Measurement Devices	3.3%	30
362	Receiving Wells & Pump Pits	4.0%	25
363	Pumping Equipment	10.0%	10
373	Treatment & Disposal Facilities	5.0%	20
391	Office Furniture & Equipment	5.0%	20
391.1	Office Computer Equipment	14.3%	7
392	Transportation Equipment	12.5%	8
395	Laboratory Equipment	5.0%	20

Attachment C