

*Exhibit No.:*  
*Issues:* Customer Service  
and Business  
Operations  
*Witness:* Tammy Vieth  
*Sponsoring Party:* MoPSC Staff  
*Type of Exhibit:* Rebuttal Testimony  
*Case Nos.:* SR-2013-0321 and  
WR-2013-0322  
*Date Testimony Prepared:* September 25, 2013

**MISSOURI PUBLIC SERVICE COMMISSION**

**REGULATORY REVIEW DIVISION**

**UTILITY SERVICES - ENGINEERING AND  
MANAGEMENT SERVICES UNIT**

**REBUTTAL TESTIMONY**

**OF**

**TAMMY VIETH**

**LINCOLN COUNTY SEWER & WATER, LLC**

*Staff*  
*5*

**CASE NOS. SR-2013-0321 and WR-2013-0322**

*Jefferson City, Missouri*  
*September 2013*

*Staff* Exhibit No. 5  
Date 11-05-13 Reporter KE  
File No SR-2013-0321  
WR-2013-0322

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**OF**  
**TAMMY VIETH**  
**LINCOLN COUNTY SEWER & WATER, LLC**  
**CASE NOS. SR-2013-0321 and WR-2013-0322**

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1 | were provided to LCSW during the course of the small company rate review that preceded  
2 | this contested case.

3 | **COMPANY MANAGEMENT BACKGROUND**

4 | Q. Please describe LCSW's management background.

5 | A. LCSW was certificated by the Commission in July 2012 to provide water  
6 | supply and distribution services in the City of Troy, which is located in Lincoln County.  
7 | The joint owners of LCSW presently manage the Company. Field operations services  
8 | are on a contract basis. The Company provides water and sewer services to approximately  
9 | one hundred twenty-two (122) residential customers through wells and treatment facilities in  
10 | Bennington and Rockport subdivisions in Troy, Missouri.

11 | Q. When was the request for a rate increase filed? (Case Nos. SR-2013-0321  
12 | and WR-2013-0322)

13 | A. The Company filed requests for rate increases on December 4, 2012, and  
14 | requested increases of \$13,382 in its annual sewer system operating revenues and \$7,569 in  
15 | its water system operating revenues.

16 | Q. Please describe your responsibilities and scope of review in Case Nos.  
17 | SR-2013-0321 and WR-2013-0322.

18 | A. My primary responsibilities were to review the customer service, business  
19 | processes, procedures, and practices of LCSW. In addition, EMSU examined the Company's  
20 | tariffs, Commission complaint and inquiry records, annual reports, and documentation  
21 | related to the Company's customer service and business operations. I submitted data  
22 | requests on December 20, 2012, and conducted interviews with Company personnel on  
23 | January 17, 2013.

1 Q. What is the purpose of customer service and business office operations  
2 reviews in the context of small water and sewer company rate increase requests?

3 A. The objectives of these reviews are to document and analyze the management  
4 control processes, procedures, and practices used by the utilities to ensure that customers'  
5 service needs are met and to make recommendations, where appropriate, by which the  
6 utilities may improve the quality of services provided to its customers. The scope of these  
7 reviews includes but is not limited to processes, procedures, and practices related to:

- 8 • Customer Billing
- 9 • Meter Reading
- 10 • Payment Remittance
- 11 • Credit and Collections
- 12 • Complaints and Inquiries
- 13 • Customer Communication
- 14 • Records and Documentation Retention

15 **RECOMMENDATIONS**

16 Q. Were recommendations made in these Reports regarding the examination  
17 of information?

18 A. Yes. The following five (5) recommendations below are included in both  
19 water and sewer operations reports with the exception of recommendation no. 3 (estimation  
20 procedures) which does not apply to the Company's sewer operations. (Schedule TV-2 and  
21 Schedule TV-3).

- 22 1) Develop and utilize time sheets to record work assignments and the time  
23 associated with each work assignment.

1                   2) Develop and utilize a written vehicle log to maintain information regarding  
2                   vehicle usage. The log should include information regarding the date, description and  
3                   location of the task and the miles attributable to it.

4                   3) Develop and maintain estimation procedures for approval which would  
5                   ensure the Company adheres to Commission Rule 4 CSR 240-13.020(2)(C) in the  
6                   event of emergency conditions.

7                   4) Develop and implement a process to ensure qualified personnel are  
8                   available during normal business hours to handle customer inquiries, service  
9                   requests, and complaints and that qualified personnel are available at all times to  
10                  handle customers' discontinuances of service or emergency conditions, which would  
11                  ensure the Company adheres to Commission Rule 4 CSR 240-13.040(2).

12                  5) Develop and distribute, to all current and future customers, written  
13                  information specifying the rights and responsibilities of the Company and its  
14                  customers as required by Commission Rule 4 CSR 240-13.040(3).

15                  Q.    Has LCSW indicated its intention to implement the recommendations  
16                  contained in Case Nos. SR-2013-0321 and WR-2013-0322?

17                  A.    The Company has indicated its' intention to implement the recommendations  
18                  verbally, however, at the time of the writing of this testimony Staff does not have a formal  
19                  agreement with the Company. Through multiple discussions and conference calls between  
20                  Staff and Company personnel regarding the recommendations, it is Staff's belief the  
21                  Company intends to implement the recommendations contained in the Reports.

Rebuttal Testimony  
Tammy Vieth

1 Q. What does Staff recommend regarding the findings during its review?

2 A. Staff would recommend that the Commission order LCSW to implement all  
3 nine (9) recommendations regarding time sheets, vehicle logs, estimation procedures, contact  
4 information, and customer communication contained in each report of the Company's water  
5 and sewer operations.

6 Q. Does this conclude your rebuttal testimony?

7 A. Yes, it does.



## **Tammy Vieth**

### **Present Position**

I am a Utility Management Analyst III in the Engineering and Management Services Unit of the Utility Services Department, Regulatory Review Division. As a Utility Management Analyst my responsibilities include planning and performing reviews of management procedures, customer service, and business processes and practices at utility companies under the Commission's jurisdiction and analyzing statistics reported by various utility companies.

### **Education**

I graduated from Columbia College, Columbia, Missouri in 2008 with a Bachelor of Science degree in Business Administration with emphases in Business Management from Columbia College, Columbia, Missouri. I completed additional coursework in 2009 from Columbia College, Columbia, Missouri in Accounting.

### **Professional Experience**

I have been employed by the Missouri Public Service Commission since November of 2011. I began employment as a Utility Management Analyst II and was promoted to Utility Management Analyst III in November of 2012. I was previously employed by the Commission from 2002-2008 in the General Counsel's Office as an Administrative Office Support Assistant. I was employed by the Missouri Department of Transportation as an Auditor and promoted to an Intermediate Auditor from 2008-2011 in the Internal Auditing Department. During my employment as an Auditor, I performed a variety of audits with internal staff as well as outside contractor and federal grant administrator interviews. I was employed briefly in 2011 by the Missouri Department of Conservation in the Resource Science Center as an Accounting Technician/Office Manager.

I have participated in and conducted a number of customer service and business office operations reviews of water and/or sewer companies. In addition I have participated and conducted analysis of a number of customer complaints and public comment projects. I have reviewed audit reports and testimony prepared by other management analysts within the Engineering and Management Services Unit.

**Case Participation of Tammy Vieth**

Date	Company	Project	File with Case Number
2011-2012	Missouri American Water Company	Customer Service and Business Operations Review	WR-2011-0337
January 2012	Taney County Water Company, LLC	Customer Service and Business Operations Review	WR-2012-0163
April 2012	Lakeland Heights Water Company, Inc.	Customer Service and Business Operations Review	WR-2012-0266
April 2012	Oakbrier Water Company, Inc.	Customer Service and Business Operations Review	WR-2012-0267
April 2012	R.D. Sewer Company LLC	Customer Service and Business Operations Review	SR-2012-0263
May 2012	The Empire District Electric Company – Water Operations	Customer Service and Business Operations Review	WR-2012-0300
June 2012	Chariton Valley Telephone Corporation	Universal Service Funds Report	
June 2012	Northeast Missouri Rural Telephone Company	Universal Service Funds Report	
October 2012	Seges Partners Mobile Home Park LLC	Customer Service and Business Operations Review	SR-2013-0112
December 2012	Cedar Green Land Acquisition, LLC	Certificate of Convenience and Necessity	WC-2013-0087

**Credentials/Case Participation of Tammy Vieth**

Date	Company	Project	File with Case Number
January 2013	Lincoln County Sewer & Water, LLC	Customer Service and Business Operations Review	SR-2013-0321 & WR-2013-0322
April 2013	BPS Telephone Company	Universal Service Funds Report	
May 2013	Alma Telephone Company	Universal Service Funds Report	
May 2013	Windstream Communications	Universal Service Funds Report	
May 2013	Citizens Telephone Company	Universal Service Funds Report	
August 2013	Roy-L Utilities, Inc.	Customer Service and Business Operations Review	WR-2013-0543 & SR-2013-0544

## **REPORT OF CUSTOMER SERVICE AND BUSINESS OPERATIONS REVIEW**

### **Engineering and Management Services Unit**

### **Small Company Rate Increase Request**

**Case No. SR-2013-0321**

**Lincoln County Sewer & Water, LLC**

**Tammy Vieth**

The Engineering and Management Services Unit (“EMSU”) staff of the Missouri Public Service Commission (“Commission”) initiated an informal review of the customer service and business processes, procedures, and practices of Lincoln County Sewer & Water, LLC (“LCSW” or “Company”) in Troy, Missouri, in December 2012. The review was performed in response to the Company’s request for a rate increase in Case No. SR-2013-0321, which was filed December 4, 2012. The Company is requesting an increase of \$13,382 in its annual sewer system operating revenues, which represents an increase of approximately 39.3%.

The EMSU staff examined the Company’s tariffs, Commission complaint and inquiry records, and other documentation related to the Company’s customer service and business operations. In preparation of this report, the EMSU staff submitted data requests to the Company on December 20, 2012, and conducted interviews with Company personnel located in Troy, Missouri, on January 17, 2013. The EMSU staff’s review of the Company resulted in the following four (4) recommendations for Company management.

### **THE EMSU STAFF RECOMMENDS THAT COMPANY MANAGEMENT:**

- 1. Develop and utilize time sheets to record work assignments and the time associated with each work assignment. This recommendation should be completed within ninety (90) days of the effective date of any Commission order issued in this case, SR-2013-0321.*
- 2. Develop and utilize a written vehicle log to maintain information regarding vehicle usage. The log should include information regarding the date, description and location of the task and the miles attributable to it. This recommendation should be completed within ninety (90) days of the effective date of any Commission order issued in this case, SR-2013-0321.*

3. Develop and implement a process to ensure qualified personnel are available during normal business hours to handle customer inquiries, service requests, and complaints and that qualified personnel are available at all times to handle customers' discontinuances of service or emergency conditions. This recommendation should be completed within thirty (30) days of the effective date of any Commission order issued in this case, SR-2013-0321.
4. Develop and distribute, to all current and future customers, written information specifying the rights and responsibilities of the Company and its customers. This recommendation should be completed within thirty (30) days of the effective date of any Commission order issued in this case, SR-2013-0321.

The purpose of the EMSU is to promote and encourage efficient and effective utility management. This purpose contributes to the Commission's overall mission to ensure that customers receive safe and adequate utility service at reasonable rates while providing utilities the opportunity to earn a fair return on their investment.

The objectives of this review were to analyze and document the management control processes, procedures, and practices used by the Company to ensure that its customers' service needs are met and to make recommendations, where appropriate, by which the Company may improve the quality of services provided to its customers. The findings of this review will also provide the Commission with information regarding the Company's customer service and business operations.

The scope of this review focused on processes, procedures, and practices related to:

- Customer Billing
- Payment Remittance
- Credit and Collections
- Complaints and Inquiries
- Customer Communication
- Records and Documentation Retention

### Overview

Lincoln County Sewer and Water Company was certificated by the Commission in July 2012 to provide regulated sewer collection and treatment services in the city of Troy, which is located in Lincoln County. The joint owners of LCSW presently manage the Company, and

field operations are on a contract basis. The Company provides water and sewer services to approximately one hundred twenty-two (122) residential customers through wells and treatment facilities in Bennington and Rockport subdivisions in Troy, Missouri.

The Company has two offices located at 202 Sunswept Drive and 360 E. Cherry Street in Troy, Missouri, which are open to customers at various times or upon scheduled appointment. The Company owners are responsible for all administrative tasks associated with LCSW such as accounts payable, accounts receivable, customer billing, credit and collections, and meter reading. LCSW currently contracts for the maintenance, operation, and repairs associated with its facilities.

Company owners do not use detailed time sheets on a consistent basis to record the hours spent performing work activities. Vehicle logs are not used to track vehicle usage associated with performing work activities.

### **Customer Billing**

Continental Utility Billing Solutions, Inc. ("CUSI") is the billing software utilized by the Company to maintain customer account records and prepare monthly billing statements. The current minimum customer charge for the Bennington subdivision customers is \$39.39 flat rate per month and for the Rockport subdivision customers is \$34.07 flat rate per month. The sewer charges are included on the water service billing statement. After reviewing each bill and ensuring accuracy, customer billing statements are electronically generated, printed, and mailed. Company personnel indicated they spend approximately 8-12 hours on this process each month.

### **Payment Remittance**

Customers' payment options include cash, check, and money order. Payments are received at both office locations, and a lock box is located at the Sunswept Drive office location across from the Bennington subdivision. The majority of customers remit payment by check. Company personnel indicated there have been frequent phone calls from customers regarding the due date and delinquent date occurring on consecutive days on the billing statement. The Company inquired during the initial review about changing information on the billing statement. EMSU staff is currently working with LCSW to make these dates more

consistent with other utilities. The Company typically makes bank deposits on a weekly basis or more often if necessary.

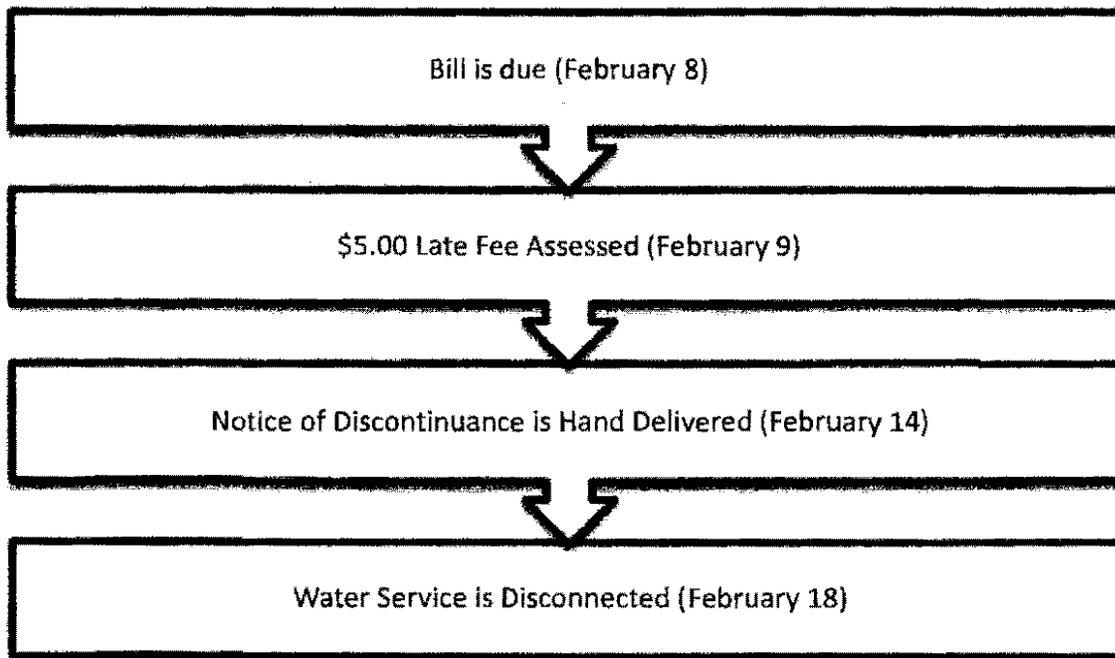
### **Credit and Collections**

Customers requesting services are required to complete a written application. Company personnel indicated they do not require a security deposit as a condition for providing water and sewer service. The Company developed procedures allowing a credit check and security deposit in the event it is necessary to perform or collect a deposit on a potential customer.

The customers are allowed a minimum of twenty-one (21) days from the rendition of the bill to pay the utility charges before they are considered delinquent each month. A late fee of \$5.00 or 3% of the amount due, whichever amount is larger, is applied on accounts in which payment is received beyond the delinquent date, or twenty-two (22) days after the billing due date.

Whenever a customer's service is subject to discontinuance due to delinquent non pay, the Company discontinues water services therefore terminating sewer service. LCSW currently hand delivers a Notice of Discontinuance to the premise that is prepared approximately 4-5 days after the delinquent date has passed and at least ninety-six (96) hours before discontinuance of service. This notice includes information regarding all fees associated with discontinuance of service and restoration of service, the date on which services will be terminated for non-payment, and instructions on how to avoid discontinuance of service.

At least two (2) attempts to reach the customer are made by phone and, if no payment has been received, at least one additional phone call is made twenty-four (24) hours prior to service discontinuance. A notice is left at the premise whenever service is discontinued. Following discontinuance of service, customers are required to pay the balance due including the late fee that was previously applied, a \$25.00 disconnect fee, and a \$25.00 reconnect fee to restore the water service. Once payment has been received, service is restored as soon as possible. Below is an illustration of the actions the Company would follow on a delinquent account. This illustration reflects a bill that was mailed January 18 with a due date of February 8.



**Source: Lincoln County Interview**

The Company attempts to avoid discontinuances of service late in the week if possible to ensure customers are not without service on non-business days. LCSW reported two (2) discontinuance of service since July of 2012. The Company indicated delinquent paying customers generally pay before the discontinuance notice is delivered and service discontinuances are not a concern.

The Company indicated they received one (1) insufficient funds check in the amount of \$103.66 for which collection of the funds occurred within twenty-four (24) hours of notification to the customer. The Company tariff allows for a \$25.00 returned check fee charge. The Company reported \$327.83 total in bad debt write offs for the period from July 2012 through January 2013. The Company does not use a collection agency and does not have plans to implement a contract.

### **Complaints and Inquiries**

Customers that have a complaint or inquiry with the Company may call or come by the office. The Company maintains a customer complaint log which includes documentation of the issue and the resolution if an investigation or maintenance check is warranted. The owners

handle all complaints or inquiries. According to the Commission's Electronic Filing Information System (EFIS), there were no reported complaints on file with the Commission from July 2012 through January of 2013.

The Company does not have a process in place for Company personnel to be reached outside of business hours or in the event of an emergency condition. LCSW is in the process of acquiring a separate cell phone and updating information on their answering machine so that Company personnel are available during non-business hours.

### **Customer Communication**

The Company does not have a written information form or brochure which contains all necessary information that summarizes the rights and responsibilities of the utility and its customers. LCSW is currently working with EMSU staff to develop a brochure to have available to distribute to existing and future customers.

### **Records and Documentation Retention**

LCSW maintains a copy of all customer files at the Cherry Street office location. Customer records are kept electronically through the Company's billing software program. The Company's electronic records are backed up monthly by the data storage program CUSI and stored at an off-site location in a fireproof safe.

### **Findings, Conclusions, and Recommendations**

The following discussion presents a summary of the findings, conclusions, and recommendations pertaining to the Company's customer service operations. The information presented in this section focuses on the following issues that require Company management's attention:

- Time Records
- Vehicle Logs
- Customer Complaint and Inquiry Contact
- Customer Communication

## **Time Records**

The Company's system for documenting time is not complete for all personnel and is not adequate for summarization and analysis purposes. The Company has attempted on an occasional basis to maintain documentation regarding the activities completed, and noting the date each activity was performed. There is no detail on the amount of hours worked each day associated with the particular activities indicated on the time records for all personnel performing duties for LCSW. These records are difficult to summarize and analyze for rate making and other review purposes.

Maintaining accurate time records can serve and support several purposes such as planning, budgeting, and human resources. Time records assist in tracking the amount of time that is expended on all projects and enabling schedules of required work to increase operational efficiencies. Accurate and detailed time sheets create a record and serve as visual feedback to personnel of the work and projects that have been accomplished. Data contained in time records should be linked to accounting records and provide the necessary support for financial reporting and allocation of costs. Time records are useful in the regulatory process to support the pay and benefits that regulated utilities will receive in customer rates.

It is the opinion of the EMSU staff that the Company could improve its time records by using a standard form time sheet to track hours, location of work, and a general description of the activity. The EMSU staff has provided sample time sheets to the Company that may assist in implementing the following recommendation.

### ***THE EMSU STAFF RECOMMENDS THAT COMPANY MANAGEMENT:***

*Develop and utilize time sheets to record work assignments and the time associated with each work assignment. This recommendation should be completed within ninety (90) days of the effective date of any Commission order issued in this case, SR-2013-0321.*

## **Vehicle Logs**

Company personnel do not currently log the mileage associated with jobs while using the Company vehicle. This lack of written documentation makes it difficult to ensure that Company vehicles are being used solely for Company-related activities. An appropriate vehicle log would provide useful information including the vehicle type, date, a general description and location of the task, and the miles driven attributable to the task.

**THE EMSU STAFF RECOMMENDS THAT COMPANY MANAGEMENT:**

Develop and utilize a written vehicle log to maintain information regarding vehicle usage. The log should include information regarding the date, description and location of the task and the miles attributable to it. This recommendation should be completed within ninety (90) days of the effective date of any Commission order issued in this case, SR-2013-0321.

**Customer Complaint and Inquiry Contact**

The Company does not have a process in place to ensure Company personnel are available during normal business hours to handle customer inquiries, service requests, and complaints and at all times to handle customers' discontinuances of service or emergency conditions. EMSU staff discussed this requirement with Company personnel. LCSW is in the process of acquiring a separate cell phone and updating information on their answering machine.

**THE EMSU STAFF RECOMMENDS THAT COMPANY MANAGEMENT:**

Develop and implement a process to ensure qualified personnel are available during normal business hours to handle customer inquiries, service requests, and complaints and that qualified personnel are available at all times to handle customers' discontinuances of service or emergency conditions. This recommendation should be completed within thirty (30) days of the effective date of any Commission order issued in this case, SR-2013-0321.

**Customer Communication**

The Company does not have a written information form or brochure which contains all necessary information. EMSU staff discussed this with Company personnel and LCSW is currently working with EMSU staff to develop a brochure to distribute to existing and future customers.

**THE EMSU STAFF RECOMMENDS THAT COMPANY MANAGEMENT:**

Develop and distribute, to all current and future customers, written information specifying the rights and responsibilities of the Company and its customers. This recommendation should be completed within thirty (30) days of the effective date of any Commission order issued in this case, SR-2013-0321.

**Implementation Review**

The EMSU staff will conduct a review of the Company's progress regarding the implementation of the recommendation made in this report.

**REPORT OF CUSTOMER SERVICE AND BUSINESS OPERATIONS REVIEW**

**Engineering and Management Services Unit**

**Small Company Rate Increase Request**

**Case No. WR-2013-0322**

**Lincoln County Sewer & Water, LLC**

**Tammy Vieth**

The Engineering and Management Services Unit (“EMSU”) staff of the Missouri Public Service Commission (“Commission”) initiated an informal review of the customer service and business processes, procedures, and practices of Lincoln County Sewer & Water, LLC (“LCSW” or “Company”) in Troy, Missouri, in December 2012. The review was performed in response to the Company’s request for a rate increase in Case No. WR-2013-0322, which was filed December 4, 2012. The Company is requesting an increase of \$7,569 in its annual water system operating revenues, which represents an increase of approximately 18.59%.

The EMSU staff examined the Company’s tariffs, Commission complaint and inquiry records, and other documentation related to the Company’s customer service and business operations. In preparation of this report, the EMSU staff submitted data requests to the Company on December 20, 2012, and conducted interviews with Company personnel located in Troy, Missouri, on January 17, 2013. The EMSU staff’s review of the Company resulted in the following five (5) recommendations for Company management.

**THE EMSU STAFF RECOMMENDS THAT COMPANY MANAGEMENT:**

1. Develop and utilize time sheets to record work assignments and the time associated with each work assignment. This recommendation should be completed within ninety (90) days of the effective date of any Commission order issued in this case, WR-2013-0322.
2. Develop and utilize a written vehicle log to maintain information regarding vehicle usage. The log should include information regarding the date, description and location of the task and the miles attributable to it. This recommendation should be completed within ninety (90) days of the effective date of any Commission order issued in this case, WR-2013-0322.

3. Develop and maintain estimation procedures for approval which would ensure the Company adheres to Commission Rule 4 CSR 240-13.020(2)(C) in the event of emergency conditions. This recommendation should be completed within thirty (30) days of the effective date of any Commission order issued in this case, WR-2013-0322.
4. Develop and implement a process to ensure qualified personnel are available during normal business hours to handle customer inquiries, service requests, and complaints and that qualified personnel are available at all times to handle customers' discontinuances of service or emergency conditions, which would ensure the Company adheres to Commission Rule 4 CSR 240-13.040(2). This recommendation should be completed within thirty (30) days of the effective date of any Commission order issued in this case, WR-2013-0322.
5. Develop and distribute, to all current and future customers, written information specifying the rights and responsibilities of the Company and its customers as required by Commission Rule 4 CSR 240-13.040(3). This recommendation should be completed within thirty (30) days of the effective date of any Commission order issued in this case, WR-2013-0322.

The purpose of the EMSU is to promote and encourage efficient and effective utility management. This purpose contributes to the Commission's overall mission to ensure that customers receive safe and adequate utility service at reasonable rates while providing utilities the opportunity to earn a fair return on their investment.

The objectives of this review were to analyze and document the management control processes, procedures, and practices used by the Company to ensure that its customers' service needs are met and to make recommendations, where appropriate, by which the Company may improve the quality of services provided to its customers. The findings of this review will also provide the Commission with information regarding the Company's customer service and business operations.

The scope of this review focused on processes, procedures, and practices related to:

- Customer Billing
- Meter Reading
- Payment Remittance
- Credit and Collections
- Complaints and Inquiries

- Customer Communication
- Records and Documentation Retention

### **Overview**

Lincoln County Sewer and Water Company was certificated by the Commission in July 2012 to provide water supply and distribution services in the city of Troy, which is located in Lincoln County. The joint owners of LCSW presently manage the Company and field operations services are on a contract basis. The Company provides water and sewer services to approximately one hundred twenty-two (122) residential customers through wells and treatment facilities in Bennington and Rockport subdivisions in Troy, Missouri.

The Company has two (2) offices located at 202 Sunswept Drive and 360 E. Cherry Street in Troy, Missouri, which are open to customers at various times or upon scheduled appointment. The Company owners are responsible for all administrative tasks associated with LCSW such as accounts payable, accounts receivable, customer billing, credit and collections, and meter reading. LCSW currently contracts for the maintenance, operation, and repairs associated with its facilities.

Company owners do not use detailed time sheets on a consistent basis to record the hours spent performing work activities. Vehicle logs are not used to track vehicle usage associated with performing work activities.

### **Meter Reading**

The Company's owners installed a Neptune radio frequency automatic meter reading system to handle the meter reading process. The Company indicated this is the system currently utilized by the City of Troy for customers on County Water. LCSW performed cost comparisons to other systems and found the Neptune software and system to be the most efficient system to handle meter reading. The billing software, Continental Utility Billing Solutions, Inc. ("CUSI"), required an update in order to accept the information processed from the handheld device upload. Meter readings are collected monthly by driving through the subdivisions with the hand held device which is returned to the office and uploaded to the database each month. Customers' billing information was manually entered into the system to create the route schedule.

The Company currently does not have bill estimation procedures in the event of extreme weather conditions or emergencies. LCSW indicated there would never be an instance in which estimation would be necessary.

### **Customer Billing**

CUSI is the billing software utilized by the Company to maintain customer account records and prepare monthly billing statements. The current minimum customer charge for the Bennington subdivision customers is \$15.10 per month plus \$3.45 commodity charge per 1,000 gallons of water. The current minimum customer charge for the Rockport subdivision customers is \$13.91 per month plus \$5.57 commodity charge per 1,000 gallons of water.

The customers' actual water usage is used to calculate the total amount of the water bill. In the event there appears to be an unusually high or low read, each instance is investigated prior to generating the billing statement. Parameters and comparison reports assist the Company in identifying situations that require investigation by flagging accounts that are out of range. After reviewing each bill and to help ensure accuracy, customer billing statements are electronically generated, printed, and mailed. Company personnel indicated they spend approximately 8-12 hours on their customer billing process each month.

### **Payment Remittance**

Customers' payment options include: cash, check, and money order. Payments are received at both office locations and a lock box is located at the Sunswept Drive office location across from the Bennington subdivision. The majority of customers remit payment by check. Company personnel indicated there have been frequent phone calls from customers regarding the due date and delinquent date occurring on consecutive days on the billing statement. The Company inquired during the initial review about changing information on the billing statement. EMSU staff is currently working with LCSW to make these dates more consistent with other utilities. The Company typically makes bank deposits on a weekly basis or more often if necessary.

### **Credit and Collections**

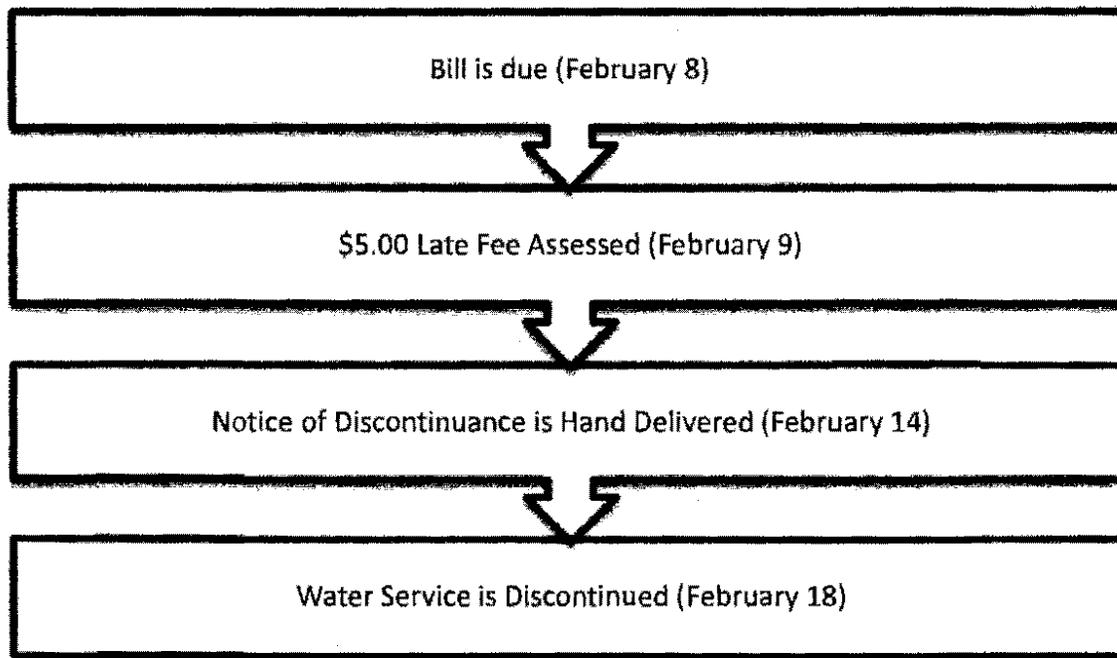
Customers requesting services are required to complete a written application. Company personnel indicated they do not require a security deposit as a condition for providing water

service. The Company's tariff includes procedures allowing a credit check and security deposit in the event it is necessary to perform or collect a deposit on a potential customer.

The customers are allowed a minimum of twenty-one (21) days from the rendition of the bill to pay the utility charges before they are considered delinquent each month. A late fee of \$5.00 or 3% of the amount due, whichever amount is larger, is applied on accounts in which payment is received beyond the delinquent date, or twenty-two (22) days after the billing due date. LCSW currently hand delivers a Notice of Discontinuance that is prepared approximately 4-5 days after the delinquent date has passed and at least ninety-six (96) hours before discontinuance of service. This notice includes information regarding all fees associated with discontinuance of service and restoration of service, the date on which services will be terminated for non-payment, and instructions on how to avoid discontinuance of service.

At least two (2) attempts to reach the customer are made by phone and, if no payment has been received, at least one (1) additional phone call is made twenty-four (24) hours prior to service discontinuance. A notice is left at the premise whenever service is discontinued. Following discontinuance of service, customers are required to pay the balance due including the late fee that was previously applied, a \$25.00 disconnect fee, and a \$25.00 reconnect fee. Once payment has been received, service is restored as soon as possible. Below is an illustration of the actions the Company would follow on a delinquent account. This illustration reflects a bill that was mailed January 18 with a due date of February 8.

*Continued on next page*



**Source: Lincoln County Interview**

The Company attempts to avoid discontinuances of service late in the week if possible to ensure customers are not without services on non-business days. LCSW reported two (2) discontinuances of service since July of 2012. The Company indicated delinquent customers generally pay before the discontinuance notice is delivered and service discontinuances are not a concern.

The Company indicated they received one insufficient funds check in the amount of \$103.66 in which collection of the funds occurred within twenty-four (24) hours of notification to the customer. The Company tariff allows for a \$25.00 returned check fee charge. The Company reported from July 2012 through January 2013, \$327.83 in bad debt write-offs. The Company does not use a collection agency and does not have plans to implement a contract.

### **Complaints and Inquiries**

Customers that have a complaint or inquiry with the Company may call or come by the office. The Company maintains a customer complaint log which includes documentation of the issue and the resolution if an investigation or maintenance check is warranted. The owners handle all complaints or inquiries. According to the Commission's Electronic Filing Information

System (EFIS), there were four (4) reported complaints on file with the Commission from July 2012 through January of 2013.

The Company does not have a process in place for Company personnel to be reached outside of business hours or in the event of an emergency condition. LCSW is in the process of acquiring a separate cell phone and updating information on their answering machine so that Company personnel are available during non-business hours.

### **Customer Communication**

The Company does not have a written information form or brochure which contains all necessary information which is required by Commission Rules. LCSW is currently working with EMSU staff to develop a brochure in accordance with Commission Rule 4 CSR 240-13.040 to distribute to existing and future customers.

### **Records and Documentation Retention**

LCSW maintains a copy of all customer files at the Cherry Street office location. Customer records are kept electronically through the Company's billing software program. The Company's electronic records are backed up monthly by the data storage program CUSI and stored at an off-site location in a fireproof safe.

### **Findings, Conclusions, and Recommendations**

The following discussion presents a summary of the findings, conclusions, and recommendations pertaining to the Company's customer service operations. The information presented in this section focuses on the following issues that require Company management's attention:

- Time Records
- Vehicle Logs
- Estimation Procedures
- Customer Complaint and Inquiry Contact
- Customer Communication

## Time Records

The Company's system for documenting time is not complete for personnel and is not adequate for summarization and analysis purposes. The Company has attempted on an occasional basis to maintain documentation regarding the activities completed, and noting the date each activity was performed. There is no detail on the amount of hours worked each day associated with the particular activities indicated on the time records for all personnel performing duties for LCSW. These records are difficult to summarize and analyze for rate making and other review purposes.

Maintaining accurate time records can serve and support several purposes such as planning, budgeting, and human resources. Time records assist in tracking the amount of time expended on all projects, and enabling schedules of required work to increase operational efficiencies. Accurate and detailed time sheets create a record and serve as visual feedback to personnel of the work and projects that have been accomplished. Data contained in time records should be linked to accounting records and provide the necessary support for financial reporting and allocation of costs. Time records are useful in the regulatory process to support the pay and benefits that regulated utilities will receive in customer rates.

It is the opinion of the EMSU staff that the Company could improve its time records by using a standard form time sheet to track hours, location of work, and a general description of the activity. The EMSU staff has provided sample time sheets to the Company that may assist in implementing the following recommendation.

### ***THE EMSU STAFF RECOMMENDS THAT COMPANY MANAGEMENT:***

*Develop and utilize time sheets to record work assignments and the time associated with each work assignment. This recommendation should be completed within ninety (90) days of the effective date of any Commission order issued in this case, WR-2013-0322.*

## Vehicle Logs

Company personnel do not currently log the mileage associated with jobs while using the Company vehicle. This lack of written documentation makes it difficult to ensure that Company vehicles are being used solely for Company-related activities. An appropriate vehicle log would provide useful information including the vehicle type, date, a general description and location of the task, and the miles driven attributable to the task.

**THE EMSU STAFF RECOMMENDS THAT COMPANY MANAGEMENT:**

Develop and utilize a written vehicle log to maintain information regarding vehicle usage. The log should include information regarding the date, description and location of the task and the miles attributable to it. This recommendation should be completed within ninety (90) days of the effective date of any Commission order issued in this case, WR-2013-0322.

**Estimation Procedures**

The Company has not submitted its estimation procedures for approval to the Commission per Rule 4 CSR 240-13-020 (2)(C), which states:

(2) Each billing statement rendered by a utility shall be computed on the actual usage during the billing period except as follows:

...

- (C) Under no circumstances shall a utility render a bill based on estimated usage –
1. Unless the estimating procedures employed by the utility and any substantive changes to those procedures have been approved by the commission;

The Company indicated they would never estimate bills because of the automatic meter reading system. The EMSU staff discussed the benefits to having an approved procedure in the event the Company is forced to estimate in an emergency situation. The Company was informed of the rule and indicated it would work with Commission staff to create estimation procedures for approval.

**THE EMSU STAFF RECOMMENDS THAT COMPANY MANAGEMENT:**

Develop and maintain estimation procedures for approval which would ensure the Company adheres to Commission Rule 4 CSR 240-13.020(2)(C) in the event of emergency conditions. This recommendation should be completed within thirty (30) days of the effective date of any Commission order issued in this case, WR-2013-0322.

**Customer Complaint and Inquiry Contact**

The Company does not have a process in place to ensure Company personnel are available during normal business hours to handle customer inquiries, service requests, and complaints and at all times to handle customers' discontinuances of service or emergency conditions. EMSU staff discussed this requirement with Company personnel. LCSW is in the

process of acquiring a separate cell phone and updating information on their answering machine in accordance with Commission Rule 4 CSR 240-13.040 (2), which states:

(2) A utility shall establish personnel procedures which, at a minimum, insure that—

(A) Qualified personnel shall be available and prepared at all times during normal business hours to receive and respond to all customer inquiries, service requests and complaints. A utility shall make necessary arrangements to insure that customers unable to communicate in the English language receive assistance;

(B) Qualified personnel responsible for and authorized to enter into written agreements on behalf of the utility shall be available at all times during normal business hours to respond to customer inquiries and complaints;

(C) Qualified personnel shall be available at all times to receive and initiate response to customer contacts regarding any discontinuance of service or emergency condition occurring within the utility's service area;

***THE EMSU STAFF RECOMMENDS THAT COMPANY MANAGEMENT:***

*Develop and implement a process to ensure qualified personnel are available during normal business hours to handle customer inquiries, service requests, and complaints and that qualified personnel are available at all times to handle customers' discontinuances of service or emergency conditions, which would ensure the Company adheres to Commission Rule 4 CSR 240-13.040(2). This recommendation should be completed within thirty (30) days of the effective date of any Commission order issued in this case, WR-2013-0322.*

**Customer Communication**

The Company does not have a written information form or brochure which contains all necessary information according to Commission rules. EMSU staff discussed this requirement with Company personnel and LCSW is currently working with EMSU staff to develop a brochure in accordance with Commission Rule 4 CSR 240-13.040 to distribute to existing and future customers. Commission Rule 4 CSR 240-13.040(3) states:

(3) A utility shall prepare, in written form, information which in layman's terms summarizes the rights and responsibilities of the utility and its customers in accordance with this chapter. The form shall be submitted to the Missouri Public Service Commission, and to the Office of the Public Counsel. This written information shall be displayed prominently, and shall be available at all utility office locations open to the general public, and shall be mailed or otherwise delivered to each residential customer of the utility if requested by the customer. The information shall be delivered or mailed to each new customer of the utility upon the commencement of service and shall be available at all times upon request. . .

**THE EMSU STAFF RECOMMENDS THAT COMPANY MANAGEMENT:**

Develop and distribute, to all current and future customers, written information specifying the rights and responsibilities of the Company and its customers as required by Commission Rule 4 CSR 240-13.040(3). This recommendation should be completed within thirty (30) days of the effective date of any Commission order issued in this case, WR-2013-0322.

**Implementation Review**

The EMSU staff will conduct a review of the Company's progress regarding the implementation of the recommendation made in this report.