

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

In the Matter of the Request by R.D. Sewer)
Company LLC's for a Increase in Annual)
Sewer System Operating Revenues.)

Case No. SR-2009-0226

**NOTICE OF UNANIMOUS AGREEMENT REGARDING DISPOSITION
OF SMALL COMPANY RATE INCREASE REQUEST**

COMES NOW the Staff of the Missouri Public Service Commission (Staff), by and through the undersigned counsel, and for its *Notice of Unanimous Agreement Regarding Disposition of Small Company Rate Increase Request (Notice)* respectfully states the following:

1. On November 26, 2008, the Missouri Public Service Commission (Commission) received a Rate Increase Request Letter from R.D. Sewer Company LLC (Company) pursuant to Commission Rule 4 CSR 240-3.050 (Small Utility Rate Case Procedure), requesting the Commission make the interim rates granted in SR-2008-0289 permanent for its annual operating revenues.

2. Subsequent to Staff's investigation and pursuant to negotiations between the Company, Staff, and the Office of the Public Counsel (OPC), all parties have been able to reach a *Unanimous Agreement Regarding Disposition of Small Sewer Company Revenue Increase Request (Unanimous Agreement)*.

3. Included in Appendix A, attached hereto, is a copy of the above-referenced Unanimous Agreement, as well as various attachments related to the Unanimous Agreement.

4. As agreed-upon by the parties to this case, the Unanimous Agreement provides for an increase of \$6,350 in the Company's annual operating revenues, with rates designed to generate revenues sufficient to recover the agreed-upon total annualized cost of service for the Company.

5. Pursuant to Rule 4 CSR 240-3.050(13), “[i]f the disposition agreement filed by the staff provides for a full resolution of the utility’s request and is executed by the utility, the staff and the public counsel, the utility shall file new and/or revised tariff sheets, bearing an effective date that is not fewer than (30) days after they are filed, to implement the agreement.” On or before August 13, 2009, the Company will file the revised tariff sheets P.S.C. MO No. 1, 4th Revised Sheet No. 7 Canceling 3rd Revised Sheet No. 7; P.S.C. MO No. 1, Original Sheet 7a; P.S.C. MO No. 1, 2nd Revised Sheet No. 8 Canceling 1st Revised Sheet No. 8; and P.S.C. MO No. 1, 2nd Revised Sheet No.9 Canceling 1st Revised Sheet No. 9, bearing an effective date of September 12, 2009.

6. Other than the specific conditions agreed upon and expressly set out in the Unanimous Agreement, the terms of the Unanimous Agreement reflect compromises between Staff, OPC and the Company, and no party has agreed to any particular ratemaking principle in arriving at the amount of the annual operating revenue increase specified herein.

7. The Company has made its first installment payment for the fiscal year 2010 Commission assessment, is current on the filing of annual reports and statements of revenue, and has no other cases pending before the Commission.

WHEREFORE, the Staff respectfully submits this *Notice* and the attached Appendix A for the Commission's information and consideration in this case, and respectfully requests that the Commission enter an Order adopting the terms agreed upon in the Unanimous Agreement.

Respectfully submitted,

/s/ Jennifer Hernandez

Jennifer Hernandez

Legal Counsel

Missouri Bar No. 59814

Attorney for the Staff of the
Missouri Public Service Commission

P. O. Box 360

Jefferson City, MO 65102

(573) 751-8706 (Telephone)

(573) 751-9285 (Fax)

jennifer.hernandez@psc.mo.gov

Certificate of Service

I hereby certify that a true and correct copy of the foregoing was served via electronic mail on Terry C. Allen, attorney for R.D. Sewer, LLC, at terry@tcallenlawoffices.com, and The Office of Public Counsel of the State of Missouri, at opcservice@ded.mo.gov this 29th day of July, 2009.

/s/ Jennifer Hernandez

APPENDIX A

STAFF PARTICIPANT AFFIDAVITS AND DISPOSITION AGREEMENT & ATTACHMENTS

CASE NO. SR-2009-0226

Note: To browse through this document by item, click on the "Bookmark" tab at the top of the menu bar to the left of the screen and then click on the item that you want to see.

Table of Contents

Staff Participant Affidavits

Unanimous Disposition Agreement

- Agreement Attachment A: Example Tariff Sheets
- Agreement Attachment B: Rate Design Worksheet
- Agreement Attachment C: Billing Comparison Worksheet
- Agreement Attachment D: Company Payment Plan
- Agreement Attachment E: EMSD Report
- Agreement Attachment F: Summary of Case Events

Staff Participant Affidavits

James M. Russo – Water & Sewer Department

Deborah A. Bernsen – Engineering & Management Services Department

BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

AFFIDAVIT OF JAMES M. RUSSO

STATE OF MISSOURI)
) SS
COUNTY OF COLE)

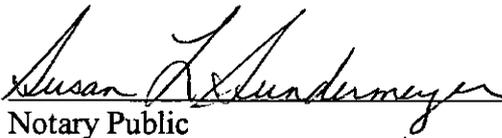
CASE NO. SR-2009-0226

COMES NOW James M. Russo, being of lawful age, and on his oath states the following: (1) that he is the Rate and Tariff Examination Supervisor of the Missouri Public Service Commission's Water & Sewer Department; (2) that he participated in the Staff's investigation of the small company rate increase request that is the subject of the instant case; (3) that he was responsible for the preparation of the following *Unanimous Agreement Regarding Disposition of Small Sewer Company Revenue Increase Request ("Disposition Agreement")*; (4) that he was responsible for the preparation of Attachments A, B, C and E to the Disposition Agreement; (5) that he has knowledge of the matters set forth in the Disposition Agreement and the above-referenced attachments thereto; and (6) that the matters set forth in the Disposition Agreement and the above-referenced attachments thereto are true and correct to the best of his knowledge, information and belief.



James M. Russo
Rate & Tariff Examination Supervisor
Water and Sewer Department

Subscribed and sworn to before me this 16th day of July, 2009.



Notary Public



SUSAN L. SUNDERMEYER
My Commission Expires
September 21, 2010
Callaway County
Commission #06942086

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

AFFIDAVIT OF DEBORAH A. BERNSEN

STATE OF MISSOURI

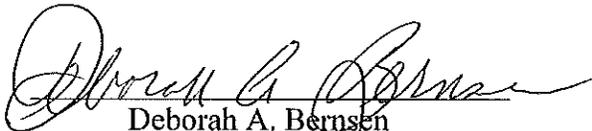
ss.

COUNTY OF COLE

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Case No. SR-2009-0226

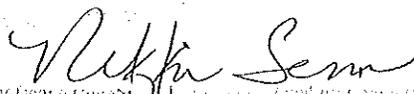
COMES NOW Deborah A. Bernsen, being of lawful age, and on her oath states the following: (1) that she is a Utility Management Analyst III in the Missouri Public Service Commission's Engineering & Management Services Department; (2) that she participated in the Staff's investigation of the small company rate increase request that is the subject of the instant case; (3) that she has knowledge of the foregoing *Unanimous Agreement Regarding Disposition of Small Sewer Company Revenue Increase Request* ("Disposition Agreement"); (4) that she was responsible for the preparation of Attachment D to the Disposition Agreement; (5) that she has knowledge of the matters set forth in Attachment D to the Disposition Agreement; and (6) that the matters set forth in Attachment D to the Disposition Agreement are true and correct to the best of her knowledge, information, and belief.



Deborah A. Bernsen
Utility Management Analyst III
Engineering & Management
Services Department

Subscribed and sworn to before me this 16th day of July, 2009.

NIKKI SENN
Notary Public - Notary Seal
State of Missouri
Commissioned for Osage County
My Commission Expires: October 01, 2011
Commission Number: 07287016



Commissioned for Osage County
My Commission Expires: October 01, 2011
Commission Number: 07287016
Notary Public

Unanimous Disposition Agreement

**UNANIMOUS AGREEMENT REGARDING DISPOSITION
OF SMALL SEWER COMPANY REVENUE INCREASE REQUEST**

R. D. SEWER COMPANY L. L. C.

MO PSC CASE NO SR-2009-0226

BACKGROUND

R. D. Sewer Company L. L. C. ("Company") initiated the small company revenue increase request ("Request") for sewer service that is the subject of the above-referenced Missouri Public Service Commission ("Commission") Case Number by submitting a letter to the Secretary of the Commission in accordance with the provisions of Commission Rule 4 CSR 240-3.050, Small Utility Rate Case Procedure ("Small Company Procedure"). In its Request letter, which was received at the Commission's offices on November 26, 2008, the Company set forth its request to make the interim rates granted in Case No. SO-2008-0289 become permanent for the Company's sewer service operating revenues. In its request letter, the Company also acknowledged that the design of its customer rates, its service charges, its customer service practices, its general business practices and its general tariff provisions would be reviewed during the Commission Staff's ("Staff") review of the revenue increase request, and could thus be the subject of Staff recommendations. The Company provides service to approximately 170 residential customers.

Pursuant to the provisions of the Small Company Procedure and related internal operating procedures, Staff initiated an audit of the Company's books and records, a review of the Company's customer service and general business practices, a review of the Company's existing tariff, an inspection of the Company's facilities and a review of the Company's operation of its facilities. (Hereafter, these activities are collectively referred to as Staff's "investigation" of the Company's Request.)

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

On April 27, 2009, Staff and the Company filed a Company/Staff Disposition Agreement. The Company filed related tariff revisions P.S.C. MO No. 1 4th Revised Sheet No. 7 Canceling 3rd Revised Sheet No. 7 ("No. 7"); P.S.C. MO No. 1 Original Sheet 7a; P.S.C. MO No. 1 2nd Revised

Sheet No. 8 Canceling 1st Revised Sheet No. 8 (“No. 8”) and P.S.C. MO No. 1 2nd Revised Sheet No.9 Canceling 1st Revised Sheet No. 9 (“No. 9”) on April 30, 2009.

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 Staff's investigation of the Company's Request, Staff, OPC and the Company hereby state the following agreements.

- (1) That for the purpose of implementing the agreements set out herein, the Company will file with the Commission revised tariff sheets No. 7, No. 7a, No. 8 and No. 9 intended both to reflect the terms of this agreement and to supersede those tariff sheets No. 7, No. 7a, No. 8 and No. 9 filed with the Commission on April 30, 2009. These revised tariff sheets shall be filed on or before August 13, 2009, shall bear an effective date of September 12, 2009, and shall contain the rates, charges and language set out in the example revised tariff sheets attached hereto as Attachment A.
- (2) That the rates set out in the example revised tariff sheets No. 7, No. 7a, No. 8 and No. 9 attached hereto as Attachment A, are designed to generate additional revenues of \$6,350.
- (3) That the rates set out in the attached example revised tariff sheets, the development of which is shown on the rate design worksheet attached hereto as Attachment B, are designed to generate revenues sufficient to recover the agreed-upon total annualized cost of service for the Company.
- (4) That the rates included in the attached example revised tariff sheets will result in the residential customer impacts shown on the billing comparison worksheet attached hereto as Attachment C.
- (5) That the rates included in the attached example revised tariff sheets are just and reasonable, and that the provisions of the attached example revised tariff sheets also properly reflect all other agreements set out herein, where necessary.
- (6) The Company will maintain all of its financial records in accordance with the Commission's Uniform System of Accounts.
- (7) The Company shall segregate Company purchases from personal purchases.
- (8) The Company will install a second operational blower at the wastewater treatment plant within twelve (12) months of the effective date of an order approving this Unanimous Disposition Agreement. The Company will notify the Manager of the Water and Sewer Department upon the installation of the operational blower.
- (9) The Company will within six (6) months of the effective date of an order approving this Unanimous Disposition Agreement both (1) rehabilitate or replace the piping in the existing lift stations and (2) install a second operation pump in each lift

station. The Company will notify the Manager of the Water and Sewer Department upon the installation of the second operational pump.

(10) The Company will dispose of bar screenings properly in a dumpster.

(11) That the Company will repair the fencing around the Company's waste water facilities in accordance with the requirements of 10 CSR 20-8.020(11)(C) 11 within three (3) months of the effective date of an order approving this Unanimous Disposition Agreement and provide proof of the installation to the Manager of the Commission's Water and Sewer Department upon completion.

(12) That the Company will repair or replace the building around the Company's blowers within twelve (12) months of the effective date of an order approving this Unanimous Disposition Agreement and provide proof of the installation to the Manager of the Commission's Water and Sewer Department upon completion.

(13) No later than September 1, 2009, the Company will implement the attached written plan to pay amounts owed for pumps purchased/repared by MACO, legal fees and the storage building used by the utility, and attached hereto as Attachment D.

(14) Within thirty (30) days of the effective date of an order approving this Unanimous Disposition Agreement, the Company will implement the recommendations contained in the Engineering & Management Services Department ("EMSD") Report attached hereto as Attachment E. These recommendations include the following:

- a. Perform monthly bill checking on a sample of bills and correct past billing errors to customers.
- b. Ensure that all rates and fees charged to customers, such as returned check and reconnection fees, have been approved by the Missouri Public Service Commission and are present in the Company's tariffs.
- c. Refund and/or credit to customers all fees that have been inappropriately collected from customers including returned check and reconnection fees.
- d. Ensure all customer complaints received by Company personnel are documented. Documentation shall include customer name, address, the nature of the complaint, date of occurrence, as well as an explanation of what the Company has done to address the complaint as explained in Commission Rule 4 CSR 240-60.010(4).

(15) Within six (6) months of the effective date of an order approving this Unanimous Disposition Agreement, the Company will implement the recommendations contained in the Engineering & Management Services Department ("EMSD") Report. These recommendations include the following:

- a. Analyze automated billing software and consider use of a cost-effective automated system that would more efficiently and accurately handle the calculation and preparation of customer bills.
- b. Store all critical paper files in fire proof storage.
- c. Institute time reporting by specific utility for the Company's owners and any contractors it may employ.

(16) The Company will mail its customers a written notice of the rates and charges included in its proposed tariff revisions within fifteen (15) days or during its next billing cycle after the issuance of the Commission Order approving the terms of this Unanimous Disposition Agreement. The notice will include a summary of the impact of the proposed rates on an average residential customer's bill. When the Company mails the notice to its customers, it will also send a copy to Staff Case Coordinator who will file a copy in the subject case file.

(17) That Staff will conduct follow-up reviews of the Company's operations to ensure that the Company has complied with the provisions of this Unanimous Disposition Agreement.

(18) That Staff or OPC may file a formal complaint against the Company, if it does not comply with the provisions of this Unanimous Disposition Agreement.

(19) That the Company, Staff and OPC agree that each party has read the foregoing Unanimous Agreement Regarding Disposition of Small Sewer Company Revenue Increase Request; that upon each party's best knowledge and belief the facts stated therein are true; that the foregoing conditions accurately reflect the agreement reached between the Company, Staff and OPC and that each party freely and voluntarily enters into this agreement.

(20) That the above agreements satisfactorily resolve all issues identified by the Staff, OPC and the Company regarding the Company's Request, except as otherwise specifically stated herein.

ADDITIONAL MATTERS

Other than the specific conditions agreed upon and expressly set out herein, the terms of this Unanimous Disposition Agreement reflect compromises between Staff, OPC and the Company, and no party has agreed to any particular ratemaking principle in arriving at the amount of the annual operating revenue increase specified herein.

Staff has completed a Summary of Case Events and has included that summary as Attachment F to this Unanimous Disposition Agreement.

The Company, OPC and Staff acknowledge that Staff will be filing this Unanimous Disposition Agreement and the attachments hereto, in the existing case, and that the Company will file the proposed tariff revisions called for in the agreement. The Company and OPC also acknowledge that Staff may make other filings in this case.

Additionally, the Company and OPC agree that Staff shall have the right to provide whatever oral explanation the Commission may request regarding this Unanimous Disposition Agreement at any agenda meeting at which that case is noticed to be considered by the Commission. The parties will be available to answer Commission questions regarding this Unanimous Disposition Agreement. To the extent reasonably practicable, Staff shall provide the Company and OPC with advanced notice of any such agenda meeting so that they may have the opportunity to also be represented at the meeting.

EFFECTIVE DATE AND SIGNATURES

This Unanimous Disposition Agreement shall be considered effective as of the date that the Company files the proposed tariff revisions required herein with the Commission.

Agreement Signed and Dated:



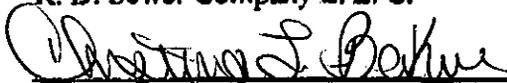
Rodger Owens

Owner

R. D. Sewer Company L. L. C.

07-28-09

Date



Christina L. Baker

Senior Public Counsel

Office of the Public Counsel.

7-29-09

Date



James Busch

Manager

Water & Sewer Department

Missouri Public Service Commission Staff

7-29-09

Date

List of Attachments

Attachment A - Example Tariff Sheets

Attachment B - Rate Design Worksheet

Attachment C - Billing Comparison Worksheet

Attachment D - Company Payment Plan

Attachment E - EMSD Report

Attachment F - Summary of Events

Agreement Attachment A

Example Tariff Sheets

R.D. SEWER CO., LLC For Stoddard County, Missouri
Name of Issuing Corporation Community, Town, City

RULES AND REGULATIONS GOVERNING RENDERING OF SEWER SERVICE

F. RATE SCHEDULE FOR SEWER SERVICE.

Monthly Service Charge +

Single-Family Residence \$26.68
Multi-Family Residence \$21.35 per single family living quarters.

A late fee of \$5.00 will be added to the monthly bill by the Company on the 21st day after the bill date.

These rates do not include any municipal, county, state or Federal taxes computed on either billing or consumption basis. Any such taxes applicable shall be added as separate items in rendering each bill.

Contribution in Aid of Construction

Single Family Residence \$835.00
Multi-Family residence \$628.00 Per Single family living quarters.

For home constructed on or before February 1980 in Ecology Acres and Western heights the fee for failure to connect to sewer within twelve (12) months to February 1981 shall be 12% per annum on eight hundred thirty-five dollars (\$835) which represents the customers pro rata contribution to the collecting sewers.

* Indicates new rate or text
+ Indicates change

DATE OF ISSUE August 13, 2009 DATE EFFECTIVE September 12, 2009
Month Day Year Month Day Year

ISSUED BY Rodger Owens Owner 406 S. Bernie, MO 63822
Name of Officer Title Address

R.D. SEWER CO., LLC For Stoddard County, Missouri
Name of Issuing Corporation Community, Town, City

RULES AND REGULATIONS GOVERNING RENDERING OF
SEWER SERVICE

Reconnection Charge

A reconnection charge of \$250.00 may be made for the reconnection of service when service has been discontinued under the terms of Discontinuance of Service.

* Indicates new rate or text
+ Indicates change

DATE OF ISSUE August 13, 2009
Month Day Year

DATE EFFECTIVE September 12, 2009
Month Day Year

ISSUED BY Rodger Owens Owner 406 S. Bernie, MO 63822
Name of Officer Title Address

STODDARD COUNTY SEWER COMPANY

For Stoddard County, Missouri

Name of Issuing Corporation

Community, Town, or City

RULES AND REGULATIONS GOVERNING RENDERING OF SEWER SERVICE

F. RATE SCHEDULE FOR SEWER SERVICE. (continued)

2. Contribution in Aid of Construction Charges (continued)

- a. Service connections contemplates year around service and paid for monthly, or in advance.
- b. Rate is applied after connection to home and sewer main has been completed.
- c. After the effective date of this tariff sheet an applicant will be required to pay as a condition of service the appropriate contribution in aid of construction charge. However, the Company may allow this to be paid over a period of time provided that the customer agrees to pay one percent (1%) interest per month on the unpaid balance. The term of payment shall be listed in the application (Rule G) for service. The payments must be made monthly.
- d. If requested, the Company may install the service sewer from the collection main to the applicant's property line within two (2) weeks under the following terms and conditions:
 - (1) The applicant shall pay a service sewer installation charge of \$400.00.
 - (2) The applicant has submitted a proper application.
 - (3) The applicant must comply with Rule F2C.
 - (4) A collecting sewer must be adjacent to the property. Where collecting sewers are not available the Company will make it available within a reasonable time.

+

* Indicates new rate or text
 + Indicates Change

DATE OF ISSUE August 13, 2009
 Month Day Year

DATE EFFECTIVE September 12, 2009
 Month Day Year

ISSUED BY Rodger Owens Owner
 Name of Officer Title

406 S. Bernie, MO 63822
 Address

STODDARD COUNTY SEWER COMPANYFor Stoddard County, Missouri

Name of Issuing Corporation

Community, Town, or City

RULES AND REGULATIONS GOVERNING RENDERING OF
SEWER SERVICE

F. RATE SCHEDULE FOR SEWER SERVICE. (continued)

3. Service Charges

- a. Application for a service connection or disconnection of an existing service will be made during the Company's regular business hours without charge.
- b. A service call at any time other than during normal business hours for connection, disconnection, or any other reason except disconnection for a ruptured Customer's service shall require a service charge of \$25.00. +
- c. Company personnel will not work upon sewer piping or facilities not owned by the Company.
- d. The service charges cited in the various sections of this Rule are "net" and do not include any applicable municipal, state, or federal taxes. Any such taxes will be added to the net billing as appropriate.
- e. Service calls are restricted to be directed to the published trouble address and/or telephone number for the reporting of trouble and/or needed service.
- f. A returned check charge of \$25.00 will be charged for any check returned to the company unpaid. +

* Indicates new rate or text

+ Indicates change

DATE OF ISSUE August 13, 2009

Month Day Year

DATE EFFECTIVE September 12, 2009

Month Day Year

ISSUED BY Rodger Owens Owner

Name of Officer

Title

406 S. Bernie, MO 63822

Address

Agreement Attachment B

Rate Design Worksheet

RD SEWER COMPANY LLC

Development of Tariffed Rates-Sewer

Agreement is to increase currently tariffed rates by a percentage equal to the agreed-upon overall revenue increase divided by the revenues generated by the currently tariffed rates.

Revenues Generated by Current Tariffed Rates	\$ 43,153
Agreed-Upon Overall Revenue Increase	\$ 6,350
Percentage Increase Needed	14.715%

Customer Rates

Customer Type	Current Service Charge	Proposed Service Charge
Single Family	\$ 23.26	\$ 26.68
Multi Family	\$ 18.61	\$ 21.35

Agreement Attachment C

Billing Comparison Worksheet

RD SEWER COMPANY LLC

Residential Customer Bill Comparison-Sewer

Rates for Residential Customer

<u>Current Base</u>	<u>Proposed Base</u>
<u>Customer Charge</u>	<u>Customer Charge</u>
\$23.26	\$26.68

current service charge is monthly charge

MONTHLY BILL COMPARISON

Current Rates

Customer Charge	\$ 23.26
Usage Charge	\$ -
Total Bill	\$ 23.26

Proposed Rates

Customer Charge	\$ 26.68
Usage Charge	\$ -
Total Bill	\$ 26.68

INCREASES

Customer Charge

\$ Increase	\$3.42
% Increase	14.72%

Usage Charge

\$ Increase	\$0.00
% Increase	N/A

Total Bill

\$ Increase	\$3.42
% Increase	14.72%

Agreement Attachment D

Company Payment Plan

WRITTEN PAYMENT PLANS

The following is a written payment plan between R.D. Sewer Company, L.L.C., Oakbrier Water Company, Lakeland Heights Water Company and Whispering Hills Water system(referred to as the Companies and the creditors herein identified and approved by each below, as also referenced in the P.S.C. cases R.D. Sewer, L.L.C., Case No SR-2009-0226; Oakbrier Water Company; Cares No WR-2009-0229; Lakeland Heights Water Company, Case No WR-2009-0227, and Whispering Hills Water System, Case No. WM-2009-0436:

1. MACO debt for Plan verses expense items: over an eight year period at the rate of \$1,521 yearly payable on a monthly basis with equal monthly payments beginning September 1, 2009, until paid with the right of prepayment at anytime and subject to the approval of MACO.
2. Legal Fees-(Allen Law Offices and Holden Law Offices) payable over an eight year period at the rate of \$1,821.00 per year on a monthly basis with equal monthly payments beginning September 1, 2009, until paid with the right of prepayment at any time and subject to the approval of each firm.
3. Storage Building: Payable to Stephen Holden, Dexter, Missouri, over an eight year period at the rate of \$1,600 per year on a monthly basis with equal monthly payments beginning September 1, 2009, until paid with the right of prepayment at any time and subject to the approval of Stephen Holden.

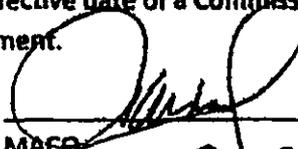
This payment plan is conditioned on approval by the Missouri Public Service Commission (Commission)of the three Disposition Agreements in the above referenced cases and the Stipulation and Agreement in WM-2009-0436, and effective as of the effective date of a Commission Order approving such Disposition Agreements and Stipulation and Agreement.

Dated: 7/24/09

Dated: 7/28/09

Dated: 7/27/09

Dated: 7/27/09


MACO


Allen Law Offices, LLC


Holden Law Office, P.C. and Stephen Holden

Individually


Rodger Owens, for the Companies

Agreement Attachment E

EMSD Report

REPORT OF CUSTOMER SERVICE AND BUSINESS OPERATIONS REVIEW

Engineering and Management Services Department

Small Company Rate Increase Request

Case No: SR-2009-0226

R.D. Sewer Co. LLC

The Engineering and Management Services Department (EMSD) staff initiated a review of the customer service processes, procedures, and practices of R.D. Sewer Company, LLC (R.D. Sewer, Company) on December 10, 2008. The review was performed in conjunction with a small company rate request submitted by the Company on November 26, 2008, and given case number SR-2009-0226. The EMSD staff examined Company tariffs, annual reports, Missouri Public Service Commission (Commission) complaint and inquiry records, and information provided by the Company in relation to its customer service and business office operations. The EMSD staff also visited the Company's business office and made a tour of the plant facilities on January 21, 2009. The Company is requesting that the interim rates previously approved by the Commission in Case No. SO-2008-0289 become permanent.

The purpose of the EMSD 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 service at a reasonable cost, while providing utilities the opportunity to earn a fair return on their investment.

The objectives of the EMSD staff's review were to document and analyze the management control processes, procedures, and practices used by the Company to ensure adequate customer service is provided. The findings of this review provide the Commission with information regarding the Company's customer service operations. This review also includes recommendations, when appropriate, to improve the quality of service R.D. Sewer provides to its customers.

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

- Customer Billing
- Payment Remittance

- Credit and Collections
- Complaint and Inquiry Handling and Recording
- Customer Communications and Information
- Record Storage and Security

Overview

In 1979, Stoddard County Sewer Company, Inc. (Stoddard County) was granted a certificate of convenience and necessity (CCN) in Case No. SA-79-11, and subsequently granted another CCN in Case No. SA-86-115 to expand its operations. On March 4, 2008, a joint application was filed requesting the Commission issue an order authorizing Stoddard County to transfer its assets to R.D. Sewer. The Commission's October 23, 2008 Order, among other things, cancelled the CCNs held by Stoddard County, and granted R.D. Sewer a CCN to provide sewer service to the sewer customers in the former service area of Stoddard County. At the present time, the Company provides sewer service to 172 sewer customers within its certificated area. Rodger Owens, the present owner of R.D. Sewer, began operating the Stoddard County system after the death of the former owner in 2002. The system was eventually acquired by Rodger Owens and his wife, LaDawn Owens, in 2008. The Company's owners also own three other utility systems: Oakbrier Estates Water Company, Whispering Hills Water System, and Lakeland Heights Water Company. R.D. Sewer is operated by the Company's two owners who fulfill operational, managerial and office duty responsibilities.

One of the Company owners also serves as the Company's President, Manager and Operator. The other owner serves as the Company's Secretary and Billing Clerk and is responsible for general office duties. She also assists in the field when needed. The Company President is responsible for operating the system and keeping it in good working order, as well as complying with regulations of the Department of Natural Resources (DNR). The Office Manager is responsible for recording payments, credit and collections and other office functions of the Company. There is currently no mechanism to track the hours attributable to work performed for R.D. Sewer.

The EMSD staff made an on-site visit to R.D. Sewer on January 21, 2009. During its visit, the staff conducted interviews with the Company's owners and visited

the Company's facilities in Ecology Acres and Western Heights outside the city of Dexter, Stoddard County, Missouri. At the time of the staff's visit, the Company was provided copies of the Commission's Rules pertaining to water and sewer companies.

The Company indicates that its office hours for all of its utility systems are from 8 a.m. to 4 p.m., Monday through Friday. The Company's business office is located in the owners' residence at 406 South Allen, Bernie, Missouri.

Customer Billing

Monthly billing is performed by the Company's owners. Deposits are not requested by the Company.

The customers' sewer bills are to be calculated in the following manner per the Company's interim tariff effective on Dec. 21, 2008.

Monthly Service Charge

Single-Family Residence	\$23.26
Multi-Family Residence	\$18.61 per single family living quarters
Commercial	No filing as of this date

In addition to monthly rates for service, the Company's tariffs also address the amounts to be assessed for contributions in aid of construction for either single family or multi-family residences. These amounts are \$835.00 for single family residences. Multi-family residences are charged \$628.00 per single family living quarters.

Bills are prepared manually and mailed the 30th or 31st of the month. There is no date on the bill other than the indication that bills are due on the 20th of the month. Bills include the current bill's service dates, the amount due for the current bill, any past due amount and a total amount due. A late fee of \$5.00 is added to the monthly bill if payment is not received by the Company by the 20th day of the subsequent month of billing. There is a statement at the bottom of the bill which addresses late fees of \$5.00, returned check fees of \$25.00 and reconnection fees of \$150.00. The late fee is the only one of these charges that is contained in the Company's tariffs.

Service calls, at any time other than during normal business hours, for connection, disconnection, or for any other reason except disconnection for a ruptured customer's service shall require a service charge of \$10.00. This fee is represented in the Company's tariff.

Payment Remittance

R.D. Sewer payment options include cash or check. Payments may be dropped off at the Company office or mailed. The Company does accept payments while in the field. No electronic payments are currently offered to customers.

Payments are recorded manually into the Company's office records and the Company indicates it usually makes bank deposits two to three times a week for the four utilities it owns. Customer payments are stored in a small safe at the Company until deposits are made.

Credit and Collections

The Company indicates it does not collect signed applications or agreements from new customers.

The Company's bill indicates it will charge returned check, reconnect and late payment fees. While the EMSD staff supports a utility's use of such fees, staff did not find provisions for returned check fees or reconnect fees in the Company's tariffs. Staff from the Commission's Water and Sewer Department reviewed miscellaneous charges included in the Company's tariff as part of the small company informal rate case process and will be recommending appropriate changes. R.D. Sewer has not received any returned checks for the past three years nor has it charged any reconnect fees.

Customers are considered delinquent if payment is not received by the 20th of the subsequent month of billing and the Company's billing statement indicates that service will be disconnected. For customers not making payment of their bill, the amount is added to the next monthly billing statement before service is actually subject to disconnection. The Company provides written delinquent notices indicating service will be subject to disconnection if payment is not received within 30 days. The Company will also make follow-up phone calls requesting payment.

The Company did not perform any non-pay service disconnections in the R.D. Sewer service territory during 2006, 2007, or 2008. According to the Company, there are presently no delinquent accounts. The Company does not employ the services of an outside collection agency. There were four account write-offs for the Company in the year 2006. These write-offs totaled \$2,118.30.

Complaint and Inquiry Handling and Recording

Customer calls are primarily handled by the Office Manager; however the Operations Manager can also handle customer calls. The Company currently does not track these calls.

Customer Communications and Information

The Company contact information is provided on customer bills. All office, home, and cell phone numbers are posted on all sewer bills, as well as an email address.

Records Storage and Security

Much of the Company's office work is performed manually and is maintained in hard copy. Customer records, including billing, payment agreements, general ledger and other types of records are not stored in a fireproof location.

Time Reporting

The Company's owners also own and operate three other regulated utilities in addition to R.D. Sewer. A typical work day may involve performing tasks for more than one of these utilities. Presently, the Company has no systematic way to track the amount of hours spent on work for any one individual utility.

Findings, Conclusions, and Recommendations

The following discussion contains findings, conclusions and recommendations pertaining to R.D. Sewer's customer service operations. This section focuses on the following areas that warrant the Company management's attention:

- Customer Billing

- Credit and Collections
- Complaint and Inquiry Handling and Recording
- Records Storage and Security
- Time Reporting

Customer Billing

The Company does not currently perform periodic bill checking on the monthly bills sent to its customers prior to mailing to ensure the accuracy of its bills. In addition, Commission staff from the Auditing Department checked the calculations on a sampling of customer bills and noted some errors in the calculations made by the Company. By performing a periodic check through a sampling customer bills, the Company will develop an additional internal control to help ensure that bills are calculated appropriately.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Perform monthly bill checking on a sample of bills and correct past billing errors to customers. This action should be completed within thirty days of the Commission's Order Approving the Disposition Agreement in Case No. SR-2009-0226.

The Company has not taken advantage of the opportunities for improvement to automate the Company's billing process. The Company currently performs its billing for R.D. Sewer, as well as its other three regulated utilities, manually. The Company may consider utilizing the capabilities of its current spreadsheet to assist it in bill calculation or may consider the acquisition of a billing system. Implementation of an effective billing system would enhance the Company's customer record keeping activities. Calculation of the bills, preparation of the billing statements, detection of billing errors, and recording of the payments received could be improved with a more effective billing system.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Analyze automated billing software and consider use of a cost-effective automated system that would more efficiently and accurately handle the calculation and preparation of customer bills.

Credit and Collections

The Company is indicating it will charge customers for fees that are either not provided in their tariffs or are authorized at rates other than what the utility is charging its customers. Specifically, the Company's bill indicates a service fee of \$25.00 will be charged for all returned checks and a \$150.00 reconnect fee will be charged for services disconnected for non-payment.

While the Company indicates it has had no returned checks for the past three years, it needs to ensure that all charges it represents to its customers are appropriately approved in its tariffs. The Company has historically had delinquent accounts and write-offs. If fees are charged, such fees should be appropriately addressed in the Company's tariffs.

The Company's bill indicates it will also charge a reconnect fee of \$150.00 for service disconnected for non-payment; however, the Company's tariffs do not address a reconnection fee. The Company indicates it has not charged any reconnection fees. The Commission's Water and Sewer Department will be addressing matters pertaining to the Company's tariff.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Ensure that all rates and fees charged to customers, such as returned check and reconnection fees, have been approved by the Missouri Public Service Commission and are present in the Company's tariffs. This action should be completed within thirty days of the Commission's Order Approving the Disposition Agreement in Case No. SR-2009-0226.

Refund and/or credit to customers all fees that have been inappropriately collected of customers including returned check and reconnection fees. This action should be completed within thirty days of the Commission's Order Approving the Disposition Agreement in Case No. SR-2009-0226.

Complaint and Inquiry Handling and Recording

The Company cannot demonstrate that documentation of complaints received by the Company is being performed, which is a violation of Commission Rule 4 CSR 240-60.010(4), which states:

“The utility shall maintain a file of customer complaints received on the service it provides. The file shall include the name and address, as well as the nature of the complaint and date of occurrence. A detailed explanation of what the utility did to correct the trouble which originated the complaint shall be recorded.”

The lack of a comprehensive complaint log makes it difficult for Company management to evaluate the reasons for customer contacts and to determine if any measures could be taken to improve customer satisfaction.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Ensure all customer complaints received by Company personnel are documented. Documentation shall include customer name, address, the nature of the complaint, date of occurrence, as well as an explanation of what the Company has done to address the complaint as explained in Commission Rule 4 CSR 240-60.010(4). This action should be completed within thirty days of the Commission’s Order Approving the Disposition Agreement in Case No. SR-2009-0226.

Record Storage and Security

The Company cannot ensure that critical paper files are adequately stored. It is a good business practice to have procedures in place that will assist the Company to recover data in the event of a disaster, such as a fire.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Store all critical paper files in fire proof storage.

Time Reporting

The Company currently does not have a time reporting system in place to track the amount of time its owners spend on activities related solely to R.D. Sewer.

Time reporting can have many benefits including determining how many hours of work, the type of work and compensation that should be incorporated into customer rates, the need for additional personnel, as well as compensation paid to outside parties. The Company has indicated its willingness to begin a time reporting process.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Institute time reporting by specific utility for the Company's owners and any contractors it may employ.

Follow-Up

The recommendations made by the EMSD staff that address rule violations, tariffs or potential inaccurate billing of customers should be completed by the Company within thirty days of the Commission's Order Approving the Disposition Agreement in Case No. SR-2009-0226.

The EMSD staff will be conducting a follow-up of all of the recommendations within six months of the Commission's Order Approving the Disposition Agreement in Case No. SR-2009-0226.

Agreement Attachment F

Summary of Events

Summary of Case Events

Date Filed	November 26, 2008
Day 150	April 25, 2009
Extension?	No
If yes, why?	
Amount Requested	Make Interim Rates Permanent
Amount Agreed Upon	\$6,350
Number of Customers	168
Assessments Current	Yes
Annual Reports Filed	Yes
Statement of Revenue Filed	Yes
Other Open Cases before Commission	No
Status with Secretary of State	Yes
DNR Violations	Yes
Significant Service/Quality Issues	Compliance Issues
	Recent Enforcement Action Settlement