

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

In the Matter of West 16th Sewer Company's)
Small Company Rate Increase)

Case No. SR-2008-0389

**NOTICE OF COMPANY/STAFF AGREEMENT REGARDING DISPOSITION
OF SMALL SEWER COMPANY REVENUE INCREASE REQUEST**

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

1. On June 9, 2008¹, the Missouri Public Service Commission (the Commission) received a *Rate Increase Request Letter* (Request Letter) from West 16th Street Sewer Company, Inc. (West 16th or Company).
2. In this Request Letter, West 16th requested the Commission allow an increase of \$52,946 in its annual operating revenues pursuant to Commission Rule 4 CSR 240-3.050².
3. Upon completion of its investigation of the Company's request, Staff provided West 16th and the Office of the Public Counsel (OPC) with various information, as well as its initial recommendations for the resolution of the revenue increase request.
4. Pursuant to negotiations conducted after the receipt by the Company and OPC of the above-referenced information and recommendations, Staff and West 16th were able to reach an agreement (Disposition Agreement) regarding the resolution of the Company's revenue increase request.

¹ Unless noted otherwise, all dates herein refer to the year 2008.

² Although the Request Letter requests the revenue increase pursuant to 4 CSR 240-3.330, West 16th was notified by the Commission that this Rule has been superseded by 4 CSR 240-3.050, effective May 30, 2008, and thus that their rate increase request would be governed by the newly effective Rule.

5. Included in Appendix A, attached hereto, is a copy of the above-referenced Disposition Agreement, as well as various attachments related to the Disposition Agreement. Additionally, Appendix A contains affidavits from the Staff members that participated in the investigation of the Company's Request.

6. Pursuant to Rule 4 CSR 240-3.050, governing disposition agreements executed between Staff and small utility companies utilizing the small utility rate case procedure, West 16th will file tariff sheets seeking to implement the terms of the Disposition Agreement. The tariff sheets will be filed on November 6, 2008, and as required will bear the minimum 45-day effective date of December 22, 2008.

7. West 16th is current on its payment of Commission assessments and on its filings of annual report and statements of revenue. West 16th has no other cases pending before the Commission at this time.

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

Respectfully submitted,

/s/ Eric Dearmont

Eric Dearmont
Assistant General Counsel
Missouri Bar No. 60892

Attorney for the Staff of the
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102
(573) 751-5472 (Telephone)
(573) 751-9285 (Fax)
eric.dearmont@psc.mo.gov

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of this Agreement Notice and the attached Appendix A has been provided, either by first-class mail, by electronic mail, by facsimile transmission or by hand-delivery, to each attorney and/or party of record for this case on this 6th day of November, 2008.

/s/ Eric Dearmont

APPENDIX A

STAFF PARTICIPANT AFFIDAVITS AND DISPOSITION AGREEMENT & ATTACHMENTS

CASE NO. SR-2009-0389

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

Company/Staff Disposition Agreement

Agreement Attachment A:	Example Tariff Sheets
Agreement Attachment B:	Ratemaking Income Statement
Agreement Attachment C:	Audit Workpapers
Agreement Attachment D:	Rate Design Worksheet
Agreement Attachment E:	Billing Comparison Worksheet
Agreement Attachment F:	Schedule of Depreciation Rates
Agreement Attachment G:	EMSD Report
Agreement Attachment H:	Summary of Case Events

Staff Participant Affidavits

James M. Russo – Water & Sewer Department

V. William Harris – Auditing Department

Arthur W. Rice – Engineering & Management Services Department

Randall Cole, III – Engineering & Management Services Department

BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

AFFIDAVIT OF JAMES M. RUSSO

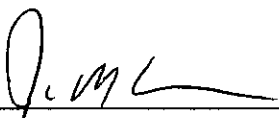
STATE OF MISSOURI)

) SS

CASE NO. SR-2008-0389

COUNTY OF COLE)

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 *Company/Staff Agreement Regarding Disposition of Small Water and Sewer Company Rate Increase Request* ("Disposition Agreement"); (4) that he was responsible for the preparation of Attachments A, B, D & 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 4th day of November, 2008.



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 V. WILLIAM HARRIS

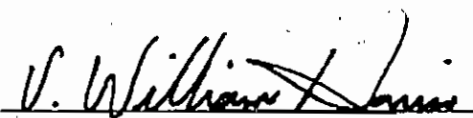
STATE OF MISSOURI

COUNTY OF Jackson

ss.)
)
)

Case No. SR-2008-0389

COMES NOW V. William Harris, being of lawful age, and on his oath states the following: (1) that he is a Utility Regulatory Auditor III in the Missouri Public Service Commission's Auditing 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 has knowledge of the foregoing *Company/Staff Agreement Regarding Disposition of Small Sewer Company Revenue Increase Request* ("Disposition Agreement"); (4) that he was responsible for the preparation of Attachment C to the Disposition Agreement; (5) that he has knowledge of the matters set forth in Attachment C to the Disposition Agreement; and (6) that the matters set forth in Attachment C to the Disposition Agreement are true and correct to the best of his knowledge, information, and belief.



V. William Harris
Utility Regulatory Auditor III
Auditing Department

Subscribed and sworn to before me this 4th day of November, 2008.


Notary Public

BEVERLY M. WEBB
Notary Public - Notary Seal
STATE OF MISSOURI
County of Clay
My Commission Expires 4/14/2012
Commission # 08484070

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

AFFIDAVIT OF ARTHUR W. RICE, PE

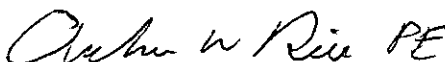
STATE OF MISSOURI

ss.)

Case No. SR-2008-0389

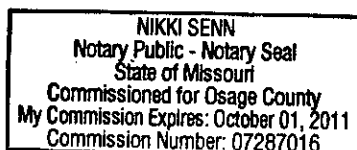
COUNTY OF COLE)

COMES NOW Arthur W. Rice, being of lawful age, and on his oath states the following: (1) that he is a Utility Regulatory Engineer I in the Missouri Public Service Commission's Engineering and Management Services 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 has knowledge of the foregoing *Company/Staff Agreement Regarding Disposition of Small Sewer Company Revenue Increase Request* ("Disposition Agreement"); (4) that he was responsible for the preparation of Attachment F to the Disposition Agreement; (5) that he has knowledge of the matters set forth in Attachment F to the Disposition Agreement; and (6) that the matters set forth in Attachment F to the Disposition Agreement are true and correct to the best of his knowledge, information, and belief.



Arthur W. Rice, PE
Utility Regulatory Engineer I
Engineering and Management
Services Department

Subscribed and sworn to before me this 5th day of November, 2008.




Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

AFFIDAVIT OF RANDALL COLE, III

STATE OF MISSOURI

ss.)

Case No. SR-2008-0389

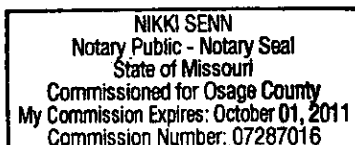
COUNTY OF COLE)

COMES NOW Randall Cole, III, being of lawful age, and on his oath states the following: (1) that he is a Utility Management Analyst II in the Missouri Public Service Commission's Engineering and Management Services 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 has knowledge of the foregoing *Company/Staff Agreement Regarding Disposition of Small Sewer Company Revenue Increase Request* ("Disposition Agreement"); (4) that he was responsible for the preparation of Attachment G to the Disposition Agreement; (5) that he has knowledge of the matters set forth in Attachment G to the Disposition Agreement; and (6) that the matters set forth in Attachment G to the Disposition Agreement are true and correct to the best of his knowledge, information, and belief.



Randall Cole, III
Utility Management Analyst II
Engineering and Management
Services Department

Subscribed and sworn to before me this 5th day of November, 2008.


Notary Public

Company/Staff Disposition Agreement

COMPANY/STAFF AGREEMENT REGARDING DISPOSITION
OF SMALL SEWER COMPANY REVENUE INCREASE REQUEST

WEST 16TH STREET SEWER COMPANY, INC.

MO PSC CASE NO. SR-2008-0389

BACKGROUND

On June 9, 2008, West 16th Street Sewer Company, Inc. (West 16th or Company) initiated a small company revenue increase request (Request) for sewer service that is the subject of the above-referenced Missouri Public Service Commission (Commission) case number. The Request letter initiating the case was submitted 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, the Company set forth its Request for an increase of \$52,946 in its total annual sewer service operating revenues for the affected service areas. Also in its Request letter, the Company 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 145 customers in the affected service areas, the vast majority of which are residential customers.

Pursuant to the provisions of the Small Company Procedure and related internal operating procedures, the 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 the Staff's "investigation" of the Company's Request.)

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

RESOLUTION OF THE COMPANY'S RATE INCREASE REQUEST

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

- (1) That for the purpose of implementing the agreements set out herein, the Company will file proposed tariff revisions with the Commission containing the rates, charges and language set out in the example tariff sheets attached hereto as Attachment A, with those proposed tariff revisions bearing an effective date of December 22, 2008.
- (2) That except as otherwise noted in the agreements below, the ratemaking income statement attached hereto as Attachment B accurately reflects the Company's annualized revenues generated by its current customer rates, the agreed-upon total annualized cost of service for the Company, and the resulting agreed-upon annualized operating revenue increase of \$6,031 needed to recover the Company's cost of service.
- (3) That the audit workpapers attached hereto as Attachment C, which include consideration of a capital structure of 53.32% equity for the Company and a return on equity of 10.40%, accurately reflect the agreed-upon total annualized cost of service for the Company and provide the basis for the ratemaking income statement referenced in item (2) above.
- (4) That the rates set out in the attached example tariff sheets, the development of which is shown on the rate design worksheet attached hereto as Attachment D, are designed to generate revenues sufficient to recover the agreed-upon total annualized cost of service for the Company.
- (5) That the rates included in the attached example tariff sheets will result in the residential customer impacts shown on the billing comparison worksheet attached hereto as Attachment E.
- (6) That the rates included in the attached example tariff sheets are just and reasonable, and that the provisions of the attached example tariff sheets also properly reflect all other agreements set out herein, where necessary.
- (7) That the schedule of depreciation rates attached hereto as Attachment F, which includes the depreciation rates used by the Staff in its revenue requirement analysis, should be the prescribed schedule of sewer plant depreciation rates for the Company.
- (8) That the Company will maintain all of its financial records in accordance with the Commission approved 1973 Uniform System of Accounts (USOA), as revised in July 1976.

(9) That the Company will implement the recommendations contained in the Engineering & Management Services Department ("EMSD") Report attached hereto as Attachment G no later than February 27, 2009.

(10) The Company will mail its customers a written notice of the rates and charges included in its proposed tariff revisions within 15 days of entry of the Commission approved Order. 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 the Staff and the Staff will file a copy in the subject case file.

(11) That the Company acknowledges that the Staff will, and the OPC may, conduct follow-up reviews of the Company's operations to ensure that the Company has complied with the provisions of this Disposition Agreement.

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

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

ADDITIONAL MATTERS

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

The Staff has completed a Summary of Case Events and the Staff has included the summary as Attachment H to this Disposition Agreement.

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

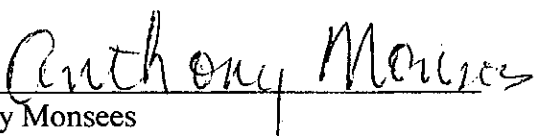
Additionally, the Company agrees that the Staff shall have the right to provide whatever oral explanation the Commission may request regarding the rate case that will be opened when the Company files the proposed tariff revisions called for in this Disposition Agreement, at any agenda meeting at which that case is noticed to be considered by the Commission. To the extent reasonably

practicable, the Staff will provide the Company with advance notice of any such agenda meeting so that it may have the opportunity to also be represented at the meeting.

EFFECTIVE DATE AND SIGNATURES

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

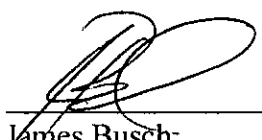
Agreement Signed and Dated:



Anthony Monsees
Owner
West 16th Street Sewer Company, Inc.

10-27-08

Date



James Busch
Manager
Water & Sewer Department
Missouri Public Service Commission Staff

10-30-08

Date

List of Attachments

- Attachment A – Example Tariff Sheets
- Attachment B – Ratemaking Income Statement
- Attachment C – Audit Workpapers
- Attachment D – Rate Design Worksheet
- Attachment E – Billing Comparison Worksheet
- Attachment F – Schedule of Depreciation Rates
- Attachment G – EMSD Report
- Attachment H – Summary of Case Events

Agreement Attachment A

Example Tariff Sheets

West 16th Street. Sewer Co.

For:

Pettis County, Missouri

Name of Issuing Company

Community, Town, or City

Rules for Rendering Sewer Service**AVAILABILITY**

Available to any sewer customer located on Company's collecting mains suitable for supplying the service requested.

MONTHLY RATES

Single Family Residential
Service (Per Unit)

Monthly service charge for each unit
\$29.84

+

Late Charges:

Billings will be made and distributed at monthly intervals. Bills will be rendered net, bearing the last date on which payment will then be considered delinquent. The period after which payment will then be considered delinquent is 21 days after rendition of the bill. A charge of \$5.00 or three percent (3%) per month times the unpaid balance, whichever is more, will be added to delinquent amounts.

Returned Check Charge:

A returned check charge of \$25 per check will be paid by customers on all checks returned unpaid from the bank.

* Indicates New Rate or Text

+ Indicates Changed Rate or Text

Issue Date: November 5, 2008Effective Date: December 22, 2008

Issued By: A. B. Monsees, President
Name & Title of Issuing Officer

Sedalia, MO
Company Mailing Address

Agreement Attachment B

Ratemaking Income Statement

WEST 16th STREET SEWER COMPANY

Rate Making Income Statement-Sewer

Operating Revenues at Current Rates

1	Tariffed Rate Revenues *	\$	46,605
2	Other Operating Revenues *	\$	-
3	Total Operating Revenues	\$	46,605
4	* See "Revenues - Current Rates" for Details		

Cost of Service

Item	Amount
1 Sewer Treatment Expense-Utilities	\$ 3,494
2 Sewer Treatment -Testing/Laboratory Fees	\$ 295
3 Maintenance Expense-Plant	\$ 97
4 Sludge Hauling	\$ 2,360
5 Plant Operator	\$ 6,300
6 Permit Fees	\$ 3,060
7 Grounds Maintenance	\$ 1,190
8 Administration & General - Salaries	\$ 4,347
9 MO Secretary of State Fees	\$ 25
10 Accounting Services	\$ 300
11 Allocation of Common Expense	\$ 4,200
12 Regulatory Commission Expense	\$ 3,610
13 Miscellaneous General Expenses	\$ 184
14 Sub-Total Operating Expenses	\$ 29,462
15 Property Taxes	\$ 299
16 MO Franchise Taxes	\$ -
17 Employer FICA Taxes	\$ -
18 Federal Unemployment Taxes	\$ -
19 State Unemployment Taxes	\$ -
20 State & Federal Income Taxes	\$ 922
21 Sub-Total Taxes	\$ 1,221
22 Depreciation Expense	\$ 7,780
23 Amortization of CIAC	\$ -
24 Sub-Total Depreciation/Amortization	\$ 7,780
25 Return on Rate Base	\$ 14,173
26 Total Cost of Service	\$ 52,636
27 Overall Revenue Increase Needed	\$ 6,031

Agreement Attachment C

Audit Workpapers

West 16th Street Sewer Co.
Case: SR-08-389C
December 31, 2007

Revenue Requirement

Line		8.46%
		Return
(A)		(B)
1	Net Orig Cost Rate Base (Sch 2)	\$ 167,528
2	Rate of Return	8.46%
3	Net Operating Income Requirement	\$ 14,173
4	Net Income Available (Sch 8)	\$ 9,064
5	Additional NOI/T Needed	\$ 5,109
6	Income Tax Requirement (Sch 10)	
7	Required Current Income Tax	\$ 922
8	Test Year Current Income Tax	\$ 0
9	Additional Current Tax Required	\$ 922
10	Required Deferred ITC	\$ 0
11	Test Year Deferred ITC	\$ 0
12	Additional Deferred ITC Required	\$ 0
13	Total Additional Tax Required	\$ 922
14	Gross Revenue Requirement	\$ 6,031

West 16th Street Sewer Co.
Case: SR-08-389C
December 31, 2007

Total Plant in Service

Line No	Acct	Description	Total Company	Total Co Adjustment	Alloc Factor	Jurisdictional Adjustment	Adjusted Jurisdictional
		(A)	(B)	(C)	(D)	(E)	(F)
Intangible Plant							
1	301.000	Organization	\$ 0	\$ 0	100.0000	\$ 0 P-1	\$ 0
2	302.000	Franchises	0	0	100.0000	0 P-2	0
3		Total	\$ 0	\$ 0		\$ 0	\$ 0
Land and Structures							
4	350.000	Land	\$ 5,780	\$ 0	100.0000	\$ 0 P-4	\$ 5,780
5	351.000	Structures & Improvements	9,228	0	100.0000	0 P-5	9,228
6		Total	\$ 15,008	\$ 0		\$ 0	\$ 15,008
Collection Plant							
7	352.100	Collection Sewers (Force)	\$ 0	\$ 0	100.0000	\$ 0 P-6	\$ 0
8	352.200	Collection Sewers (Gravity)	186,960	0	100.0000	0 P-7	186,960
9	354.000	Flow Measuring Devices	0	0	100.0000	0 P-8	0
10		Total	\$ 186,960	\$ 0		\$ 0	\$ 186,960
Treatment & Disposal Plant							
11	373.000	Treatment & Disposal Equipment	\$ 83,646	\$ 0	100.0000	\$ 0 P-9	\$ 83,646
12	374.000	Plant Sewer	0	0	100.0000	0 P-10	0
13	375.000	Outfall Sewer Lines	0	0	100.0000	0 P-11	0
14		Total	\$ 83,646	\$ 0		\$ 0	\$ 83,646
General Plant							
15	391.000	Office Furniture and Equipment	\$ 0	\$ 0	100.0000	\$ 0 P-12	\$ 0
16	393.000	Other General Equipment	0	0	100.0000	0 P-13	0
17	397.000	Miscellaneous Equipment-Safety	0	0	100.0000	0 P-3	0
18		Total	\$ 0	\$ 0		\$ 0	\$ 0
19		Total Plant in Service	\$ 285,614	\$ 0		\$ 0	\$ 285,614

Accounting Schedule: 4 Revised
Harris
11:49 09/22/2008

West 16th Street Sewer Co.
Case: SR-08-389C
December 31, 2007

Adjustments to Total Plant

Adj No Description	Total Co Adjustment	Mo Juris Adjustment
-----------------------	------------------------	------------------------

West 16th Street Sewer Co.
Case: SR-08-389C
December 31, 2007

Depreciation Expense

Line No	Acct	Description	Adjusted Jurisdictional	Depreciation Rate	Depreciation Expense
		(A)	(B)	(C)	(D)
		Intangible Plant			
1	301.000	Organization	\$ 0	0.0000	\$ 0
2	302.000	Franchises	0	100.0000	0
3		Total	\$ 0		\$ 0
		Land and Structures			
4	350.000	Land	\$ 5,780	0.0000	\$ 0
5	351.000	Structures & Improvements	9,228	3.0000	277
6		Total	\$ 15,008		\$ 277
		Collection Plant			
7	352.100	Collection Sewers (Force)	\$ 0	2.0000	\$ 0
8	352.200	Collection Sewers (Gravity)	186,960	2.0000	3,739
9	354.000	Flow Measuring Devices	0	2.5000	0
10		Total	\$ 186,960		\$ 3,739
		Treatment & Disposal Plant			
11	373.000	Treatment & Disposal Equipment	\$ 83,646	4.5000	\$ 3,764
12	374.000	Plant Sewer	0	2.5000	0
13	375.000	Outfall Sewer Lines	0	2.0000	0
14		Total	\$ 83,646		\$ 3,764
		General Plant			
15	391.000	Office Furniture and Equipment	\$ 0	14.3000	\$ 0
16	393.000	Other General Equipment	0	6.7000	0
17	397.000	Miscellaneous Equipment-Safety	0	20.0000	0
18		Total	\$ 0		\$ 0
19		Total Depreciation Expense	\$ 285,614		\$ 7,780

West 16th Street Sewer Co.
Case: SR-08-389C
December 31, 2007

Depreciation Reserve

Line No	Acct	Description	Total Company	Total Co Adjustment	Alloc Factor	Jurisdictional Adjustment	Adjusted Jurisdictional
	(A)		(B)	(C)	(D)	(E)	(F)
Intangible Plant							
1	301.000	Organization	\$ 0	\$ 0	100.0000	\$ 0 R-1	\$ 0
2	302.000	Franchises	0	0	100.0000	0 R-2	0
3	303.000	Miscellaneous Intangible Plant	0	0	100.0000	0 R-3	0
4		Total	\$ 0	\$ 0		\$ 0	\$ 0
Land and Structures							
5	350.000	Land and Land Rights	\$ 0	\$ 0	100.0000	\$ 0 R-4	\$ 0
6	351.000	Structures & Improvements	673	115	100.0000	0 R-5	788
7		Total	\$ 673	\$ 115		\$ 0	\$ 788
Collection Plant							
8	352.100	Collection Sewers (Force)	\$ 0	\$ 0	100.0000	\$ 0 R-6	\$ 0
9	352.200	Collection Sewers (Gravity)	42,837	1,870	100.0000	0 R-7	44,707
10	354.000	Flow Measuring Devices	0	0	100.0000	0 R-8	0
11		Total	\$ 42,837	\$ 1,870		\$ 0	\$ 44,707
Treatment & Disposal Plant							
12	373.000	Treatment & Disposal Equipment	\$ 70,500	\$ 2,091	100.0000	\$ 0 R-9	\$ 72,591
13	374.000	Plant Sewer	0	0	100.0000	0 R-10	0
14	375.000	Outfall Sewer Lines	0	0	100.0000	0 R-11	0
15		Total	\$ 70,500	\$ 2,091		\$ 0	\$ 72,591
General Plant							
16	391.000	Office Furniture & Equipment	\$ 0	\$ 0	100.0000	\$ 0 R-12	\$ 0
17	393.000	Other General Equipment	0	0	100.0000	0 R-13	0
18		Total	\$ 0	\$ 0		\$ 0	\$ 0
19		Total Depreciation Reserve	\$ 114,010	\$ 4,076		\$ 0	\$ 118,086

West 16th Street Sewer Co.
Case: SR-08-389C
December 31, 2007

Cash Working Capital

Line No.	Acct Description	Test Year Expenses	Revenue Lag	Expense Lag	Net Lag (C) - (D)	Factor (Col E/365)	CWC Req (B) x (F)
(A)		(B)	(C)	(D)	(E)	(F)	(G)
	Operation and Maintenance Expense						
1	Cash Vouchers	\$ 29,761	0.0000	0.0000	0.0000	0.000000	\$ 0
2	Total Operation and Maintenance Expense	\$ 29,761					\$ 0
3	Total Taxes	\$ 0					\$ 0
4	Total Cash Working Capital Req						\$ 0

West 16th Street Sewer Co.
Case: SR-08-389C
December 31, 2007

Adjustments to Depreciation Reserve

Adj No Description	Total Co Adjustment	Mo Juris Adjustment
-----------------------	------------------------	------------------------

***** Structures & Improvements R-5 \$ 115 *****

1. To update reserve balance thru the K&M period ended 6/30/08. \$ 115
(Harris)

***** Collection Sewers (Gravity) R-7 \$ 1,870 *****

1. To update reserve balance thru the K&M period ended 6/30/08. \$ 1,870
(Harris)

***** Treatment & Disposal Equipment R-9 \$ 2,091 *****

1. To update reserve balance thru the K&M period ended 6/30/08. \$ 2,091
(Harris)

***** Plant Sewer R-10 *****

1. To calculate reserve balance and update thru the K&M period
ended 6/30/08.
(Harris)

West 16th Street Sewer Co.
Case: SR-08-389C
December 31, 2007

Income Statement

Line No	Acct	Description	Total Company	Total Co Adjustment	Alloc Factor	Jurisdictional Adjustment	Adjusted Jurisdictional
		(A)	(B)	(C)	(D)	(E)	(F)
Operating Revenues							
1		Residential (Flat Rate) Sales	\$ 41,671	\$ 4,934	100.0000	\$ 0 S-1	\$ 46,605
2		Metered Sales	0	0	100.0000	0 S-2	0
3		Other Miscellaneous Revenues	345	(345)	100.0000	0 S-3	0
4		Total	\$ 42,016	\$ 4,589		\$ 0	\$ 46,605
Operation & Maintenance Expense							
5		Salaries and Wages	\$ 4,638	\$ (291)	100.0000	\$ 0 S-4	\$ 4,347
6		Plant Maintenance	363	(266)	100.0000	0 S-5	97
7		Utility Bills for Sewage Treatment	3,448	46	100.0000	0 S-6	3,494
8		Sludge Hauling	2,695	(335)	100.0000	0 S-7	2,360
9		Effluent Testing	394	(99)	100.0000	0 S-8	295
10		PSC Assessments	2,377	1,233	100.0000	0 S-9	3,610
11		DNR fees	3,060	0	100.0000	0 S-10	3,060
12		Plant Operator	6,300	0	100.0000	0 S-11	6,300
13		Grounds Maintenance	1,163	27	100.0000	0 S-12	1,190
14		Accounting Services	500	(200)	100.0000	0 S-13	300
15		Property Taxes	299	0	100.0000	0 S-14	299
16		Office Supplies	0	0	100.0000	0 S-15	0
17		Postage	0	0	100.0000	0 S-16	0
18		Fuel and Transportation	0	0	100.0000	0 S-17	0
19		Telecommunications Expense	0	0	100.0000	0 S-18	0
20		Rate Case Expense	0	0	100.0000	0 S-19	0
21		Office Rent and Utilities	0	0	100.0000	0 S-20	0
22		Allocation of Common Expense	4,200	0	100.0000	0 S-21	4,200
23		MO Secretary of State Fees	25	0	100.0000	0 S-22	25
24		Miscellaneous Expense	4,214	(4,030)	100.0000	0 S-23	184
25		Total	\$ 33,676	\$ (3,915)		\$ 0	\$ 29,761
Depreciation Expense							
26		Depreciation Expense	\$ 0	\$ 0	100.0000	\$ 7,780 S-24	\$ 7,780
27		Amortization of CIAC	0	0	100.0000	0 S-25	0
28		Total	\$ 0	\$ 0		\$ 7,780	\$ 7,780
29		Other Operating Expenses	\$ 0	\$ 0		\$ 0	\$ 0

West 16th Street Sewer Co.
Case: SR-08-389C
December 31, 2007

Income Statement

Line No	Acct	Description	Total Company	Total Co Adjustment	Alloc Factor	Jurisdictional Adjustment	Adjusted Jurisdictional
		(A)	(B)	(C)	(D)	(E)	(F)
30		Total Operating Expenses	\$ 33,676	\$ (3,915)		\$ 7,780	\$ 37,541
31		Net Income Before Taxes	\$ 8,340	\$ 8,504		\$ (7,780)	\$ 9,064
32		Current Income Taxes	\$ 0	\$ 0	100.0000	\$ 0	\$ 0
33		Total	\$ 0	\$ 0		\$ 0	\$ 0
34		Deferred Income Taxes	\$ 0	\$ 0	100.0000	\$ 0	\$ 0
35		Total	\$ 0	\$ 0		\$ 0	\$ 0
36		Total Income Taxes	\$ 0	\$ 0		\$ 0	\$ 0
37		Net Operating Income	\$ 8,340	\$ 8,504		\$ (7,780)	\$ 9,064

West 16th Street Sewer Co.
Case: SR-08-389C
December 31, 2007

Adjustments to Income Statement

Adj No Description		Total Co Adjustment	Mo Juris Adjustment

Residential (Flat Rate) Sales	S-1	\$ 4,934	

1. To annualize revenue based on the current customer level for the K&M update period ended 6/30/08. (Harris)		\$ 4,934	

Other Miscellaneous Revenues	S-3	\$ (345)	

1. To remove revenue collected for late fees. (Harris)		\$ (345)	

Salaries and Wages	S-4	\$ (291)	

1. To update through the K&M period ended 6/30/08. (Harris)		\$ (291)	

Plant Maintenance	S-5	\$ (266)	

1. To update through the K&M period ended 6/30/08. (Harris)		\$ (266)	

Utility Bills for Sewage Treatment	S-6	\$ 46	

1. To update through the K&M period ended 6/30/08. (Harris)		\$ 46	

West 16th Street Sewer Co.
Case: SR-08-389C
December 31, 2007

Adjustments to Income Statement

Adj No Description		Total Co Adjustment	Mo Juris Adjustment

Sludge Hauling	S-7	\$ (335)	

1. To update through the K&M period ended 6/30/08. (Harris)		\$ (335)	

Effluent Testing	S-8	\$ (99)	

1. To update through the K&M period ended 6/30/08. (Harris)		\$ (99)	

PSC Assessments	S-9	\$ 1,233	

1. To include the 2009 PSC assessment. (Harris)		\$ 1,233	

Grounds Maintenance	S-12	\$ 27	

1. To update through the K&M period ended 6/30/08. (Harris)		\$ 27	

Accounting Services	S-13	\$ (200)	

1. To update through the K&M period ended 6/30/08. (Harris)		\$ (200)	

West 16th Street Sewer Co.
Case: SR-08-389C
December 31, 2007

Adjustments to Income Statement

Adj No Description		Total Co Adjustment	Mo Juris Adjustment

Miscellaneous Expense	S-23	\$ (4,030)	

1. To remove interest expense that is included in the cost of capital calculation. (Harris)		\$ (4,078)	
2. To update through the K&M period ended 6/30/08. (Harris)		\$.48	

Depreciation Expense	S-24		\$ 7,780

1.			\$ 7,780

Amortization of CIAC	S-25		

1. To remove CIAC amortization from depreciation expense. (Harris)			

West 16th Street Sewer Co.
Case: SR-08-389C
December 31, 2007

Income Tax

Line		Test Year	8.46% Return
(A)		(B)	
1	Net Income Before Taxes (Sch 8)	\$ 9,064	\$ 15,095
2	Add to Net Income Before Taxes Book Depreciation Expense	\$ 7,780	\$ 7,780
3	Total	\$ 7,780	\$ 7,780
4	Subtr from Net Income Before Taxes Interest Expense 6.2500 %	\$ 10,471	\$ 10,471
5	Straight-line Tax Depreciation	7,780	7,780
6	Total	\$ 18,251	\$ 18,251
7	Net Taxable Income	\$ (1,407)	\$ 4,624
8	Provision for Federal Income Tax Net Taxable Income	\$ (1,407)	\$ 4,624
9	Deduct Missouri Income Tax 100.0 %	\$ 0	\$ 269
10	Deduct City Income Tax	0	0
11	Federal Taxable Income	(1,407)	4,355
12	Total Federal Tax	\$ 0	\$ 653
13	Provision for Missouri Income Tax Net Taxable Income	\$ (1,407)	\$ 4,624
14	Deduct Federal Income Tax 50.0 %	\$ 0	\$ 327
15	Deduct City Income Tax	0	0
16	Missouri Taxable Income	(1,407)	4,298
17	Total Missouri Tax	\$ 0	\$ 269

West 16th Street Sewer Co.
Case: SR-08-389C
December 31, 2007

Income Tax

Line		Test Year	8.46% Return
(A)	(B)		
	Provision for City Income Tax		
18	Net Taxable Income	\$ (1,407)	\$ 4,624
19	Deduct Federal Income Tax	\$ 0	\$ 653
20	Deduct Missouri Income Tax	0	269
21	City Taxable Income	(1,407)	3,702
		-----	-----
22	Total City Tax	\$ 0	\$ 0
	Summary of Provision for Income Tax		
23	Federal Income Tax	\$ 0	\$ 653
24	Missouri Income Tax	0	269
25	City Income Tax	0	0
		-----	-----
26	Total	\$ 0	\$ 922
	Deferred Income Taxes		
27	Deferred Investment Tax Credit	\$ 0	\$ 0
28	Deferred Repair Allowance	0	0
29	Deferred Tax Depreciation	0	0
30	Amort of Deferred Tax Depreciation	0	0
31	Amort of Repair Allowance	0	0
32	Amort of Deferred ITC	0	0
33	Deferred Unbilled	0	0
		-----	-----
34	Total	\$ 0	\$ 0

35	Total Income Tax	\$ 0	\$ 922

Agreement Attachment D

Rate Design Worksheet

WEST 16th STREET SEWER COMPANY

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	\$ 46,605
Agreed-Upon Overall Revenue Increase	\$ 6,031
Percentage Increase Needed	12.941%

Metered Customer Rates

	Current Service Charge	Proposed Service Charge
Flat Fee	\$ 26.42	\$ 29.84

Agreement Attachment E

Billing Comparison Worksheet

WEST 16th STREET SEWER COMPANY

Residential Customer Bill Comparison-Sewer

Rates for 5/8" Meter

<u>Current Base</u> <u>Customer Charge</u>	<u>Proposed Base</u> <u>Customer Charge</u>
\$26.42	\$29.84

current service charge is monthly charge

MONTHLY BILL COMPARISON

Current Rates

Customer Charge	\$ 26.42
Usage Charge	\$ -
Total Bill	\$ 26.42

Proposed Rates

Customer Charge	\$ 29.84
Usage Charge	\$ -
Total Bill	\$ 29.84

INCREASES

Customer Charge

\$ Increase	\$3.42
% Increase	12.94%

Usage Charge

\$ Increase	\$0.00
% Increase	N/A

Total Bill

\$ Increase	\$3.42
% Increase	12.94%

Agreement Attachment F

Schedule of Depreciation Rates

West 16th Street Sewer Company, Inc.

DEPRECIATION RATES

(SEWER)

SR-2008-0389

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	DEPRECIATION RATE	AVERAGE SERVICE LIFE (YEARS)	NET SALVAGE
351	Structures & Improvements	3.0%	33	0%
352.2	Collection Sewers (Gravity)	2.0%	50	0%
373	Treatment & Disposal Facilities	4.5%	22	0%
374	Plant Sewers	4.5%	22	0%

Agreement Attachment G

EMSD Report

REPORT OF CUSTOMER SERVICE AND BUSINESS OPERATIONS REVIEW

Engineering and Management Services Department

Small Company Rate Increase Request

Tracking File No: SR-2008-0389

West 16th Street Sewer Company

The Engineering and Management Services Department (EMSD) staff initiated a review of the customer service processes, procedures, and practices of West 16th Street Sewer Company (Company) on July 7, 2008. The review was performed in conjunction with a small company rate increase request submitted by West 16th Street Sewer Company on June 9, 2008, and given Case Number SR-2008-0389. The EMSD staff examined Company tariffs, annual reports, Commission complaint and inquiry records, and information provided by the Company in relation to its customer service operations.

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 the lowest possible 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 West 16th Street Sewer Company provides to its customers.

The scope of this review evaluated implementation of 2006 EMSD customer service review recommendations and also reviewed current Company policy, procedure and practices related to:

- Customer Billing
- Payment Remittance
- Credit and Collections
- Customer Communications and Information
- Complaint and Inquiry Handling and Recording

- Record Storage and Security

Overview

West 16th Street Sewer was purchased in 1988 by the current owner who works locally in real-estate development. The Company currently serves 145 customers in the Hunter's Ridge residential development in Sedalia, Missouri. West 16th Street Sewer has a business office in Sedalia, MO, which is open from 8am to 5pm. The Company was granted a rate increase in 1991 and in 2006. West 16th Street Sewer has not experienced significant growth in the last 10 years and does not expect considerable growth in the future due to the subdivision being mostly built out. Customers served by West 16th Street Sewer receive city water.

The Company's business office function is managed by one part-time employee (bookkeeper) that oversees business operations including: new applications, billing, payment and remittance, credit and collections and customer communication. The bookkeeper also receives assistance and guidance from the owner on occasions.

In the 2006 customer service review, EMSD staff recommended the Company, "institute a time reporting process for all employees involved in functions associated with sewer company operations." The Company has since implemented a time reporting process by recording hours worked on a monthly calendar.

Plant maintenance and repair work are performed for the Company by a subcontractor that is certified for operating a sewer system. The owner has also received prior training in sewer system management.

The Company has plans of implementing new chlorination procedures over the next 2 ½ years, as required by the Missouri Department of Natural Resources (DNR). The Company has no other long or short term plans; however, stated that they must plan for a replacement pump at any time due to constant use.

Customer Billing

West 16th Street Sewer conducts the billing process in-house and utilizes QuickBooks for billing software. Bills are printed between the 22nd and 25th of each month and typically mailed 2-3 days before the first of the following month.

Customer payments are due by the 21st of the month. Customer payments are typically posted to the appropriate account by the 22nd of the month. Late fees are then assessed for the following billing cycle. Any past-due amounts or credits are manually written on customer bills. The following chart displays the billing, payment remittance and collection timeline.

Billing, Payment Remittance and Collection Timeline	
Day of the Month	Event
21 st	Customer payment due
22 nd	Checks posted/late fee assessed
22 nd -25 th	Bills Printed
27 th -29 th	Bills and delinquent notices mailed to customers

Customers are charged a flat fee of \$26.42 per month for sewer service, and the Company pro-rates monthly bills for customers that move in or move out during the middle of the month.

In the 2006 customer service review, EMSD staff recommended the Company, “Print a payment due date, or statement that payment is due upon receipt, on the monthly billing statements.” A due date can now be found on customers’ monthly billing statements.

Several customers pay for bills months in advance, instead of paying their bill each month. In the past, the Company did not mail a monthly bill to customers that had a significant credit on their account; they were instead mailed a quarterly statement. In the 2006 customer service review, EMSD staff recommended the Company, “mail all customers a monthly billing statement indicating the amount due or the credit balance.” The Company now mails all customers a monthly billing statement, which has caused some concern or confusion from a small number of customers that pay several months in advance. Fourteen of 165 West 16th Street Sewer customers had an account credit amount for August 2008. The Company has been manually writing a note on these billing statements stating “no payment is due” to reduce confusion with these customers.

Payment Remittance

West 16th Street Sewer payment options include cash, check, or electronic checks from customer checking accounts. The Company allows customers to mail payments, make payment in person at the Company office, or utilize the Company drop-box; payments are not collected in the field. A majority of payments are submitted through the mail. The Company estimated that 10% of payments are submitted at the office or in the drop-box. The Company informs customers of these payment options on customer bills.

West 16th Street Sewer stated the number of electronic checks received from customer banking accounts has been increasing. The Company stated that these checks do not include the customer's address and often do not include the customer sewer account number. Electronic bank checks have made determining the proper account to post a payment to more difficult.

Customer payments are recorded and processed on Fridays. Payments are recorded in QuickBooks and checks are stamped and copied. The copied checks serve as a mechanism that ensures payments are processed accurately. The Company stated that there have been mistakes in posting checks to incorrect accounts; however, the copied checks have assisted in correcting these errors.

The Company stated that they normally deposit customer checks two to three times per week, although information provided by the Company shows it made only three deposits for the month of July in 2008.

Credit and Collections

In the 2006 customer service review, EMSD staff recommended the Company, "collect signed applications for services from all customers, as required by the Company's tariff." West 16th Street Sewer now collects signed applications from all customers. Applications may be submitted through the mail or at the Company office. The Company does not require deposits from customers.

Customer payment is due by the 21st of the month. In the 2006 customer service review, EMSD staff recommended the Company, "print a payment due date, or statement

that payment is due upon receipt, on the monthly billing statements.” A payment due date is now printed on bills provided to customers.

A delinquent notice is mailed to customers if payment is not received by the 21st of the month. Delinquent notices are mailed when bills are mailed between the 27th and 29th of the following month. If customers do not submit a payment after the first delinquent notice, a second notice is mailed to the customer the following month and a third letter the following month notifying the customer the Company will dig up their service for disconnection if payment is not received.

West 16th Street Sewer charges a \$5.00 late fee and a \$25 returned check fee. The bank currently charges the Company \$2 for handling returned checks. The Company stated that they have experienced four to five returned checks from customers over the past three years.

In the 2006 customer service review, EMSD staff recommended the Company, “charge all accounts the tariffed late fee if a bill becomes delinquent in accordance with the applicable tariff provisions.” The Company currently charges a \$5.00 late fee in accordance with its tariff. From January 1, 2008, through August 5, 2008, the Company issued and 61 late fees totaling \$305.00.

The Company stated it had a problem with high arrearages in the past, but has minimized this problem over the past three years. The bookkeeper has been awarded 10% on collected past due amounts since beginning employment three years ago. As of August 1, 2008, the Company had 12 customers with arrearages beyond 31 days totaling \$469.59.

The Company stated the only method it can utilize to perform a disconnection is by digging up a customer’s service. The Company has disconnected service once in the past to a customer and is currently considering this action with a customer that is unwilling or unable to make a payment on their account. The Company stated that it is willing to accept partial payment or make a payment arrangement in extenuating circumstances.

Customer Communication and Information

New customers are provided a welcome letter with information pertaining to the Company. The Company also communicates information through letters and messages handwritten on bills.

Customers may call the office manager or owner and may speak to either of them at the business office. The Company stated that the bookkeeper handles most customer calls, although the owner does handle a few customer calls. Customers have access 24 hours a day 7 days per week via telephone in the case of an emergency.

In the 2006 customer service review, EMSD staff recommended the Company, “include the appropriate Company contact telephone numbers on customer billing statements for the customers’ use in contacting the Company both during and after regular business hours.” The Company currently has the appropriate contact information located on customer billing statements.

Complaint and Inquiry Handling and Recording

In the 2006 customer service review, EMSD staff recommended the Company, “develop and utilize a log that documents all customer complaints received by the Company’s personnel.” The Company has since developed a system for noting complaint phone calls; however, it was unable to ensure that all appropriate calls were being recorded according to Commission Rule 4 CSR 240-60.010.(4) West 16th Street Sewer explained that they recorded calls of customers with definite complaints; however, the Company was unable to define the criteria it used for determining legitimate complaints or inquiries.

Records Storage and Security

In the 2006 customer service review, EMSD staff recommended the Company “Store all customer payments, Company billing information and other important business documents in lockable, fireproof file cabinets or vaults.” The Company now stores all paper documents in a fireproof cabinet. The bookkeeper also stores files electronically on the office computer and copies all files to an external drive each time account updates are entered.

Findings, Conclusions and Recommendations

The following discussion contains findings, conclusions and recommendations pertaining to West 16th Street Sewer customer service operations. This section focuses on the following areas that warrant Company management attention:

- Payment Remittance
- Complaint and Inquiry Handling and Recording

Payment Remittance

The Company has not adequately addressed the increased workload due to electronic check payments. Currently, these payments create a significant amount of confusion and extra work, due to the Company's inability to determine the proper account(s) to which the electronic check should be applied. The number of customers utilizing the electronic check payment option is increasing. Increased workloads on staff can increase costs to the Company and to other customers. The Company should take steps to minimize the challenges associated with customers utilizing electronic checks.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Implement procedures to increase efficiency in processing payments received by electronic check.

The Company does not deposit customer payments frequently enough. It stated that two to three deposits are made per week, however, in July 2008, the Company only made three deposits of payments received. Depositing customer payments on a sufficient schedule will ensure the security of the payments and reduce the impact of reproducing records in the event of a disaster or theft.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Evaluate the Company's customer payment deposit schedule and make more frequent deposits as necessary.

Complaint and Inquiry Handling and Recording

The Company cannot ensure that documentation of all complaints received by the Company is being performed according to 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 according to Commission Rule 4 CSR 240-60.010(4).

Agreement Attachment H

Summary of Case Events

West 16th Street Sewer Company, Inc.
Summary of Case Events

Date Filed	June 9, 2008
Day 150	November 6, 2008
Extension?	No
If yes, why?	
Amount Requested	\$52,945
Amount Agreed Upon	\$ 6,031
Number of Customers	147
Rate of Return	8.46%
Return on Equity	10.40%
Assessments Current	Yes
Annual Reports Filed	Yes
Statement of Revenue Filed	Yes
Other Open Cases before Commission	None
Status with Secretary of State	Good Standing
DNR Violations	None
Significant Service/Quality Issues	None