

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

In the Matter of the Application of Valley       )  
Woods Water Co., Inc Request for an       )  
Increase in Annual Sewer System Operating       )  
Revenues.

**Case No. SR-2010-0140**

**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 November 3, 2009, the Missouri Public Service Commission (the Commission) received a Rate Increase Request Letter (Request Letter) from Valley Woods Water Company, Inc. (Valley Woods or the Company).
2. In its Request Letter, the Company requests the Commission allow an increase of \$1,488.00 in its annual sewer system operating revenues pursuant to Commission Rule 4 CSR 240-3.050.
3. Upon completion of its investigation of the Company's request, Staff provided Valley Woods and the Office of the Public Counsel (OPC) with various information, as well as Staff's 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 Valley Woods were able to reach an agreement (Disposition Agreement) regarding the resolution of the Company's revenue increase request.

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 and Staff's investigation of the revenue increase request. Additionally, Appendix A contains affidavits from Staff members that participated in the investigation.

6. The Disposition Agreement reflects an agreed-upon annualized operating revenue increase in the amount of \$11,569.00.

7. 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, Valley Woods will file tariff sheets seeking to implement the terms of the Disposition Agreement. The tariff sheets will be filed on April 7, 2010, and as required will bear the minimum 45-day effective date of May 24, 2010.

8. Valley Woods is current on its payment of Commission assessments and on its filings of annual report and statements of revenue. Noel 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/ Samuel D. Ritchie**

Sam Ritchie  
Legal Counsel  
Missouri Bar No. 61167

Attorney for the Staff of the  
Missouri Public Service Commission  
P. O. Box 360  
Jefferson City, MO 65102  
(573) 751-4140 (Telephone)  
(573) 751-9285 (Fax)  
[samuel.ritchie@psc.mo.gov](mailto:samuel.ritchie@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 2nd day of April, 2010.

**/s/ Samuel D. Ritchie**

# APPENDIX A

## STAFF PARTICIPANT AFFIDAVITS AND COMPANY/STAFF DISPOSITION AGREEMENT & ATTACHMENTS

CASE NO. SR-2010-0140

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## Staff Participant Affidavits

James M. Russo – Water & Sewer Department

Karen Herrington – Auditing Department

Arthur Rice – Engineering & Management Services Department

Lisa Kremer – 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-2010-0140

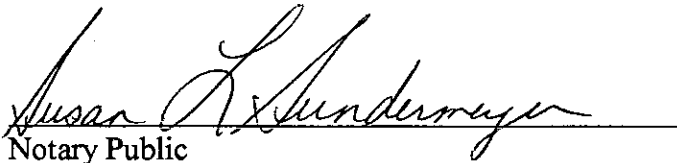
COUNTY OF COLE     )

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 Sewer Company Revenue Increase Request ("Disposition Agreement")*; (4) that he was responsible for the preparation of Attachments A, B, D, E, and H 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 1<sup>st</sup> day of April, 2010.

  
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 KAREN HERRINGTON**

STATE OF MISSOURI

COUNTY OF Jackson

ss. )  
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Case No. SR-2010-0140

**COMES NOW** Karen Herrington, being of lawful age, and on her oath states the following: (1) that she is a(n) Utility Regulatory Auditor in the Missouri Public Service Commission's Auditing 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 *Company/Staff Agreement Regarding Disposition of Small Sewer Company Revenue Increase Request* ("Disposition Agreement"); (4) that she was responsible for the preparation of Attachment C to the Disposition Agreement; (5) that she 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 her knowledge, information, and belief.

Karen Herrington  
Karen Herrington  
Utility Regulatory Auditor III  
Auditing Department

Subscribed and sworn to before me this 1st day of April, 2010.

Monica J. Curls  
Notary Public



MONICA J. CURLS  
My Commission Expires  
March 10, 2013  
Jackson County  
Commission #00670768

**BEFORE THE PUBLIC SERVICE COMMISSION**

**OF THE STATE OF MISSOURI**

**AFFIDAVIT OF ARTHUR W. RICE, PE**

STATE OF MISSOURI

ss.

COUNTY OF COLE

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Case No. SR-2010-0140

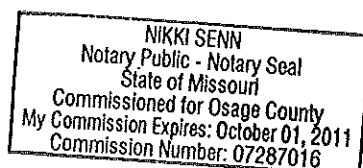
**COMES NOW** Arthur W. Rice, being of lawful age, and on his oath states the following: (1) that he is a(n) Utility Regulatory Engineer in the Missouri Public Service Commission's Engineering & Management Services Department; (2) that he participated in the Staff's investigation of the small company 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

Utility Regulatory Engineer  
Engineering & Management  
Services Department

Subscribed and sworn to before me this 31<sup>st</sup> day of March, 2010.



  
Notary Public



**BEFORE THE PUBLIC SERVICE COMMISSION**

**OF THE STATE OF MISSOURI**

**AFFIDAVIT OF LISA A. KREMER**

STATE OF MISSOURI

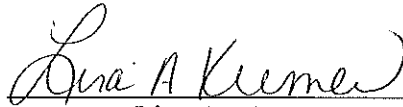
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COUNTY OF COLE

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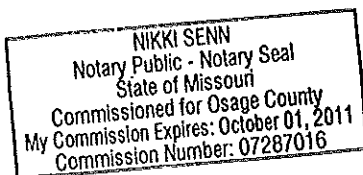
Case No. SR-2010-0140

**COMES NOW** Lisa A. Kremer, being of lawful age, and on her oath states the following: (1) that she is a(n) Utility Regulatory Manager 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 *Company/Staff Agreement Regarding Disposition of Small Sewer Company Revenue Increase Request* ("Disposition Agreement"); (4) that she was responsible for the preparation of Attachment G to the Disposition Agreement; (5) that she 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 her knowledge, information, and belief.



Lisa A. Kremer  
Utility Regulatory Manager  
Engineering & Management  
Services Department

Subscribed and sworn to before me this 31<sup>st</sup> day of March, 2010.



Notary Public

# Company/Staff Disposition Agreement

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

**VALLEY WOODS WATER COMPANY, INC.**

**MO PSC CASE NO. SR-2010-0140**

**BACKGROUND**

Valley Woods Water Company, Inc. ("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 3, 2009, the Company set forth its request for an increase of \$1,488 in its total annual 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 31 residential customers near the town of Highlandville in Christian County.

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

## **RESOLUTION OF THE COMPANY'S RATE INCREASE REQUEST**

Pursuant to negotiations held subsequent to the Company's and OPC's receipt of the above-referenced information regarding Staff's investigation of the Company's Request, 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 and incorporated herein, with those proposed tariff revisions bearing an effective date of May 24, 2010.
- (2) That except as otherwise noted in the agreements below, the ratemaking income statement attached hereto as Attachment B and incorporated herein, 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 \$11,569 is just and reasonable to recover the Company's cost of service.
- (3) That the audit workpapers attached hereto as Attachment C and incorporated herein, which include consideration of a capital structure of 100% equity for the Company and a return on that equity of 9.5%, 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 and incorporated herein, 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 and incorporated herein.
- (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 and incorporated herein, which includes the depreciation rates used by Staff in its revenue requirement analysis, should be the prescribed schedule of sewer plant depreciation rates for the Company.
- (8) Within three (3) months of the effective date of an order approving this Disposition Agreement, the Company, with the assistance of the Commission's Auditing Staff, will:

- a) Correct the Company's books and records to reflect the adjusted plant, depreciation reserve and Contribution In Aid to Construction balances as shown in Attachment C and incorporated herein.
  - b) Convert the Company's books and records into an electronic Microsoft Office format.
- (9) Within thirty (30) days of the effective date of an order approving this Disposition Agreement, the Company will implement the recommendations contained in the Engineering & Management Services Department ("EMSD") Report attached hereto as Attachment G and incorporated herein. These recommendations include the following:
- a) Refund or credit to customers all fees that have been inappropriately collected of customers including fees such as returned check.
  - b) Ensure all customer complaints received by Company personnel are documented and maintained for at least two (2) years. Documentation shall include customer name, address, the nature of the complaint, date of occurrence, as well as explanation of what the Company has done to address the complaint.
- (10) The Company shall mail its customers a final written notice of the rates and charges included in its proposed tariff revisions prior to or with its next billing cycle after issuance of the Commission Order approving the terms of this Company/Staff 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 the Staff Case Coordinator who will file a copy in the subject case file.
- (11) That Staff may conduct follow-up reviews of the Company's operations to ensure that the Company has complied and continues to comply with the provisions of this Disposition Agreement.
- (12) That Staff may file a formal complaint against it, if the Company does not comply with the provisions of this Disposition Agreement.
- (13) That the Company agrees that it has read the foregoing Company/Staff Agreement Regarding Disposition of Small Sewer Company Revenue Increase Request; that upon the Company's best knowledge and belief the facts stated therein are true; that the foregoing conditions accurately reflect the agreement reached between the Company and Staff; and that the Company freely and voluntarily enters into this agreement.
- (14) 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 herein.

### **ADDITIONAL MATTERS**

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


Staff has completed a Summary of Case Events and has included that summary as Attachment H to this Company/Staff Disposition Agreement.

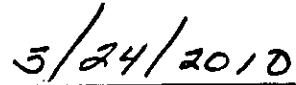
The Company acknowledges that the Staff will be filing this Company/Staff Disposition Agreement and the attachments hereto, in the existing case after the Company files the proposed tariff revisions mandated by this agreement. The Company also acknowledges that Staff may make other filings in this case.


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

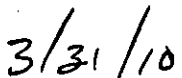
**EFFECTIVE DATE AND SIGNATURES**

Agreement Signed and Dated:

  
\_\_\_\_\_  
William L. Harris  
President  
Valley Woods Water Company, Inc.

  
\_\_\_\_\_  
Date

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

  
\_\_\_\_\_  
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 Events

## Agreement Attachment A

### Example Tariff Sheets



P.S.C. MO No. 1

1st Revised Sheet No. 4

Canceling P.S.C. MO No. 1 Original Sheet No. 4

Valley Woods Water Company, Inc.

For: Certificated Sewer Service Areas in  
Christian County

Name of Issuing Company

Community, Town or City

### **Rules Governing Rendering of Sewer Service**

#### **Schedule of Rates**

**Availability:** This rate is available to any customer adjacent to the Company's main sewer lines using sewer service. Each customer will be billed with the rates below, as applicable.

#### **Monthly Minimum Charge**

##### **Single Customer Monthly Charge:**

Served by a 5/8" water meter	\$ 59.43 per month	+
Served by a 3/4" water meter	\$ 89.16 per month	+
Served by a 1" water meter	\$148.59 per month	+

**Taxes:** All applicable Federal, State or local taxes shall be added separately to the bill in addition to the above charges.

Sewer Bills will be prepared and distributed on a monthly billing cycle and will be rendered net, bearing the last date on which payment is due, all in accordance with Rule 9 hereafter.

#### **Returned Check Charge**

\*

A returned check charge of \$29.00 will be charged for any check returned to the company unpaid.

\* Indicates New Rate or Text

+ Indicates Changed Rate or Text

Issue Date: April 7, 2010  
Month/Day/Year

Effective Date: May 24, 2010  
Month/Day/Year

Issued By: William L. Harris, President  
Name & Title of Issuing Officer

999 Mulberry Road, Highlandville, MO 65669  
Company Mailing Address

P.S.C. MO No. 1

1st Revised Sheet No. 5

Canceling P.S.C. MO No. 1 Original Sheet No. 5

Valley Woods Water Company, Inc.

For: Certificated Sewer Service Areas in  
Christian County

Name of Issuing Company

Community, Town or City

**Rules Governing  
Rendering of Sewer Service**

**Schedule of Service Charges**

Service charges to potential or existing customers of the Company's sewer service requesting or using services will be charged at the following rates:

Installation:

+

Charge for installation of sewer service connection and a septic tank located on each customer's property by the Company shall be the actual cost of the tank, tap-on parts and labor.

Inspections:

Fee for subsequent connection inspections shall be \$35.00.

"Service Calls:"

Repairs or maintenance made by the Company as a result of damage or misuse of Company property, or customer property, when requested by the customer shall be paid by the customer based upon the actual cost of labor and materials for said repairs or maintenance, but in no event shall be less than \$50.00.

\* Indicates New Rate or Text

+ Indicates Changed Rate or Text

Issue Date: April 7, 2010  
Month/Day/Year

Effective Date: May 24, 2010  
Month/Day/Year

Issued By: William L. Harris, President  
Name & Title of Issuing Officer

999 Mulberry Road, Highlandville, MO 65669  
Company Mailing Address

Name of Utility: Valley Woods Water Company, Inc.  
Service Area: Missouri Service Areas

Rules Governing Rendering of Sewer Service	
<p>directly or indirectly, holds title to, or sells or leases, or offers to sell or lease, or advertises for sale or lease, any lots in a subdivision.</p> <p>H. "DISCONTINUANCE OF SERVICE" is intentional cessation of the use of sewer service by action of the company not at the request of the customer. Such DISCONTINUANCE OF SERVICE may be accomplished by methods including physical disconnection of the service sewer, or disconnection of water service by the water utility at the request of the company.</p> <p>I. "DOMESTIC SEWAGE" is sewage, excluding storm or surface water, resulting from normal household activities; and "NON-DOMESTIC SEWAGE" is all sewage other than DOMESTIC SEWAGE including, but not limited to, commercial or industrial wastes. (see Rule 6 pertaining to Improper Waste and Excessive Use.)</p> <p>J. A "FOUNDATION DRAIN" is a pipe installed inside or outside the foundation of a structure for the purpose of draining ground or subsurface water away from the foundation.</p> <p>K. "pH" is the relative degree of acidity or alkalinity of water as indicated by the hydrogen ion concentration. PH is indicated on a scale reading from 1-14, with 7 being neutral, below 7 acid, and above 7 alkaline; more technically defined as the logarithm of the reciprocal of the hydrogen ion concentration.</p> <p>L. * A "SEPTIC TANK" is a buried tank located on the customer's property accessible at ground level or above, owned and maintained by the company, used to partially treat sewage anaerobically and to capture solids, and has an internal screen filter.</p> <p>M. "SERVICE CONNECTION" is the connection of a service sewer to the company collecting sewer either at the bell of a wye branch or the bell of a saddle placed on the barrel of the collecting sewer.</p> <p>N. A "SERVICE SEWER" is a pipe with appurtenances installed, owned and maintained by the customer, used to conduct sewage from the customer's</p> <p>* Indicates new rate or text  + Indicates change</p>	

DATE OF ISSUE	<u>April 7, 2010</u>	DATE EFFECTIVE	<u>May 24, 2010</u>
	Month Day Year		Month Day Year

ISSUED BY	<u>William L. Harris, President</u>	<u>999 Mulberry Road, Highlandville MO 65669</u>
	name of officer title	address

Name of Utility: Valley Woods Water Company, Inc.  
Service Area: Missouri Service Areas

### Rules Governing Rendering of Sewer Service

premises to the collecting sewer, excluding service wyes or saddles. For customers connected to a Recirculating Sand Filter type treatment facility and with a septic tank located upon the property, the CUSTOMER SERVICE SEWER is the portion of the Service Sewer between the building or unit and septic tank and is owned by the customer, and the COMPANY SERVICE SEWER is the portion of the Service Sewer between the septic tank and collecting sewer and is owned by the company.

- O. A "SUBDIVISION" is any land in the state of Missouri which is divided or proposed to be divided into two or more lots or other divisions of land, whether contiguous or not, or uniform in size or not, for the purpose of sale or lease, and includes resubdivision thereof.
- P. "SUSPENDED SOLIDS" are the insoluble materials suspended or dispersed in waste water, expressed in milligrams per liter on a dry weight basis, as determined by standard procedures.
- Q. "TERMINATION OF SERVICE" is the cessation of the use of sewer service requested by the customer. Such TERMINATION OF SERVICE shall be accomplished by a method verified and recognized by the company, and may include physical disconnection of the service sewer, termination or disconnection of water service by the water utility, or the company's observation of non-occupancy of the unit served.
- R. The word "UNIT" or LIVING UNIT shall be used herein to define the premises or property of a single sewer user, whether or not that sewer user is the customer. It shall pertain to any building whether multi-tenant or single occupancy, residential or commercial, owned or leased. Each mobile home in a mobile home park, and each rental unit of a multi-tenant rental property are considered as separate UNITS for each single family or firm occupying same as a residence or place of business.

\* Indicates new rate or text  
+ Indicates change

DATE OF ISSUE	<u>April 7, 2010</u>	DATE EFFECTIVE	<u>May 24, 2010</u>
	Month Day Year		Month Day Year

ISSUED BY	<u>William L. Harris, President</u>	<u>999 Mulberry Road, Highlandville MO 65669</u>
	name of officer title	address

Name of Utility: Valley Woods Water Company, Inc.  
Service Area: Missouri Service Areas

## Rules Governing Rendering of Sewer Service

### Rule 4 Applications for Sewer Service

- A. A written application for service, signed by the customer, and accompanied by the appropriate fees as provided in the Schedule of Rates, Service Charges, or Rule 11 – Extension of Collecting Sewer, and other information required by these rules, must be received from each customer before service is provided to any unit. Said application must be filed in writing \* two (2) weeks in advance stating the street, house number, name of the applicant, and the name of the property owner. The company shall have the right to refuse service for failure to comply with the rules herein, or if the customer owes a past due bill not in dispute for sewer service at any location within the company's service area. In any case where a sewer extension, or unusual construction or equipment expense is necessary to furnish the service, the company may require a contract for service specifying a reasonable period of time for the company to provide the service. If the customer is a tenant, the company shall notify the owner of the property that the owner may be responsible for payment of the sewer service bill.
  
- B. A prospective commercial or industrial customer shall, upon request of the company, present in writing to the company a list of devices which will discharge to the collecting sewers, the amount and specifications of any discharge, and the location of any buildings. The company will then advise the customer of the form and character of the waste water collection facilities available. If a sewer extension as provided for in Rule 11 – Extension of Collecting Sewers will be necessary, or if the customer will be required to own, operate, and maintain a pretreatment facility, the customer will also be so advised.
  
- C. When sewer charges are based on water usage, the company reserves

- \* Indicates new rate or text
- + Indicates change

DATE OF ISSUE April 7, 2010      DATE EFFECTIVE May 24, 2010  
Month Day Year                                      Month Day Year

ISSUED BY William L. Harris, President      999 Mulberry Road, Highlandville MO 65669  
name of officer                      title                                      address

Name of Utility: Valley Woods Water Company, Inc.  
Service Area: Missouri Service Areas

### Rules Governing Rendering of Sewer Service

the right to refuse sewer service to any applicant unless said applicant agrees to install a water meter accessible by the company, so that there will be a basis for sewer charges. The company and customer may agree to an estimated water use amount, on an interim basis for a period not to exceed six (6) months, to allow time to install suitable metering equipment.

- D. The company will determine or approve the location of the service connection. Service sewers will not be extended along public streets or roadways or through property of others in connecting with collecting sewers. If a service connection is requested at a point not already served by a collecting sewer of adequate capacity, the collecting sewer shall be extended in accordance with Rule 11 – Extension of Collecting Sewers, unless, in the company's judgement such a collecting sewer would serve no other purpose and a service sewer may be constructed to serve the customer's premises in a reasonable manner.
- E. A new service connection shall be authorized when all conditions of Paragraphs A, B, C, and D, above, are met.
- F. No substantial addition to the water using equipment or appliances connected to the sewer system shall be made by commercial or industrial customers except upon written notice to and with the written consent of the company.
- G. Any change in the location of an existing service connection and/or service sewer requested by the customer shall be made at the customer's expense.

\* Indicates new rate or text  
+ Indicates change

DATE OF ISSUE April 7, 2010      DATE EFFECTIVE May 24, 2010  
Month Day Year                                      Month Day Year

ISSUED BY William L. Harris, President      999 Mulberry Road, Highlandville MO 65669  
name of officer                      title                                      address

Name of Utility: Valley Woods Water Company, Inc.  
Service Area: Missouri Service Areas

Rules Governing Rendering of Sewer Service	
<p>+ Rule 5 Inside Piping, Customer Service Sewer, Company Service Sewer, and Septic Tank</p> <p>A. This rule applies to customers connected to a Recirculating Sand Filter type treatment facility, where initial treatment is provided on each customer's premises using an on-site septic tank.</p> <p>B. Application, accompanied by any authorized service fees and charges, must be filed in writing at the company's business office during normal business hours two (2) weeks in advance to allow for local permit compliance and scheduling and moving excavation equipment. The Application shall include the street, house number, name of applicant, name of property owner, and other information as reasonably necessary to obtain required permits and conduct the installation work. The company shall not be required to supply sewer service unless these conditions are met. One connection shall not service more than one property.</p> <p>C. The company will locate the point on the collecting sewer to which the service connection will be made and, in consideration of the CIAC Charge, shall install and connect one septic tank of suitable capacity, the company service sewer between the septic tank and the company's collecting sewer which shall be located in a public street or easement, and all components necessary for installation. All taps and connections are to be done by the company.</p> <p>D. A separate and independent service sewer shall generally be required for every building. Exceptions are:</p> <p>(1) When one building stands at the rear of another building on an interior lot where a proper service sewer cannot be constructed through an</p> <p>* Indicates new rate or text  + Indicates change</p>	

DATE OF ISSUE April 7, 2010      DATE EFFECTIVE May 24, 2010  
Month Day Year                                      Month Day Year

ISSUED BY William L. Harris, President      999 Mulberry Road, Highlandville MO 65669  
name of officer                      title                                      address

Name of Utility: Valley Woods Water Company, Inc.  
Service Area: Missouri Service Areas

### Rules Governing Rendering of Sewer Service

adjoining easement. In that situation, a service sewer from the front building may be extended to the rear building and it will be considered as one service sewer.

- (2) When two or more buildings are a part of a complex which cannot be subdivided.
- (3) The company shall make a case-by-case determination regarding the number and locations of septic tanks to serve multiple buildings.

E. The customer service sewer between the unit or building and the septic tank shall drain into the tank, and shall be installed by and at the expense of the customer, subject to inspection by the company, and owned and maintained by the customer. Perforated drain field piping shall not be utilized for any portion of the service sewer. All excavations required for the installation of a customer service sewer shall be open trench work unless otherwise approved by the company. Pipe laying and backfill shall be performed in accordance with the latest published engineering specifications of the manufacturer of the materials used, and all applicable local plumbing codes. No backfill shall be placed until the work has been inspected by the company. In the event the customer or the customer's agent shall damage a septic tank, company service sewer, collecting sewer, fittings or appurtenances, then the customer shall be responsible for the cost to repair damage including replacement of parts and material as necessary.

F. The service sewer shall be ductile iron pipe, polyvinyl chloride pipe (PVC), ASTM specification or equal, or other suitable material approved by the company. Only those jointing materials and methods which are approved by the company may be used. Joints shall be tight and waterproof. Any part of the service sewer that is located within ten (10) feet of a water service pipe

- \* Indicates new rate or text
- + Indicates change

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Name of Utility: Valley Woods Water Company, Inc.  
Service Area: Missouri Service Areas

### Rules Governing Rendering of Sewer Service

- shall be constructed of ductile iron or PVC pressure pipe. The pipe shall be bedded according to the manufacturer's specifications and on undisturbed earth or fill compacted to at least 95% proctor density. Fill may be non-organic soil or aggregate.
- G. The size and slope of the service sewer shall be subject to the approval of the company, but in no event shall the diameter be less than four (4) inches. The slope of such four (4) inch pipe shall not be less than one-eighth (1/8) inch per foot.
- H. Whenever possible the service sewer shall be brought to the building at an elevation below the basement floor. No building sewer shall be laid parallel to or within three (3) feet of any bearing wall. The depth shall be sufficient to afford protection from frost. The service sewer shall be laid at a uniform grade and in straight alignment insofar as possible. Changes in direction shall be made only with properly curved pipes and fittings.
- I. Existing service sewers may be used in connection with new buildings only when they are found on examination and test to meet all requirements of the company.
- J. If a customer's premises cannot be served by adequate gravity flow, the customer shall install a pump unit at his own expense. Such an installation shall be in addition to, and separate from, the septic tank. No water operated sewage ejector shall be used. The location of the pump unit is subject to approval of the company on a case-by-case basis, and may be within the building or unit, on the customer service sewer, or on the company service sewer, but shall be upon the customer's property. The customer shall be responsible for maintenance or replacement of the pump, the pit

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name of officer                      title                                      address

Name of Utility: Valley Woods Water Company, Inc.  
 Service Area: Missouri Service Areas

Rules Governing Rendering of  
 Sewer Service

and/or housing, the connections, any associated mechanical equipment, internal piping and valves, electrical supply, and electric controls. The pump unit is subject to inspection by the company at the time of installation, and at any subsequent reasonable time.

- K. Plumbing specifications of all government agencies having jurisdiction, and the company's rules in effect at the time of connection must be met. The company may deny service or may discontinue service where foundation drains, downspouts, or other sources of surface or storm water are permitted to enter the sewer system through either the inside piping or through the building sewer.
- L. The company shall, annually or more often if deemed necessary, check each septic tank for solids and check the internal screen filter. When necessary, the company will remove solid waste from the septic tank, clean the screen filter, and perform other ordinary maintenance or repairs as necessary at its expense. Costs incurred to repair damage to a septic tank caused by abuse, improper sewage discharge, or accident by anyone other than company personnel or agent shall be the responsibility of the customer.
- M. Except for making or repairing septic tank connections, Company personnel may not work on piping or facilities not owned by the company unless authorized by the customer. The company shall present to the customer, at the time of application for service, information regarding what services are available from the company, and what will be provided free of charge.

\* Indicates new rate or text  
 + Indicates change

DATE OF ISSUE April 7, 2010 DATE EFFECTIVE May 24, 2010  
 Month Day Year Month Day Year

ISSUED BY William L. Harris, President 999 Mulberry Road, Highlandville MO 65669  
 name of officer title address

## Agreement Attachment B

### Ratemaking Income Statement

# VALLEY WOODS WATER COMPANY, INC.

## Rate Making Income Statement-Sewer

### Operating Revenues at Current Rates

1	Tariffed Rate Revenues *	\$	10,539
2	Other Operating Revenues *	\$	70
3	<b>Total Operating Revenues</b>	<b>\$</b>	<b>10,609</b>
4	* See "Revenues - Current Rates" for Details		

### Cost of Service

Item	Amount
1 Operators Salary	\$ 2,092
2 Operator-Backup	\$ 140
3 Electricity-Pumping	\$ 857
4 Electricity-Shop	\$ 69
5 Utility Water Usage	\$ 721
6 Sewer Treatment -Chemicals	\$ 755
7 Sewer Treatment -Testing/Laboratory Fees	\$ 1,116
8 Sludge Removal	\$ 900
9 Maintenance Expense-Parts/Equipment	\$ 229
10 Maintenance Expense-Outside Labor	\$ -
11 Permit Fees	\$ 188
12 Administration & General - Salaries	\$ 747
13 Telephone & Internet Expense	\$ 337
14 Transportation Expense	\$ 470
15 Property & Liability Insurance	\$ 418
16 Rent Expense	\$ 152
17 Rate Case Expense	\$ 76
18 Office Supplies	\$ 178
19 Postage Expense	\$ 139
20 Bookkeeping	\$ -
21 Employee Pensions & Benefits	\$ -
22 Regulatory Commission Expense	\$ 1,328
23 Miscellaneous General Expenses	\$ -
24 <b>Sub-Total Operating Expenses</b>	<b>\$ 10,912</b>
25 Property Taxes	\$ -
26 MO Franchise Taxes	\$ 145
27 Employer FICA Taxes	\$ 256
28 Federal Unemployment Taxes	\$ -
29 State Unemployment Taxes	\$ -
30 State & Federal Income Taxes	\$ 440
31 <b>Sub-Total Taxes</b>	<b>\$ 841</b>
32 Depreciation Expense	\$ 5,869
33 CIAC-Depression	\$ (2,046)
34 <b>Sub-Total Depreciation/Amortization</b>	<b>\$ 3,823</b>
35 <b>Return on Rate Base</b>	<b>\$ 6,602</b>
36 <b>Total Cost of Service</b>	<b>\$ 22,178</b>
37 <b>Overall Revenue Increase Needed</b>	<b>\$ 11,569</b>

# Agreement Attachment C

## Audit Workpapers

**Exhibit No.:** 12345667  
**Issue:** Accounting Schedules  
**Witness:** MO PSC Auditors  
**Sponsoring Party:** MO PSC Staff  
**Case No:** SR-2010-0140  
**Date Prepared:** 1/18/2010



**MISSOURI PUBLIC SERVICE COMMISSION**

**UTILITY SERVICES DIVISION**

**Valley Woods Sewer**

**STAFF ACCOUNTING SCHEDULES**

**VALLEY WOODS WATER COMPANY**

**CASE NO. SR-2010-0140**

**Jefferson City, Missouri**

**January 2010**

Valley Woods Water Company  
Informal Sewer Rate Case  
Tracking Number SR-2010-0140  
Test Year Ending 12-31-2008  
Rate Design Schedule - Sewer

Line Number	Description	Account Number (Optional)	Staff Annualized	Customer Charge	Commodity	Percentage Rate
Rev-1	ANNUALIZED REVENUES					
Rev-2	Annualized Rate Revenues		(1) \$10,539			
Rev-3	Miscellaneous Revenues		(1) \$70			
Rev-4	TOTAL ANNUALIZED REVENUES		<u>\$10,609</u>			
1	OPERATIONS EXPENSES		(2)			
2	Operators Salary / Contractor Services	700.000	\$2,092	\$0	\$2,092	0.00%
3	Operator-Backup	700.100	\$140	\$0	\$140	0.00%
4	Electricity - Pumping Treatment	703.000	\$857	\$0	\$857	0.00%
5	Electricity (Shop)	703.100	\$69	\$0	\$69	0.00%
6	Utility Water Usage	703.200	\$721	\$0	\$721	0.00%
7	Chemicals	704.000	\$755	\$0	\$755	0.00%
8	Effluent Testing	704.100	\$1,116	\$0	\$1,116	0.00%
9	Sludge Removal	714.000	\$900	\$0	\$900	0.00%
10	TOTAL OPERATIONS EXPENSE		<u>\$6,650</u>	\$0	<u>\$6,650</u>	
11	MAINTENANCE EXPENSES					
12	System Repairs and Maintenance	712.000	\$229	\$0	\$229	0.00%
13	TOTAL MAINTENANCE EXPENSE		<u>\$229</u>	\$0	<u>\$229</u>	
14	CUSTOMER ACCOUNT EXPENSE					
15	Office Supplies	921.000	\$178	\$0	\$178	0.00%
16	Postage Expense	921.100	\$139	\$0	\$139	0.00%
17	TOTAL CUSTOMER ACCOUNT EXPENSE		<u>\$317</u>	\$0	<u>\$317</u>	
18	ADMINISTRATIVE & GENERAL EXPENSES					
19	Administration & General Salaries (Bookkeeping)	920.000	\$747	\$0	\$747	0.00%
20	Telephone (Landline)	921.200	\$188	\$0	\$188	0.00%
21	Telephone (Wireless)	921.300	\$128	\$0	\$128	0.00%
22	Transportation Expense	929.000	\$470	\$0	\$470	0.00%
23	Internet	921.400	\$21	\$0	\$21	0.00%
24	Property & Liability Insurance (Shop)	924.000	\$244	\$0	\$244	0.00%
25	Property & Liability Insurance (Treatment Plant)	924.100	\$174	\$0	\$174	0.00%
26	Rent	931.000	\$152	\$0	\$152	0.00%
27	Rate Case Expense	930.000	\$76	\$0	\$76	0.00%
28	TOTAL ADMINISTRATIVE AND GENERAL		<u>\$2,200</u>	\$0	<u>\$2,200</u>	
29	OTHER OPERATING EXPENSES					
30	MO DNR Fees	930.100	\$188	\$0	\$188	0.00%
31	PSC Assessment	928.000	\$1,328	\$0	\$1,328	0.00%
32	CIAC related depreciation	403.100	-\$2,046	\$0	-\$2,046	0.00%
33	Depreciation	403.000	\$5,869	\$0	\$5,869	0.00%
34	TOTAL OTHER OPERATING EXPENSES		<u>\$5,339</u>	\$0	<u>\$5,339</u>	
35	TAXES OTHER THAN INCOME					
36	Real & Personal Property Taxes	408.000	\$145	\$0	\$145	0.00%
37	Payroll Taxes	700.200	\$256	\$0	\$256	0.00%
38	TOTAL TAXES OTHER THAN INCOME		<u>\$401</u>	\$0	<u>\$401</u>	
39	TOTAL OPERATING EXPENSES		<u>\$15,136</u>	\$0	<u>\$15,136</u>	
40	Interest Expense		(3) \$0	\$0	\$0	0.00%
41	Return on Equity		(3) \$6,602	\$0	\$6,602	0.00%
42	Income Taxes		(3) \$440	\$0	\$440	0.00%
43	TOTAL INTEREST RETURN & TAXES		<u>\$7,042</u>	\$0	<u>\$7,042</u>	

Valley Woods Water Company  
 Informal Sewer Rate Case  
 Tracking Number SR-2010-0140  
 Test Year Ending 12-31-2008  
 Rate Design Schedule - Sewer

Line Number	Description	Account Number (Optional)	C Staff Annualized	D Customer Charge	E Commodity	F Percentage Rate
44	TOTAL COST OF SERVICE		\$22,178	\$0	\$22,178	
45	Less: Miscellaneous Revenues		\$70	\$0	\$70	0.00%
46	COST TO RECOVER IN RATES		\$22,108	\$0	\$22,108	
47	INCREMENTAL INCREASE IN RATE REVENUES		\$11,569			
48	PERCENTAGE OF INCREASE		109.05%			
49	REQUESTED INCREASE IN REVENUES		\$1,488			

- (1) From Revenue Schedule  
 (2) From Expense Schedule  
 (3) From PreTax Rate of Return Schedule, Rate Base & Return Schedule



Valley Woods Water Company  
 Informal Sewer Rate Case  
 Tracking Number SR-2010-0140  
 Test Year Ending 12-31-2008  
 Rate Base Required Return on Investment Schedule - Sewer

Line Number	A Rate Base Description	B Dollar Amount
1	Plant In Service	\$179,632 From Plant Schedule
2	Less Accumulated Depreciation Reserve	<u>\$38,412</u> From Depreciation Reserve Schedule
3	Net Plant In Service	\$141,220
4	Other Rate Base Items:	\$0
	Contribution of Aid of Construction	-\$83,791
	CIAC Depreciation	\$15,932
5	Total Rate Base	<u>\$73,361</u>
6	Total Weighted Rate of Return Including Income Tax	<u>9.60%</u> From PreTax Return & Taxes Schedule
7	Required Return & Income Tax	<u><u>\$7,043</u></u>

Valley Woods Water Company  
 Informal Sewer Rate Case  
 Tracking Number SR-2010-0140  
 Test Year Ending 12-31-2008  
 Rate of Return Including Income Tax - Sewer

		A	B	formulas
1	State Income Tax Rate Statutory / Effective	6.25% (2)	6.25%	$(1 - (B2 \times .5)) \times A1$
2	Federal Income Tax Rate Statutory / Effective	0.00% (1) & (2)	0.00%	$(1 - B1) \times A2$
3	Composite Effective Income Tax Rate		6.25%	$B1 + B2$
4	Equity Tax Factor		1.0667	$1 / (1 - B3)$
5	Recommended Weighted Rate of Return on Equity - Common and Preferred		9.00%	From Capital Structure Schedule
6	Weighted Rate of Return on Equity Including Income Tax		9.60%	$B4 \times B5$
7	Recommended Weighted Rate of Return on Debt - Long-Term and Short-Term		0.00%	From Capital Structure Schedule
8	Total Weighted Rate of Return Including Income Tax		9.60%	$B6 + B7$

(1) If Sub-Chapter S Corporation, Enter Y:

Y

To Rate Base Schedule

Equity Income Required \$0  
 & Preliminary Federal Tax

Tax Rate Table

Net Income Range				
Start	End	Tax Rate	Amount in Range	Tax on Range
\$0	\$50,000	15.00%	\$0	\$0
\$50,001	\$75,000	25.00%	\$0	\$0
\$75,001	\$100,000	34.00%	\$0	\$0
\$100,001	\$335,000	39.00%	\$0	\$0
\$335,001	\$9,999,999,999	34.00%	\$0	\$0
			\$0	\$0
			Consolidated Tax Rate:	
			Average Tax Rate:	0

Valley Woods Water Company  
 Informal Sewer Rate Case  
 Tracking Number SR-2010-0140  
 Test Year Ending 12-31-2008  
 Capital Structure Schedule - Sewer

Line Number	Description	Dollar Amount	Percentage Of Total Capital Structure	Embedded Cost of Capital	Weighted Cost of Capital
1	Common Stock	\$30,000	100.00%	9.00%	9.000%
2	Other Security-Non Tax Deductible	\$0	0.00%	0.00%	0.000%
3	Preferred Stock	\$0	0.00%	0.00%	0.000%
4	Long Term Debt	\$0	0.00%	0.00%	0.000%
5	Short Term Debt	\$0	0.00%	0.00%	0.000%
6	Other Security-Tax Deductible	\$0	0.00%	0.00%	0.000%
7	TOTAL CAPITALIZATION	\$30,000	100.00%		9.000%

To PreTax Return Rate Schedule

Valley Woods Water Company  
Informal Sewer Rate Case  
Tracking Number SR-2010-0140  
Test Year Ending 12-31-2008  
Plant In Service - Sewer

Line Number	A Account # (Optional)	B Plant Account Description	C Total Plant	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
1		INTANGIBLE PLANT					
2	301.000	Organization	\$0			100.00%	\$0
3	302.000	Franchises	\$0			100.00%	\$0
4	303.000	Miscellaneous Intangible Plant	\$0			100.00%	\$0
5		TOTAL INTANGIBLE PLANT	\$0		\$0		\$0
6		SOURCE OF SUPPLY PLANT					
7	310.000	Land & Land Rights	\$0			100.00%	\$0
8	311.000	Structures & Improvements	\$2,446			100.00%	\$2,446
9		TOTAL SOURCE OF SUPPLY PLANT	\$2,446		\$0		\$2,446
10		COLLECTION PLANT					
11	350.000	Land and Land Rights	\$350			100.00%	\$350
12	351.000	Structures & Improvements-Collection Plant	\$0			100.00%	\$0
13	352.000	Collection Sewers	\$0			100.00%	\$0
14	352.100	Collection Sewers - Force	\$0			100.00%	\$0
15	352.200	Collection Sewers - Gravity	\$47,960			100.00%	\$47,960
16	353.000	Other Collection Plant Facilities	\$0			100.00%	\$0
17	354.000	Services to Customers	\$47,985	P-17	\$2,000	100.00%	\$49,985
18	355.000	Flow Measuring Devices	\$0			100.00%	\$0
19		TOTAL COLLECTION PLANT	\$96,295		\$2,000		\$98,295
20		PUMPING PLANT					
21	362.000	Receiving Wells and Pump Pits	\$0			100.00%	\$0
22	363.000	Pumping Equipment (Elec., Diesel, other)	\$0			100.00%	\$0
23		TOTAL PUMPING PLANT	\$0		\$0		\$0
24		TREATMENT & DISPOSAL PLANT					
25	370.000	Oxidation Lagoon	\$0			100.00%	\$0
26	373.000	Treatment and Disposal Equipment	\$75,054			100.00%	\$75,054
27	374.000	Plant Sewers	\$0			100.00%	\$0
28	375.000	Outfall Sewer Lines	\$0			100.00%	\$0
29	376.000	Other Treatment & Disposal Plant Equip.	\$0			100.00%	\$0
30		TOTAL TREATMENT & DISPOSAL PLANT	\$75,054		\$0		\$75,054
31		GENERAL PLANT					
32	390.000	Structures & Improvements GP	\$3,837			100.00%	\$3,837
33	391.000	Office Furniture & Equipment	\$0			100.00%	\$0
34		Office Computer Equipment	\$0			100.00%	\$0
35	392.000	Transportation Equipment	\$0			100.00%	\$0
36	393.000	Other General Equipment, includes stores, tools shop & garage, lab, power operated, communication, and other tangible equipment.	\$0			100.00%	\$0
37		TOTAL GENERAL PLANT	\$3,837		\$0		\$3,837
38		TOTAL PLANT IN SERVICE	\$177,632		\$2,000		\$179,632

To Rate Base & Depreciation Schedules

Valley Woods Water Company  
 Informal Sewer Rate Case  
 Tracking Number SR-2010-0140  
 Test Year Ending 12-31-2008  
 Schedule of Adjustments for Plant in Service - Sewer

A	B	C	D	E
Plant Adjustment Number	Plant in Service Adjustment Description	Account Number	Adjustment Amount	Total Adjustment
P-17	Services to Customers	354.000		\$2,000
	Updated for one collection tanks		\$2,000	
Total Plant Adjustments				\$2,000

Valley Woods Water Company  
 Informal Sewer Rate Case  
 Tracking Number SR-2010-0140  
 Test Year Ending 12-31-2008  
 Depreciation Expense - Sewer

Line Number	A Account Number	B Plant Account Description	C Adjusted Jurisdictional	D Depreciation Rate	E Depreciation Expense
1		INTANGIBLE PLANT			
2	301.000	Organization	\$0	0.00%	\$0
3	302.000	Franchises	\$0	0.00%	\$0
4	303.000	Miscellaneous Intangible Plant	\$0	0.00%	\$0
5		TOTAL INTANGIBLE PLANT	\$0		\$0
6		SOURCE OF SUPPLY PLANT			
7	310.000	Land & Land Rights	\$0	0.00%	\$0
8	311.000	Structures & Improvements	\$2,446	2.50%	\$61
9		TOTAL SOURCE OF SUPPLY PLANT	\$2,446		\$61
10		COLLECTION PLANT			
11	350.000	Land and Land Rights	\$350	0.00%	\$0
12	351.000	Structures & Improvements-Collection Plant	\$0	2.50%	\$0
13	352.000	Collection Sewers	\$0	0.00%	\$0
14	352.100	Collection Sewers - Force	\$0	0.00%	\$0
15	352.200	Collection Sewers - Gravity	\$47,960	2.00%	\$959
16	353.000	Other Collection Plant Facilities	\$0	0.00%	\$0
17	354.000	Services to Customers	\$49,985	2.00%	\$1,000
18	355.000	Flow Measuring Devices	\$0	0.00%	\$0
19		TOTAL COLLECTION PLANT	\$98,295		\$1,959
20		PUMPING PLANT			
21	362.000	Receiving Wells and Pump Pits	\$0	0.00%	\$0
22	363.000	Pumping Equipment (Elec., Diesel, other)	\$0	0.00%	\$0
23		TOTAL PUMPING PLANT	\$0		\$0
24		TREATMENT & DISPOSAL PLANT			
25	370.000	Oxidation Lagoon	\$0	0.00%	\$0
26	373.000	Treatment and Disposal Equipment	\$75,054	5.00%	\$3,753
27	374.000	Plant Sewers	\$0	0.00%	\$0
28	375.000	Outfall Sewer Lines	\$0	0.00%	\$0
29	376.000	Other Treatment & Disposal Plant Equip.	\$0	0.00%	\$0
30		TOTAL TREATMENT & DISPOSAL PLANT	\$75,054		\$3,753
31		GENERAL PLANT			
32	390.000	Structures & Improvements GP	\$3,837	2.50%	\$96
33	391.000	Office Furniture & Equipment	\$0	0.00%	\$0
34		Office Computer Equipment	\$0	0.00%	\$0
35	392.000	Transportation Equipment	\$0	0.00%	\$0
36	393.000	Other General Equipment, includes stores, tools shop & garage, lab, power operated, communication, and other tangible equipment.	\$0	0.00%	\$0
37		TOTAL GENERAL PLANT	\$3,837		\$96

Valley Woods Water Company  
 Informal Sewer Rate Case  
 Tracking Number SR-2010-0140  
 Test Year Ending 12-31-2008  
 Depreciation Expense - Sewer

Line Number	A Account Number	B Plant Account Description	C Adjusted Jurisdictional	D Depreciation Rate	E Depreciation Expense
38		Total Depreciation	\$179,632		\$5,869

Valley Woods Water Company  
Informal Sewer Rate Case  
Tracking Number SR-2010-0140  
Test Year Ending 12-31-2008  
Accumulated Depreciation Reserve - Sewer

Line Number	A Account Number	B Depreciation Reserve Description	C Total Reserve	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
1		INTANGIBLE PLANT					
2	301.000	Organization	\$0			100.00%	\$0
3	302.000	Franchises	\$0			100.00%	\$0
4	303.000	Miscellaneous Intangible Plant	\$0			100.00%	\$0
5		TOTAL INTANGIBLE PLANT	\$0		\$0		\$0
6		SOURCE OF SUPPLY PLANT					
7	310.000	Land & Land Rights	\$0			100.00%	\$0
8	311.000	Structures & Improvements	\$214			100.00%	\$214
9		TOTAL SOURCE OF SUPPLY PLANT	\$214		\$0		\$214
10		COLLECTION PLANT					
11	350.000	Land and Land Rights	\$0			100.00%	\$0
12	351.000	Structures & Improvements-Collection Plant	\$0	R-12	\$46	100.00%	\$46
13	352.000	Collection Sewers	\$0			100.00%	\$0
14	352.100	Collection Sewers - Force	\$0			100.00%	\$0
15	352.200	Collection Sewers - Gravity	\$4,547	R-15	\$719	100.00%	\$5,266
16	353.000	Other Collection Plant Facilities	\$0			100.00%	\$0
17	354.000	Services to Customers	\$4,472	R-17	\$735	100.00%	\$5,207
18	355.000	Flow Measuring Devices	\$0			100.00%	\$0
19		TOTAL COLLECTION PLANT	\$9,019		\$1,500		\$10,519
20		PUMPING PLANT					
21	362.000	Receiving Wells and Pump Pits	\$0			100.00%	\$0
22	363.000	Pumping Equipment (Elec., Diesel, other)	\$0			100.00%	\$0
23		TOTAL PUMPING PLANT	\$0		\$0		\$0
24		TREATMENT & DISPOSAL PLANT					
25	370.000	Oxidation Lagoon	\$0			100.00%	\$0
26	373.000	Treatment and Disposal Equipment	\$24,456	R-26	\$2,815	100.00%	\$27,271
27	374.000	Plant Sewers	\$0			100.00%	\$0
28	375.000	Outfall Sewer Lines	\$0			100.00%	\$0
29	376.000	Other Treatment & Disposal Plant Equip.	\$0			100.00%	\$0
30		TOTAL TREATMENT & DISPOSAL PLANT	\$24,456		\$2,815		\$27,271
31		GENERAL PLANT					
32	390.000	Structures & Improvements GP	\$336	R-32	\$72	100.00%	\$408
33	391.000	Office Furniture & Equipment	\$0			100.00%	\$0
34		Office Computer Equipment	\$0			100.00%	\$0
35	392.000	Transportation Equipment	\$0			100.00%	\$0
36	393.000	Other General Equipment, includes stores, tools shop & garage, lab, power operated, communication, and other tangible equipment.	\$0			100.00%	\$0
37		TOTAL GENERAL PLANT	\$336		\$72		\$408
38		TOTAL DEPRECIATION RESERVE	\$34,025		\$4,387		\$38,412

To Rate Base Schedule



Valley Woods Water Company  
 Informal Sewer Rate Case  
 Tracking Number SR-2010-0140  
 Test Year Ending 12-31-2008

Schedule of Adjustments for Accumulated Depreciation Reserve - Sewer

A Reserve Adjustment Number	B Accumulated Depreciation Reserve Adjustments Description	C Account Number	D Adjustment Amount	E Total Adjustment Amount
R-12	Structures & Improvements-Collection Plant	351.000		\$46
	Include Depreciation through Update Period, September 2009 (Herrington)		\$46	
R-15	Collection Sewers - Gravity	352.200		\$719
	Include Depreciation through Update Period, September 2009 (Herrington)		\$719	
R-17	Services to Customers	354.000		\$735
	Include Depreciation through Update Period, September 2009 (Herrington)		\$735	
R-26	Treatment and Disposal Equipment	373.000		\$2,815
	Include Depreciation through Update Period, September 2009 (Herrington)		\$2,815	
R-32	Structures & Improvements GP	390.000		\$72
	Include Depreciation through Update Period, September 2009 (Herrington)		\$72	
Total Reserve Adjustments				\$4,387

Valley Woods Water Company  
 Informal Sewer Rate Case  
 Tracking Number SR-2010-0140  
 Test Year Ending 12-31-2008  
 Revenue Summary Schedule - Sewer

Line Number	A Description	Residential 5/8"		Commercial 2"	
		B Amount	C Amount	D Amount	E Amount
1	<u>Customer Charge Revenues:</u>				
2	Customer Number	31		0	
3	Bills Per Year	12		0	
4	Customer Bills Per year	372		0	
5	Current Customer Charge	<u>\$28.33</u>		<u>\$0.00</u>	
6	Annualized Customer Charge Revenues		\$10,539		\$0
7	<u>Commodity Charge Revenues:</u>				
8	Total Gallons Sold	0		0	
9	Less: Base Gallons Included In Customer Charge	<u>0</u>		<u>0</u>	
10	Commodity Gallons	0		0	
11	Block 1, Commodity Gallons per Block	0		0	
12	Block 1, Number of Commodity Gallons per Unit	<u>0</u>		<u>0</u>	
13	Block 1, Commodity Billing Units	0.00		0.00	
14	Block 1, Existing Commodity Charge	<u>\$0.00</u>		<u>\$0.00</u>	
15	Block 1, Annualized Commodity Charge Rev.		\$0		\$0
16	<u>Total Annualized Sewer Rate Revenues</u>		<u>\$10,539</u>		<u>\$0</u>

Commodity Billing Units are based on the number of commodity gallons applicable to each block, divided by the tariff usage rate gallons (e.g. for tariff rate of \$2.50 per 1,000 gallons of usage, the commodity gallons for that rate would be divided by 1,000 to arrive at the number of commodity billing units.

Valley Woods Water Company  
 Informal Sewer Rate Case  
 Tracking Number SR-2010-0140  
 Test Year Ending 12-31-2008  
 Revenue Summary Schedule - Sewer

Line Number	Description	Total	
		F Amount	G Amount
1	<u>Customer Charge Revenues:</u>		
2	Customer Number	31	
3	Bills Per Year		
4	Customer Bills Per year	372	
5	Current Customer Charge		
6	Annualized Customer Charge Revenues		\$10,539
7	<u>Commodity Charge Revenues:</u>		
8	Total Gallons Sold	0	
9	Less: Base Gallons Included In Customer Charge	0	
10	Commodity Gallons	0	
11	Block 1, Commodity Gallons per Block		
12	Block 1, Number of Commodity Gallons per Unit		
13	Block 1, Commodity Billing Units		
14	Block 1, Existing Commodity Charge		
15	Block 1, Annualized Commodity Charge Rev.		\$0
16	<b>Total Annualized Sewer Rate Revenues</b>		<b>\$10,539</b>

Commodity Billing Units are based on the number of commodity gallons applicable to each block, divided by the tariff usage rate gallons (e.g. for tariff rate of \$2.50 per 1,000 gallons of usage, the commodity gallons for that rate would be divided by 1,000 to arrive at the number of commodity billing units.

Valley Woods Water Company  
Informal Sewer Rate Case  
Tracking Number SR-2010-0140  
Test Year Ending 12-31-2008  
Expense Schedule - Sewer

Line Number	A Account Number (Optional)	B Expense Description	C Company/ Test Year Amount	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
1		OPERATIONS EXPENSES					
2	700.000	Operators Salary / Contractor Services	\$1,794	S-2	\$298	100.00%	\$2,092
3	700.100	Operator-Backup	\$140			100.00%	\$140
4	703.000	Electricity - Pumping Treatment	\$993	S-4	-\$136	100.00%	\$857
5	703.100	Electricity (Shop)	\$0	S-5	\$69	100.00%	\$69
6	703.200	Utility Water Usage	\$638	S-6	\$83	100.00%	\$721
7	704.000	Chemicals	\$104	S-7	\$651	100.00%	\$755
8	704.100	Effluent Testing	\$1,068	S-8	\$48	100.00%	\$1,116
9	714.000	Sludge Removal	\$0	S-9	\$900	100.00%	\$900
10		TOTAL OPERATIONS EXPENSE	\$4,737		\$1,913		\$6,650
11		MAINTENANCE EXPENSES					
12	712.000	System Repairs and Maintenance	\$214	S-12	\$15	100.00%	\$229
13		TOTAL MAINTENANCE EXPENSE	\$214		\$15		\$229
14		CUSTOMER ACCOUNT EXPENSE					
15	921.000	Office Supplies	\$144	S-15	\$34	100.00%	\$178
16	921.100	Postage Expense	\$0	S-16	\$139	100.00%	\$139
17		TOTAL CUSTOMER ACCOUNT EXPENSE	\$144		\$173		\$317
18		ADMINISTRATIVE & GENERAL EXPENSES					
19	920.000	Administration & General Salaries (Bookkeeping)	\$503	S-19	\$244	100.00%	\$747
20	921.200	Telephone (Landline)	\$0	S-20	\$188	100.00%	\$188
21	921.300	Telephone (Wireless)	\$0	S-21	\$128	100.00%	\$128
22	929.000	Transportation Expense	\$217	S-22	\$253	100.00%	\$470
23	921.400	Internet	\$0	S-23	\$21	100.00%	\$21
24	924.000	Property & Liability Insurance (Shop)	\$0	S-24	\$244	100.00%	\$244
25	924.100	Property & Liability Insurance (Treatment Plant)	\$170	S-25	\$4	100.00%	\$174
26	931.000	Rent	\$0	S-26	\$152	100.00%	\$152
27	930.000	Rate Case Expense	\$0	S-27	\$76	100.00%	\$76
28		TOTAL ADMINISTRATIVE AND GENERAL	\$890		\$1,310		\$2,200
29		OTHER OPERATING EXPENSES					
30	930.100	MO DNR Fees	\$0	S-30	\$188	100.00%	\$188
31	928.000	PSC Assessment	\$1,184	S-31	\$144	100.00%	\$1,328
32	403.100	CIAC related depreciation	\$0	S-32	-\$2,046	100.00%	-\$2,046
33	403.000	Depreciation	\$0	S-33	\$5,869	100.00%	\$5,869
34		TOTAL OTHER OPERATING EXPENSES	\$1,184		\$4,155		\$5,339
35		TAXES OTHER THAN INCOME					
36	408.000	Real & Personal Property Taxes	\$145			100.00%	\$145
37	700.200	Payroll Taxes	\$340	S-37	-\$84	100.00%	\$256
38		TOTAL TAXES OTHER THAN INCOME	\$485		-\$84		\$401
39		TOTAL OPERATING EXPENSES	\$7,854		\$7,482		\$15,136

Valley Woods Water Company  
 Informal Sewer Rate Case  
 Tracking Number SR-2010-0140  
 Test Year Ending 12-31-2008  
 Expense Adjustment Schedule - Sewer

A Expense Adj Number	B Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment
S-2	Operators Salary / Contractor Services	700.000		\$298
	Made an adjustment to reflect a 4 year average (2005-2008)		\$298	
S-4	Electricity - Pumping Treatment	703.000		-\$136
	Annualized Electric Usage associated with Utility operations (Herrington)		-\$136	
S-5	Electricity (Shop)	703.100		\$69
	Included adjustment for shop electricity usage (Herrington)		\$69	
S-6	Utility Water Usage	703.200		\$83
	Annualized Water Usage needed for Utility operations (Herrington)		\$83	
S-7	Chemicals	704.000		\$651
	Included a normalized amount using a four year average(205-207 and 2009. Test Year amount appeared to be abnormal		\$651	
S-8	Effluent Testing	704.100		\$48
	Annualized amount for Effluent Testing (Herrington)		\$48	
S-9	Sludge Removal	714.000		\$900
	Include an annualized amount for Sludge Removal (Herrington)		\$900	
S-12	System Repairs and Maintenance	712.000		\$15

Valley Woods Water Company  
 Informal Sewer Rate Case  
 Tracking Number SR-2010-0140  
 Test Year Ending 12-31-2008  
 Expense Adjustment Schedule - Sewer

A Expense Adj Number	B Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment
	Include Repairs to the Sewer Treatment Plant (Herrington)		\$15	
S-15	Office Supplies	921.000		\$34
	Annualized amount for 2009 (Herrington)		\$34	
S-16	Postage Expense	921.100		\$139
	Include postage expense (Herrington)		\$139	
S-19	Administration & General Salaries (Bookkeeping)	920.000		\$244
	Adjust Salaries to reflect the update period (Herrington)		\$244	
S-20	Telephone (Landline)	921.200		\$188
	Include portion of annualized amount for phone costs (Herrington)		\$188	
S-21	Telephone (Wireless)	921.300		\$128
	Include portion of annualized amount for wireless phone costs (Herrington)		\$128	
S-22	Transportation Expense	929.000		\$253
	Adjust Transportation Expense to relect the update period September 2009 (Herrington)		\$253	
S-23	Internet	921.400		\$21
	Include portion of annualized Internet costs (Herrington)		\$21	
S-24	Property & Liability Insurance (Shop)	924.000		\$244
	Include Portion of Insurance for Shop used for Utility operations (Herrington)		\$244	

Valley Woods Water Company  
 Informal Sewer Rate Case  
 Tracking Number SR-2010-0140  
 Test Year Ending 12-31-2008  
 Expense Adjustment Schedule - Sewer

A Expense Adj Number	B Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment
S-25	Property & Liability Insurance (Treatment Plant)	924.100		\$4
	Adjust for increase in Treatment Plant Insurance (Herrington)		\$4	
S-26	Rent	931.000		\$152
	Include Rental Expense for Home Office		\$152	
S-27	Rate Case Expense	930.000		\$76
	Include Rate Case Expensed Amortized over a five year period (Herrington)		\$76	
S-30	MO DNR Fees	930.100		\$188
	Include DNR Fees (Herrington)		\$188	
S-31	PSC Assessment	928.000		\$144
	Adjust PSC Assessment for Fiscal 2010 fees (Herrington)		\$144	
S-32	CIAC related depreciation	403.100		-\$2,046
	Updated CIAC related depreciation through update period September 2009 (Herrington)		-\$2,046	
S-33	Depreciation	403.000		\$5,869
	1. To Annualize Depreciation		\$5,869	
S-37	Payroll Taxes	700.200		-\$84
	Update payroll taxes through September 2009 (Herrington)		-\$84	
	<b>Total Expense Adjustments</b>			<b>\$7,482</b>

Valley Woods Water Company  
Informal Sewer Rate Case  
Tracking Number SR-2010-0140  
Test Year Ending 12-31-2008  
Expense Adjustment Schedule - Sewer

A	B	C	D	E
Expense Adj		Account	Adjustment	Total
Number	Adjustment Description	Number	Amount	Adjustment



Valley Woods Water Company  
 Informal Sewer Rate Case  
 Tracking Number SR-2010-0140  
 Test Year Ending 12-31-2008  
 Revenue Schedule - Sewer

A	B	C	D	E	F	G
Line	Account	Company/	Adjustment	Jurisdictional	Jurisdictional	Adjusted
Number	(Optional)	Test Year	Number	Adjustments	Allocation	Jurisdictional
Rev-1	ANNUALIZED REVENUES					
Rev-2	Annualized Rate Revenues	\$8,857	Rev-2	\$1,682	100.00%	\$10,539
Rev-3	Miscellaneous Revenues	\$0	Rev-3	\$70	100.00%	\$70
Rev-4	TOTAL ANNUALIZED REVENUES	\$8,857		\$1,752		\$10,609

Valley Woods Water Company  
 Informal Sewer Rate Case  
 Tracking Number SR-2010-0140  
 Test Year Ending 12-31-2008  
 Revenue Adjustment Schedule - Sewer

A	B	C	D	E
Revenue Adj Number	Adjustment Description	Account Number	Adjustment Amount	Total Adjustment
<b>Rev-2 Annualized Rate Revenues</b>				<b>\$1,682</b>
1.	To Annualize Rate Revenues		\$1,682	
2.	Description		\$0	
3.	Description		\$0	
<b>Rev-3 Miscellaneous Revenues</b>				<b>\$70</b>
1.	To Annualize Miscellaneous Revenues		\$70	
2.	Description		\$0	
<b>Total Revenue Adjustments</b>				<b>\$1,752</b>

Valley Woods Water Company  
Informal Sewer Rate Case  
Tracking Number SR-2010-0140  
Test Year Ending 12-31-2008  
Miscellaneous Revenues Feeder - Sewer

Line	A Description	B Amount
Number		
3	Total Miscellaneous Revenues	\$70

Agreement Attachment D

Rate Design Worksheet

# VALLEY WOODS WATER COMPANY, INC.

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## Development of Tariffed Rates-Sewer

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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	\$ 10,539
Agreed-Upon Overall Revenue Increase	\$ 11,569
Percentage Increase Needed	109.778%

### Metered Customer Rates

Meter Size	Current Service Charge	Proposed Service Charge
5/8"	\$ 28.33	\$ 59.43
3/4"	\$ 42.50	\$ 89.16
1"	\$ 70.83	\$ 148.59

Agreement Attachment E

Billing Comparison Worksheet

# VALLEY WOODS WATER COMPANY, INC.

## 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>
<b>\$28.33</b>	<b>\$59.43</b>

current service charge is monthly charge

### MONTHLY BILL COMPARISON

#### Current Rates

Customer Charge	\$	28.33
Usage Charge	\$	-
Total Bill	\$	28.33

#### Proposed Rates

Customer Charge	\$	59.43
Usage Charge	\$	-
Total Bill	\$	59.43

#### INCREASES

#### Customer Charge

<b>\$ Increase</b>	<b>\$31.10</b>
<b>% Increase</b>	<b>109.78%</b>

#### Total Bill

<b>\$ Increase</b>	<b>\$31.10</b>
<b>% Increase</b>	<b>109.78%</b>

## Agreement Attachment F

### Schedule of Depreciation Rates



**VALLEY WOODS WATER COMPANY, INC.**  
**DEPRECIATION RATES**

(SEWER)

Case No. SR-2002-0475

<u>ACCOUNT NUMBER</u>	<u>ACCOUNT</u>	<u>DEPRECIATION RATE %</u>	<u>AVERAGE SERVICE LIFE (YEARS)</u>
311	Structures & Improvements	2.5%	40
352.2	Collection Sewers (Gravity)	2.0%	50
354	Services	2.0%	50
363	Pumping Equipment	10.0%	10
373	Treatment & Disposal Facilities	5.0%	20
391	Office Furniture & Equipment	5.0%	20
391.1	Office Computer Equipment	14.3%	7

# Agreement Attachment G

## EMSD Report

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

## **Engineering and Management Services Department**

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

**Case No. SR-2010-0140**

**Valley Woods Sewer Company, Inc.**

**Lisa Kremer**

The Engineering and Management Services Department (EMSD) staff initiated a review of the customer service processes, procedures, and practices of Valley Woods Sewer Company, Inc. (Valley Woods or the Company) on November 13, 2009. The review was performed in conjunction with a small company rate increase request submitted by the Company on November 1, 2009, and designated by the Commission Case Number SR- 010-0140. 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 and business office operations. The EMSD staff met with the Company on December 15, 2009. The Company's rate increase request for annual sewer system operating revenues is for \$1488.00.

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 that Valley Woods Sewer Company 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
- Time Reporting

## **Overview**

Effective December 8, 1995, Valley Woods was granted a certificate of public convenience and necessity by the Missouri Public Service Commission to provide sewer service to customers living in Spokane, Missouri in Christian County. In 1999, the Company was purchased by its current owners, whom currently reside in Highlandville, Missouri. The Company's owners also own one other Missouri regulated utility system: Valley Woods Water Company. Both utilities are operated primarily by the Company's two owners with some limited work by an outside operator who has taken water tests and reads meters a few times during the year. The Company serves 31 sewer customers.

One of the Company's owners serves as the Company's primary operator and the other owner performs book keeping and general office responsibilities. Book keeping and office duties include credit and collection activities, keeping Company plant accounting records current, paying bills and other duties. The Company's operator 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 Company does maintain weekly time records on each of its two employees.

The EMSD staff made an on-site visit to Valley Woods on December 15, 2009. During its visit, the staff conducted interviews with the Company's owners and visited the Company's sewer plant. At the time of the staff's visit, the Company was provided copies of Commission Rules pertaining to water and sewer companies. Both employees hold licenses to operate water and sewer utilities.

The Company indicated that its office hours for both its utility systems are generally from 8 a.m. to 4 p.m., Monday through Friday however the Company indicates it makes itself available to its customers 24/7. The Company's business office is located in the owners' residence at 999 Mulberry Rd, Highlandville, Missouri 65669.

### **Customer Billing**

The Company's customer billing is performed by the Company's owners. Consistent with its tariff, the Company indicated that all new customers are provided an application that includes the customer's name, the address being served, mailing address if different and phone number. The Company's tariff does not provide for customer deposits and the Company has not collected sewer deposits.

The Company's current sewer rates are to be calculated in the following manner per the Company's tariff:

Served by a 5/8 inch meter:	\$ 28.33
Served by a 3/4 inch meter:	\$ 42.50
Served by a 1 inch meter:	\$ 70.83

Bills are calculated and printed electronically by the Company's computer system, Microsoft Works, and then transferred manually to a hard copy ledger. Bills include: billing date, previous balance, total charges and a statement that bills are considered past due if not received by the 21<sup>st</sup> of the month. All of the Company's sewer customers are also water customers and the sewer portion of the bill is added on to customer water bills.

### **Payment Remittance**

Valley Woods' payment options include cash or check. Payments may be hand delivered to the Company's 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 office records and the Company indicated it usually makes bank deposits once a week. Customer payments are stored in a file cabinet until deposits are made.

### **Credit and Collections**

The Company indicated it collects signed applications or agreements from all new customers. The Company's tariff does not provide an opportunity to charge a deposit but deposits potentially could be collected by customers who have both water and sewer service as deposits are permitted for customers who receive water service.

While the EMSD staff supports a utility's use of returned check fees, the EMSD staff did not find a provision for a returned check fee in the Company tariffs. Staff from the Public Service 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.

Customers are considered delinquent if payment is not received by the 21st of the month and the Company's billing statement indicates that service will be disconnected if not paid by the end of the month. The Company has not disconnected any customers' sewer service but it has disconnected the water service of a few customers. The Company does not employ the services of an outside collection agency.

### **Complaint and Inquiry Handling and Recording**

Customer calls are handled within the office and the Company says that it answers calls on a 24/7 basis. The Company does not currently maintain a complaint and inquiry log.

### **Customer Communications and Information**

The Company indicates that all new customers complete an application and a sample was provided to the EMSD. The Company does provide communication in the form of customer letters regarding various topics including reminding customers that everything that goes into septic tanks must be biodegradable, cleaning sewer filters and making timely payments.

### **Records Storage and Security**

The Company's business office work is performed both manually and electronically. The company is in the process of storing critical records in a steel storage cabinet that is located in a room constructed with concrete walls located within the basement of the owner's home. This room was designed to be used in the event of a tornado. The Company plans to place a steel door to the concrete storage room to make it more fireproof.

### **Time Reporting**

Both Companies' owners maintain weekly time records that segregate their worked hours by water and sewer activities and include a calculation for miles traveled for Company work.

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

The following discussion contains findings, conclusions and recommendations pertaining to Valley Woods' customer service and business office operations. This section focuses on the following areas that warrant Company management attention:

- Credit and Collections
- Complaint and Inquiry Handling and Recording

### **Credit and Collections**

The Company is currently charging or indicating it will charge customers a returned check fee that is not provided in its tariffs. Additionally, its tariffs do not have a specific late fee to charge customers whose accounts are in arrears if it chooses.

Specifically, the Company charges a service fee of \$27.00 for all returned checks even though a returned check fee is not provided for in the Company's tariffs. The Company also does not have a late fee included in its tariffs to permit it to collect late fees for customers whose accounts become in arrears. Although it has not been charging late fees when payments are not received in a timely manner, it should have the ability to assess such fees and those fees should be provided for in utility tariffs. The Commission's Water and Sewer Department will address matters in the Company's tariff.

*THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:*

*Refund or credit to customers all fees that have been inappropriately collected of customers including fees such as returned check. This action should be completed within thirty days of the Commission's Order Approving the Disposition Agreement in Case No. SR-2010-0140.*

### **Complaint and Inquiry Handling and Recording**

The Company cannot demonstrate that documentation of complaints received by the Company is being performed. 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 and maintained for at least two (2) years. 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.*

### **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-2010-0140.

The EMSD staff will be conducting a follow-up of all of the recommendations no later than the deadlines as set out for each EMSD recommendation in the Commission's Order Approving the Disposition Agreement in Case No. SR-2010-0140.



## Agreement Attachment H

### Summary of Case Events

Valley Woods Water Company, Inc.  
SR-2010-0140  
Summary of Case Events

Date Filed	November 3, 2009
Day 150	April 2, 2010
Extension?	No
If yes, why?	
Amount Requested	\$1,488
Amount Agreed Upon	\$11,569
Number of Customers	31
Return on Equity	9.50%
Assessments Current	Yes
Annual Reports Filed	Yes
Statement of Revenue Filed	Yes
Other Open Cases before Commission	No
Status with Secretary of State	Current
DNR Violations	N/A