

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

In the Matter of West 16th Street Sewer Company's     )  
Request for a Small Company Rate Increase.             )     Case No. SR-2007-0355

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

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

1. On March 28, 2007, (unless noted otherwise, all dates herein refer to the year 2007) West 16<sup>th</sup> Street Sewer Company, Inc. ("Company") submitted to the Commission a revised tariff sheet to implement increases in its sewer service rates and charges, and the instant case was established.

2. As is noted in the Company's tariff filing transmittal letter, the changes contained in the subject revised tariff sheet are based upon a *Unanimous Agreement Regarding Disposition of Small Sewer Company Rate Increase Request* ("Unanimous Agreement") entered into by the Company, the Staff and the Office of the Public Counsel. As is also noted in the Company's tariff filing transmittal letter, the Unanimous Agreement pertains to the small company rate increase request ("Request") that the Company submitted to the Commission on September 11, 2006 (Tracking File No. QS-2007-0004).

3. Included in Appendix A attached hereto is a copy of the above-referenced Unanimous Agreement. Various documents related to the Unanimous Agreement are also included in Appendix A as attachments to the agreement. Additionally, affidavits from the Staff members that participated in the investigation of the Company's Request are included in Appendix A.

4. The Staff notes that the Company and the Staff previously agreed to an extension of the 150-day tariff filing period that normally applies to small company rate increase requests, and that a copy of the extension agreement is included as Item No. 6 in the above-referenced Tracking File for the Company's Request.

5. For the Commission's information, the Staff intends to file its recommendation for approval of the above-referenced Unanimous Agreement and the subject revised tariff sheet no later than the end of business on April 13.

**WHEREFORE**, the Staff respectfully submits this Agreement Notice and the attached Appendix for the Commission's information and consideration in this case.

Respectfully Submitted,

/s/ **Keith R. Krueger**

Keith R. Krueger  
Deputy General Counsel  
Missouri Bar No. 23857

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 (facsimile)  
[keith.krueger@psc.mo.gov](mailto:keith.krueger@psc.mo.gov) (e-mail)

**CERTIFICATE OF SERVICE**

I hereby certify that copies of this Agreement Notice and the attached Appendix have been mailed with first-class postage, hand-delivered, transmitted by facsimile or transmitted via e-mail to all counsel and/or parties of record this 30th day of March 2007.

/s/ *Keith R. Krueger*

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

**AFFIDAVIT OF DALE W. JOHANSEN**

STATE OF MISSOURI     )

) SS

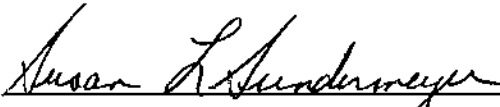
**CASE NO. SR-2007-0355**

COUNTY OF COLE     )

COMES NOW Dale W. Johansen, being of lawful age, and on his oath states the following: (1) that he is the Manager of the Missouri Public Service Commission's Water & Sewer Department; (2) that he participated in the preparation of the foregoing Notice of Agreement Regarding Disposition of Small Company Rate Increase Request (Agreement Notice) and the *Unanimous Agreement Regarding Disposition of Small Sewer Company Rate Increase Request* (Disposition Agreement) that is included in the following appendix; (3) that he has knowledge of the information presented in the foregoing Agreement Notice and the following Disposition Agreement; and (4) that the information presented in the foregoing Agreement Notice and the following Disposition Agreement is true and correct to the best of his knowledge, information and belief.

  
Dale W. Johansen

Subscribed and sworn to before me this 30<sup>th</sup> day of March 2007.

  
Notary Public



SUSAN L. SUNDERMEYER  
My Commission Expires  
September 21, 2010  
Callaway County  
Commission #06942088

My Commission Expires: 9-21-10

# APPENDIX A

## STAFF PARTICIPANT AFFIDAVITS AND DISPOSITION AGREEMENT & ATTACHMENTS

CASE NO. SR-2007-0355

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## Staff Participant Affidavits

James M. Russo – Water & Sewer Department

Dana Eaves – Auditing Department

Jolie L. Mathis – Engineering & Management Services Department

Martha Davis – Engineering & Management Services Department

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

**AFFIDAVIT OF JAMES M. RUSSO**

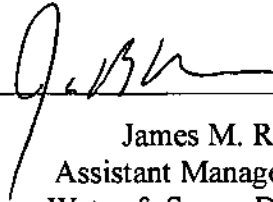
STATE OF MISSOURI )

) SS

CASE NO. SR-2007-0355

COUNTY OF COLE )

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



James M. Russo  
Assistant Manager – Rates  
Water & Sewer Department  
Utility Operations Division

Subscribed and sworn to before me this 29<sup>th</sup> day of March 2007.



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



Notary Public

BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

AFFIDAVIT OF DANA E. EAVES

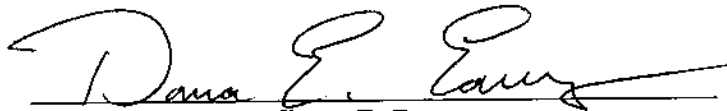
STATE OF MISSOURI )

) ss

CASE NO. SR-2007-0355

COUNTY OF COLE )

COMES NOW Dana E. Eaves, being of lawful age, and on his oath states the following: (1) that he is an 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 following *Unanimous Agreement Regarding Disposition of Small Sewer Company Rate Increase Request* ("Disposition Agreement"); (4) that he has 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.



Dana E. Eaves  
Utility Regulatory Auditor III  
Auditing Department

Subscribed and sworn to me before this 29<sup>th</sup> day of March, 2007

  
Notary Public

ASHLEY M. HARRISON  
Notary Public - State of Missouri  
My Commission Expires August 31, 2010  
Cole County  
Commission #08998979



BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

AFFIDAVIT OF JOLIE L. MATHIS

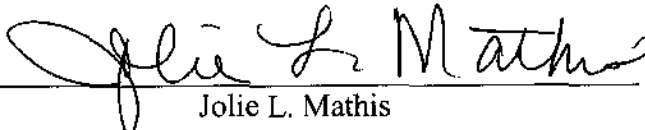
STATE OF MISSOURI )

) ss

CASE NO. SR-2007-0355

COUNTY OF COLE )

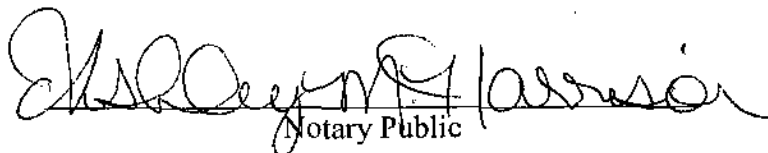
COMES NOW Jolie L. Mathis, being of lawful age, and on her oath states the following: (1) that she is an Utility Engineering Specialist III in the Missouri Public Service Commission's Engineering and Management Services Department; (2) that she participated in the Staff's investigation of the small company rate increase request that is the subject of the instant case; (3) that she has knowledge of the following *Unanimous Agreement Regarding Disposition of Small Sewer Company Rate Increase Request* ("Disposition Agreement"); (4) that she was responsible for the preparation of attachment F to the Disposition Agreement; (5) that she 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 her knowledge, information, and belief.



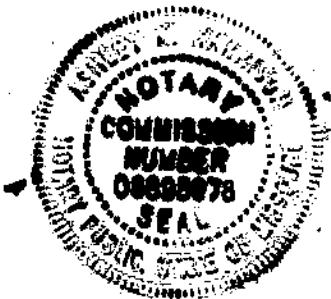
Jolie L. Mathis

Utility Engineering Specialist III  
Engineering and Management Services Department

Subscribed and sworn to me before this 29<sup>th</sup> day of March, 2007

  
Notary Public

ASHLEY M. HARRISON  
Notary Public - State of Missouri  
My Commission Expires August 31, 2010  
Cole County  
Commission #06899978



BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

AFFIDAVIT OF MARTHA R. DAVIS

STATE OF MISSOURI )

) ss

CASE NO. SR-2007-0355

COUNTY OF COLE )

COMES NOW Martha R. Davis, being of lawful age, and on her oath states the following: (1) that she is an Utility Management Analyst I in the Missouri Public Service Commission's Engineering and 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 following *Unanimous Agreement Regarding Disposition of Small Sewer Company Rate 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.

Martha R. Davis

Martha R. Davis

Utility Management Analyst I

Engineering and Management Services Department

Subscribed and sworn to me before this 24<sup>th</sup> day of March, 2007

Ashley M. Harrison  
Notary Public



ASHLEY M. HARRISON  
Notary Public - State of Missouri  
My Commission Expires August 31, 2010  
Cole County  
Commission #06898878

## Company/Staff/OPC Disposition Agreement

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

**WEST 16TH STREET SEWER COMPANY**

**MO PSC TRACKING FILE NO. QS-2007-0004**

**BACKGROUND**

West 16th Street Sewer Company ("Company") initiated the small company rate increase request ("Request") for water service that is the subject of the above-referenced Missouri Public Service Commission ("Commission") tracking file by submitting a letter to the Secretary of the Commission in accordance with the provisions of Commission Rule 4 CSR 240-3.635, Water Utility Small Company Rate Increase Procedure ("Small Company Rate Increase Procedure").

In its request letter, which was received at the Commission's offices on September 11, 2006, the Company set forth its request for an increase of \$34,992 in its total annual sewer service operating revenues. In its request letter, the Company also stated its understanding that the design of its customer rates, its service charges, its customer service practices, its general business practices and its general tariff provisions would also be reviewed during the Commission Staff's review of the rate increase request, and could thus be the subject of Staff recommendations at the conclusion of the rate increase process. The Company provides service to approximately 135 residential customers.

Upon receipt of the Company's request letter, personnel in the Commission's Data Center entered the letter into the Commission's electronic filing and information system and Tracking File No. QS-2007-0004 was assigned to the Request. The Request was then routed to the Commission's Water & Sewer Department for processing under the Small Company Rate Increase Procedure.

Pursuant to the provisions of the Small Company Rate Increase Procedure and related internal operating procedures, the Staff of the Commission ("Staff") initiated an audit of the Company's books and records, a review of certain of the Company's general business practices, an inspection of the Company's facilities and a review of the Company's operation of its facilities. (Hereafter, these activities will be collectively referred to as the Staff's "investigation" of the Company's Request.)

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

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

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

- (1) That for the purpose of implementing the agreements set out herein, the Company will file revised tariff sheets with the Commission containing the rates, charges and language set out in the example tariff sheets attached hereto as Attachment A.
- (2) That the ratemaking income statement attached hereto as Attachment B accurately reflects the Company's annualized revenues generated by its current customer rates, the Company's total annualized cost of providing service and the agreed-upon annualized operating revenue increase of \$13,445, which is required 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 100% equity for the Company and a pre-tax rate of return on equity of 9.00%, accurately reflect the results of the Staff's audit 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 Company's total annualized cost of service.
- (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 water plant depreciation rates for the Company.
- (8) That the Company will implement the recommendations contained in the Engineering & Management Services Department Report attached hereto as Attachment G.
- (9) That the above agreements satisfactorily resolve all issues identified by the Staff, the Company and the OPC regarding the Company's Request, except as otherwise specifically stated.

### **ADDITIONAL MATTERS**

Since this Disposition Agreement is a unanimous agreement between the Staff, the Company and the OPC, the Small Company Rate Increase Procedure does not require that the Company send a notice to its customers regarding the rates and charges that would result from implementation of the provisions of this Disposition Agreement, nor does it provide for a local public hearing, unless the Commission orders otherwise.

Other than the specific conditions agreed upon and expressly set out herein, the terms of this Disposition Agreement reflect compromises between the Staff, the Company and the OPC, and none of the parties have agreed to any particular ratemaking principle in arriving at the amount of the annual operating revenue increase specified herein.


The Company and the OPC acknowledge that the Staff will be filing this Disposition Agreement, and the attachments hereto, in the case that will be opened when the Company files the tariff revisions called for in this agreement. The Company and the OPC also acknowledge that the Staff will be making another filing in that case that will include the following: (a) the Staff's recommendation for approval of the subject tariff revisions, and any related recommendations; (b) background information regarding the Company's Request and the Staff's investigation thereof; (c) information regarding the status of the Company's payment of its Commission assessments; (d) information regarding the status of the Company's submission of its Commission annual reports; (e) information regarding the status of the Company's submission of its Commission annual statement of operating revenues; (f) information regarding any other pending cases that the Company may have before the Commission; (g) information regarding any recent Notices of Violations issued to the Company by the Missouri Department of Natural Resources; and (h) information regarding the status of the Company's corporate standing with the Missouri Secretary of State.

Additionally, the Company and the OPC agree 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 tariff revisions called for in this 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 and the OPC 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**

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

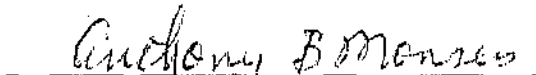
Agreement Signed and Dated:

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

03/27/07  
Date

  
Christina Baker  
Office of the Public Counsel

3-27-07  
Date

  
Anthony B. Monscek  
President  
West 16th Sewer Company

3-26-07  
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 – Customer Billing Comparison
- Attachment F – Schedule of Depreciation Rates
- Attachment G – Engineering & Management Services Department Report



# Agreement Attachment A

## Example Tariff Sheets

P.S.C. MO No. 1

1<sup>st</sup> Revised Sheet No. 4

Canceling Original Sheet No. 4

West 16<sup>th</sup> St. Sewer Co.  
Name of Issuing Company

For: Pettis County, Missouri  
Certificated Service Area

### Rules for Rendering Sewer Service

#### AVAILABILITY

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

#### MONTHLY RATES

Single Family Residential	Monthly Service Charge	
Service (per unit)	\$26.42	+

<u>Late Charges:</u>		*
----------------------	--	---

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.

<u>Returned Check Charge</u>		*
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A returned check charge of \$25 per check will be paid by customers on all checks returned from the bank for insufficient funds.

\* Indicates New Rate or Text

+ Indicates Changed Rate or Text

Issue Date: \_\_\_\_\_  
Month/Day/Year

Effective Date: \_\_\_\_\_  
Month/Day/Year

Issued By: \_\_\_\_\_  
Name & Title of Issuing Officer

\_\_\_\_\_  
Company Mailing Address

## Agreement Attachment B

### Ratemaking Income Statement

# WEST 16TH SEWER COMPANY

## Rate Making Income Statement-Sewer

### Operating Revenues at Current Rates

1	Tariffed Rate Revenues *	\$	28,728
2	Other Operating Revenues *	\$	-
3	<b>Total Operating Revenues</b>	<b>\$</b>	<b>28,728</b>
4	* See "Revenues - Current Rates" for Details		

### Cost of Service

Item	Amount
1 Purchased Power	\$ 3,132
2 Sewer Treatment -Testing/Laboratory Fees	\$ 336
3 Maintenance Expense-Pumping Equipment	\$ -
4 Maintenance Expense-Treatment Plant	\$ 9,139
5 Outside Services	\$ -
6 Customer Records and Collection Expense	\$ 488
7 Administration & General - Salaries	\$ -
8 Bookkeeping	\$ -
9 Employee Pensions & Benefits	\$ -
10 Regulatory Commission Expense	\$ 2,352
11 Miscellaneous General Expenses	\$ -
12 <b>Sub-Total Operating Expenses</b>	<b>\$ 15,447</b>
13 Property Taxes	\$ 191
14 MO Franchise Taxes	\$ -
15 Employer FICA Taxes	\$ -
16 Federal Unemployment Taxes	\$ -
17 State Unemployment Taxes	\$ -
18 State & Federal Income Taxes	\$ 2,216
19 <b>Sub-Total Taxes</b>	<b>\$ 2,407</b>
20 Depreciation Expense	\$ 6,061
21 Amortization of Utility Plant (computer system)	\$ -
22 <b>Sub-Total Depreciation/Amortization</b>	<b>\$ 6,061</b>
23 <b>Return on Rate Base</b>	<b>\$ 18,258</b>
24 <b>Total Cost of Service</b>	<b>\$ 42,173</b>
25 <b>Overall Revenue Increase Needed</b>	<b>\$ 13,445</b>

# Agreement Attachment C

## Audit Workpapers

West 16th St Sewer  
Case: QS-07-04  
Year ending Dec.31, 2005

## Revenue Requirement

-----  
Line 8.56%  
Return  
-----

(A)	(B)
1 Net Orig Cost Rate Base (Sch 2)	\$ 213,298
2 Rate of Return	8.56%
*****	
3 Net Operating Income Requirement	\$ 18,258
4 Net Income Available (Sch 8)	\$ 7,029
*****	
5 Additional NOIBT Needed	\$ 11,229
6 Income Tax Requirement (Sch 0)	
7 Required Current Income Tax	\$ 2,216
8 Test Year Current Income Tax	\$ 0
*****	
9 Additional Current Tax Required	\$ 2,216
10 Required Deferred ITC	\$ 0
11 Test Year Deferred ITC	\$ 0
*****	
12 Additional Deferred ITC Required	\$ 0
*****	
13 Total Additional Tax Required	\$ 2,216
*****	
14 Gross Revenue Requirement	\$ 13,445
*****	

West 16th St Sewer  
Case: QS-07-04  
Year ending Dec.31, 2005

Rate Base

Line Description		Amount
(A)		(B)
1	Total Plant in Service (Sch 3)	\$ 285,614
	Subtract from Total Plant	
2	Depreciation Reserve (Sch 5)	\$ 72,316
		-----
3	Net Plant in Service	\$ 213,298
	Add to Net Plant in Service	
4	Cash Working Capital (Sch )	\$ 0
5	Materials and Supplies-Exempt	0
6	Prepaid Insurance	0
	Subtract from Net Plant	
7	Federal Tax Offset 0.0000 %	\$ 0
8	State Tax Offset 0.0000 %	0
9	City Tax Offset 0.0000 %	0
10	Interest Expense Offset 0.0000 %	0
11	Customer Advances for Construction	0
12	Contribution in Aid of Construction	0
13	CIAC Depreciation	0
14	Customer Deposits	0
		-----
15	Total Rate Base	\$ 213,298
		=====

West 16th St Sewer

Case: QS-07-04

Year ending Dec.31, 2005

## Total Plant in Service

Line No	Acct	Description	Missouri Jurisdictional	Jurisdictional Adjustment	Adjusted Jurisdictional
		(A)	(B)	(C)	(D)
Intangible Plant					
1	301.000	Organization	\$ 0	\$ 0 P-1	\$ 0
2	302.000	Franchises	0	0 P-2	0
3	303.000	Miscellaneous Intangible Plant	0	0 P-3	0
4		Total	\$ 0	\$ 0	\$ 0
Collection Plant					
5	350.000	Land & Land Rights	\$ 5,780	\$ 0 P-4	\$ 5,780
6	351.000	Structures & Improvements	0	9,228 P-5	9,228
7	352.000	Collection Sewers	0	0 P-6	0
8	352.100	Collection Sewers - Force	0	0 P-7	0
9	352.200	Collection Sewers - Gravity	253,097	(66,137) P-8	186,960
10	352.300	Special Collecting Structures	0	0 P-9	0
11	353.000	Services to Customers	0	0 P-10	0
12	354.000	Flow Measuring Devices	0	0 P-11	0
13	355.000	Flow Measuring Installations	0	0 P-12	0
14	356.000	Other Collection Plant Facilities	0	0 P-13	0
15		Total	\$ 258,877	\$ (56,909)	\$ 201,968
Pumping Plant					
16	360.000	Land & Land Rights	\$ 0	\$ 0 P-14	\$ 0
17	361.000	Structures & Improvements	0	0 P-15	0
18	362.000	Receiving Wells	0	0 P-16	0
19	363.000	Electric Pumping Equipment	0	0 P-17	0
20	364.000	Diesel Pumping Equipment	0	0 P-18	0
21	365.000	Other Pumping Equipment	0	0 P-19	0
22		Total	\$ 0	\$ 0	\$ 0



West 16th St Sewer  
Case: QS-07-04  
Year ending Dec.31, 2005

## Total Plant in Service

Line No	Acct	Description	Missouri Jurisdictional	Jurisdictional Adjustment	Adjusted Jurisdictional
		(A)	(B)	(C)	(D)
Treatment and Disposal Plant					
23	370.000	Land & Land Rights	\$ 0	\$ 0 P-20	\$ 0
24	370.100	Oxidation Lagoon Land	0	0 P-21	0
25	370.200	Other Land and Land Rights	0	0 P-22	0
26	371.000	Structures and Improvements	0	0 P-23	0
27	372.000	Treatment and Disposal Equipment	0	0 P-24	0
28	373.000	Plant Sewers	160,220	(76,574) P-25	83,646
29	374.000	Outfall Sewer Lines	0	0 P-26	0
30	375.000	Other Treatment and Disposal Plant	0	0 P-27	0
31		Total	\$ 160,220	\$ (76,574)	\$ 83,646
General Plant					
32	389.000	Land & Land Rights	\$ 0	\$ 0 P-28	\$ 0
33	390.000	Structures & Improvements	0	0 P-29	0
34	391.000	Office Furniture & Equipment	0	0 P-30	0
35	392.000	Transportation Equipment	0	0 P-31	0
36	393.000	Stores Equipment	0	0 P-32	0
37	394.000	Tools, Shop & Garage Equipment	0	0 P-33	0
38	395.000	Laboratory Equipment	0	0 P-34	0
39	396.000	Power Operated Equipment	0	0 P-35	0
40	397.000	Communication Equipment	0	0 P-36	0
41	398.000	Other Tangible Property	0	0 P-37	0
42		Total	\$ 0	\$ 0	\$ 0
43		Total Plant In Service	\$ 419,097	\$ (133,483)	\$ 285,614

West 16th St Sewer

Case: QS-07-04

Year ending Dec.31, 2005

## Adjustments to Total Plant

Adj No Description	Total Co Adjustment	Mo Juris Adjustment
*****		
Structures & Improvements P-5		\$ 9,228
*****		
1. To reflect the reclassification of booked expense to capital cost. (Eaves)		\$ 9,228
*****		
Collection Sewers - Gravity P-8		\$ (66,137)
*****		
1. To reflect the appropriate level of plant recorded as beginning balance on company books. (Eaves)		\$ (66,137)
*****		
Plant Sewers P-25		\$ (76,574)
*****		
1. To reflect the proper level of plant expense (Eaves)		\$ (76,574)

West 16th St Sewer  
Case: QS-07-04  
Year ending Dec.31, 2005

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	0.0000	0
3	303.000	Miscellaneous Intangible Plant	0	0.0000	0
			-----		-----
4		Total	\$ 0		\$ 0
Collection Plant					
5	350.000	Land & Land Rights	\$ 5,780	0.0000	\$ 0
6	351.000	Structures & Improvements	9,228	2.5000	231
7	352.000	Collection Sewers	0	2.0000	0
8	352.100	Collection Sewers - Force	0	0.0000	0
9	352.200	Collection Sewers - Gravity	186,960	2.0000	3,739
10	352.300	Special Collecting Structures	0	0.0000	0
11	353.000	Services to Customers	0	2.0000	0
12	354.000	Flow Measuring Devices	0	10.0000	0
13	355.000	Flow Measuring Installations	0	0.0000	0
14	356.000	Other Collection Plant Facilities	0	10.0000	0
			-----		-----
15		Total	\$ 201,968		\$ 3,970
Pumping Plant					
16	360.000	Land & Land Rights	\$ 0	0.0000	\$ 0
17	361.000	Structures & Improvements	0	0.0000	0
18	362.000	Receiving Wells	0	5.0000	0
19	363.000	Electric Pumping Equipment	0	10.0000	0
20	364.000	Diesel Pumping Equipment	0	10.0000	0
21	365.000	Other Pumping Equipment	0	10.0000	0
			-----		-----
22		Total	\$ 0		\$ 0

West 16th St Sewer  
Case: QS-07-04  
Year ending Dec.31, 2005

## Depreciation Expense

Line No	Acct	Description	Adjusted Jurisdictional	Depreciation Rate	Depreciation Expense
		(A)	(B)	(C)	(D)
Treatment and Disposal Plant					
23	370.000	Land & Land Rights	\$ 0	0.0000	\$ 0
24	370.100	Oxidation Lagoon Land	0	0.0000	0
25	370.200	Other Land and Land Rights	0	0.0000	0
26	371.000	Structures and Improvements	0	2.9000	0
27	372.000	Treatment and Disposal Equipment	0	2.0000	0
28	373.000	Plant Sewers	83,646	2.5000	2,091
29	374.000	Outfall Sewer Lines	0	0.0000	0
30	375.000	Other Treatment and Disposal Plant	0	0.0000	0
31		Total	\$ 83,646		\$ 2,091
General Plant					
32	389.000	Land & Land Rights	\$ 0	0.0000	\$ 0
33	390.000	Structures & Improvements	0	2.5000	0
34	391.000	Office Furniture & Equipment	0	13.0000	0
35	392.000	Transportation Equipment	0	5.0000	0
36	393.000	Stores Equipment	0	0.0000	0
37	394.000	Tools, Shop & Garage Equipment	0	5.0000	0
38	395.000	Laboratory Equipment	0	0.0000	0
39	396.000	Power Operated Equipment	0	6.7000	0
40	397.000	Communication Equipment	0	5.0000	0
41	398.000	Other Tangible Property	0	10.0000	0
42		Total	\$ 0		\$ 0
43		Total Depreciation Expense	\$ 285,614		\$ 6,061

West 16th St Sewer  
Case: QS-07-04  
Year ending Dec.31, 2005

## Depreciation Reserve

Line No	Acct	Description	Missouri Jurisdictional	Jurisdictional Adjustment	Adjusted Jurisdictional
		(A)	(B)	(C)	(D)
Intangible Plant					
1	301.000	Organization	\$ 0	\$ 0 R-1	\$ 0
2	302.000	Franchises	0	0 R-2	0
3	303.000	Other Plant & Miscellaneous Equip	0	0 R-3	0
4		Total	\$ 0	\$ 0	\$ 0
Collection Plant					
5	350.000	Land & Land Rights	\$ 0	\$ 0 R-4	\$ 0
6	351.000	Structures & Improvements	0	0 R-5	0
7	352.000	Collection Sewers	0	0 R-6	0
8	352.100	Collection Sewers - Force	0	0 R-7	0
9	352.200	Collection Sewers - Gravity	3,944	35,019 R-8	38,963
10	352.300	Special Collecting Structures	0	0 R-9	0
11	353.000	Services to Customers	0	0 R-10	0
12	354.000	Flow Measuring Devices	0	0 R-11	0
13	355.000	Flow Measuring Installations	0	0 R-12	0
14	356.000	Other Collection Plant Facilities	0	0 R-13	0
15		Total	\$ 3,944	\$ 35,019	\$ 38,963
Pumping Plant					
16	360.000	Land and Land Rights	\$ 0	\$ 0 R-14	\$ 0
17	361.000	Structures and Improvements	0	0 R-15	0
18	362.000	Receiving Wells	0	0 R-16	0
19	363.000	Electric Pumping Equipment	0	0 R-17	0
20	364.000	Diesel Pumping Equipment	0	0 R-18	0
21	365.000	Other Pumping Equipment	0	0 R-19	0
22		Total	\$ 0	\$ 0	\$ 0

West 16th St Sewer  
Case: QS-07-04  
Year ending Dec.31, 2005

Depreciation Reserve

Line No	Acct	Description	Missouri Jurisdictional	Jurisdictional Adjustment	Adjusted Jurisdictional
		(A)	(B)	(C)	(D)
Treatment and Disposal Plant					
23	370.000	Land and Land Rights	\$ 0	\$ 0 R-20	\$ 0
24	370.100	Oxidation Lagoon Land	0	0 R-21	0
25	370.200	Other Land and Land Rights	0	0 R-22	0
26	371.000	Structures and Improvements	0	0 R-23	0
27	372.000	Treatment and Disposal Equipment	0	0 R-24	0
28	373.000	Plant Sewers	11,321	22,032 R-25	33,353
29	374.000	Outfall Sewer Lines	0	0 R-26	0
30	375.000	Other Treatment and Disposal Plant	0	0 R-27	0
31		Total	\$ 11,321	\$ 22,032	\$ 33,353
General Plant					
32	389.000	Land and Land Rights	\$ 0	\$ 0 R-28	\$ 0
33	390.000	Structures and Improvements	0	0 R-29	0
34	391.000	Office Furniture & Equipment	0	0 R-30	0
35	392.000	Transportation Equipment	0	0 R-31	0
36	393.000	Stores Equipment	0	0 R-32	0
37	394.000	Tools, Shop & Garage Equipment	0	0 R-33	0
38	395.000	Laboratory Equipment	0	0 R-34	0
39	396.000	Power Operated Equipment	0	0 R-35	0
40	397.000	Communication Equipment	0	0 R-36	0
41	398.000	Other Intangible Plant	0	0 R-37	0
42	399.000	Other Tangible Plant	0	0 R-34	0
43		Total	\$ 0	\$ 0	\$ 0
44		Total Depreciation Reserve	\$ 15,265	\$ 57,051	\$ 72,316

West 16th St Sewer

Case: QS-07-04

Year ending Dec.31, 2005

## Adjustments to Depreciation Reserve

Adj No Description	Total Co Adjustment	Mo Juris Adjustment
*****		
Collection Sewers - Gravity	R-8	\$ 35,019
*****		
1. To reflect the proper level of depreciation reserve. (Eaves)		\$ 35,019
*****		
Plant Sewers	R-25	\$ 22,032
*****		
1. To reflect the proper level of depreciation reserve. (Eaves)		\$ 22,032

West 16th St Sewer  
Case: QS-07-04  
Year ending Dec.31, 2005

Income Statement

Line	Missouri	Jurisdictional	Adjusted
No	Acct	Description	Jurisdictional
	(A)	(B)	(C)
			(D)
Operating Revenues			
1	521.000	Flat Rate Revenue-General Customers \$	28,369 \$
2	522.000	Measured Revenues-General Customer	0
3	523.000	Revenues from Public Authorities	0
4	524.000	Revenues from Other Systems	0
5	535.000	Interdepartmental Revenues	0
6	526.000	Miscellaneous Sewerage Revenues	0
7	Total	\$ 28,369 \$	359 \$ 28,728
Operation & Maintenance Expense			
8	700.000	Collection Supervision & Engineerin \$	0 \$
9	701.000	Collection Labor & Expenses	0
10	702.000	Sevices to Customers	0
11	703.000	Flow Measuring Device Expenses	0
12	704.000	Miscellaneous Expenses	0
13	705.000	Rents	0
14	710.000	Collection Maintenance Supervision	0
15	711.000	Maintenance of Collection Structure	0
16	712.000	Maintenance of Collection Sewers	0
17	713.000	Maintenance of Services to Customer	0
18	714.000	Maintenance of Flow Measure Decives	0
19	715.000	Maint. of Flow Measure Device Insta	0
20	716.000	Maintenance of Other Collection Fac	0
21	PUMPING EXPENSES		0
22	720.000	Pumping Supervision & Engineering	0
23	721.000	Fuel & Power Purchased for Pumping	0
24	722.000	Pumping Labor and Expenses	0
25	724.000	Miscellaneous Expenses	0
26	725.000	Rents	0
27	MAINTENANCE:		0
28	730.000	Pumping Maint. Supervision & Engine	0
29	731.000	Maint. of Pumping Struct. & Improv	0
30	732.000	Maintenance of Pumping Equipment	9,228 (9,228) S-28
31	TREATMENT AND DISPOSAL EXPENSES:		0
32	740.000	Treatment Supervision & Engineering	0
33	741.000	Chemicals	0
34	742.000	Treatment Labor & Expenses	0
35	743.000	Fuel or Power for Sewage Treatment	1,129 2,003 S-32 3,132
36	744.000	Miscellaneous Expenses: Testing	0 336 S-33 336



West 16th St Sewer  
Case: QS-07-04  
Year ending Dec.31, 2005

## Income Statement

Line No	Acct	Description	Missouri Jurisdictional	Jurisdictional Adjustment	Adjusted Jurisdictional
		(A)	(B)	(C)	(D)
37	745.000	Rents	0	0 S-34	0
38	750.000	T&D Maint Supervision & Engineering	0	0 S-35	0
39	751.000	Maint. of T&D Struct. & Improvement	0	0 S-36	0
40	752.000	Maint.of Treatment & Disposal Plant	7,309	1,830 S-37	9,139
41	753.000	Maint. of Other Treatment & Disposl	0	0 S-38	0
42		CUSTOMER ACCOUNTS EXPENSES	0	0	0
43	901.000	Supervision	0	0 S-39	0
44	902.000	Meter Reading & Collection Expenses	0	0 S-40	0
45	903.000	Customer Records & Collection Exp	455	33 S-41	488
46	904.000	Uncollectible Accounts	0	0 S-42	0
47	905.000	Misc. Customer Accounts Expenses	0	0 S-43	0
48		ADMINISTRATIVE & GENERAL EXPENSES	0	0	0
49	920.000	Administrative & General Salaries	0	0 S-44	0
50	923.000	Outside Services Employed	3,167	(3,167) S-45	0
51	924.000	Property Insurance	0	0 S-46	0
52	925.000	Injuries and Damages	0	0 S-47	0
53	926.000	Employee Pensions & Benefits	0	0 S-48	0
54	927.000	Franchise Requirements	0	0 S-49	0
55	928.000	Regulatory Commission Expenses	2,478	(126) S-50	2,352
56	930.200	Miscellaneous General Expenses	4,800	(4,800) S-51	0
57	930.300	Misc Expense: Property Taxes	189	2 S-52	191
58		Total	\$ 28,755	\$ (13,117)	\$ 15,638
Depreciation Expense					
59		Depreciation Expense	\$ 0	\$ 6,061 S-53	\$ 6,061
60		Total	\$ 0	\$ 6,061	\$ 6,061
61		Other Operating Expenses	\$ 0	\$ 0	\$ 0
62		Total Operating Expenses	\$ 28,755	\$ (7,056)	\$ 21,699
63		Net Income Before Taxes	\$ (386)	\$ 7,415	\$ 7,029

West 16th St Sewer  
Case: QS-07-04  
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## Income Statement

Line No	Acct	Description	Missouri Jurisdictional	Jurisdictional Adjustment	Adjusted Jurisdictional
		(A)	(B)	(C)	(D)
		Current Income Taxes			
64		Current Income Taxes	\$ 0	\$ 0	\$ 0
65		Total	\$ 0	\$ 0	\$ 0
		Deferred Income Taxes			
66		Deferred Income Taxes	\$ 0	\$ 0	\$ 0
67		Total	\$ 0	\$ 0	\$ 0
68		Total Income Taxes	\$ 0	\$ 0	\$ 0
69		Net Operating Income	\$ (386)	\$ 7,415	\$ 7,029

West 16th St Sewer  
Case: QS-07-04  
Year ending Dec.31, 2005

## Adjustments to Income Statement

Adj No Description	Total Co Adjustment	Mo Juris Adjustment
*****		
Flat Rate Revenue-General Customers S-1		\$ 359
*****		
1. To reflect the annualized level of customers and revenue associated with those customers. 133 customers (Eaves)		\$ 359
*****		
Maintenance of Pumping Equipment S-28		\$ (9,228)
*****		
1. To reclass expense to a capital cost. (Eaves)		\$ (9,228)
*****		
Fuel or Power for Sewage Treatment S-32		\$ 2,003
*****		
1. To reflect the ongoing level of electric expense based on current rates and annualized usage. (Eaves)		\$ 2,003
*****		
Miscellaneous Expenses: Testing S-33		\$ 336
*****		
1. To reflect the ongoing level of testing lab fees. (Eaves)		\$ 46
2. To reclassify test year level of testing expense from account 923.000. (Eaves)		\$ 290
*****		
Maint.of Treatment & Disposal Plant S-37		\$ 1,830
*****		
1. To reflect an ongoing level of sludge hauling expense based upon current rates and frequency. (Eaves)		\$ 1,091

West 16th St Sewer

Case: QS-07-04

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## Adjustments to Income Statement

Adj No Description	Total Co Adjustment	Mo Juris Adjustment
2. To reflect the current level of expense for sewer plant maintenance contract of Paul Tracy (\$525.00) (Eaves)		\$ 739
*****		
Customer Records & Collection Exp S-41		\$ 33
*****		
1. To reflect the ongoing level of expense related to billing and collection. (Eaves)		\$ 33
*****		
Outside Services Employed S-45		\$ (3,167)
*****		
1. To reflect the reclassification of expenses to the proper accounts. (Eaves)		\$ (3,167)
*****		
Regulatory Commission Expenses S-50		\$ (126)
*****		
1. To reflect the current level of PSC assessment. (Eaves)		\$ (126)
*****		
Miscellaneous General Expenses S-51		\$ (4,800)
*****		
1. Interest expense is not included in expense accounts. Interest expense is recognized in the cost of capital calculation, therefore amount is removed from account 930.200. (Eaves)		\$ (4,800)

EAVES

09:50 02/27/2007

West 16th St Sewer

Case: QS-07-04

Year ending Dec.31, 2005

## Adjustments to Income Statement

Adj No Description	Total Co Adjustment	Mo Juris Adjustment
*****		
Misc Expense: Property Taxes S-52		\$ 2
*****		
1. To reflect the current level of 2006 property tax expense. (Eaves)		\$ 2

West 16th St Sewer  
Case: QS-07-04  
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## Income Tax

Line		Test Year	8.56% Return
(A)		(B)	
1	Net Income Before Taxes (Sch 8)	\$ 7,029	\$ 20,474
	Add to Net Income Before Taxes		
2	Book Depreciation Expense	\$ 6,061	\$ 6,061
3	Total	\$ 6,061	\$ 6,061
	Subtr from Net Income Before Taxes		
4	Interest Expense 3.0700 %	\$ 6,548	\$ 6,548
5	Book Depreciation	8,873	8,873
6	Total	\$ 15,421	\$ 15,421
7	Net Taxable Income	\$ (2,331)	\$ 11,114
	Provision for Federal Income Tax		
8	Net Taxable Income	\$ (2,331)	\$ 11,114
9	Deduct Missouri Income Tax 100.0 %	\$ 0	\$ 646
10	Deduct City Income Tax	0	0
11	Federal Taxable Income	(2,331)	10,468
12	Total Federal Tax	\$ 0	\$ 1,570
	Provision for Missouri Income Tax		
13	Net Taxable Income	\$ (2,331)	\$ 11,114
14	Deduct Federal Income Tax 50.0 %	\$ 0	\$ 785
15	Deduct City Income Tax	0	0
16	Missouri Taxable Income	(2,331)	10,329
17	Total Missouri Tax	\$ 0	\$ 646

West 16th St Sewer  
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## Income Tax

Line	Test Year	8.56% Return
(A)	(B)	
Provision for City Income Tax		
18 Net Taxable Income	\$ (2,331)	\$ 11,114
19 Deduct Federal Income Tax	\$ 0	\$ 1,570
20 Deduct Missouri Income Tax	0	646
21 City Taxable Income	(2,331)	8,898
22 Total City Tax	\$ 0	\$ 0
Summary of Provision for Income Tax		
23 Federal Income Tax	\$ 0	\$ 1,570
24 Missouri Income Tax	0	646
25 City Income Tax	0	0
26 Total	\$ 0	\$ 2,216
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	\$ 2,216

# Agreement Attachment D

## Rate Design Worksheet



# WEST 16TH 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	\$ 28,728
Agreed-Upon Overall Revenue Increase	\$ 13,445
Percentage Increase Needed	46.801%

### Metered Customer Rates

Meter Size	Current Service Charge	Proposed Service Charge
3/4"	\$ 18.00	\$ 26.42
1"	\$ -	\$ -
2"	\$ -	\$ -
3"	\$ -	\$ -
4"	\$ -	\$ -
6"+	\$ -	\$ -

# Agreement Attachment E

## Customer Billing Comparison

# WEST 16TH 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>	<u>Current</u> <u>Usage Rate</u>	<u>Proposed</u> <u>Usage Rate</u>
<b>\$18.00</b>	<b>\$26.42</b>	<b>\$0.000</b>	<b>\$0.000</b>

current service charge is monthly charge

### MONTHLY BILL COMPARISON

#### Current Rates

Customer Charge	\$ 18.00
Usage Charge	\$ -
Total Bill	\$ 18.00

#### Proposed Rates

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

#### INCREASES

#### Customer Charge

<b>\$ Increase</b>	<b>\$8.42</b>
<b>% Increase</b>	<b>46.80%</b>

#### Usage Charge

<b>\$ Increase</b>	<b>\$0.00</b>
<b>% Increase</b>	<b>N/A</b>

#### Total Bill

<b>\$ Increase</b>	<b>\$8.42</b>
<b>% Increase</b>	<b>46.80%</b>

# Agreement Attachment F

## Schedule of Depreciation Rates

**West 16th Street Sewer Company, Inc.**

**DEPRECIATION RATES**

**(SEWER)**

**QS-2007-0004**

<b>ACCOUNT NUMBER</b>	<b>ACCOUNT DESCRIPTION</b>	<b>DEPRECIATION RATE</b>	<b>AVERAGE SERVICE LIFE (YEARS)</b>
311	Structures & Improvements	2.5%	40
352.2	Collection Sewers (Gravity)	2.0%	50
373	Treatment & Disposal Facilities	5.0%	20

## Agreement Attachment G

### Engineering & Management Services Department Report

## **EMSD Review of West 16<sup>th</sup> Street Sewer Company Customer Service Operations**

The Engineering and Management Services Department (EMSD) staff initiated an informal review of the customer service processes, procedures and practices at West 16<sup>th</sup> Street Sewer Company (Company) on September 8, 2006. Prior to on-site interviews, the EMSD staff examined Company tariffs, annual reports, Missouri Public Service Commission (Commission) complaint records and other documentation related to the Company's 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 this review were to document and analyze the management control processes, procedures and practices used by the Company to ensure that its customers' service needs are met and to make recommendations, where appropriate, by which the Company may improve the quality of services provided to its customers. The findings of this review will also provide the Commission with information regarding the Company's customer service operations.

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

- Customer Billing and Remittance
- Credit and Collections
- Disconnection/Reconnection Process
- Complaint Handling and Recording
- Record Storage and Protection

This report contains the results of the EMSD staff's review.

### **Overview**

The Company provides sewer service to approximately 145 residential customers located in the Hunters Ridge Subdivision in Sedalia, Missouri. The number of customers has remained constant over the last few years and the Company does not project any significant growth in the future. The majority of activities associated with Company operations are performed by the

owner, the bookkeeper and subcontractors. The bookkeeper is responsible for business office functions. All business office functions are carried out in the same building as the owner's real estate business. Business office functions include preparation of customer bills, collection of customer payments, maintenance of customer records, responding to customer inquiries and complaints as well as preparation of customer correspondence. Outside plant activities are performed by a subcontractor. Company employees do not utilize time sheets to track time spent on activities related to the sewer company.

### **Customer Billing and Remittance**

EMSD staff was informed that QuickBooks software is used to record each customer's information, generate bills and record payments. In addition, the bookkeeper makes photocopies of all check payments from customers in case there is ever a dispute. Each time changes are made in the QuickBooks program, the bookkeeper updates a backup drive, which is stored at her residence.

All customers are sent mailing labels once a year to use when remitting payment. Billing statements are printed and mailed 3-4 days prior to the 1<sup>st</sup> of the month. Although neither a due date nor a delinquent date are included on the billing statements, Company personnel stated that payment is considered to be due on the 1st of the month and delinquent after the 10th of the month.

The Company currently charges a flat fee of \$18.00 per month for sewer service. EMSD staff was informed by Company personnel that some customers make payment of their bill in advance; often six months or one year. The customer's monthly amount due is deducted from their credit balance and additional payments are made when the credit balance has been exhausted. These customers do not receive a monthly bill from the Company; they are sent a bill approximately every four months that indicates their current account balance or credit.

Customers may pay their bills by mail or in person at the business office. The Company accepts cash, checks and money orders for customer payments. Payments are stored and locked in the desk drawer of the bookkeeper's office until a deposit is made. Bank deposits are made as payments are received, but generally at least weekly.



### **Credit and Collections**

Customers are not charged a security deposit or required to complete an application as a condition of receiving sewer service. Company personnel indicated to EMSD staff that it has difficulty monitoring when existing customers have moved, or when contractors have hooked new homes onto the sewer system and not notified the Company. Because of this, the Company has begun to cross-reference its billing records with the Pettis County Assessor's Office. The Company also attempts to work with the Hunters Ridge Homeowners Association to keep their records up to date. However, in some instances, the Homeowners Association has contacted the Company to determine the names of lot owners. In order to find instances of new construction, Company personnel have begun to periodically drive through the service area to search for new hook-ups.

The Company mails delinquent notices to customers if payments have not been received 10 days after the due date; however, Company personnel indicated there are very few problems with delinquent accounts. At the time of the EMSD's review, six of the Company's 145 customers were in delinquent status. The Company has experienced no bad debt write-offs since 2005.

If a customer's payment for prior service has not been received when the bills are produced, the amount due is added to the customer's current month's bill. Although the tariffed 10% late fee is charged on occasion, late fees are not typically assessed to customers that the Company perceives to be working to pay their bill.

The Company has never received a returned check from customers. There is currently no returned check fee in the Company's tariffs; however, Staff from the Commission's Water and Sewer Department will be reviewing the miscellaneous charges allowed in the Company's tariff and will be recommending appropriate changes.

### **Disconnection/Reconnection Process**

Disconnection notices are mailed if the Company does not receive any response from a customer after 90 days from the rendition of the customer's bill. These notices include the past due amount, date payment must be made, possible payment arrangements, as well as the Company's telephone number.

The Company has never disconnected service to a customer for non-payment. Company personnel noted the difficulty in performing service disconnections due to the fact that the local water service provider has not been willing to work with the Company to disconnect customers.

### **Complaint Handling and Recording**

Customers with questions or concerns may contact the Company by telephone or walk-in. The business office is open Monday through Friday between the hours of 9 a.m. and 5 p.m. The Company's address and telephone number is noted on each customer bill. Customers may leave messages on an answering machine if someone is not immediately available. Although the owner and bookkeeper receive calls after hours on their cell phones, there is not a telephone number listed on the bill in case of an after-hours emergency.

The Company receives very few complaints and inquiries from customers. The bookkeeper attempts to handle customer complaints and inquiries, but when necessary, forwards the complaint or inquiry to the owner. The complaints and inquiries received by the Company are generally not logged. On occasion, notes are made on the customer's account in QuickBooks. A review of the "Consumer Quality" database in the Commission's electronic filing and information system revealed there have been no complaints entered into the system regarding the Company from the time the system went into service in April 2002 through November 21, 2006.

### **Company Records**

The Company's records and all business documents are stored at the business office, with the exception of a back-up copy of QuickBooks that is kept at the bookkeeper's residence. All other records and payments are kept in a desk and file cabinet.

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

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

- *Time Sheets*

- *Customer Applications*
- *Monthly Billing*
- *Payment Due Date*
- *Late Charge*
- *After Hours Emergency Contact*
- *Complaint Handling and Recording*
- *Record Storage and Protection*

### **Time Sheets**

Employees do not utilize time sheets to track time attributable to activities related to the sewer company. In addition to performing office functions related to the sewer company, the office manager also performs job duties relating to the owner's real estate business. Without documented time reporting, it is difficult to determine what level of activity is related to the sewer company.

*THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:*

*Institute a time reporting process for all employees involved in functions associated with sewer company operations.*

### **Customer Applications**

The Company does not currently require a written application prior to providing sewer service to customers. Rule 2 (A) of the Company's tariff (Sheet No. 7) includes the following:

A written application for sewer service, signed by the Customer, accompanied by the appropriate consideration or information as provided by these rules and regulations, will be required from each Customer before service is provided to any premises.

Without a signed application from its customers, the Company is unable to determine the responsible party for payment of the bill. The application form should be obtained from new customers requesting service as well as from all existing customers. New customers should be required to present identification when applying for sewer service and the application form should include the customer's signature and the date the document was signed.

*THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:*

*Collect signed applications for service from all customers, as required by the Company's tariffs.*

### **Monthly Billing**

A monthly billing statement is not sent to all customers. For example, customers that pay their bill in advance, and thus normally maintain a credit balance, only receive a billing statement approximately every four months. Mailing a billing statement each month will enable customers to keep a current statement of their bill and allow them to contact the Company in a timely manner regarding any potential disputes.

*THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:*

*Mail all customers a monthly bill indicating the amount due or the credit balance.*

### **Payment Due Date**

A date by which payments are due to the Company is not included on the monthly billing statements, nor, alternatively, is a statement that payment of the bill is due upon receipt included on the statement. This may cause customers to be unaware as to when payment of bills is expected by the Company. Printing a due date, or a statement that payment is due upon receipt, on the billing statements will inform the customers when the Company expects payment to be made.

*THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:*

*Print a payment due date, or a statement that payment is due upon receipt, on monthly billing statements.*

### **Late Charge**

The Company's late charge to its customers' accounts is not consistently applied. Rule 3 (H) of the Company's tariff (Sheet No. 9) includes the following:

Bills not paid within a delinquency of thirty (30) days bear delinquent late charge for non-payment of ten percent (10%) of the unpaid balance.

When the EMSD staff reviewed the Company's billing records, it noted that not all delinquent accounts are charged the 10% late charge. Therefore, customers are not being treated in a fair and consistent manner. In addition, late fees can serve multiple purposes including acting as a deterrent to late paying customers and to return some of the costs to the Company for tracking and notifying customers that their payments have not been received.

*THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:*

Charge all accounts the tariffed late fee if a bill becomes delinquent in accordance with the applicable tariff provisions.

### **Contact Telephone Numbers**

There is no method of contact communicated to the customers for them to use in instances of after-hours emergencies. Customers must make their own determination of the appropriate person to call and find the telephone number in the telephone book. Including an after-hours emergency telephone number on customer bills and identifying it as an emergency number would help customers identify the appropriate person to call and enable them to receive a timely response to their concern.

*THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:*

Include a telephone on the customer billing statements for the customers' use in contacting the Company outside of normal business hours in the event of an emergency.

### **Complaint Handling and Recording**

Documentation of the complaints received by Company personnel is not being performed on a consistent basis. Occasionally, the bookkeeper makes notes of customer calls in the QuickBooks software. Commission Rule 4 CSR 240-60.010 (4) 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. Although Company personnel stated that there are very few complaints, all complaints received should be documented.

*THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:*

Develop and utilize a log that documents all customer complaints received by the Company's personnel.

### **Record Storage and Protection**

The Company does not currently store all of its billing information or business documents in a fireproof location. Customers' payments are stored in a desk drawer until bank deposits are prepared. Other important business documents are stored in a file cabinet. Use of locked fireproof file cabinets or vaults would provide additional protection to the Company's records and would eliminate the time, cost and aggravation of re-creating lost data or recollecting payments if the documents were destroyed or stolen.

*THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:*

*Store all customer payments, Company billing information and other important business documents in lockable, fireproof file cabinets or vaults.*