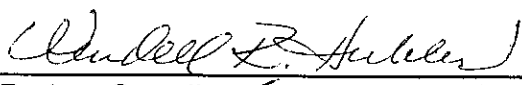


MEMORANDUM


TO: Missouri Public Service Commission Official Case File
Case No. SR-2002-1163 (Tariff File No. 2002 00556 - Sewer)
Foxfire Utility Company

FROM: Wendell R. Hubbs – Project Coordinator
Water & Sewer Department

Amanda McMellen – Accounting Department
Rosella Schad – Engineering & Management Services Dept.
Greg Macias – Engineering & Management Services Dept.
John Kiebel – Engineering & Management Services Dept.
Nila Hagemeyer – Engineering & Management Services Dept.
David Murray – Financial Analysis Department
Jerry Scheible – Water & Sewer Department
Martin Hummel – Water & Sewer Department

 10/15/02

Project Coordinator - - Date

 10/21/02

General Counsel's Office - - Date

SUBJECT: Staff's Recommendation for Approval of Tariff Revisions to Effect Changes in Customer Rates for Sewer Service, for Approval of Other Tariff Changes as Proposed and for Approval of Agreement Regarding Disposition of Small Company Rate Increase Request

DATE: October 15, 2002

Background

Foxfire Utility Company ("Company") initiated the subject small company rate increase request ("Request") by submitting a letter to the Secretary of the Commission, which was received at the Commission's offices on January 9, 2002 (see Attachment A).

APPENDIX A

The Company submitted its Request under the provisions of Commission Rule 4 CSR 240-2.200, Small Company Rate Increase Procedure ("Small Company Procedure").

By its Request, the Company was seeking Commission approval of customer rates intended to generate an increase of \$48,089 in its total annual sewer service operating revenues for its Stone County operating system. The Company provides sewer service to approximately 182 customers in Stone County, almost all of which are residential in nature.

Upon review and acceptance of the Company's Request, personnel in the Commission's Data Center assigned Tariff File No. 2002 00556 to the Request, for purposes of identification and tracking, and forwarded the Request to the Commission's Water & Sewer Department ("W/S Dept.") for processing under the Small Company Procedure.

By a letter dated February 1, 2002, which the W/S Dept. Staff had previously approved, the Company notified its customers of the Request (see Attachments B). As a part of this notice, the Company requested that its customers' questions or comments be directed to the Commission Staff and/or the Office of the Public Counsel ("OPC").

Staff's Investigation and Conclusions

As noted at the beginning of this Memorandum, Staff members from the Accounting, Engineering & Management Services, Financial Analysis and W/S Dept. participated in the Staff's investigation of the Company's Request. All Staff participants, and all of their respective up-line supervisors, were provided the opportunity to review and comment on this Memorandum prior to it being filed. Wendell R. Hubbs of the W/S Dept. created the

initial draft of this Memorandum and comments received from the reviewers were incorporated therein to create this final version of the Memorandum.

In response to the Company's initial customer notice for both water and sewer rate increases dated February 1, 2002, the Staff received 42 customer contacts consisting of 4 phone calls, 36 letters and 2 faxes regarding the proposed increase through the initial customer notice. These customer responses to the notice addressed the level of the proposed increase, service problems and the design of the Company's rates. The OPC received many of the same documents responding to the Company's initial customer notice. The customers' letters and faxes related to the initial customer notice, of both Staff and OPC, have been placed in a "letter file" in the case papers for this case.

Based upon an audit of the Company's books and records, a determination of the Company's rate base investments and necessary operating expenses, an evaluation of the Company's depreciation rates and an analysis of the Company's capital structure and cost of capital, the Staff concluded that an increase in the Company's annual sewer service operating revenues is necessary. Additionally, based upon its overall investigation of the Company's Request, the Staff concluded that certain changes in the Company's service charges and general tariff provisions are needed. The Staff also determined modified depreciation rates need to be prescribed for the Company. By a letter dated May 30, 2002, the Staff forwarded information regarding the above items to representatives of the Company and the OPC for their review and response.

Responses to Staff's Findings and Subsequent Actions

Pursuant to negotiations held subsequent to the Company's and the OPC's receipt of the above-referenced information regarding the results of the Staff's investigation of the Company's Request, a written Agreement Regarding Disposition of Small Company Rate Increase Request ("Disposition Agreement") was reached between the Company and the Staff. The Company and the Staff also reached an agreement regarding the tariff revisions needed to implement the terms of the Disposition Agreement.

The Disposition Agreement reflects the following agreements: (1) that an increase of \$38,035 in its Lantern Bay (Stone County) service area, in the Company's annual sewer operating revenues is necessary; (2) that the depreciation rates used by Staff in its revenue requirement analysis should be the prescribed depreciation rates for the Company; (3) that the implementation of a Late Payment Charge is reasonable; (4) that the implementation of a Bad Check Charge of \$20 per bad check is reasonable; (5) that the implementation of a Door Collection Charge of \$15, to avoid disconnection is reasonable; (6) that the implementation of an Emergency Call Out Charge of \$15 to shut off service where the emergency exists entirely on the customer owed facilities is reasonable; (7) that the implementation of a Reconnection of Service for "Seasonal" Disconnects of \$25 plus the monthly customer charge times the number of months "off-system" (not to exceed 9 months) is reasonable; (8) that the rates included in the above-referenced agreed-upon tariff revisions are designed to generate revenues sufficient to recover the Company's total

annualized cost of service; and (9) that the rates included in the above-referenced agreed-upon tariff revisions are just and reasonable.

Ruth O'Neill of the OPC requested that the Company send a notice to its customers regarding the terms of the above-referenced Disposition Agreement. By a letter dated July 8, 2002, which the W/S Dept. Staff had previously approved, the Company notified its customers of the terms of the Disposition Agreement (see Attachment C). As a part of this notice, the Company requested that its customers' questions or comments be directed to the Staff and/or the OPC. In response to this second customer notice regarding both water and sewer rate increases, the Staff received 10 phone calls, 9 letters and 4 faxes. The OPC received many of the same documents responding to this second customer notice including 4 contacts, which Staff did not receive. These customer responses mainly addressed the level of the proposed increase and the proposed design of the Company's rates. The customers' letters and faxes received by both the OPC and the Staff regarding this second customer notice have been placed in a "letter file" in the case papers for this case.

By a letter that was received by personnel in the Commission's Data Center on June 27, 2002 (see Attachment D), the Company submitted the agreed-upon tariff revisions that are necessary to implement the terms of the above-referenced Disposition Agreement, and the instant case was created. As required by the Small Company Procedure, the subject tariff revisions bore an effective date that was more than 45 days past the issue date. As is

also required by the Small Company Procedure, the Company submitted the above-referenced Disposition Agreement with its tariff filing.

On July 10, 2002, the OPC filed its "Request for Local Public Hearing" in this case.

On July 30, 2002, the Commission issued an "Order Suspending Tariff". Contained within this order, the Commission stated that it would schedule a local public hearing as contained in OPC's July 10, 2002 request. On July 31, 2002, the Commission issued an "Order Directing Filing".

On August 8, 2002, the OPC filed its "Motion to Modify Request For Local Public Hearing By Withdrawing Request For Public Hearing And Substituting A Request For the Commission To Receive Written Comments From Customers Regarding the Company's Proposed Rate Increase".

On August 20, 2002, the Commission issued its "Order Granting Public Counsel's Motion to Modify Request For Local Public Hearing By Withdrawing Request For Public Hearing And Substituting A Request For the Commission To Receive Written Comments From Customers Regarding the Company's Proposed Rate Increase".

On September 5, 2002, the Commission issued its "Order Directing Filing Of Notice". On September 10, 2002, the Company filed with the Commission its letter sent to its customers complying with the September 5, 2002 order.

On October 3, 2002, OPC filed its "Office Of The Public Counsel's Notice Of Filing Of Customer Letters Regarding Proposed Rate Increases". OPC's filing of October 3rd appeared to contain 20 customer contacts in regard to the third customer notice. Eleven of

the customer contacts were from the Company's Spring Branch service territory (water service only) and nine were from its Lantern Bay service territory (water and sewer service). Also contained in its October 3, 2002, filing is some letters in response to the second customer notice.

On October 10, 2002, OPC filed its "Recommendation Of The Office Of The Public Counsel" this case (see Attachment E). In this recommendation, OPC stated that it takes no position as to whether the Commission should allow the proposed rate case.

Additional Information

In addition to the above-noted Attachments, copies of the Staff's final cost of service income statement and supporting accounting workpapers, the Staff's rate design worksheets and a residential customer bill comparison, all of which are consistent with the terms of the Company's proposed tariff revisions and the Disposition Agreement, are included with this Memorandum as Attachment F. Additionally, a document containing a general overview of the Company and its customer service procedures and practices is included with this Memorandum as Attachment G.

Pursuant to a review of available electronic information maintained by the Commission's Internal Accounting Department and Data Center, the Staff notes that the Company was current on the payment of its Commission assessments and on the filing of its Commission annual reports when it submitted its Request, as is required by the Informal Rate Case Procedure. The Staff also notes that the Company remains current on those matters as of the writing of this Memorandum. The assessment information reviewed

covers fiscal years 1996 through 2003 (the Company is paying its FY2003 assessment on a quarterly basis), and the annual report information reviewed covers calendar years 1997 through 2001.

Additionally, the Staff notes that the Company currently has no other matters pending before the Commission, and that approval of the subject tariff revisions will thus not affect any other matter before the Commission with regard to the Company.

Staff's Recommendations

Based upon the above, the Staff recommends that the Commission issue an order in this case that:

- * Approves the tariff revisions that the Company filed on June 27, 2002, that are currently suspended, to be effective for service rendered on and after the earliest possible effective date;
- * Approves the Disposition Agreement submitted in this case; and
- * Prescribes the depreciation rates attached to the Disposition Agreement in this case as those authorized for the Company to use.

List of Attachments

Attachment A	Letter Requesting Rate Increase
Attachment B	Initial Customer Notice
Attachment C	Second Customer Notice
Attachment D	Company's Tariff Filing Transmittal Letter, Tariff Revisions and Disposition Agreement
Attachment E	OPC's Recommendations
Attachment F	Staff's Final Cost of Service Income Statement, Accounting Workpapers, Rate Design Worksheets and Residential Customer Bill Comparison
Attachment G	Overview of Company and Customer Service Matters

**Foxfire Utility Company
323 Fox Creek Rd.
Jefferson City, MO 65109
(573) 632-6007, (573) 632-6475 or 1-866-224-2035
Fax (573) 632-6057 E-Mail : wms@socket.net**

January 4, 2002

Mr. Dale Hardy Roberts
Secretary of the Commission
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102

RECEIVED³

JAN 09 2002

*Records
Public Service Commission*

RE: Request for Increases in Annual Water and Sewer System Operating Revenues
Under the Provisions of the Commission's Small Company Rate Increase
Procedure

Dear Mr. Roberts:

Foxfire Utility Company Inc., (the Company) holds certificates of public convenience and necessity granted by the Missouri Public Service Commission (the Commission), under which the Company provides water supply and distribution services in Benton and Stone Counties, Missouri and wastewater collection and treatment services in Stone County Missouri.

The Commission first authorized the Company to provide regulated water utility service in Stone County in March of 1995 and regulated sewer utility service in Stone County in March of 1995. The Commission first authorized the Company to provide regulated water utility service in Benton County in April of 2001. The Company currently provides service to approximately 183 water customers and approximately 181 sewer customers within its Stone County certificated area; and approximately 138 water customers within its Benton County certificated area under the provisions of its Commission-approved tariffs. The Company's customer rates for water and sewer service are currently the same as those established when the Commission first authorized the Company to provide its regulated utility services.

Pursuant to 4 CSR 240-2.200, the Commission's Small Company Rate Increase Procedure, the Company is hereby requesting an increase of \$38,537.18 in its annual Stone County water system operating revenues, an increase of \$3,087.15 in its annual Benton County water system operating revenues and an increase of \$48,088.65 in its annual Stone County sewer system operating revenues. Based upon current customer rates and customer numbers, this/these increases represent changes of approximately 117% in the Company's annual Stone County water system operating revenues,

Attachment A - 1

20020056

Sewer

approximately 7% in the Company's Benton County water system operating revenues and approximately 79% in the Company's annual Stone County sewer system operating revenues. Changes in the design of the Company's customer rates and the level of certain of its service charges are also contemplated. Such changes will be discussed with the Commission Staff and the Office of the Public Counsel during their review of these small company rate increase requests.

The specific reasons for the requested increases in the Company's annual operating revenues, applicable to both its water and sewer systems, include: increases in operation and maintenance expenses; increases in the Commission's annual utility assessments; increases in the Department of Natural Resources' annual sewer discharge permit fees; an increase in postal fees; an increase in energy costs; an increase in delivery and chemical costs; increased sludge disposal costs and a decrease in the number of customers served in the Benton County Service Area.

Lastly, I wish to advise you that the Company is current on the payment of its Commission annual assessments (the assessments are being paid under a quarterly installment plan) and the filing of its Commission annual reports. Additionally, the Company will remain current on these items during this small company rate increase procedure.

Thank you for your attention to this important matter. Please contact me at your convenience if you need additional information regarding this request.

Sincerely,



Garah F. Helms

President

Foxfire Utility Company.

Copies: Wendell R. Hubbs – Commission Staff
M. Ruth O'Neill – Office of the Public Counsel

FOXFIRE UTILITY COMPANY

323 Fox Creek Road
Jefferson City, MO 65109
Phone: (573) 632-6007

February 1, 2002

Dear Customer:

On January 9, 2002, Foxfire Utility Company (Company) submitted a request for permanent increases in its current water and sewer rates in its Stone County service areas, under the Missouri Public Service Commission's (Commission) small company rate increase procedure.

By its request, the Company is seeking an increase in its annual operating **water service** revenues of \$38,537 (an approximate 119% increase). The Company is also requesting an increase in its annual operating **sewer service** revenues of \$48,089 (an approximate 79.0 % increase). The Company believes these increases in its operating revenues are necessary to allow it to meet current operating expenses and provide an adequate return on investments.

The examples bills shown below set out a comparison of the Company's current residential customer rates for both water and sewer service as if they were increased by the requested percentage increases. The example water bill is presented for a customer who uses 6,000 gallons per month. No taxes or other charges are included in examples below.

Water Rates

Current Monthly Rate	\$ 9.57
Current Commodity Rate	
(usage > 2,000 gallons/mo)-\$3.08 per 1,000 gal x 4,000 gallons	<u>\$ 12.32</u>
Total Current Monthly Bill (using 6,000 gallons)	<u>\$ 21.89</u>
Proposed Increase Percentage	119 %
Proposed Monthly Bill (using 6,000 gallons)	<u>\$ 47.95</u>
Proposed Increase Amount	<u>\$ 26.06</u>

Sewer Rates

Current Monthly Rate	<u>\$ 16.78</u>
Current Commodity Rate	
(usage > 2,000 gallons/mo)-\$8.39 per 1,000 gal x 4,000 gallons	<u>\$ 33.56</u>
Total Current Monthly Bill (using 6,000 gallons)	<u>\$ 50.34</u>
Proposed Increase Percentage	79%
Proposed Monthly Bill (using 6,000 gallons)	<u>\$ 90.12</u>
Proposed Increase Amount	<u>\$ 39.78</u>

Beginning sometime soon, the Staff of the Public Service Commission (Commission Staff) will conduct an independent investigation of the books, records and operations of the Company. Based upon that investigation, the Commission Staff will then make its recommendations regarding the Company's rate increase requests, and necessary changes to system operations, to the Commission for its consideration.

The Office of the Public Counsel (Public Counsel), a state agency responsible for representing the interests of the consumer before the Commission, may conduct its own investigation, but at a minimum will review the results of the Commission Staff's investigation. The Public Counsel will then make its own recommendations regarding the Company's rate increase requests, and necessary changes to system operations, to the Commission for its consideration.

Any customer who has questions or comments regarding the Company's rate increase requests, or who has experienced recent service problems, should contact the Commission Staff and the Public Counsel ***within 30 days of the date of this notice***. To do so, please use the addresses, telephone numbers or fax numbers shown below. The Commission Staff and/or the Public Counsel will respond to all such customer contacts, during the course of their investigations.

Missouri Public Service Commission
Water and Sewer Department
P.O. Box 360
Jefferson City, MO 65102
Phone: 573/751-3437 or 800/392-4211
Fax: 573/751-1847

Office of the Public Counsel
Attn: Ruth O'Neill
P.O. Box 7800
Jefferson City, MO 65102
Phone: 573/751-1304
Fax: 573/751-5562

Upon completion of the Commission Staff's and the Public Counsel's investigations, the Company may be requested to send out a second customer notice regarding the results of the investigations. Additionally, the Public Counsel may request that the Commission hold a local public hearing.

However, neither a second customer notice nor a local public hearing will happen automatically. Therefore, please take the time now to express your views about the Company's rate increase requests, and the operation of its system, to the Commission Staff and the Public Counsel.

Regardless of whether the Company sends out a second customer notice, or whether a local public hearing is eventually held, no increase in rates will take effect without the approval of the Public Service Commission.

Sincerely,



Garah F. (Rick) Helms
President
FOXFIRE UTILITY COMPANY

FOX FIRE UTILITY COMPANY

323 Fox Creek Road
Jefferson City, Missouri 65109

Phone (573) 632-6475

July 1, 2002

JUL 08 2002

Dear Customer:

UTILITY OFFICE
JEFFERSON CITY, MO

On January 9, 2002, Foxfire Utility Company (Company) submitted a request for permanent increases in its current water and sewer rates, under the Missouri Public Service Commission's (Commission) small company rate increase procedure.

By its request, the Company was seeking increases in its customer rates intended to generate an increase in the Company's annual operating revenues for water service of \$38,537 and for sewer service of \$48,089. The Company believes these increases in its operating revenues are necessary to meet current operating expenses.

As a result of the Company's request, the Staff of the Public Service Commission (Commission Staff) conducted an investigation of the Company's books and records and the Company's operations. Based upon the results of its investigation, the Commission Staff is recommending an increase in the Company's annual operating water revenues of \$18,915, and an increase in the Company's annual operating sewer revenues of \$38,035. The Company has stipulated to the Commission Staff's recommended increase in its annual operating revenues.

The Office of the Public Counsel (Public Counsel), a state agency responsible for representing the interests of consumers before the Commission, has reviewed the results of the Commission Staff's investigation. However, the Public Counsel has not yet taken a final position regarding the Commission Staff's recommended increase in the Company's annual operating revenues. Public Counsel has indicated that it will review the responses to this customer notice letter before making the determination of whether to request that the Commission hold a local public hearing.

Attached are customer impact statements, one for water service and one for sewer service for the Lantern Bay service areas. To assist you in the evaluation of how these increases affect your bills, these impact statement examples show the rates and increases based on the monthly water used from 2,000 gallons per month to 8,000 gallons per month. These examples are shown without applicable taxes.

In addition to the monthly rate and commodity rate changes the following changes are also proposed:

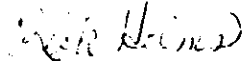
- (1) Late Payment Charge is to be approved,
- (2) A Bad Check Charge of \$20 per bad check is to be approved;

Attachment C - 1

- (3) A Door Collection Charge of \$15, to avoid disconnection is to be approved;
- (4) An Emergency Call Out Charge of \$15 to shut off service where the emergency exists entirely on the customer owed facilities is to be approved;
- (5) A Reconnection of Service for "Seasonal" Disconnects of \$25 plus the monthly customer charge times the number of months "off-system" (not to exceed 9 months) is to be approved;
- (6) The Meter Test Charge increase from \$25 to \$35 is to be approved;
- (7) The Turn-on Charge increase during regular hours from \$10 to \$25 is to be approved;
- (8) The Turn-on Charge increase for after regular hours from \$15 to \$35 is to be approved; and,
- (9) The water service tariff is to be modified by language consistent with the language of the sewer service tariff, which makes the owner of the rented or leased facilities ultimately responsible for the payment of charges incurred by their tenants is to be approved.

Any customer that has questions or comments about the Commission Staff's recommended rate increase should contact the Staff, and/or the Public Counsel, ***within 20 days of the date of this notice.*** To do so, please use the addresses, telephone numbers or fax numbers shown at the bottom of this notice. Depending upon the response to this notice, the Public Counsel may request that the Public Service Commission hold a local public hearing. ***Regardless of whether a local public hearing is held, no increase in rates will take effect without the approval of the Public Service Commission.***

Sincerely,



Mr. Garah F. Helms
President

Missouri Public Service Commission
Water and Sewer Department
P.O. Box 360
Jefferson City, MO 65102
Phone: 573/751-3437 or 800/392-4211
Fax: 573/751-1847

Office of the Public Counsel
Attn: Ruth O'Neill
P.O. Box 7800
Jefferson City, MO 65102
Phone: 573/751-1304
Fax: 573/751-5562

Foxfire Utilities Company - Lantern Bay - Water Service

Small Company Rate Filing - Water Service

File # 2002 00557

Residential Water Customer Impact

8,000 Gallon per month usage customer	Monthly Charge	Commodity Charge/Mgal	Billed Monthly Units	Monthly Charge
Proposed Rates	\$20.10	\$1.36	6,000	\$28.26
Current Rates	\$9.57	\$3.00	6,000	\$27.57
Difference				\$0.69
Percentage Difference from Current Rates				2.52%

6,000 Gallon per month usage customer	Monthly Charge	Commodity Charge/Mgal	Billed Monthly Units	Monthly Charge
Proposed Rates	\$20.10	\$1.36	4,000	\$25.54
Current Rates	\$9.57	\$3.00	4,000	\$21.57
Difference				\$3.97
Percentage Difference from Current Rates				18.41%

4,000 Gallon per month usage customer	Monthly Charge	Commodity Charge/Mgal	Billed Monthly Units	Monthly Charge
Proposed Rates	\$20.10	\$1.36	2,000	\$22.82
Current Rates	\$9.57	\$3.00	2,000	\$15.57
Difference				\$7.25
Percentage Difference from Current Rates				46.56%

0 thru 2,000 Gallon per month usage customer	Monthly Charge	Commodity Charge/Mgal	Billed Monthly Units	Monthly Charge
Proposed Rates	\$20.10	\$1.36	-	\$20.10
Current Rates	\$9.57	\$3.00	-	\$9.57
Difference				\$10.53
Percentage Difference from Current Rates				110.00%

June 28, 2002

SEWER
Foxfire Utilities Company - Lantern Bay - Water Service

Small Company Rate Filing - Sewer Service

File # 2002 00558

Residential Sewer Customer Impact

8,000 Gallon per month usage customer	Monthly Charge	Commodity Charge/Mgal	Billed Monthly Units	Monthly Charge
Proposed Rates	\$40.22	\$3.21	6,000	\$59.60
Current Rates	\$16.78	\$8.39	6,000	\$67.12
Difference				-\$7.62
Percentage Difference from Current Rates				-11.35%

6,000 Gallon per month usage customer	Monthly Charge	Commodity Charge/Mgal	Billed Monthly Units	Monthly Charge
Proposed Rates	\$40.22	\$3.21	4,000	\$53.07
Current Rates	\$16.78	\$8.39	4,000	\$50.34
Difference				\$2.73
Percentage Difference from Current Rates				5.43%

4,000 Gallon per month usage customer	Monthly Charge	Commodity Charge/Mgal	Billed Monthly Units	Monthly Charge
Proposed Rates	\$40.22	\$3.21	2,000	\$46.65
Current Rates	\$16.78	\$8.39	2,000	\$33.56
Difference				\$13.09
Percentage Difference from Current Rates				39.00%

0 thru 2,000 Gallon per month usage customer	Monthly Charge	Commodity Charge/Mgal	Billed Monthly Units	Monthly Charge
Proposed Rates	\$40.22	\$3.21	-	\$40.22
Current Rates	\$16.78	\$8.39	-	\$16.78
Difference				\$23.44
Percentage Difference from Current Rates				139.69%

June 28, 2002

Foxfire Utility Company

323 Fox Creek Road
Jefferson City, Missouri 65109
Phone (573) 632-6007

June 27, 2002

Secretary to the Commission
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102

RE: **Foxfire Utility Company**
Small Company Rate Increase Request
Mo. PSC Tariff **File No. 2002 00566 (Sewer)**

Dear Mr. Secretary:

I am enclosing for filing with the Commission an original and three copies of a revised tariff sheet that includes rate and language changes reflecting an agreement between the Foxfire Utility Company (Company) and the Commission Staff (Staff) on the above subject. The Company initiated the subject rate increase request in January 2002, under the Commission's small company rate increase procedure, and the request was assigned the above-referenced file number.

Additionally, consistent with the Commission's small company rate increase procedure, I am enclosing an Agreement Regarding Disposition of Small Company Rate Increase Request (Agreement). This Agreement reflects a "settlement" between the Company and the Staff regarding all matters related to the Company's sewer service rate increase request.

The Agreement calls for, and the revised tariff sheets contains, customer rates intended to produce an increase of \$38,035 (an approximate 60.4 % increase) in its Lantern Bay (Stone County) service area's annual operating revenues for its sewer operations. The Agreement also calls for the Commission approval of revised depreciation rates.

This Agreement is between the Company and the Staff; therefore, the enclosed tariff sheets bear an effective date that is greater than 45 days from the issue date. The Office

Attachment D -1

of the Public Counsel has requested that a second customer notice be accomplished because of the magnitude of these increases.

It is my understanding that the Staff will be providing additional information about the Company's rate increase request and the related Staff audit and investigation, for filing in the case papers following the creation of a formal docket.

Please contact me at your convenience if you need anything further.

Sincerely,

FOXFIRE UTILITY COMPANY



Joy Helms

Vice President & Secretary

enclosures

copies (w/enclosures):

Wendell R. Hubbs - PSC Staff

Office of the Public Counsel - Ruth O'Neill

P. S. C. MO. No. 1 **1st Revised** Sheet No. SR 1

Cancelling P. S. C. MO. No. 1 **Original** Sheet No. SR 1

Foxfire Utility Company For: **Certificated Sewer Service Areas in Stone County**
Name of Issuing Company Community, Town or City

Schedule of Sewer Rates – Stone County

A.+ Application – The following monthly sewer service charges will be in effect for Customers of Foxfire Utility Company, located within the Company's Stone County, Missouri Public Service Commission approved, service area (Lantern Bay Condominium Development area).

Monthly Minimum Sewer Service Charge + - The following minimum monthly service charge based on meter size must be paid regardless of the quantity of metered water usage.

Meter Size:		Monthly Charge:+
5/8"	Includes 2,000 gallons	\$ 40.22
3/4"	Includes 2,000 gallons	\$ 57.12
1"	Includes 2,000 gallons	\$ 90.91
1-1/2"	Includes 2,000 gallons	\$175.39

Sewer Service Commodity Charge:+

This rate shall be billed for all metered water usage over the amount included in the minimum charge.

\$3.21 per 1,000 gallons over metered water usage of 2,000 gallons per month.

Rule 10 Surcharge: A surcharge in accordance with Rule 10 of this tariff, for excess strength waste discharge shall be applied when applicable.

Taxes: +

Any applicable Federal, State or local taxes computed on a billing basis shall be added as separate items in rendering each bill.

Late Payment Charge: +

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 the payment is considered delinquent is 21 days after rendition of the bill. A charge of \$3.00 or three percent (3%) per month times the unpaid balance, whichever is more, will be added to delinquent amounts.

* indicates new rate or text

+ indicates change

Date of Issue: 6/27/02

Date Effective: 8/12/02

Issued By: Garah F Helms, President 323 Fox Creek Road, Jefferson City, MO 65101
Name of Officer Title Address

P. S. C. MO. No. 1 **1st Revised** Sheet No. SR 1.1

Cancelling P. S. C. MO. No. 1 **Original** Sheet No. SR 1.1

Foxfire Utility Company For: **Certificated Sewer Service Areas in Stone County**
Name of Issuing Company Community, Town or City

Schedule of Sewer Rates – Stone County (continued)

Bad Check Charge: *

A bad check charge of \$20 per check will be paid on all checks returned from the bank for insufficient funds. Where a bad check is applicable from a customer for both water and sewer service, only one bad check charge shall be billed the customer for both his water and sewer service for each instance of a returned check.

Door Collection Charge:*

A door collection charge of \$15.00 will be applicable when a customer pays the serviceman at the time of scheduled disconnection (turn-off) of service to prevent such disconnection. Where a door collection charge is applicable from a customer for both water and sewer service, only one door collection charge shall be billed the customer for both his water and sewer service for each disconnection.

Emergency Call Out Charge:*

An Emergency Call-Out Charge of \$15.00 per occurrence will be assessed where a customer requests a shut-off of service and the emergency exists entirely on the customer owned facilities.

Reconnection of Service for "Seasonal" Disconnects:* - \$25.00 plus the monthly customer charge times the number of months "off-system" (not to exceed 9 months) where the owner of the premises being served discontinues and restores service to the same location within a 12-month period. Restoration of service of a non-payment disconnect after 45 days is deemed to be a seasonal reconnection of service. Any customer receiving water service from the Company will be considered as also receiving sewer service.

* indicates new rate or text

Date of Issue: 6/27/02

Date Effective: 8/12/02

Issued By: Garah F Helms, President 323 Fox Creek Road, Jefferson City, MO 65101
Name of Officer Title Address

P. S. C. MO. No. 1 **1st Revised** Sheet No. SCC 1

Cancelling P. S. C. MO. No. 1 **Original** Sheet No. SCC 1

Foxfire Utility Company For: **Certificated Sewer Service Areas in Stone County**
Name of Issuing Company Community, Town or City

Schedule of Sewer Service Charges – Stone County

- (1) An inspection fee of \$75.00 per service connection will be charged to each individual making application for connection to the Company's sewer.
- (2) The Customer will be charged the actual cost of disconnection or reconnection of their service line to the Company's sewer. This cost may not exceed the maximum amount of \$400 for either disconnection or reconnection. The maximum cost for both activities may not exceed \$800.

* indicates new rate or text
+ indicates change

Date of Issue: *6/27/02*

Date Effective: *8/12/02*

Issued By: **Garah F Helms, President** **323 Fox Creek Road, Jefferson City, MO 65101**
Name of Officer Title Address

P. S. C. MO. No. 1

1st Revised

Sheet No. WRR 28

Cancelling P. S. C. MO. No. 1

Original

Sheet No. WRR 28

Foxfire Utility Company For: **Certificated Water Service Areas in Stone & Benton County**

Name of Issuing Company

Community, Town or City

Rules Governing
Rendering of **Water Service – Stone & Benton Counties**

Rule 10 Bills for Service (continued)

- (m) After a Customer has paid proper and undisputed utility bills by the due dates, for a period not to exceed one (1) year, credit shall be established or re-established, and the deposit and any interest due shall be refunded. The Company may withhold full refund of the deposit pending resolution of a disputed matter.
- (n) The Company shall give a receipt for deposits received, but shall also keep accurate records of deposits, including customer name, service address, amounts, interest, attempts to refund and dates of every activity regarding the deposit.
- (o) All billing matters shall be handled in accordance with the Missouri Public Service Commission's Utility Billing Practices, 4 CSR 240-13.
- (p) *The owner of a rented or leased premises served with water service by the company will be ultimately responsible for payment of all charges incurred by their tenant(s) related to water service provided. The owner will be responsible provided the Company has made reasonable and timely efforts to collect monies due from the owner's renter or lessor. All notices of delinquent bills or disconnection shall also be sent to the owner of the property (or his agent if requested by the owner).

Date of Issue: 6/27/02

Date Effective: 8/12/02

Issued By: Garah F Helms, President

323 Fox Creek Road, Jefferson City, MO 65101

Name of Officer

Title

Address

Agreement Regarding Disposition of
Small Company Rate Increase Request

Foxfire Utility Company

MO PSC Tariff File No. 2002 00556 (Sewer)

Background

Foxfire Utility Company ("Company") initiated the small company rate increase request ("Request") for sewer service that is the subject of the above-referenced Missouri Public Service Commission ("Commission") "file" by submitting a letter to the Secretary of the Commission. The Company submitted its Request under the provisions of Commission Rule 4 CSR 240-2.200, Small Company Rate Increase Procedure ("Informal Rate Case Procedure"). The date that the Company's Request was received at the Commission's offices was January 9, 2002.

In its Request, the Company represented that it was asking for Commission approval of customer rates intended to generate an increase of \$48,089 in its total annual sewer service operating revenues. The Company provides sewer service to approximately 182 customers, all of which are residential customers in nature.

Upon review and acceptance of the Company's Request, personnel in the Commission's Data Center assigned Tariff File No. 2002 00556 to the Request, for purposes of identification and tracking, and forwarded the Request to the Commission's Water & Sewer Department for processing under the Informal Rate Case Procedure.

Pursuant to the provisions of the Informal Rate Case 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 and the Company hereby state the following agreements.

- (1) That for the purpose of implementing the agreements set out herein, the Company will file tariff revisions with the Commission containing the rates, charges and language set out in the example tariff sheets attached hereto as Attachment A. Additionally, the Company will submit the original signed version of this document with its tariff filing.
- (2) That except as otherwise noted in the agreements below, the ratemaking income statement attached hereto as Attachment B reflects the Company's annualized revenues generated by its current customer rates, the Company's total annualized cost of providing service and the annualized agreed-upon sewer service operating revenue increase of \$38,035, which is required to recover the Company's cost of service.
- (3) That the rates set out in the attached example tariff sheets are designed to generate revenues sufficient to recover the Company's total annualized cost of service, and that the provisions of the attached example tariff sheets also properly reflect all other agreements set out herein, where necessary.

- (4) That the rates included in the attached example tariff sheets are just and reasonable.
- (5) That the depreciation rates set out on Attachment C hereto should be the prescribed sewer plant depreciation rates for the Company, as these were the depreciation rates used by the Staff in its revenue requirement analysis.
- (6) That the implementation of a Late Payment Charge is reasonable.
- (7) That the implementation of a Bad Check Charge of \$20 per bad check is reasonable.
- (8) That the implementation of a Door Collection Charge of \$15, to avoid disconnection, is reasonable.
- (9) That the implementation of an Emergency Call Out Charge of \$15 to shut off service where the emergency exists entirely on the customer owned facilities is reasonable.
- (10) That the implementation of a Reconnection of Service for "Seasonal" Disconnects of \$25 plus the monthly customer charge times the number of months "off-system" (not to exceed 9 months) is reasonable.
- (11) That the above agreements satisfactorily resolve all issues identified by the Staff and the Company regarding the Company's Request, except as otherwise specifically stated.

Additional Matters

This Disposition Agreement is only between the Staff and the Company, as the OPC has requested that the Company send a second customer notice to its customers. In compliance with the Informal Rate Case Procedure, the Company's second notice will reflect the terms of this Disposition Agreement, and will provide the Company's customers an opportunity to send comments to the OPC and the Staff within twenty (20) days after the date of that notice. In addition to this second customer notice, the Company

acknowledges that the OPC also has the right to request that the Commission hold a local public hearing regarding the Company's Request and/or the provisions of this Disposition Agreement.

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


The Company acknowledges that it has consented to an extension of the "150-day" tariff filing date set forth in the Informal Rate Case Procedure.

The Company acknowledges that the Staff will be making an additional filing with the Commission regarding this matter. That filing will include the Staff's recommendation for approval of the subject tariff revisions, background information regarding the Company's Request and the Staff's investigation thereof, and certain Staff workpapers regarding the following items: (a) the ratemaking income statement referenced in item (2) above; (b) the agreed-upon design of the Company's customer rates; (c) a residential customer billing comparison reflecting the agreed-upon changes in the Company's rates; (d) a general overview of the Company; and (e) an overview of the Company's customer service procedures and practices. Additionally, that filing will include information regarding the status of the Company's payment of its Commission assessments and the Company's filing of its Commission annual reports, as well as information regarding any other pending cases that the Company may have before the Commission.


Effective Date and Signatures

This Disposition Agreement shall be considered effective as of the date that it and the requisite tariff revisions are filed with the Commission.

Agreement Signed and Dated:


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


Date


Garah F. Helms
President
Foxfire Utility Company


Date

List of Attachments

Attachment A	Example Tariff Sheets
Attachment B	Ratemaking Income Statement
Attachment C	Depreciation Rates

P. S. C. MO. No. 1 **1st Revised** Sheet No. SR 1

Cancelling P. S. C. MO. No. 1 **Original** Sheet No. SR 1

Foxfire Utility Company For: **Certificated Sewer Service Areas in Stone County**
Name of Issuing Company Community, Town or City

Schedule of Sewer Rates – Stone County

A.+ Application – The following monthly sewer service charges will be in effect for Customers of Foxfire Utility Company, located within the Company's Stone County, Missouri Public Service Commission approved, service area (Lantern Bay Condominium Development area).

Monthly Minimum Sewer Service Charge + - The following minimum monthly service charge based on meter size must be paid regardless of the quantity of metered water usage.

Meter Size:		Monthly Charge:+
5/8"	Includes 2,000 gallons	\$ 40.22
3/4"	Includes 2,000 gallons	\$ 57.12
1"	Includes 2,000 gallons	\$ 90.91
1-1/2"	Includes 2,000 gallons	\$175.39

Sewer Service Commodity Charge:+

This rate shall be billed for all metered water usage over the amount included in the minimum charge.

\$3.21 per 1,000 gallons over metered water usage of 2,000 gallons per month.

Rule 10 Surcharge: A surcharge in accordance with Rule 10 of this tariff, for excess strength waste discharge shall be applied when applicable.

Taxes: +

Any applicable Federal, State or local taxes computed on a billing basis shall be added as separate items in rendering each bill.

Late Payment Charge: +

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 the payment is considered delinquent is 21 days after rendition of the bill. A charge of \$3.00 or three percent (3%) per month times the unpaid balance, whichever is more, will be added to delinquent amounts.

* indicates new rate or text

+ indicates change

Date of Issue:

Date Effective:

Issued By: Garah F Helms, President 323 Fox Creek Road, Jefferson City, MO 65101
Name of Officer Title Address

Attachment A-1

Attachment D-12

P. S. C. MO. No. 1 **1st Revised** Sheet No. SR 1.1

Cancelling P. S. C. MO. No. 1 **Original** Sheet No. SR 1.1

Foxfire Utility Company For: **Certificated Sewer Service Areas in Stone County**
Name of Issuing Company Community, Town or City

Schedule of Sewer Rates – Stone County (continued)

Bad Check Charge: *

A bad check charge of \$20 per check will be paid on all checks returned from the bank for insufficient funds. Where a bad check is applicable from a customer for both water and sewer service, only one bad check charge shall be billed the customer for both his water and sewer service for each instance of a returned check.

Door Collection Charge:*

A door collection charge of \$15.00 will be applicable when a customer pays the serviceman at the time of scheduled disconnection (turn-off) of service to prevent such disconnection. Where a door collection charge is applicable from a customer for both water and sewer service, only one door collection charge shall be billed the customer for both his water and sewer service for each disconnection.

Emergency Call Out Charge:*

An Emergency Call-Out Charge of \$15.00 per occurrence will be assessed where a customer requests a shut-off of service and the emergency exists entirely on the customer owned facilities.

Reconnection of Service for "Seasonal" Disconnects:* - \$25.00 plus the monthly customer charge times the number of months "off-system" (not to exceed 9 months) where the owner of the premises being served discontinues and restores service to the same location within a 12-month period. Restoration of service of a non-payment disconnect after 45 days is deemed to be a seasonal reconnection of service. Any customer receiving water service from the Company will be considered as also receiving sewer service.

* indicates new rate or text

Date of Issue:

Date Effective:

Issued By: Garah F Helms, President 323 Fox Creek Road, Jefferson City, MO 65101
Name of Officer Title Address

Attachment A-2

Attachment D -13

P. S. C. MO. No. 1 **1st Revised** Sheet No. SCC 1

Cancelling P. S. C. MO. No. 1 **Original** Sheet No. SCC 1

Foxfire Utility Company For: **Certificated Sewer Service Areas in Stone County**
Name of Issuing Company Community, Town or City

Schedule of Sewer Service Charges – Stone County

- (1) An inspection fee of \$75.00 per service connection will be charged to each individual making application for connection to the Company's sewer.
- (2) The Customer will be charged the actual cost of disconnection or reconnection of their service line to the Company's sewer. This cost may not exceed the maximum amount of \$400 for either disconnection or reconnection. The maximum cost for both activities may not exceed \$800.

* indicates new rate or text
+ indicates change

Date of Issue:

Date Effective:

Issued By: Garah F Helms, President 323 Fox Creek Road, Jefferson City, MO 65101
Name of Officer Title Address

Attachment A-3

Attachment D-14

Foxfire Utility Company For: **Certificated Water Service Areas in Stone & Benton County**
Name of Issuing Company Community, Town or City

Rules Governing
Rendering of **Water Service – Stone & Benton Counties**

Rule 10 Bills for Service (continued)

- (m) After a Customer has paid proper and undisputed utility bills by the due dates, for a period not to exceed one (1) year, credit shall be established or re-established, and the deposit and any interest due shall be refunded. The Company may withhold full refund of the deposit pending resolution of a disputed matter.
- (n) The Company shall give a receipt for deposits received, but shall also keep accurate records of deposits, including customer name, service address, amounts, interest, attempts to refund and dates of every activity regarding the deposit.
- (o) All billing matters shall be handled in accordance with the Missouri Public Service Commission's Utility Billing Practices, 4 CSR 240-13.
- (p) *The owner of a rented or leased premises served with water service by the company will be ultimately responsible for payment of all charges incurred by their tenant(s) related to water service provided. The owner will be responsible provided the Company has made reasonable and timely efforts to collect monies due from the owner's renter or lessor. All notices of delinquent bills or disconnection shall also be sent to the owner of the property (or his agent if requested by the owner).

Date of Issue:

Date Effective:

Issued By: Garah F Helms, President 323 Fox Creek Road, Jefferson City, MO 65101
Name of Officer Title Address

Attachment A-4

Attachment D-15

Foxfire Utilities Company
Small Company Rate Filing - Sewer Service
 File # 2002 00556

Sewer-LB-6.19

Rate Making Income Statement

	As Adjusted		Minimum Bill Allocated	Commodity Allocated
Revenue	\$62,951			
Expenses				
Operator Salary	\$8,476			\$6,476
Management Fee	\$6,000		\$6,000	
Clerical/Billing Fee	\$2,678		\$2,678	
Sludge Disposal	\$2,590			\$2,590
Electricity	\$7,569			\$7,569
Materials and Supplies	\$177		\$177	
Supplies	\$369		\$369	
Professional Services - Accounting	\$396		\$396	
Contract Services - Other	\$675			\$675
Helm's Travel & Expenses	\$0		\$0	
Travel Ent - Meals	\$0		\$0	
Insurance	\$1,975		\$988	\$988
Telephone & Pager	\$1,278		\$1,278	
Billing/Accounting Software	\$312		\$312	
Computer Repairs	\$124		\$124	
Postage & Delivery	\$493		\$493	
Printing & Reproduction	\$113		\$113	
Rent	\$1,500		\$1,500	
Other Miscellaneous	\$170		\$170	
Mo DNR WWTP Fees	\$3,120			\$3,120
Regulatory Commission Expense	\$3,134		\$1,567	\$1,567
Taxes - Other property	\$13		\$13	
Depreciation	\$21,431		\$21,431	
Income Tax Expense	\$8,053		\$8,053	
Return	\$32,340		\$32,340	
Total Cost of Service	\$100,986		\$78,002	\$22,985
Other Revenues	\$2,950		\$2,950	\$0
Cost to recover from Rates (less other revenues)	\$98,036		\$75,052	\$22,985
Total COS	\$100,986			
Increase Needed	\$38,035	60.4%		

June 19, 2002
 Missouri Public Service Commission Staff

W. R. Hubbs

Attachment D-16

Attachment B

**FOXFIRE UTILITY CO.
DEPRECIATION RATES**

(SEWER)

File No. 200200556

<u>ACCOUNT NUMBER</u>	<u>ACCOUNT</u>	<u>DEPRECIATION RATE %</u>	<u>AVERAGE SERVICE LIFE (YEARS)</u>
311	Structures & Improvements	2.5%	40
352.1	Collection Sewers (Force)	2.0%	50
352.2	Collection Sewers (Gravity)	2.0%	50
354	Services	2.0%	50
355	Flow Measurement Devices	3.3%	30
362	Receiving Wells & Pump Pits	4.0%	25
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
392	Transportation Equipment	12.5%	8
395	Laboratory Equipment	5.0%	20

Attachment C

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

In the Matter of Foxfire Utility)	
Company Water Rate Increase)	
Request)	<u>Case No. WR-2002-1162</u>
)	Tariff File 2002 00557 (water)
And)	
)	
In the Matter of Foxfire Utility)	<u>Case No. SR-2002-1163</u>
Company Sewer Rate Request)	Tariff File 2002 00556 (sewer)

RECOMMENDATION OF THE OFFICE OF THE PUBLIC COUNSEL

COMES NOW, the Office of the Public Counsel, pursuant to 4 CSR 2402.200.1(E) and submits the following information to the Missouri Public Service Commission. The Office of the Public Counsel has reviewed the results of the audit performed by the Commission Staff concerning Foxfire Utility Company, and had reviewed the agreement that the Staff and Foxfire have entered into pursuant to 4 CSR 2.200.1(D). Public Counsel has also received numerous letters and other contacts from Foxfire customers opposing the rate increase.

Upon review of the audit and the agreement, Public Counsel generally believes that the information obtained by the Staff is true and accurate. Public Counsel does not believe that further information can be had by presenting rate related information to the Commission in an evidentiary hearing, and that the agreement of the Staff and Foxfire, along with the written comments of Foxfire's

customers, are all the necessary information the Commission needs to decide whether to approve the rate increase in this matter.

Because of the strong customer opposition to this case, Public Counsel does not believe it can "agree" to the rate increase as contemplated in 4 CSR 240.200. However, based on the information provided, Public Counsel does not believe that a hearing should be held to determine whether or not to approve the rate increase.

WHEREFORE, Public Counsel takes no position on whether the Commission should allow the proposed rate increase.

Respectfully submitted,

OFFICE OF THE PUBLIC COUNSEL

/s/ M. Ruth O'Neill

By: _____
M. Ruth O'Neill (#49456)
Assistant Public Counsel
PO Box 7800
Jefferson City, MO 65102
(573) 751-1304
(573) 751-5562 FAX
roneill@ded.state.mo.us

Attachment E – 2

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed or hand-delivered to the following this 10th day of October 2002:

GENERAL COUNSEL
Missouri Public Service Commission
PO Box 360
Jefferson City MO 65102

GARAH F HELMS
Foxfire Utility Company
323 Fox Creek Road
Jefferson City MO 65101

/s/ M. Ruth O'Neill

M. Ruth O'Neill

Attachment E – 3

Foxfire Utilities Company

Small Company Rate Increase Procedure
Missouri Public Service Commission:
Case No. SR-2002-1163

SEWER

Lantern Bay Service Area (Stone County)

Attachment F

Ratemaking Income Statement
Accounting Worksheets
Rate Design
Residential Bill Comparison

W. R. Hubbs
October 2002

Foxtire Utilities Company
Small Company Rate Filing - Sewer Service
File # 2002 00556

Lantern Bay - Sewer

Sewer-LB-6.19

Rate Making Income Statement

	As Adjusted		Minimum	Commodity
Revenue	\$62,951		Bill Allocated	Allocated
Expenses				
Operator Salary	\$6,476			\$6,476
Mangement Fee	\$6,000		\$6,000	
Clerical/Billing Fee	\$2,678		\$2,678	
Sludge Disposal	\$2,590			\$2,590
Electricity	\$7,569			\$7,569
Materials and Supplies	\$177		\$177	
Supplies	\$369		\$369	
Professional Services - Accounting	\$396		\$396	
Contract Services - Other	\$675			\$675
Helm's Travel & Expenses	\$0		\$0	
Travel Ent - Meals	\$0		\$0	
Insurance	\$1,975		\$988	\$988
Telephone & Pager	\$1,278		\$1,278	
Billing/Accounting Software	\$312		\$312	
Computer Repairs	\$124		\$124	
Postage & Delivery	\$493		\$493	
Printing & Reproduction	\$113		\$113	
Rent	\$1,500		\$1,500	
Other Miscellaneous	\$170		\$170	
Mo DNR WWTP Fees	\$3,120			\$3,120
Regulatory Commission Expense	\$3,134		\$1,567	\$1,567
Taxes - Other property	\$13		\$13	
Depreciation	\$21,431		\$21,431	
Income Tax Expense	\$8,053		\$8,053	
Return	\$32,340		\$32,340	
Total Cost of Service	\$100,986		\$78,002	\$22,985
Other Revenues	\$2,950		\$2,950	\$0
Cost to recover from Rates (less other revenues)	\$98,036		\$75,052	\$22,985
Total COS	\$100,986			
Increase Needed	\$38,035	60.4%		

Foxfire Utilities Company
Small Company Rate Filing - Sewer Service
File # 2002 00556

Sewer-LB-6.19

Sewer Rate Development

Sewer Rates

Minimum Monthly Bill Development	
Minimum Bill Allocated Recovery	\$75,052
Commodity Allocated cost to recover in Minimum Bill	\$14,279
Total Cost to Recover in Minimum Bill	\$89,330
Divided by Number of Meter	2,221
Equals: Annual Cost per Billing	\$482.65
Divided by 12 months/year	12
Equals: Monthly Cost per Billing	\$40.22

Commodity Rate Development	
Base Sales	4,444.00 Mgallons
Billed Commodity Sales	2,709.47 Mgallons
Rate Design Sales	7,153.47 Mgallons
Commodity Cost To Recover	\$22,985 \$
Divided by: Rate Design Sales	7,153.47 Mgallons
Equals: Rate per Rate Design Mgallon	\$3.21 \$/Mgallon
Revenue to be Recovered by Billed Commodity Sales	
Billed Commodity Sales	2,709.47 Mgallons
Times: Rate per Rate Design Mgallons	\$3.21 \$/Mgallon
Equals: Billed Commodity Revenue Recovery	\$8,705.68
Revenue to be Recovered in Base (2000 gallons)	
Base Sales	4,444.00 Mgallons
Times: Rate per Rate Design Mgallons	\$3.21 \$/mgallon
Equals: Base Sales to be recovered in Min Monthly Charge	\$14,278.82

Foxfire Utilities Company

Small Company Rate Filing - Sewer Service

File # 2002 00556

Sewer-LB-6.19

Residential Sewer Customer Impact

8,000 Gallon per month usage customer	Monthly Charge	Commodity Charge/Mgal	Billed Monthly Units	Monthly Charge
Proposed Rates	\$40.22	\$3.21	6,000	\$59.50
Current Rates	\$16.78	\$8.39	6,000	\$67.12
Difference				-\$7.62
Percentage Difference from Current Rates				-11.35%

6,000 Gallon per month usage customer	Monthly Charge	Commodity Charge/Mgal	Billed Monthly Units	Monthly Charge
Proposed Rates	\$40.22	\$3.21	4,000	\$53.07
Current Rates	\$16.78	\$8.39	4,000	\$50.34
Difference				\$2.73
Percentage Difference from Current Rates				5.43%

4,000 Gallon per month usage customer	Monthly Charge	Commodity Charge/Mgal	Billed Monthly Units	Monthly Charge
Proposed Rates	\$40.22	\$3.21	2,000	\$46.65
Current Rates	\$16.78	\$8.39	2,000	\$33.56
Difference				\$13.09
Percentage Difference from Current Rates				39.00%

2,000 Gallon per month usage customer	Monthly Charge	Commodity Charge/Mgal	Billed Monthly Units	Monthly Charge
Proposed Rates	\$40.22	\$3.21	-	\$40.22
Current Rates	\$16.78	\$8.39	-	\$16.78
Difference				\$23.44
Percentage Difference from Current Rates				139.69%

Foxfire Utilities Company

Small Company Rate Filing - Sewer Service

File # 2002 00556

Sewer-LB-6.19

Proposed Charges Annualized & Normalized Revenues

Sewer Revenues

Minimum Bill Revenues

Customer Number	182
Customer Bills	2221
Times:	
Existing Minimum Monthly Charge	\$40.22
Equals:	
Annualized Minimum Bill Revenue	\$89,330

Commodity Revenues

Base Gallons	(181*12*2)	4,444.00	Mgallons	\$59,707
Billed Commodity Gallons greater than 2,000 gallons/month		2,709.47	Mgallons	-\$36,446
Total Gallons Recoverable in Rates		7,153.47	Mgallons	\$23,261
Times:				divided by
Existing Minimum Monthly Charge		\$3.21		\$8.39
Equals:				Equals
Annualized Commodity Revenue		\$8,706		2,772.47 Mgalons
				or 2,772,470 Gallons

Total Sewer Rate Revenues @ Current Rate **\$98,036**

Miscellaneous Revenues **\$2,950**

Total Sewer Service Revenues @ Current Rates **\$100,986**

Foxfire Utilities Company

Small Company Rate Filing - Sewer Service

Sewer-LB-6.19

File # 2002 00556

Accounting Department Test Year Annualized & Normalized Revenues

Sewer Revenues

Minimum Bill Revenues

Customer Number	182
Customer Bills	2221
Times:	
Existing Minimum Monthly Charge	\$16.78
Equals:	
Annualized Minimum Bill Revenue	\$37,268

Commodity Revenues

Base Gallons	(181*12*2)	4,444.00	Mgallons
Billed Commodity Gallons greater than 2,000 gallons/month		2,709.47	Mgallons
Total Gallons Recoverable in Rates		7,153.47	Mgallons
Times:			
Existing Minimum Monthly Charge		\$8.39	
Equals:			
Annualized Commodity Revenue		\$22,732	

	\$59,707
	-\$36,446
	\$23,261
divided by	\$8.39
Equals	2,772.47 Mgalons
or	2,772,470 Gallons

Total Sewer Rate Revenues @ Current Rate **\$60,001**

Miscellaneous Revenues **\$2,950**

Total Sewer Service Revenues @ Current Rates **\$62,951**

June 19, 2002

Missouri Public Service Commission Staff

Page 5 of 5

W. R. Hubbs

Attachment F - 6

December 31, 2001

Revenue Requirement

Line	9.92%
	Return

(A)		(B)
1	Net Orig Cost Rate Base (Sch 2)	\$ 326,011
2	Rate of Return	9.92%

3	Net Operating Income Requirement	\$ 32,340
4	Net Income Available (Sch 8)	\$ 1,888

5	Additional NOI/BT Needed	\$ 30,452
6	Income Tax Requirement (Sch 10)	
7	Required Current Income Tax	\$ 8,053
8	Test Year Current Income Tax	\$ 470

9	Additional Current Tax Required	\$ 7,583
10	Required Deferred ITC	\$ 0
11	Test Year Deferred ITC	\$ 0

12	Additional Deferred ITC Required	\$ 0

13	Total Additional Tax Required	\$ 7,583

14	Gross Revenue Requirement	\$ 38,035

Foxfire Utility Company

Case: SR-02-556

December 31, 2001

Rate Base

Line Description		Amount	
(A)		(B)	
1	Total Plant in Service (Sch 3)	\$	490,571
	Subtract from Total Plant		
2	Depreciation Reserve (Sch 6)	\$	164,560

3	Net Plant in Service	\$	326,011
	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	Deferred Income Taxes-Depreciation		0

14	Total Rate Base	\$	326,011
			=====

Foxfire Utility Company

Case: SR-02-556

December 31, 2001

Total Plant in Service

Line No	Acct	Description	Missouri Jurisdictional	Jurisdictional Adjustment	Adjusted Jurisdictional
		(A)	(B)	(C)	(D)
Intangible Plant					
1	301.000	Organization	\$ 1,883	\$ (1,883) P-1	\$ 0
2		Total	\$ 1,883	\$ (1,883)	\$ 0
Collection Plant					
3	350.000	Land & Land Rights	\$ 7,152	\$ 0	\$ 7,152
4	351.000	Structures & Improvements	171,857	0	171,857
5	352.100	Collection Sewers - Force	327	0	327
6	352.200	Collection Sewers - Gravity	0	0	0
7	353.000	Services to Customers	0	0	0
8	354.000	Flow Measuring Devices	0	0	0
9	355.000	Flow Measuring Installations	0	0	0
10	356.000	Other Plant & Miscellaneous Equip	0	0	0
11		Total	\$ 179,336	\$ 0	\$ 179,336
System Pumping Plant					
12	360.000	Land & Land Rights	\$ 0	\$ 0	\$ 0
13	361.000	Structures & Improvements	0	0	0
14	363.000	Pumping Equipment	27,504	0	27,504
15	365.000	Other Plant & Miscellaneous Equip	0	0	0
16		Total	\$ 27,504	\$ 0	\$ 27,504
Treatment & Disposal Plant					
17	370.000	Land & Land Rights	\$ 0	\$ 0	\$ 0
18	371.000	Structures & Improvements	0	0	0
19	373.000	Treatment & Disposal Facilities	279,300	0	279,300
20	375.000	Other Plant & Miscellaneous Equip	0	0	0
21		Total	\$ 279,300	\$ 0	\$ 279,300

Foxfire Utility Company

Case: SR-02-556

December 31, 2001

Total Plant in Service

Line No	Acct	Description	Missouri Jurisdictional	Jurisdictional Adjustment	Adjusted Jurisdictional
		(A)	(B)	(C)	(D)
General Plant					
22	389.000	Land & Land Rights	\$ 0	\$ 0	\$ 0
23	390.000	Structures & Improvements	0	0	0
24	391.000	Office Furniture & Equipment	2,674	(602) P-2	2,072
25	391.100	Office Computer Equipment	0	784 P-3	784
26	392.000	Transportation Equipment	32,198	(30,623) P-4	1,575
27	395.000	Laboratory Equipment	2,834	(2,834) P-5	0
28	399.000	Other Tangible Plant	0	0	0
29		Total	\$ 37,706	\$ (33,275)	\$ 4,431

30		Total Plant in Service	\$ 525,729	\$ (35,158)	\$ 490,571

Foxfire Utility Company

Case: SR-02-556

December 31, 2001

Adjustments to Total Plant

Adj No Description	Total Co Adjustment	Mo Juris Adjustment

Organization P-1		\$ (1,883)

1. To adjust test year to reflect the exclusion of Lantern Bay Organization costs that are fully depreciated. (AM)		\$ (1,883)

Office Furniture & Equipment P-2		\$ (602)

1. To adjust test year to reflect the reclassification of plant previously recorded in water operations. (AM)		\$ 182
2. To adjust test year to reflect the reclassification of computer equipment. (AM)		\$ (784)

Office Computer Equipment P-3		\$ 784

1. To adjust test year to reflect the reclassification of computer equipment. (AM)		\$ 784

Transportation Equipment P-4		\$ (30,623)

1. To adjust test year to reflect the exclusion of transportation equipment (Excursion). (AM)		\$ (23,243)
2. To adjust test year to reflect the exclusion of transportation equipment (Jeep). (AM)		\$ (7,380)

Foxfire Utility Company

Case: SR-02-556

December 31, 2001

Adjustments to Total Plant

Adj No Description	Total Co Adjustment	Mo Juris Adjustment

Laboratory Equipment	P-5	\$ (2,834)

1. To adjust test year to reflect the exclusion of plant that the Company no longer owns. (AM)		\$ (2,834)

Foxfire Utility Company

Case: SR-02-556

December 31, 2001

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		Total	\$ 0		\$ 0
Collection Plant					
3	350.000	Land & Land Rights	\$ 7,152	0.0000	\$ 0
4	351.000	Structures & Improvements	171,857	2.5000	4,296
5	352.100	Collection Sewers - Force	327	2.0000	7
6	352.200	Collection Sewers - Gravity	0	0.0000	0
7	353.000	Services to Customers	0	0.0000	0
8	354.000	Flow Measuring Devices	0	0.0000	0
9	355.000	Flow Measuring Installations	0	0.0000	0
10	356.000	Other Plant & Miscellaneous Equip	0	0.0000	0
11		Total	\$ 179,336		\$ 4,303
System Pumping Plant					
12	360.000	Land & Land Rights	\$ 0	0.0000	\$ 0
13	361.000	Structures & Improvements	0	0.0000	0
14	363.000	Pumping Equipment	27,504	10.0000	2,750
15	365.000	Other Plant & Miscellaneous Equip	0	0.0000	0
16		Total	\$ 27,504		\$ 2,750
Treatment & Disposal Plant					
17	370.000	Land & Land Rights	\$ 0	0.0000	\$ 0
18	371.000	Structures & Improvements	0	0.0000	0
19	373.000	Treatment & Disposal Facilities	279,300	5.0000	13,965
20	375.000	Other Plant & Miscellaneous Equip	0	0.0000	0
21		Total	\$ 279,300		\$ 13,965

Foxfire Utility Company

Case: SR-02-556

December 31, 2001

Depreciation Expense

Line No	Acct	Description	Adjusted Jurisdictional	Depreciation Rate	Depreciation Expense
		(A)	(B)	(C)	(D)
		General Plant			
22	389.000	Land & Land Rights	\$ 0	0.0000	\$ 0
23	390.000	Structures & Improvements	0	0.0000	0
24	391.000	Office Furniture & Equipment	2,072	5.0000	104
25	391.100	Office Computer Equipment	784	14.3000	112
26	392.000	Transportation Equipment	1,575	12.5000	197
27	395.000	Laboratory Equipment	0	5.0000	0
28	399.000	Other Tangible Plant	0	0.0000	0
29		Total	\$ 4,431		\$ 413
30		Total Depreciation Expense	\$ 490,571		\$ 21,431

Foxfire Utility Company

Case: SR-02-556

December 31, 2001

Depreciation Reserve

Line No	Acct	Description	Missouri Jurisdictional	Jurisdictional Adjustment	Adjusted Jurisdictional
		(A)	(B)	(C)	(D)
Intangible Plant					
1	301.000	Organization	\$ 1,883	\$ (1,883) R-1	\$ 0
2		Total	\$ 1,883	\$ (1,883)	\$ 0
Collection Plant					
3	350.000	Land & Land Rights	\$ 613	\$ (613) R-2	\$ 0
4	351.000	Structures & Improvements	41,059	0 R-3	41,059
5	352.100	Collection Sewers - Force	56	0	56
6	352.200	Collection Sewers - Gravity	0	0	0
7	353.000	Services to Customers	0	0	0
8	354.000	Flow Measuring Devices	0	0	0
9	355.000	Flow Measuring Installations	0	0	0
10	356.000	Other Plant & Miscellaneous Equip	0	0	0
11		Total	\$ 41,728	\$ (613)	\$ 41,115
System Pumping Plant					
12	360.000	Land & Land Rights	\$ 0	\$ 0	\$ 0
13	361.000	Structures & Improvements	0	0	0
14	363.000	Pumping Equipment	22,000	0	22,000
15	365.000	Other Plant & Miscellaneous Equip	0	0	0
16		Total	\$ 22,000	\$ 0	\$ 22,000
Treatment & Disposal Plant					
17	370.000	Land & Land Rights	\$ 0	\$ 0	\$ 0
18	371.000	Structures & Improvements	0	0	0
19	373.000	Treatment & Disposal Facilities	100,551	0 R-4	100,551
20	375.000	Other Plant & Miscellaneous Equip	0	0	0
21		Total	\$ 100,551	\$ 0	\$ 100,551

Foxfire Utility Company

Case: SR-02-556

December 31, 2001

Depreciation Reserve

Line No	Acct	Description	Missouri Jurisdictional	Jurisdictional Adjustment	Adjusted Jurisdictional
		(A)	(B)	(C)	(D)
		General Plant			
22	389.000	Land & Land Rights	\$ 0	\$ 0	\$ 0
23	390.000	Structures & Improvements	0	0	0
24	391.000	Office Furniture & Equipment	578	(67) R-5	511
25	391.100	Office Computer Equipment	0	102 R-6	102
26	392.000	Transportation Equipment	7,145	(6,864) R-7	281
27	395.000	Laboratory Equipment	1,887	(1,887) R-8	0
28	399.000	Other Tangible Plant	0	0	0
29		Total	\$ 9,610	\$ (8,716)	\$ 894
30		Total Depreciation Reserve	\$ 175,772	\$ (11,212)	\$ 164,560

Foxfire Utility Company

Case: SR-02-556

December 31, 2001

Adjustments to Depreciation Reserve

Adj No Description	Total Co Adjustment	Mo Juris Adjustment

Organization R-1		\$ (1,883)

1. To adjust test year to reflect the exclusion of reserve on Organization costs that are fully depreciated. (AM)		\$ (1,883)

Land & Land Rights R-2		\$ (613)

1. To adjust test year to reflect the exclusion of reserve on Land & Land Rights which are not depreciable. (AM)		\$ (613)

Office Furniture & Equipment R-5		\$ (67)

1. To adjust test year to reflect the reclassification of reserve for computer equipment. (AM)		\$ (102)
2. To adjust test year to reflect the reclassification of reserve previously recorded in water operations. (AM)		\$ 21
3. To adjust test year to reflect the inclusion of reserve on new plant. (AM)		\$ 14

Office Computer Equipment R-6		\$ 102

1. To adjust test year to reflect the reclassification of reserve for computer equipment. (AM)		\$ 102

Foxfire Utility Company

Case: SR-02-556

December 31, 2001

Adjustments to Depreciation Reserve

Adj No Description	Total Co Adjustment	Mo Juris Adjustment

Transportation Equipment R-7		\$ (6,864)

1. To adjust test year to reflect the exclusion of reserve on the Excursion. (AM)		\$ (5,810)
2. To adjust test year to reflect the exclusion of reserve for the Jeep. (AM)		\$ (1,054)

Laboratory Equipment R-8		\$ (1,887)

1. To adjust test year to reflect the exclusion of reserve on equipment that the Company no longer owns. (AM)		\$ (1,887)

Foxfire Utility Company

Case: SR-02-556

December 31, 2001

Income Statement

Line			Missouri	Jurisdictional	Adjusted
No	Acct	Description	Jurisdictional	Adjustment	Jurisdictional
(A)			(B)	(C)	(D)
Operating Revenues					
1	522.100	Metered Residential	\$ 57,905	\$ 2,096 S-1	\$ 60,001
2	536.100	Penalties	2,905	0 S-2	2,905
3		Misc. Charges	45	0 S-3	45
			-----	-----	-----
4		Total	\$ 60,855	\$ 2,096	\$ 62,951

Foxfire Utility Company

Case: SR-02-556

December 31, 2001

Income Statement

Line No	Acct Description	Missouri Jurisdictional	Jurisdictional Adjustment	Adjusted Jurisdictional
	(A)	(B)	(C)	(D)
Operation & Maintenance Expense				
5	Bank Service Charges	\$ 49	\$ 0 S-5	\$ 49
6	Corporate Fees & License	67	0 S-6	67
7	Dues and Subscriptions	17	0 S-7	17
8	Contract Services-Accounting	396	0 S-8	396
9	Contract Services-Operations	6,476	0 S-9	6,476
10	Contract Services-Other	675	0 S-10	675
11	Contract Svcs-Sludge Hauling/Dispos	2,590	0 S-11	2,590
12	Insurance-General Liability	1,342	619 S-12	1,961
13	Insurance-Automobile	536	(536) S-13	0
14	Insurance-Cargo Trailer	0	14 S-39	14
15	Materials & Supplies	177	0 S-14	177
16	MO DNR WWTP Fees	3,120	0 S-15	3,120
17	Purchased Power-Gas and Electric	7,569	0 S-16	7,569
18	Regulatory Commission Expense	3,437	(303) S-17	3,134
19	Telephone	2,186	(908) S-18	1,278
20	Billing/Accounting Software	312	0 S-19	312
21	Legal Fees-Other	1,274	(1,274) S-20	0
22	Postage and Delivery	493	0 S-21	493
23	Printing and Reproduction	113	0 S-22	113
24	Rent	3,000	(1,500) S-23	1,500
25	Repairs-Computer Repairs	124	0 S-24	124
26	Supplies-Consumables	369	0 S-25	369
27	Travel & Ent-Entertainment	120	(120) S-26	0
28	Travel & Ent-Gas, Oil, Auto Maint	3,014	(3,014) S-27	0
29	Travel & Ent-Meals	573	(573) S-28	0
30	Travel & Ent-Travel	1,683	(1,683) S-29	0
31	Salary	14,013	(14,013) S-30	0
32	Management Fee	0	6,000 S-41	6,000
33	Clerical & Billing Fee	0	2,678 S-42	2,678
34	Misc. Expense	15	0 S-31	15
35	Vehicle License & Title	22	0 S-40	22
36	Total	\$ 53,762	\$ (14,613)	\$ 39,149
Depreciation Expense				
37	Depreciation Expense	\$ 25,577	\$ (4,146) S-32	\$ 21,431
38	Total	\$ 25,577	\$ (4,146)	\$ 21,431

Foxfire Utility Company

Case: SR-02-556

December 31, 2001

Income Statement

Line No	Acct	Description	Missouri Jurisdictional	Jurisdictional Adjustment	Adjusted Jurisdictional
		(A)	(B)	(C)	(D)

		Other Operating Expenses			
39	941.000	Taxes-Payroll-Fed Tax,SS,Med	\$ 4,752	\$ (4,752) S-33	\$ 0
40		Taxes-Payroll-Fed. Unempl Tax	560	(560) S-34	0
41		Taxes-Payroll-MO State Tax	399	(399) S-35	0
42		Taxes-Payroll-MO Unempl Tax SUTA	189	(189) S-36	0
43		Taxes-Property	303	(290) S-37	13

44		Total	\$ 6,203	\$ (6,190)	\$ 13

45		Total Operating Expenses	\$ 85,542	\$ (24,949)	\$ 60,593

46		Net Income Before Taxes	\$ (24,687)	\$ 27,045	\$ 2,358

Current Income Taxes					
47		Current Income Taxes	\$ 0	\$ 470 S-38	\$ 470

48		Total	\$ 0	\$ 470	\$ 470
Deferred Income Taxes					
49		Deferred Income Taxes	\$ 0	\$ 0 S-38	\$ 0

50		Total	\$ 0	\$ 0	\$ 0

51		Total Income Taxes	\$ 0	\$ 470	\$ 470

52		Net Operating Income	\$ (24,687)	\$ 26,575	\$ 1,888

Foxfire Utility Company

Case: SR-02-556

December 31, 2001

Adjustments to Income Statement

Adj No Description	Total Co Adjustment	Mo Juris Adjustment

Metered Residential S-1		\$ 2,096

1. To adjust test year revenues to reflect Staff's annualized customer levels. (AM)		\$ 2,096

Insurance-General Liability S-12		\$ 619

1. To adjust test year to reflect the Staff's annualized level. (AM)		\$ 619

Insurance-Automobile S-13		\$ (536)

1. To adjust test year to reflect the exclusion of insurance on the Excursion and the Jeep. (AM)		\$ (536)

Regulatory Commission Expense S-17		\$ (303)

1. To adjust test year to reflect Staff's annualized level. (AM)		\$ (303)

Telephone S-18		\$ (908)

1. To adjust test year to reflect Staff's annualized level. (AM)		\$ (908)

Foxfire Utility Company

Case: SR-02-556

December 31, 2001

Adjustments to Income Statement

Adj No Description	Total Co Adjustment	Mo Juris Adjustment

Legal Fees-Other S-20		\$ (1,274)

1. To adjust test year to reflect the exclusion of non-recurring legal fees associated with Aquasource. (AM)		\$ (1,274)

Rent S-23		\$ (1,500)

1. To adjust test year to reflect Staff's annualized level. (AM)		\$ (1,500)

Travel & Ent-Entertainment S-26		\$ (120)

1. To adjust test year to reflect the exclusion of expenses associated with travel allocated to Stockholders. (AM)		\$ (120)

Travel & Ent-Gas, Oil, Auto Maint S-27		\$ (3,014)

1. To adjust test year to reflect Staff's annualized level. (AM)		\$ (3,014)

Travel & Ent-Meals S-28		\$ (573)

1. To adjust test year to reflect the exclusion of expenses associated with travel allocated to Stockholders. (AM)		\$ (573)

Foxfire Utility Company

Case: SR-02-556

December 31, 2001

Adjustments to Income Statement

Adj No Description	Total Co Adjustment	Mo Juris Adjustment

Travel & Ent-Travel S-29		\$ (1,683)

1. To adjust test year to reflect the exclusion of expenses associated with travel allocated to Stockholders. (AM)		\$ (1,683)

Salary S-30		\$ (14,013)

1. To adjust test year to reflect Staff's annualized level. (AM)		\$ (14,013)

Taxes-Payroll-Fed Tax,SS,Med S-33		\$ (4,752)

1. To adjust test year to reflect Staff's annualized level. (AM)		\$ (4,752)

Taxes-Payroll-Fed. Unempl Tax S-34		\$ (560)

1. To adjust test year to reflect Staff's annualized level. (AM)		\$ (560)

Taxes-Payroll-MO State Tax S-35		\$ (399)

1. To adjust test year to reflect Staff's annualized level. (AM)		\$ (399)

Foxfire Utility Company
Case: SR-02-556
December 31, 2001

Adjustments to Income Statement

Adj	No Description	Total Co	
		Mo Juris	Adjustment

Taxes-payroll-MO Unempl Tax SUTA S-36 \$ (189)

1. To adjust test year to reflect Staff's annualized level. (AM)
\$ (189)

Taxes-Property S-37 \$ (290)

1. To adjust test year to reflect Staff's annualized level. (AM)
\$ (290)

Insurance-Cargo Trailer S-39 \$ 14

1. To adjust test year to reflect the incursion of expenses associated with the trailer. (AM)
\$ 14

Management Fee S-41 \$ 6,000

1. To adjust test year to reflect Staff's annualized level. (AM)
\$ 6,000

Clerical & Billing Fee S-42 \$ 2,678

1. To adjust test year to reflect Staff's annualized level. (AM)
\$ 2,678

Foxfire Utility Company

Case: SR-02-556

December 31, 2001

Income Tax

Line	Test Year	9.92% Return
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(A)

(B)

1	Net Income Before Taxes (Sch 8)	\$ 2,358	\$ 40,393
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Add to Net Income Before Taxes

2	Book Depreciation Expense	\$ 21,431	\$ 21,431
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3	Total	\$ 21,431	\$ 21,431
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Subtr from Net Income Before Taxes

4	Interest Expense 0.0000 %	\$ 0	\$ 0
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5	Tax Depreciation	21,431	21,431
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6	Total	\$ 21,431	\$ 21,431
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7	Net Taxable Income	\$ 2,358	\$ 40,393
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Provision for Federal Income Tax

8	Net Taxable Income	\$ 2,358	\$ 40,393
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9	Deduct Missouri Income Tax 100.0 %	\$ 137	\$ 2,346
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10	Deduct City Income Tax	0	0
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11	Federal Taxable Income	2,221	38,047
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12	Total Federal Tax	\$ 333	\$ 5,707
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Provision for Missouri Income Tax

13	Net Taxable Income	\$ 2,358	\$ 40,393
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14	Deduct Federal Income Tax 50.0 %	\$ 167	\$ 2,854
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15	Deduct City Income Tax	0	0
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16	Missouri Taxable Income	2,192	37,540
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17	Total Missouri Tax	\$ 137	\$ 2,346
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Foxfire Utility Company

Case: SR-02-556

December 31, 2001

Income Tax

Line		Test Year	9.92% Return
	(A)	(B)	
	Provision for City Income Tax		
18	Net Taxable Income	\$ 2,358	\$ 40,393
19	Deduct Federal Income Tax	\$ 333	\$ 5,707
20	Deduct Missouri Income Tax	137	2,346
21	City Taxable Income	1,888	32,340
		-----	-----
22	Total City Tax	\$ 0	\$ 0
	Summary of Provision for Income Tax		
23	Federal Income Tax	\$ 333	\$ 5,707
24	Missouri Income Tax	137	2,346
25	City Income Tax	0	0
		-----	-----
26	Total	\$ 470	\$ 8,053
	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	\$ 470	\$ 8,053

Review of Foxfire Utility Company Customer Service Operations

The Engineering and Management Services Department (EMSD) staff initiated a review of customer service processes, procedures and practices at Foxfire Utility Company (Foxfire or Company) on February 19, 2002. 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 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
- Credit and Collections
- Complaint Handling and Recording
- Meter Reading
- Customer Communication

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

Overview

Foxfire provides water and sewer services to approximately 183 water customers and 181 sewer customers in a Branson area condominium development known as Lantern Bay Resort. Foxfire also provides water service to approximately 138 customers in a rural Benton County development known as Spring Branch (Lake Arrowhead Estates).

The current owners have provided service to Lantern Bay customers since 1994 and to Spring Branch customers since 2001. The Company's business office is located in part of the finished basement of the owners' primary residence in Jefferson City.

Both Lantern Bay and Spring Branch are operated on a daily basis by a third party given their distance from Jefferson City of approximately 180 miles and 100 miles, respectively. The written contracts with the third parties state that the operator of Lantern Bay is paid \$1,000 per month to perform daily activities, while the operator of Spring Branch is paid \$200 per month to perform daily activities.

One of the Company's co-owners is the president, who is responsible for most of the other activities associated with Company operations, including meter reading, general maintenance and repair, and construction activities. The other co-owner is the secretary, who performs business office activities, including customer bill preparation, collection of customer payments, maintenance of customer records, response to customer inquiries and complaints, and preparing customer correspondence such as disconnection notices.

The president stated that the Lantern Bay water and sewer system could potentially serve up to 500 customers. Given the lack of growth in the Branson area since the mid 1990s, the president anticipates that the potential capacity of Lantern Bay's water and sewer system could serve its customer base adequately for decades.

The president stated that the Spring Branch water system is serving an area that is experiencing a slight decline in the customer base over the past 12 months. The president anticipates that the three wells currently serving Spring Branch could handle its customer base adequately for several years.

Customer Billing

All water and sewer customers are billed on a monthly basis. The president reads Lantern Bay water meters around the 20th of each month. The secretary inputs the meter reads into the billing system, which generates a postcard bill that is mailed to each customer the following day. A Lantern Bay customer is considered delinquent if payment is not received by the 10th day of the following month.

Lantern Bay water customers are billed \$9.57 for the first 2,000 gallons, plus \$3 per 1,000 gallons in excess of the base. Lantern Bay sewer customers are billed \$16.78

for the first 2,000 gallons, plus \$8.39 per 1,000 gallons in excess of the base. For example, a customer using 6,000 gallons per month would be charged \$21.57 for water and \$50.34 for sewer.

Spring Branch customers are billed a flat rate around the 16th of each month. A customer bill is considered delinquent if payment is not received by the 6th day of the following month. Full-time residents are billed \$22.28 per month while part-time residents are billed \$19 per month.

Credit and Collections

Most customers mail their monthly payment to the business office in Jefferson City. Payments are posted to the billing system when received and bank deposits are made on a timely basis.

A delinquent notice is mailed to unpaid accounts about three days after the due date. If payment is not received by the disconnect date as shown on the delinquent notice, the account is subject to disconnection for nonpayment. The president stated that there have been few customer disconnections for nonpayment.

Complaint Handling and Recording

Customers can contact Company personnel or a third party answering service on a 24/7 basis. The business office and after hours telephone numbers are printed on the customer bill and are listed in the local telephone directory.

The Commission's Consumer Services Department has received 12 customer complaints about Foxfire since 1998. The seven complaints received during 1998 dealt with general billing and quality of service concerns. The four complaints received during 2001 involved the Company's rates and tariffs.

Meter Reading

The secretary prints out a listing for each Lantern Bay customer that lists the customer's name and address, the previous month's meter reading, and other information. The president spends approximately four hours reading customer meters each month.

The secretary inputs the meter readings for the current month into the billing system the following day.

Customer Communication and Information

The president stated that messages to customers are normally included with the post card monthly bill. The letter to all customers describing the Company's need for the current request for rate relief was mailed in early February along with the January 2002 water and sewer bills.

Findings, Conclusions, and Recommendations

This review did not identify any areas requiring management's attention in the Company's customer service operations.