

**Agreement Regarding Disposition of
Small Company Rate Increase Request**

Taney County Utilities Corporation – Water Service

MO PSC Work ID No. QW-2003-0016

Background

Taney County Utilities Corporation ("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") "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its Request under the provisions of Commission Rule 4 CSR 240-2.200, Small Company Rate Increase Procedure which was superseded in March 2003 by 4 CSR 240-3.635 Water Utility Small Company Rate Increase Procedure ("Small Company Procedure"). The date that the Company's Request was received at the Commission's offices was November 4, 2002.

In its Request, the Company represented that it was asking for Commission approval of customer rates intended to generate increases in its total annual water service operating revenues by \$84,440.

Upon review and acceptance of the Company's Request, personnel in the Commission's Data Center scanned the Request into the Commission's electronic filing and information system and Work ID No. QW-2003-0016 was assigned to the Request. The Request was then forwarded to the Commission's Water & Sewer Department for processing under the Small Company Procedure.

Pursuant to the provisions of the Small Company 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 for its water service territories as attached hereto as Attachment A. Additionally, the Company will submit the original signed version of this document with its tariff filing.
- (2) That the ratemaking income statements attached hereto as Attachment B reflects the Company's annualized revenues generated by its current customer rates, the Staff determined level of increase needed by the Company for recovering its allocated annualized cost of providing service is \$15,300.
- (3) That the rates set out in the attached example tariff sheets are designed to generate revenues sufficient to recover the abovementioned increase for each of the Company's water service areas. Additionally, 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 water plant depreciation rates for the Company, and that these were the depreciation rates used by the Staff in its revenue requirement analysis.
- (6) That the implementation of a Bad Check Charge of \$20 per bad check is reasonable.
- (7) That the implementation of a Disconnect/Reconnect Charge of \$35 is reasonable.
- (8) That the modification of the Connection Charge from \$30 to \$35 is reasonable.
- (9) That the implementation of a Door Collection Charge of \$15 is reasonable.
- (10) That the implementation of an Emergency Call-Out Charge of \$15 is reasonable.
- (11) That the implementation of a Reconnection of Service for "Seasonal" Disconnects charge is reasonable.
- (12) That the modification of the Service Connection charge from \$340 to \$475 is reasonable
- (13) The Company agrees to discontinue the practice of automatically requiring security deposits for all new Company customers and initiate the practice of using the security deposit criteria contained in the Commission's Rules (currently 4 CSR 240-13.030.)
- (14) The Company agrees to refund future customer security deposits with appropriately determined interest, these consistent with the requirements contained in the Company's tariff and the Commission's Rules.

- (15) That the Company will make sure that any future operating agreements made with third party service providers, accurately reflect the service being paid for by the Company. The Company will also periodically review any future contracts and verify that services agreed to are being performed.
- (16) That the Company will create and maintain a customer contact logbook whereby it will record all customer contacts. Such logbook will contain the nature of the contact, the details of the request for information or complaint. The Company will provide a detailed explanation as to how these concerns of these contacts were taken care of. Such logbook will give the name address and billing number of each contact. The Company will maintain this logbook for a period of three years. Where any third party is hired to interact with customers on any level, the Company will be assured that such third party is keeping a complete logbook as explained above.
- (17) The Company will increase protection of all vital Company records by storing such records in a locked and fireproof cabinet and by limiting access to these records to Company personnel.
- (18) The Company will make timely back-ups of computerized records and store them in a secure, fireproof location on-site or in offsite storage.
- (19) That the above agreements satisfactorily resolve all issues identified by the Staff and the Company regarding the Company's Request, except as otherwise specifically stated herein.

Additional Matters

This Disposition Agreement is only between the Staff and the Company. The OPC has requested that the Company send a second customer notice to its customers. In compliance with the Small Company 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 Small Company 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 matters that the Company may have before the Commission.

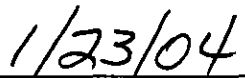
Effective Date and Signatures

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:



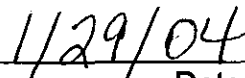
Dale W. Johansen
Manager - Water & Sewer Department
Missouri Public Service Commission Staff



Date



Honey Scott Pickren
Vice President
Taney County Utilities Corporation



Date

List of Attachments

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

Taney County Utility Corporation For: Lakeway Subdivision & Venice on the Lake
 Name of Issuing Company Community, Town or City

RULES GOVERNING
 RENDERING OF WATER SERVICE +

SCHEDULE OF WATER RATES

Lakeway Subdivision & Venice on the Lake Service Areas

Availability: +

The following rates are applicable to all customers located in the Company's Lakeway Subdivision and Venice on the lake certificated service areas. Retail service takes precedence over wholesale service.

W-1 Rates: Single Family Residence for domestic water usage only

Minimum Charge	\$ 7.87 per Month	+
Commodity Charge	\$ 3.53 per 1,000 gallons of metered + usage over 1,000 gallons	+

The Minimum Charge will be billed each customer monthly regardless of metered usage.

W-2 Rates: Wholesale Rates

Commodity Charge	\$.93 per 1,000 gallons of metered + usage over 1,000 gallons
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Taxes:

Any applicable Federal, State or local taxes shall be in addition to above charges.

Late Charges:

Billings will be made and distributed at monthly intervals. Bills will be rendered net, bearing the last date on which payment will then be considered delinquent. The period after which the payment is considered delinquent is 21 days after rendition of the bill. A charge of (10%) times the unpaid balance will be added to delinquent amounts.

* Indicates new rate or text

+ Indicates change

Date of Issue

Date Effective

Issued By: Honey Scott, Vice-President P.O Box 177, Rockaway Beach, MO 65740

Name of Officer Title

Address

Taney County Utility Corporation For: Lakeway Subdivision & Venice on the Lake

Name of Issuing Company

Community, Town or City

RULES GOVERNING
RENDERING OF WATER SERVICE

+

SCHEDULE OF SERVICE CHARGES

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 charge is applicable to 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 returned check.

Disconnection/Reconnection:

The Reconnection Charge after service disconnection by the Company for violation of the Company's Rules and Regulations (see Rule 7) shall be \$35. +

<u>Service Connection:</u> Meter connection to water main	\$475	+
<u>Connection Charge:</u> + per customer request	\$35	+
<u>Meter Test Charge:</u> per customer request	\$50	
<u>Water Turn-On Charge:</u> per customer request	\$30	

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 to 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 door collection.

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: *

A charge of \$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.

* Indicates new rate or text

+ Indicates change

Date of Issue

Date Effective

Issued By: Honey Scott Vice-President P.O Box 177, Rockaway Beach, MO 65740

Name of Officer Title

Address

Taney County Utilities Corporation

Small Company Rate Filing - Water Service

Work ID # QW-2003-0016 Total

Lakeway & Venice

Water

Rate Making Income Statement

	As Adjusted			
Revenue	\$106,901			
Expenses			Minimum Bill Allocated	Commodity Allocated
Salaries & Wages	\$11,075		\$2,769	\$8,306
Accounting & Bookkeeping	\$1,205		\$1,205	
Office Supplies & Expens	\$2,399		\$2,399	
Telephone Expense	\$952		\$952	
Office Rent & Utilities Expense	\$3,448		\$3,448	
License and Permit Fees	\$80			\$80
PSC Assessment	\$545		\$545	
Electricity Expense	\$16,767			\$16,767
Water Dist Repair & Maint	\$22,711			\$22,711
Well Repair & Maint	\$2,164		\$2,164	
Grounds Maint.	\$740		\$740	
Water Testing Expense	\$200			\$200
Bad Debt Expense	\$1,022		\$1,022	
Employee Training Exp	\$135			\$135
Billing Expense	\$12,600		\$12,600	
White River Environmental	\$24,600		\$2,460	\$22,140
Power Equipement Maintenance	\$976			\$976
Transportation Expense	\$1,145		\$1,145	
Fuel for Power Equipment	\$1,200			\$1,200
Small tool Expense	\$401			\$401
Computer Maintenance	\$130		\$130	
Depreciation	\$7,995			\$7,995
Taxes other than Income Tax	\$1,950			\$1,950
Return	\$6,251			\$6,251
Income Taxes	\$1,510			\$1,510
Total Cost of Service	\$122,201		\$31,579	\$90,622
Other Revenues	\$4,277			\$4,277
Cost to recover from Rates	\$117,924		\$31,579	\$86,345
Total COS	\$122,201			
Increase Needed	\$15,300	14.31%		

January 12, 2004
Missouri Public Service Commission Staff

Page 1 of 1
W. R. Hubbs

Attachment B

**TANEY COUNTY UTILITIES
DEPRECIATION RATES**

(WATER)

QW-2003-0016

<u>ACCOUNT NUMBER</u>	<u>ACCOUNT</u>	<u>DEPRECIATION RATE %</u>	<u>AVERAGE SERVICE LIFE (YEARS)</u>
311	Structures & Improvements	2.5%	40
314	Wells & Springs	2.0%	50
316	Supply Mains	2.0%	50
321	Structures & Improvements	2.5%	40
325	Electric Pumping Equipment	10.0%	10
342	Distribution Reservoirs & Standpipes	2.5%	40
343	Transmission & Distribution Mains	2.0%	50
345	Services	2.5%	40
346	Meters	3.3%	30
390	Structures & Improvements	2.5%	40
391	Office Furniture & Equipment	5.0%	20
391.1	Office Computer Equipment	14.3%	7
396	Power Operated Equipment	6.7%	15

Attachment C