

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

Taney County Utilities Corporation – Sewer Service

MO PSC Work ID No. QS-2003-0015

Background

Taney County Utilities Corporation ("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* ("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 sewer service operating revenues by \$14,094.

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. QS-2003-0015 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 sewer service territory 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 statement 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 for its service area is \$4,971.
- (3) That the rates set out in the attached example tariff sheets are designed to generate revenues sufficient to recover the abovementioned increase for the Company's sewer service area. 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 sewer 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 equal to the total actual cost of the physical disconnection and reconnection of service is reasonable.
- (8) That the implementation of a Reconnection of Service for "Seasonal" Disconnects charge is reasonable.
- (9) That the increase of the Contribution in Aid of Construction from \$810 to \$975 is reasonable
- (10) 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 4 CSR 240-13.030.
- (11) 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 4 CSR 240-13.030.
- (12) 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.
- (13) 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.

- (14) 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.
- (15) The Company will make timely back-ups of computerized records and store them in a secure, fireproof location on-site or in offsite storage.
- (16) 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

1/23/04
Date



Honey Scott Pickren
Vice President
Taney County Utilities Corporation

1/29/04
Date

List of Attachments

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

FORM NO. 13 P. S. C. MO. No. 1

2nd	Revised
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 Sheet No. 4

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

1st	Revised
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 Sheet No. 4

Taney County Utility Corporation

For: Lakeway Subdivision

Name of Issuing Company

Community, Town or City

RULES GOVERNING
RENDERING OF **SEWER SERVICE** +
SCHEDULE OF SEWER RATES

Availability: +

The following rates are applicable to all customers located in the Company's Lakeway Subdivision certificated service area.

Minimum Charge	\$ 7.19 per Month	+
Commodity Charge	\$ 4.90 per 1,000 gallons	

Maximum monthly commodity usage that can be billed to each customer is 8,000 gallons of metered usage.

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

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

FORM NO. 13 P. S. C. MO. No. 1 ☐ 1st ☒ Revised Sheet No. 5

Cancelling P. S. C. MO. No. 1 ☐ Original Sheet No. 5

Taney County Utility Corporation

For:

Lakeway Subdivision

Name of Issuing Company

Community, Town or City

RULES GOVERNING
RENDERING OF **SEWER SERVICE** +

SCHEDULE OF SERVICE CHARGES

These charges are applicable to the Company's service provided for in the corresponding rules.

Bad Check Charge: *

A bad check charge of \$20 per check will be paid on all checks returned from the bank for insufficient funds. The Company will bill for only one Bad Check Charge were a customer received both water and sewer service.

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 the total actual cost of disconnection and reconnection of service. +

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.

Contribution In Aid Of Construction:

CIAC includes service connection and service line piping \$975

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 - Sewer Service

Work ID # QS-2003-0015

Lakeway

Sewer

Rate Making Income Statement

	As Adjusted			
Revenue	\$8,804	(from page 5)		
Expenses			Minimum	Commodity
			Bill Allocated	Allocated
Salaries & Wages	\$1,369		\$685	\$685
Accounting & Bookkeeping	\$149		\$149	
Office Supplies & Expens	\$297		\$297	
Telephone Expense	\$118		\$118	
Office Rent & Utilities Expense	\$426		\$426	
License and Permit Fees	\$590			\$590
PSC Assessment	\$955		\$955	
Electricity Expense	\$637			\$637
Sewer Repair & Maintenance	\$1,749			\$1,749
Grounds Maintenance	\$980			\$980
Sewer Chemicals & Testing	\$3,630			\$3,630
Bad Debt Expense	\$127		\$127	
Computer Maintenance	\$16		\$16	
Depreciation	\$1,351			\$1,351
Taxes other than Income Tax	\$225			\$225
Return	\$932			\$932
Income Taxes	\$224			\$224
Total Cost of Service	\$13,775		\$2,773	\$11,003
Other Revenues	\$0			\$0
Cost to recover from Rates (less other rev	\$13,775		\$2,773	\$11,003
Total COS	\$13,775			
Increase Needed	\$4,971	56.5%		
Company Requested	\$14,094			

January 12, 2004
Missouri Public Service Commission Staff

Page 1 of 1
W. R. Hubbs

Attachment B

**TANEY COUNTY UTILITIES CO.
DEPRECIATION RATES**

(SEWER)
QS-2003-0015

<u>ACCOUNT NUMBER</u>	<u>ACCOUNT</u>	<u>DEPRECIATION RATE %</u>	<u>AVERAGE SERVICE LIFE (YEARS)</u>
353	Services	2.0%	50
362	Receiving Wells	4.0%	25
363	Electric Pumping Equipment	10.0%	10
372	Treatment & Disposal Facilities	5.0%	20
391	Office Furniture & Equipment	5.0%	20
391.1	Office Computer Equipment	14.3%	7
396	Power Operated Equipment	6.7%	15

Attachment C