

# APPENDIX A

## STAFF PARTICIPANT AFFIDAVITS AND DISPOSITION AGREEMENT & ATTACHMENTS

CASE NO. SR-2011-0274

Note: To browse through this document by item, click on the "Bookmark" tab at the top of the menu bar to the left of the screen and then click on the item that you want to see.

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## Staff Participant Affidavits

James M. Russo – Water & Sewer Department

Lisa Hanneken-Auditing Department

David Williams – Engineering & Management Services Department

Deborah Bernsen – Engineering & Management Services Department

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

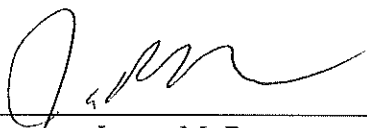
In the Matter of the Application of House )  
Springs Sewer Company, Inc. Request for )  
an increase in Annual Sewer System )  
Operating Revenues.

Case No.: SR-2011-0274

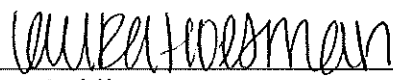
**AFFIDAVIT OF JAMES M. RUSSO**

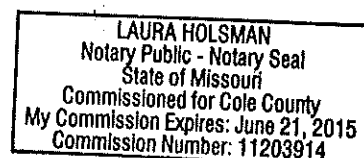
STATE OF MISSOURI     )  
                                  ) SS  
COUNTY OF COLE     )

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

  
\_\_\_\_\_  
James M. Russo  
Rate & Tariff Examination Supervisor  
Water and Sewer Department

Subscribed and sworn to before me this 26th day of July, 2011.

  
\_\_\_\_\_  
Notary Public



**BEFORE THE PUBLIC SERVICE COMMISSION**

**OF THE STATE OF MISSOURI**

**AFFIDAVIT OF LISA K. HANNEKEN**

In the Matter of the Application of House )  
Springs Sewer Company Request for a Small )  
Company Rate Increase. )

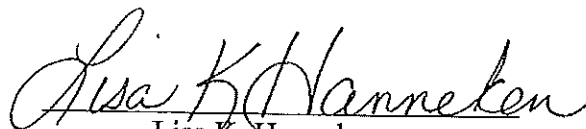
Case No. SR-2011-0274

STATE OF MISSOURI

ss.

COUNTY OF COLE

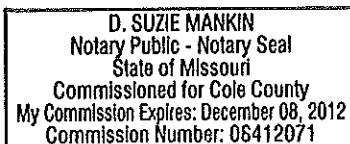
**COMES NOW** Lisa K. Hanneken, being of lawful age, and on her oath states the following: (1) that she is a(n) Utility Regulatory Auditor IV in the Missouri Public Service Commission's Auditing Department ; (2) that she participated in the Staff's investigation of the small company rate increase request that is the subject of the instant case; (3) that she has knowledge of the foregoing *Unanimous Agreement Regarding Disposition of Small Sewer Company Revenue Increase Request* ("Disposition Agreement"); (4) that she was responsible for the preparation of Attachment B to the Disposition Agreement; (5) that she has knowledge of the matters set forth in Attachment B to the Disposition Agreement; and (6) that the matters set forth in Attachment B to the Disposition Agreement are true and correct to the best of her knowledge, information, and belief.

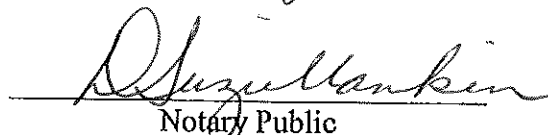


Lisa K. Hanneken

Utility Regulatory Auditor IV  
Auditing

Subscribed and sworn to before me this 26<sup>th</sup> day of July, 2011.



  
Notary Public

**BEFORE THE PUBLIC SERVICE COMMISSION**

**OF THE STATE OF MISSOURI**

**AFFIDAVIT OF DAVID WILLIAMS**

In the Matter of the Application of House )  
Springs Sewer Company Request for a Small ) Case No. SR-2011-0274  
Company Rate Increase. )

STATE OF MISSOURI

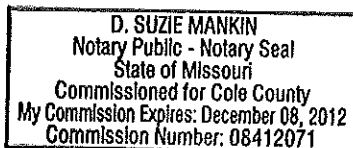
ss.

COUNTY OF COLE

**COMES NOW** David Williams, being of lawful age, and on his oath states the following: (1) that he is a(n) Utility Engineering Specialist III in the Missouri Public Service Commission's Engineering and Management Services Department; (2) that he participated in the Staff's investigation of the small company rate increase request that is the subject of the instant case; (3) that he has knowledge of the foregoing *Unanimous Agreement Regarding Disposition of Small Sewer Company Revenue Increase Request* ("Disposition Agreement"); (4) that he was responsible for the preparation of Attachment C to the Disposition Agreement; (5) that he has knowledge of the matters set forth in Attachment C to the Disposition Agreement; and (6) that the matters set forth in Attachment C to the Disposition Agreement are true and correct to the best of his knowledge, information, and belief.

David Williams  
David Williams  
Utility Engineering Specialist III  
Engineering and Management Services

Subscribed and sworn to before me this 26<sup>th</sup> day of July, 2011.



Suzie Mankin  
Notary Public

**BEFORE THE PUBLIC SERVICE COMMISSION**

**OF THE STATE OF MISSOURI**

**AFFIDAVIT OF DEBORAH A. BERNSEN**

In the Matter of the Application of House )  
Springs Sewer Company Request for a Small )  
Company Rate Increase. )

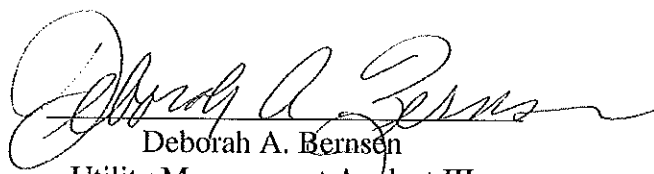
Case No. SR-2011-0274

STATE OF MISSOURI

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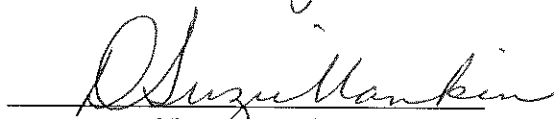
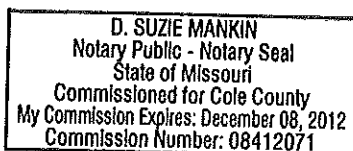
COUNTY OF COLE

**COMES NOW** Deborah A. Bernsen, being of lawful age, and on her oath states the following: (1) that she is a(n) Utility Management Analyst III in the Missouri Public Service Commission's Engineering and Management Services Department ; (2) that she participated in the Staff's investigation of the small company rate increase request that is the subject of the instant case; (3) that she has knowledge of the foregoing *Unanimous Agreement Regarding Disposition of Small Sewer Company Revenue Increase Request* ("Disposition Agreement"); (4) that she was responsible for the preparation of Attachment D to the Disposition Agreement; (5) that she has knowledge of the matters set forth in Attachment D to the Disposition Agreement; and (6) that the matters set forth in Attachment D to the Disposition Agreement are true and correct to the best of her knowledge, information, and belief.



Deborah A. Bernsen  
Utility Management Analyst III  
Engineering and Management Services

Subscribed and sworn to before me this 26<sup>th</sup> day of July, 2011.

  
Notary Public

## Unanimous Agreement

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

**HOUSE SPRINGS SEWER COMPANY, INC.**

**MO PSC FILE NO. SR-2011-0274**

**BACKGROUND**

House Springs Sewer Company, Inc. ("Company") initiated the small company revenue increase request ("Request") for sewer service that is the subject of the above-referenced Missouri Public Service Commission ("Commission") File Number by submitting a letter to the Secretary of the Commission in accordance with the provisions of Commission Rule 4 CSR 240-3.050, Small Utility Rate Case Procedure ("Small Company Procedure"). In its request letter, which was received at the Commission's offices on February 28, 2011, the Company set forth its request for an increase of \$125,000 in its total annual sewer service operating revenues. The Company also acknowledged that the design of its customer rates, its service charges, its customer service practices, its general business practices and its general tariff provisions would be reviewed during the Commission Staff's ("Staff") review of the revenue increase request, and could thus be the subject of Staff recommendations. The Company provides service to approximately 1,168 customers; the vast majority of which are residential customers located in Jefferson County, Missouri.

Pursuant to the provisions of the Small Company Procedure and related internal operating procedures, Staff initiated an audit of the Company's books and records, a review of the Company's customer service and general business practices, a review of the Company's existing tariff, an inspection of the Company's facilities and a review of the Company's operation of its facilities. (These activities are collectively referred to hereinafter as Staff's "investigation".)

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



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

Pursuant to negotiations held subsequent to the Company's and Public Counsel's receipt of the above-referenced information Staff, Public Counsel and the Company hereby state the following agreements:

- (1) For the purpose of implementing the agreements set out herein, the Company will file with the Commission proposed tariff revisions containing the rates, charges and language set out in the example tariff attached hereto as Attachment A and incorporated by reference herein, with those proposed tariff revisions bearing an effective date of August 31, 2011;
- (2) The rates included in the example tariff, attached hereto as Attachment A and incorporated by reference herein, are just and reasonable, and that the provisions of the attached example tariff also properly reflect all other agreements set out herein, where necessary;
- (3) The current PSC MO Number 2 tariff will be cancelled and replaced by PSC MO Number 3 tariff and is included in the example tariff, Attachment A;
- (4) The rates set out in the example tariff included in Attachment A are designed to generate revenues sufficient to recover the annualized cost of service for the Company, and equates a to 0% increase in operating revenues;
- (5) The agreed-upon net rate base is \$246,003, the development of which is shown on the rate base worksheet attached hereto as Attachment B and incorporated by reference herein;
- (6) The schedule of depreciation rates attached hereto as Attachment C and incorporated by reference herein, which includes the depreciation rates used by Staff in its revenue requirement analysis, shall be the prescribed schedule of sewer plant depreciation rates for the Company;
- (7) Within ninety (90) days of the effective date of an order approving this Unanimous Disposition Agreement, the Company shall implement the following recommendations from the Commission's Auditing Department:
  - a) The Company shall maintain and retain proper plant, reserve, contribution in aid of construction ("CIAC") and accumulated deferred income tax records. The Commission's Auditing Staff will assist the Company in how to properly maintain these type of records; and
  - b) The Company shall maintain actual invoices and receipts for all transactions conducted by the Company. The records should clearly identify all aspects of each transaction including vendor name and address, date, amount and all details of the transaction. In addition, clear notation of the payment of such invoice should also be

maintained. This item also includes the Staff's sludge recommendation that the Company maintain actual vendor invoices and records that specifically identify the quantities of sludge removed from each of the Company's treatment plants;

(8) Within ninety (90) days of the effective date of an order approving this Unanimous Disposition Agreement, the Company shall implement the recommendations contained in the EMSD Report attached hereto as Attachment D and incorporated by reference herein; these recommendations include the following:

- a) Obtain the utilization of a lease for the rental of the Company office property;
- b) Company employees, including the President, complete and maintain time sheets to record work assignments and the time associated with each work assignment;
- c) Develop and utilize a written vehicle log to maintain information regarding usage for each vehicle and truck. The log should include information regarding the date, description and location of the task and the miles attributed to it;
- d) Implement a written agreement with any contractor that is employed by the Company on a regular and consistent basis; and
- e) Ensure that a duplicate of all customer account records is maintained and secured in a safe location;

(9) The Company shall contact the Commission's Auditing Staff by March 1, 2012, seeking assistance with the preparation of the 2011 Annual Report to the Commission;

(10) The Company shall haul a minimum of 378,661 gallons of sludge from its facilities and provide a summary to the Manager of the Commission's Water & Sewer Department by January 15, 2012 and each year thereafter until January 15, 2015, listing the gallons hauled from each of the Company's facilities in the preceding calendar year;

(11) The Company will no longer be required to submit monthly surveillance reports as originally ordered in Commission Case No. SC-97-427 and reiterated in Commission Case No. SR-2001-203;

(12) The Company shall mail its customers a final written notice of the rates and charges included in its proposed tariff revisions prior to or with its next billing cycle after issuance of the Commission order approving the terms of this Unanimous Disposition Agreement. The notice shall include a summary of the impact of the proposed rates on an average residential customer's bill. When the Company mails the notice to its customers, it shall also send a copy to Staff Case Coordinator who will file a copy in this case;

- (13) Staff or Public Counsel may conduct follow-up reviews of the Company's operations to ensure that the Company has complied with the provisions of this Unanimous Disposition Agreement;
- (14) Staff or Public Counsel may file a formal complaint against the Company, if the Company does not comply with the provisions of this Unanimous Disposition Agreement;
- (15) The Company, Staff and Public Counsel agree that it has read the foregoing Unanimous Agreement Regarding Disposition of Small Sewer Company Revenue Increase Request; that facts stated therein are true and accurate to the best of the Company's, Staff's and Public Counsel's knowledge and belief; that the foregoing conditions accurately reflect the agreement reached between the Company, Staff and Public Counsel; and that the Company freely and voluntarily enters into this agreement; and
- (16) The above agreements satisfactorily resolve all issues identified by Staff, Public Counsel and the Company regarding the Company's Request, except as otherwise specifically stated herein.

#### **ADDITIONAL MATTERS**

Other than the specific conditions agreed upon and expressly set out herein, the terms of this Unanimous Disposition Agreement reflect compromises between Staff, Public Counsel and the Company. In arriving at the amount of the annual operating revenue specified herein no party has agreed to any particular ratemaking principle.

The Company and Public Counsel acknowledge that the Staff will be filing this Unanimous Disposition Agreement and the attachments hereto. The Company and Public Counsel also acknowledge that Staff may make other filings in this case.

Additionally, the Company and Public Counsel agree that subject to the rules governing practice before the Commission that Staff shall have the right to provide whatever oral explanation the Commission may request regarding this Unanimous Disposition Agreement at any agenda meeting at which this case is noticed to be considered by the Commission. Subject to the rules governing practice before the Commission, Staff will be available to answer Commission questions regarding this Unanimous Disposition Agreement. To the extent reasonably practicable, Staff shall provide the Company and Public Counsel with advanced notice of any such agenda meeting so that they may have the opportunity to be present and/or represented at the meeting.

**SIGNATURES**

Agreement Signed and Dated:



Patricia A. Fribis

President

House Springs Sewer Company, Inc.

7/28/11

Date



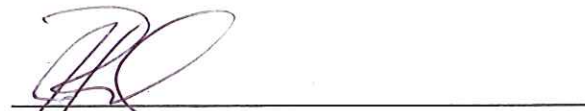
Christina Baker

Senior Public Counsel

Office of the Public Counsel

7-28-11

Date



James Busch

Manager

Water & Sewer Department

Missouri Public Service Commission Staff

7/28/11

Date

**List of Attachments**

Attachment A – Example Tariff Sheets

Attachment B – Rate Base Worksheet

Attachment C – Schedule of Depreciation Rates

Attachment D – EMSD Report

## Agreement Attachment A

### Example Tariff Sheets

Name of Utility: House Springs Sewer Company

Service Area: Certificated Areas in Jefferson County

# Rules Governing Rendering of Sewer Service

## Index

### Sheet Number

### Subject

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3	Legal Description of Service Area
4	Schedule of Rates
6	Schedule of Service Charges

### Sheet Number

### Rule Number

### Rule Subject

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12	2.	General Matters
13	3.	Limited Authority of Company Employees
14	4.	Applications for Sewer Service
16	5.	Inside Piping and Customer Service Sewer
19	6.	Pressure Collecting Sewers
21	7.	Improper or Excessive Use
23	8.	Discontinuance of Service by Company
25	9.	Interruptions in Service
26	10.	Bills for Service
28	11.	Extension of Collecting Sewers

\* Indicates new rate or text

+ Indicates change

DATE OF ISSUE

August 1, 2011

Month Day Year

DATE EFFECTIVE

August 31, 2011

Month Day Year

ISSUED BY

Patricia Fribis, President

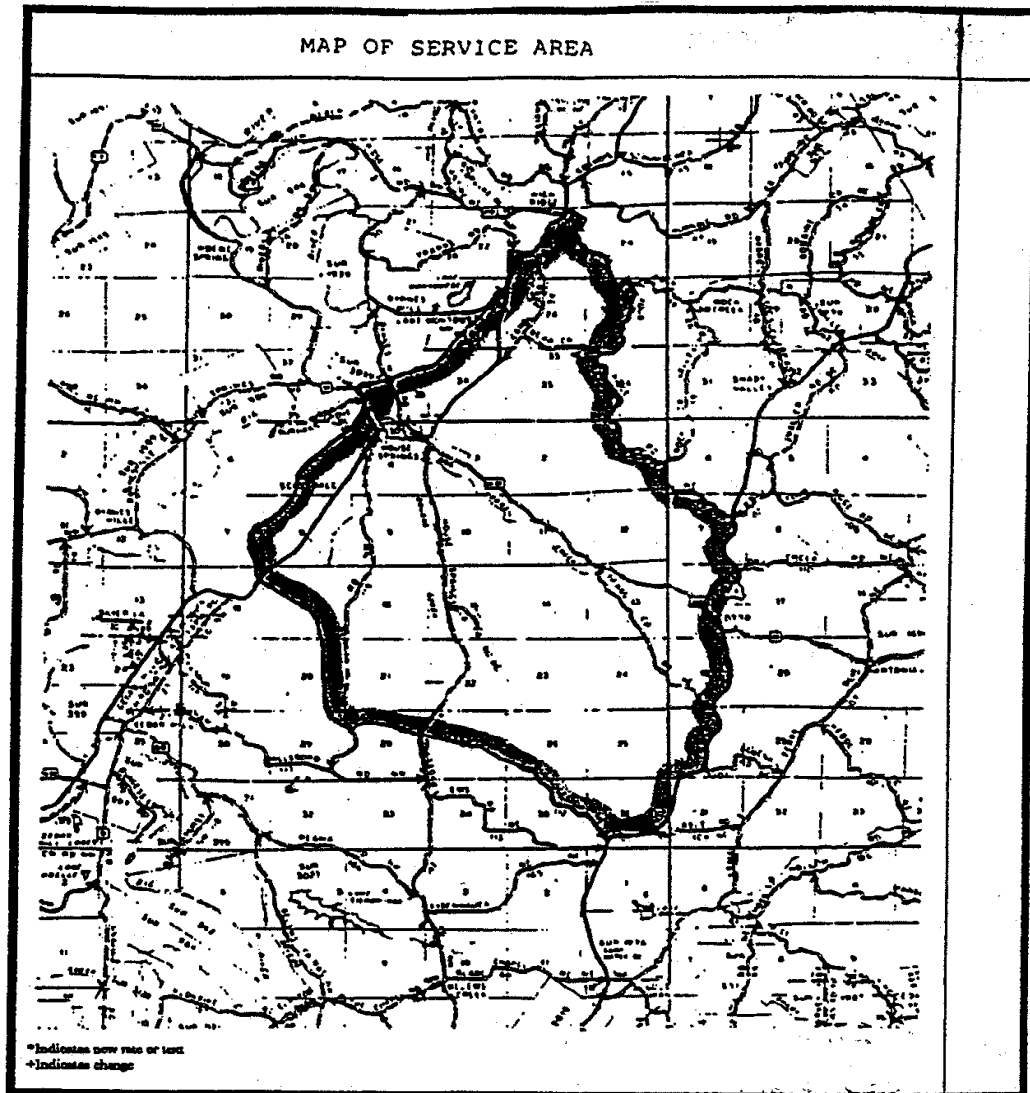
Name and Title of Issuing Officer

4095 Country Club Drive, Imperial, MO 63052

Address

Name of Utility: House Springs Sewer Company

Service Area: Certificated Areas in Jefferson County

Rules Governing Rendering of  
Sewer Service

DATE OF ISSUE

August 1, 2011  
Month Day Year

DATE EFFECTIVE

August 31, 2011  
Month Day Year

ISSUED BY

Patricia Fribis, President  
Name and Title of Issuing Officer4095 Country Club Drive, Imperial, MO 63052  
Address

Name of Utility: House Springs Sewer Company

Service Area: Certificated Areas in Jefferson County

Rules Governing Rendering of  
Sewer Service

**Legal Description of Service Area**

An area located in Jefferson County, Missouri, more particularly described as follows:

Beginning at the NW corner of the NE 1/4 of the NE 1/4 of section 29, Township 42 North, Range 4 East, (T42N, R4E) which point is also on the eastern line of the Cedar Hill Utility Company, Inc. boundary; thence northward and westward along the northeast boundary of the Cedar Hill Utility Company as follows: directly north to the NW 1/4 of the NE 1/4 of the NE 1/4 of section 20; thence northwest to the center of section 17; thence northwestward to the center of section 17; thence northwestward to the center of the NE 1/4 of section 18; thence directly north to the center of the SE 1/4 of section 7; thence northeastward approximately 15,000 feet along the highest point of the ridge dividing the Dulin Creek and Big River watersheds to Missouri State Highway W; thence northwestward 2,000 feet more or less along the centerline of said Highway W to the center of the Big River; thence 6,000 feet more or less to the northwest corner of section 34 of T43N R4E; thence directly east along the north line of said section 34 to the centerline of Missouri State Highway 30; thence northeastward 6,300 feet more or less along the centerline of said Highway 30 to the intersection of Gravois Road, also known as Old Missouri State Highway 30; thence northeastward following Old Missouri State Highway 30 8,000 feet more or less to the intersection of Old Missouri State Highway 30 and Missouri State Highway P; thence southeastward following said Highway P and Rock Creek Road 9,000 feet more or less to the intersection of Rock Creek Road with West Four Ridge Road; thence and now adjoining the boundary of the Imperial Utility Corporation 22,000 feet more or less following West Four Ridge Road to its intersection with Missouri State Highway 21; thence leaving the adjoining boundary of Imperial Utility Corporation and following Missouri State Highway 21 southward 28,000 feet more or less to its intersection with Tower Road; thence along a meandering course 25,000 feet more or less following the highest point on the ridge dividing the Heads Creek and Belew Creek watersheds to the place of beginning.

\* Indicates new rate or text

+ Indicates change

DATE OF ISSUE

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Month Day Year

ISSUED BY

Patricia Fribis, President

Name and Title of Issuing Officer

4095 Country Club Drive, Imperial, MO 63052

Address



Name of Utility: House Springs Sewer Company

Service Area: Certificated Areas in Jefferson County

### Rules Governing Rendering of Sewer Service

**SCHEDULE OF RATES****Rate Schedule "A" – Single Family Dwelling****Availability:** This rate is available for attached and detached single family residences and mobile homes not in a mobile home park.

**Sewer Service Rates: Monthly Service Charge                      \$29.00**

All Applicable Federal, State or local taxes shall be included in addition to the above charges.

**Rate Schedule "B" – Mobile Homes in Parks and Multi-family Dwellings****Availability:** This rate is available for each rental unit of a multiple family dwelling and for each mobile home in a mobile home park.

**Sewer Service Rates: Monthly Service Charge                      \$27.00**

All Applicable Federal, State or local taxes shall be included in addition to the above charges.

**Rate Schedule "C" – Commercial Establishments****Availability:** This rate is available for commercial establishments.**Sewer Service Rates:**

**Monthly Minimum Service Charge                      \$29.00**

(includes 6,000 gallons of metered water)

**Commodity Charge:                      \$4.59 per 1000 gallons**

(per 1,000 gallons over 6,000 gallons per month)

All Applicable Federal, State or local taxes shall be included in addition to the above charges.

\* Indicates new rate or text

+ Indicates change

DATE OF ISSUE

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Month Day Year

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ISSUED BY

Patricia Fribis, President

Name and Title of Issuing Officer

4095 Country Club Drive, Imperial, MO 63052

Address

Name of Utility: House Springs Sewer Company

Service Area: Certificated Areas in Jefferson County

### Rules Governing Rendering of Sewer Service

Rate Schedule "D" - Industrial Waste

**Availability:** This rate is available in the service area for industrial users discharging effluent other than domestic sewage.

For Industrial Customers discharging any unusually strong waste, a special contract for service, mutually agreeable to the Customer and the Company, and approved by the Missouri Public Service Commission, will be entered into, which will take into consideration the special requirements for treatment of such effluent.

All Applicable Federal, State or local taxes shall be included in addition to the above charges.

\* Indicates new rate or text

+ Indicates change

DATE OF ISSUE

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ISSUED BY

Patricia Fribis, President

Name and Title of Issuing Officer

4095 Country Club Drive, Imperial, MO 63052

Address

Name of Utility: House Springs Sewer Company

Service Area: Certificated Areas in Jefferson County

## Rules Governing Rendering of Sewer Service

### Schedule of Service Charges

#### Late Charges

A charge of five dollars (\$5.00) or three percent (3%) per month times the unpaid balance, whichever is greater, will be added to delinquent accounts.

#### Returned Check Charge

A returned check charge of twenty-five dollars (\$25.00) per check will be due on all checks returned from the bank for insufficient funds.

#### Disconnection / Reconnection

If sewer Discontinuance of Service in accordance with Rule 8 is accomplished by physical disconnection, then the charge for reconnection after such disconnection by the Company shall be the total actual cost of disconnection and reconnection.

#### Disconnection / Reconnection by Public Water District

A fee of one hundred dollars (\$100.00) will be charged for disconnection/reconnection of water service by a public water district when the disconnection/reconnection is done at the request of the Company due to a delinquent sewer bill pursuant to Rule 8.

#### Inspection Fee

A fee of thirty-five dollars (\$35.00) will be charged for inspection of a new service sewer and connection to the collecting sewer.

#### Re-Inspection Fee

A fee of twenty dollars (\$20.00) will be charged for any re-inspection of the new service sewer that is not the fault of the Company.

#### Preliminary Estimate Fee for New Construction-Collecting Sewers, Lift Stations and Treatment Facilities

A preliminary estimate fee will be charged in accordance with Rule 11 D. 2.

\* Indicates new rate or text

+ Indicates change

DATE OF ISSUE

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ISSUED BY

Patricia Fribis, President

Name and Title of Issuing Officer

4095 Country Club Drive, Imperial, MO 63052

Address

Name of Utility: House Springs Sewer Company

Service Area: Certificated Areas in Jefferson County

Rules Governing Rendering of  
Sewer Service**Schedule of Service Charges Continued****New Construction Plan Review**

A new construction plan review will be charged in accordance with Rule 11 E. 2.

**Collection Sewer, Lift Station and Treatment Facilities Inspection Fee**

A new collection sewer, lift station and plant inspection fee will be charged in accordance with Rule 11 E. 3.

\* Indicates new rate or text

+ Indicates change

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Month Day Year

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Patricia Fribis, President

Name and Title of Issuing Officer

4095 Country Club Drive, Imperial, MO 63052

Address

Name of Utility: House Springs Sewer Company

Service Area: Certificated Areas in Jefferson County

### Rules Governing Rendering of Sewer Service

#### Rule 1 – Definitions

- A. An "APPLICANT" is a person, firm, corporation, governmental body, or other entity that has applied for sewer service and/or an extension of collecting sewers along with additional plant facilities; two or more such entities may make one application for a sewer extension, and be considered one APPLICANT. An "ORIGINAL APPLICANT" is an APPLICANT who entered into any contract or agreement with the Company for an extension of collecting sewers and/or additional plant facilities, contributed funds or utility plant assets to the Company under the terms of the contract or agreement, and is eligible for refunds under the terms of the contract or agreement as additional Applicants connect to such extensions or plant facilities.
- B. "B.O.D" denotes Biochemical Oxygen Demand. It is the quantity of oxygen utilized in the biochemical oxidation of waste matter under standard laboratory conditions expressed in milligrams per liter.
- C. "C.O.D" denotes Chemical Oxygen Demand. It is the quantity of oxygen utilized in the chemical oxidation of waste matter under standard laboratory conditions, expressed in milligrams per liter.
- D. A "COLLECTING SEWER" is a pipeline, including force pipeline, gravity sewers, interceptors, laterals, trunk sewers, manholes, lampholes, and necessary appurtenances, including service wyes and saddles, which is owned and maintained by the Company, located on public property or on private easements, and used to transport sewage waste from the Customer's service connection to the point of disposal. A "PRESSURE COLLECTING SEWER" is a collecting sewer pipeline, including wyes, tees, and saddles, operated under pressure from pump units owned and operated by customers connected to the pipeline, and is sometimes referred to generically as a collecting sewer.
- E. The "COMPANY" is House Springs Sewer Company, acting through its officers, managers, or other duly authorized employees or agents.

\* Indicates new rate or text

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Patricia Fribis, President

Name and Title of Issuing Officer

4095 Country Club Drive, Imperial, MO 63052

Address

Name of Utility: House Springs Sewer Company

Service Area: Certificated Areas in Jefferson County

### Rules Governing Rendering of Sewer Service

- F. A "CUSTOMER" is any person, firm, corporation or governmental body which has contracted with the Company for sewer service or is receiving service from the Company, or whose facilities are connected for utilizing such service.
- G. The "DATE OF CONNECTION" shall be the date the permit for a service connection is issued by the Company. In the event no permit is taken and a service connection is made, the date of connection shall be determined based on available information, such as construction/occupancy permits, or water or electric service turn-on dates.
- H. "DISCONTINUANCE OF SERVICE" is intentional cessation of the use of sewer service by action of the Company not at the request of the Customer. Such DISCONTINUANCE OF SERVICE may be accomplished by methods including physical disconnection of the service sewer, or turn-off of water service by the water utility at the request of the Company.
- I. "DOMESTIC SEWAGE" is sewage, excluding storm and surface water, resulting from normal household activities; and, "NON-DOMESTIC SEWAGE" is all sewage other than DOMESTIC SEWAGE including, but not limited to, commercial or industrial wastes. See Rule 7 - Improper Waste or Excessive Use.
- J. A "FOUNDATION DRAIN" is a pipe installed inside or outside the foundation of a structure for the purpose of draining ground or subsurface water away from the foundation.
- K. "pH" is the relative degree of acidity or alkalinity of water as indicated by the hydrogen ion concentration. pH is indicated on a scale reading from 1-14, with 7.0 being neutral, below 7.0 acid, and above 7.0 alkaline; more technically defined as the logarithm of the reciprocal of the hydrogen ion concentration.
- L. A "PUMP UNIT" is a self contained facility consisting generally of a tank and an electric pump and may include liquid level controls, an alarm, check valves, which may either separate solid from liquid waste retaining the solid waste in the tank and pumping the liquid waste under pressure to collecting sewer pipelines, or may pump waste water including solids to a collecting sewer or a pressure collecting sewer. The Pump Unit is installed, and

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DATE EFFECTIVE

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owned and maintained by the Customer.

- M. A "SADDLE" is a fitting that connects the Customer's Service Sewer to the collecting sewer whether it be a gravity collecting sewer or a pressure collecting sewer; the saddle clamps around the collecting sewer pipeline into which pipeline a hole is cut, and the Service Sewer is connected to the Saddle thereby connecting it to the collecting sewer.
  
- N. A "SERVICE CONNECTION" is the connection of a service sewer to the Company's collecting sewer either at the bell of a wye branch or the bell of a saddle placed on the barrel of the collecting sewer.
  
- O. A "SERVICE SEWER" is a pipe with appurtenances installed, owned and maintained by the Customer, used to conduct sewage from the Customer's premises to the collecting sewer, excluding service wyes or saddles. For Customers connected to a pressure collecting sewer and utilizing a pump unit, the portion of the Service Sewer between the pump unit and the collecting sewer is a pressurized portion of the Service Sewer. In addition to other parts and fittings this shall include a stop cock accessible to the Company for turn-off of sewerage flow and a check valve to prevent backflow of waste-water under pressure in the pressure collecting sewer. The Service Sewer is constructed, owned and maintained by the Customer.
  
- P. A "SUBDIVISION" is any land in the state of Missouri which is divided or proposed to be divided into two or more lots or other divisions of land, whether contiguous or not, or uniform in size or not, for the purpose of sale or lease, and includes resubdivision thereof.
  
- Q. A "TEE" is a three-way one-piece pipe fitting in the shape of the letter "T" that is a part of the Collecting Sewer pipeline and to which the Customer's Service Sewer is connected.
  
- R. "TERMINATION OF SERVICE" is the cessation of the use of sewer service requested by the Customer. Such TERMINATION OF SERVICE shall be accomplished by a method verified and recognized by the Company, and may include physical disconnection of the service sewer, termination or disconnection of water service by the water utility, or the Company's observation of non-occupancy of the unit served.

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- S. The word "UNIT" or "LIVING UNIT" shall be used herein to define the premises or property of a single sewer user, whether or not that sewer user is the Customer. It shall pertain to any building whether multi-tenant or single occupancy, residential or commercial, owned or leased. Each mobile home in a mobile home park, and each rental unit of a multi-tenant rental property are considered as separate UNITS for each single family or firm occupying same as a residence or place of business.
- T. A "WYE" or WYE BRANCH" is a three-way one-piece pipe fitting in the shape of the letter "y" that is a part of the collecting sewer pipeline, and to which the Customer's service sewer is connected.

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**Rule 2 – General Matters**

- A. Every Customer, upon signing an application for service or accepting service rendered by the Company, shall be considered to have expressed consent to be bound by these rates and rules.
- B. The Company's rules governing rendering of service are set forth in the numbered sheets of this tariff. The rates applicable to appropriate class of service are set forth in rate schedules and constitute a part of this tariff.
- C. The Company reserves the right, subject to approval from the Missouri Public Service Commission, to prescribe additional rates or to alter existing rates or rules as it may deem necessary or proper.
- D. At the effective date of these rules, all new facilities, construction contracts and written agreements shall conform to these rules in accordance with the statutes of the State of Missouri and authority of the Missouri Public Service Commission. Pre-existing facilities that do not conform with these rules may remain, if said facilities do not cause any service problems and reconstruction is impractical.
- E. The Company shall have the right to enter upon the Customer's premises for the purpose of inspecting for compliance with these rules. Company personnel shall identify themselves and such inspections shall be conducted during reasonable hours.

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Sewer Service**Rule 3 – Limited Authority of Company Employees**

- A. Employees or agents of the Company are expressly forbidden to demand or accept any compensation for any service rendered to its Customers except as covered in the Company's rules.
- B. No employee or agent of the Company shall have the right or authority to bind it by any promise, agreement or representation contrary to the letter or intent of these rules.

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**Rule 4 – Applications for Sewer Service**

- A. A written application for service, signed by the Customer, and accompanied by the appropriate fees as provided in the Schedule of Rates, the Schedule of Service Charges, Rule 11 - Extension of Collecting Sewers, and other information required by these rules, must be received from each Customer. Said application must be filed in writing twenty-four (24) hours in advance stating the street, house number, name of the applicant, name of the property owner, and the time, at which connection is to be made. The Company shall have the right to refuse service for failure to comply with the rules herein, or if the Customer owes a past due bill not in dispute for sewer service at any location within the Company's service area. In any case where a collecting sewer extension or unusual construction or equipment expense is necessary to furnish the service, the Company may require a contract for service specifying a reasonable period of time for the Company to provide the service. If the Customer is a tenant, the Company shall notify the owner of the property or owner's property manager or other agent that the owner or property manager may be responsible for payment of the sewer service bill associated with the application.
- B. A prospective Commercial or Industrial Customer shall, upon request of the Company, present in writing to the Company a list of devices that will discharge to the collecting sewers, the amount and specifications of any discharge, and the location of any buildings. The Company will then advise the Customer of the form and the character of the wastewater collection facilities available. If a sewer extension as provided for in Rule 11 - Extension of Collecting Sewers will be necessary, or if the Customer will be required to own, operate, and maintain a pretreatment facility, the Customer will also be so advised.
- C. When sewer charges are based on water usage, the Company reserves the right to refuse sewer service to any applicant unless said applicant agrees to install a water meter accessible by the Company, so that there will be a basis for sewer charges. The Company and Customer may agree to an estimated water use amount, on an interim basis for a period not to exceed six (6) months, to allow time to install suitable metering equipment.

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- D. The Company will determine or approve the location of the service connection. Service sewers will not be extended along public streets or roadways or through property of others in connecting with collecting sewers. If a service connection is requested at a point not already served by a collecting sewer of adequate capacity, the collecting sewer shall be extended in accordance with Rule 11 - Extension of Collecting Sewers, unless, in the Company's judgment such a collecting sewer would serve no other purpose and a service sewer may be constructed to serve the Customer's premises in a reasonable manner.
- E. A new service connection shall be authorized when all conditions in Paragraphs A., B., C., and D., above, and Rule 5 – Inside Piping and Customer Service Sewer, regarding construction and inspection provisions are met.
- F. No substantial addition to the water using equipment or appliances connected to the sewer system shall be made by Commercial or Industrial Customers except upon written notice to and with the written consent of the Company.

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**Rule 5 – Inside Piping and Customer Service Sewer**

- A. The Customer is obligated to construct, repair, and maintain the service sewer from the collecting sewer to the building, and make the connection to the collecting sewer. The Customer shall notify the Company prior to cleaning or repairing the service sewer.
- B. When a service sewer is to be connected to the collecting sewer, the plumber shall advise the Company twenty-four (24) hours in advance of when the connection is expected to be made so a representative of the Company can inspect the installation and connection. No backfill shall be placed until the work has been inspected by the Company. In the event the Customer or the Customer's agent shall damage a wye branch or saddle, or cause damage to the collecting sewer, then the Customer shall be responsible for the cost to repair any such damage, including replacement of pipe or appurtenances as necessary.
- C. Plumbing specifications of all governmental agencies having jurisdiction, and the Company's rules, in effect at the time of connection, must be met. The Company may deny service or may discontinue service where foundation drains, downspouts, or other sources of surface or storm water are permitted to enter the sewer system through either the inside piping or through the building sewer.
- D. A separate and independent service sewer shall generally be required for every building. Exceptions are:
  - 1. When one building stands at the rear of another building on an interior lot where a proper service sewer cannot be constructed through an adjoining easement. In that situation, the service sewer from the front building may be extended to the rear building and it will be considered as one service sewer.
  - 2. When two or more buildings are a part of a complex that cannot be subdivided.
- E. The service sewer shall be one of the following: ductile iron pipe, vitrified clay sewer pipe (VCP), or polyvinyl chloride pipe (PVC), ASTM specification or equal; or other suitable material approved by the Company. Only those jointing materials and methods that are

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- approved by the Company may be used. Joints shall be tight and waterproof. Any part of the service sewer that is located within ten (10) feet of a water main or water service pipe shall be constructed of ductile iron or PVC pressure pipe. The pipe shall be bedded according to the manufacturer's specifications and on undisturbed earth or fill compacted to at least ninety-five percent (95%) proctor density. Fill may be non-organic soil or aggregate.
- F. The size and slope of the service sewer shall be subject to the approval of the Company, but in no event shall the diameter be less than four (4) inches. The slope of such four (4) inch pipe shall not be less than one-eighth (1/8) inch per foot.
- G. Whenever possible, the service sewer shall be brought to the building at an elevation below the basement floor. No building sewer shall be laid parallel to or within three (3) feet of any bearing wall. The depth shall be sufficient to afford protection from frost. The service sewer shall be laid at a uniform grade and in straight alignment insofar as possible. Changes in direction shall be made only with properly curved pipes and fittings.
- H. Existing service sewers may be used in connection with new buildings only when they are found on examination and test to meet all requirements of the Company.
- I. In any building in which a building drain is too low to permit the required slope of the service sewer, sanitary sewage carried by such drain shall be lifted by approved artificial means and discharged to the service sewer. No water operated sewage ejector shall be used.
- J. All excavations required for the installation of a service sewer and connection to the collecting sewer shall be open trench work unless otherwise approved by the Company. Pipe laying and backfill shall be performed in accordance with the latest published engineering specifications of the manufacturer of the materials used, and all applicable local plumbing codes.
- K. The connection of the service sewer to the collecting sewer shall be made at the wye branch, if such branch is available at a suitable location. If the collecting sewer is vitrified clay pipe of twelve inch (12") diameter or less and there is no properly located wye branch at a

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suitable location, a wye branch shall be installed at a location specified by the Company. If the collecting sewer is greater than twelve inches (12") in diameter, or is PVC of any size, a neat hole may be cut at a location specified by the Company, and a saddle installed to which the service sewer will be connected. The invert of the service sewer at the point of connection shall be at the centerline or higher elevation of the collecting sewer. The connection shall be secure and watertight.

- L. Any change in the location of an existing service connection and/or service sewer requested by the Customer shall be made at the Customer's expense.
- M. Company personnel may not work on piping or facilities not owned by the Company unless authorized by the Customer.

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**Rule 6. PRESSURE COLLECTING SEWERS**

- A. This rule applies to customers on pressure collecting sewers, and is not applicable to customers on a gravity collecting sewer. Other rules elsewhere herein not applicable specifically to gravity collecting sewers or gravity service sewers also apply, in addition to this rule.
- B. Any customer proposing to discharge domestic sewage, and to be connected to a pressure collecting sewer, shall install at his own expense within the lot, a pump unit of suitable capacity. All pump units and components utilized in a pump unit must be approved by the Company prior to installation. Installation costs of the pump unit, electrical wiring and components and service sewers between the dwelling and the pump unit and Company's collecting sewers shall be the responsibility of the Customer. Electricity costs for pump operation shall be the responsibility of the Customer.
- C. The Company will locate the point to which the service connection to the pressure collecting sewer will be made, and the Customer shall furnish materials for the connection. All taps to the pressure collecting sewer shall be done by the Customer, and subject to inspection by the Company. One connection shall not service more than one property.
- D. The pressurized portion of the service sewer shall be constructed of copper, ductile iron or PVC pressure pipe.
- E. A stop cock and a check valve shall be installed on the pressurized portion of the service sewer near the service connection. Said stop cock shall be in a location accessible to the Company so that it may be operated by either the Company or the Customer, and shall include a provision for locking by the Company. The stop cock will be furnished, owned and maintained by the Customer.

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- F. In addition to other methods outlined elsewhere within these Rules, specifically Rule 8, for discontinuance of sewer service, sewer service may be disconnected by the Company by locking the stop cock in the closed position. Service shall not be resumed again except upon payment of all delinquent charges, plus any applicable approved service charge to cover the costs of resuming service, in accordance with these Rules.
- G. The gravity service sewer from the building to the pump unit, the pump unit, and the pressurized portion of the service sewer from the pump unit to the collecting sewer shall be owned and maintained by the Customer.
- H. If a Customer does not timely undertake necessary repairs to a pump unit, and a failure of a pump unit is causing, or is reasonably expected to cause, a discharge of untreated sewage, then the Company may, at its option, discontinue sewer service as per Rule 8 – Discontinuance or Termination of Service including exercising the provision of Rule 8F where thirty (30) day notice may be waived, or if practical may undertake repairs to the Customer's pump unit and bill the Customer for reasonably incurred expenses for such repairs.

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**Rule 7 – Improper Waste or Excessive Use**

- A. The following requirements for the use of sewer service provided by the Company shall be observed. Violation of the requirements will result in the discontinuance of service to the Customer, and the Customer may be required to comply with paragraph B. below.
- B. In the event that the Customer to be served proposes to discharge an abnormally high volume or strength of waste, the Company may require:
1. The Customer to install a pretreatment facility, grease trap or other device on the premises, to prevent the exceeding of discharge limits, or other adverse impacts upon the Company's system. The installation of any such device as well as its operation and maintenance shall be the responsibility of the Customer, and subject to approval and inspection by the Company.
  2. The Customer to enter into a special contract with the Company for treatment of the Customer's discharge, that could require an enlargement of the Company's existing sewage treatment plant or the construction of a temporary sewage treatment plant, and/or the construction or reconstruction of sewer lines or pump facilities, in a form approved by the Missouri Public Service Commission with a rate applicable to the Customer to be included within this Schedule of Rates, Rules, and Regulations, that is fair and reasonable to both parties and so as not to constitute a burden upon the Company or the existing Customers of the Company
- C. No Customer shall discharge or cause to be discharged any storm water, surface water, ground water, swimming pool water, roof runoff, sub-surface drainage, or cooling water into the collecting sewers.
- D. Except as may be provided in Rule B.2., above, the Customer shall be required to take any action necessary to meet the following described wastewater limits before the wastewater is discharged into the collection sewer:
1. Maximum temperature of 150 degrees Fahrenheit.

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2. Maximum strength of four-hundred (400) parts per million Biological Oxygen Demand (B.O.D.).
3. A maximum of one-hundred (100) parts per million, by weight, any fat, oil or grease.
4. A maximum of twenty-five (25) parts per million, by weight, any soluble oils.
5. No gasoline, benzene, naphtha, fuel oil, or other flammable or explosive liquid, solid or gas.
6. No garbage that has not been properly shredded.
7. No ashes, cinders, sand, mud, straw, shavings, metal, glass, rags, feathers, tar, plastics, wood or any other solid or viscous substance capable of causing obstruction to the flow in sewers or other interference with the proper operation of the sewer system.
8. No waste-water having a pH less than 5.0 or greater than 9.0, or having any other corrosive property, capable of causing damage or hazard to structures, equipment or personnel of the Company.
9. No waste-water containing heavy metals, toxic material, or Chemical Oxygen Demand (C.O.D.), in sufficient quantity to disrupt the operation of treatment facilities, or exceeding any limits which may be specified in a service contract for any such substance.

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**Rule 8 – Discontinuance or Termination of Service**

A. The Company reserves the right of discontinuance of service for any of the following reasons:

1. For nonpayment of the sewer utility bill (see Rule 10); or
2. For unauthorized resale of sewer service; or
3. For an unauthorized service connection to the Company's collecting sewer; or
4. For failure to comply with these Rules.

B. Discontinuance of service may be accomplished, but not limited to, physical disconnection of the Customer's service sewer from the Company's collecting sewer. Discontinuance of sewer service for non-payment of a sewer bill may be accomplished either by physical disconnection or by discontinuance by turn-off of water service by the Customer's water utility at the request of the Company. In such cases, Customers will be notified by the terms of these rules and not by those of any water utility.

C. Discontinuance of service to a Customer for any reason as outlined in A., above, shall not prevent the Company from pursuing any lawful remedy by action at law or otherwise for the collection of monies due from the Customer.

D. In the event of discontinuance of service by the Company for any reason as outlined in A., above, then any monies due the Company shall become immediately due and payable.

E. The Company reserves the right of discontinuance of service to a Customer, or to refuse service to any applicant or for any unit to reasonably protect itself against fraud or abuse.

F. At least thirty (30) days prior to discontinuance of service, the Company will mail a written notice to the Customer, and to the property owner if different than the Customer, by

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certified mail, return receipt requested, with a copy of the notice sent to the Public Service Commission. Said notice shall state the reasons for discontinuance of service, the amount of money owed if for a past due bill including the amount of any service charges owed, and that service may be discontinued at any time after the expiration of the notice period, provided satisfactory arrangements for continuance of the service have not been made by the Customer. The thirty (30) day notice may be waived if there is any waste discharge that might be detrimental to the health and safety of the public, or cause damage to the sewer system. In the event of discontinuance of service without the thirty (30) day notice as above provided, the Customer and the Missouri Public Service Commission shall be notified immediately with a statement of the reasons for such discontinuance of service. If service is provided to a multi-tenant building or complex, the Company will make an effort to notify tenants by door hangers or other type of notice of the possibility of discontinuance of service.

- G. Reconnection of any Customer after discontinuance of service by authority of this rule will be made subject to payment of the cost of reconnection.
- H. Where the owner of rental property is the Customer and has been notified of the intent of disconnection, the tenants shall be given the opportunity in a reasonable and timely manner to pay delinquent bills in lieu of disconnection of service.
- I. Termination of service at the Customer's request may be accomplished at the expense of the Customer. If termination of service must be accomplished by physical disconnection, the Customer shall notify the Company of the date and time of the disconnection in writing at least five (5) days prior to the disconnection. If termination is accomplished by turn-off of water service, such notice shall be on or before the date of the water turn-off. Service may not be terminated for one unit of a multi-unit building if the building is served by one service sewer, unless accomplished by turnoff of water service to that unit. The method used for termination of service shall be determined by the Company.

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**Rule 9 – Interruptions in Service**

- A. The Company reserves the right to limit sewer service in its collecting sewers at any time, in a reasonable and non-discriminatory manner, for the purpose of making repairs to the sewer system.
- B. Whenever service is limited for repairs, all Customers affected by such limitation will be notified in advance whenever it is practicable to do so. Every effort will be made to minimize limitation of service.
- C. No refunds of charges for sewer service will be made for limitations of service unless due to willful misconduct of the Company.

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**Rule 10 – Bills for Service**

- A. The charges for sewer service shall be at the rates specified in this tariff, which is on file with the Missouri Public Service Commission and at the Company's office. The point of assumption of sewer service shall be at the service connection. Service charges for connection or disconnection are set forth in the Schedule of Service Charges.
- B. A Customer who is or has been taking sewer service at one or more units connected to the collecting sewer shall be held liable for payment of any applicable charges for service furnished to such units from the date of connection until the date requested by the Customer in writing for service to be terminated, or until service is discontinued by the Company.
- C. Bills for sewer service will be mailed or delivered to the Customer's last address as shown by the records of the Company, but failure to receive the bill will not relieve the Customer from the obligation to pay the same.
- D. Payments shall be made at the office of the Company or at a convenient location designated by the Company, or by mailing to the Company's office.
- E. Separate bills shall be rendered for each location at which sewer service is provided, even though one entity may be the Customer at such separate locations.
- F. The Company shall have the right to render bills monthly in advance. Bills shall have the due date indicated on the bill. The Company shall have the right to charge Customers on a monthly basis in arrears when the sewer charges are based on water usage.
- G. Neither the Company nor the Customer will be bound by bills rendered under mistake of fact as to the quantity of service rendered or as a result of clerical error. Customers will be held responsible for charges based on service provided.
- H. 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

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which the payment is considered delinquent is a minimum of 21 days after rendition of the bill. Service may be discontinued after thirty (30) days written notice by certified mail return receipt requested from the Company as provided by Rule 8 - Discontinuance or Termination of Service. Delinquent bills are subject to a late charge as provided in the Schedule of Service Charges.

- I. When bills are rendered for a period of less than a complete billing period due to the connection or termination of service, the billing shall be for the proportionate part of the monthly charge, or where water usage is the basis for the charge, at the appropriate rate for water used. Customers terminating after taking service for less than one month shall pay not less than the monthly minimum.
- J. The owner of the property served will be held responsible for ultimate payment of a bill. Copies of all notices of violations of the rules, or of disconnection of service shall also be sent to the owner of the property.

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Address



Name of Utility: House Springs Sewer Company

Service Area: Certificated Areas in Jefferson County

Rules Governing Rendering of  
Sewer Service

**Rule 11 EXTENSION OF COLLECTING SEWERS**

- A. Collecting sewers will be extended within the Company's certificated service area, at the applicant's cost, if service is requested by the applicant at a location where facilities do not exist. The applicant shall enter into a contract with the Company. The applicant may choose to have the Company perform all work under the terms and conditions of Paragraph D. of this Rule, or have a private design engineer and contractor perform the work under the terms and conditions of Paragraph E. of this Rule. For purposes of this Rule, an extension could include, in addition to a collecting sewer, reconstruction and enlargement of existing collecting sewer pipelines, construction of one or more lift station or treatment plant facilities or enlargement of existing such facilities, as necessary to provide the service.
- B. The pipe used in making extensions shall be of a type and size which will be reasonably adequate for the area to be served. Such determination as to size and type of pipe shall be left solely to the judgment of the Company. If the Company desires a pipe size, lift station, treatment plant, or any other facility larger than reasonably required to provide service to the applicant, the additional cost due to larger size shall be borne by the Company.
- C. If the distance from the Company's existing collecting sewers is so great that the cost to the applicant is deemed prohibitive by the Company extending the collecting sewers to the applicant's development, then the Company shall construct an interim treatment facility, at the expense of the applicant. The construction shall be treated as an extension under this Rule in all respects. The plant shall become the property of the Company and when the Company's collecting sewers are extended to the development, the plant will be removed at the cost and expense of the Company. The land in which the interim treatment facility is to be located shall be provided to the Company at the expense of the applicant. Plant construction costs and ground costs shall be in lieu of extending collecting sewers to existing Company-owned facilities.
- D. The Company will design and install collecting sewers, treatment facilities, lift stations, and appurtenances within easements acceptable to the Company, on the following terms and conditions:

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

DATE OF ISSUE

August 1, 2011  
Month Day Year

DATE EFFECTIVE

August 31, 2011  
Month Day Year

ISSUED BY

Patricia Fribis, President  
Name and Title of Issuing Officer

4095 Country Club Drive, Imperial, MO 63052  
Address

Name of Utility: House Springs Sewer Company

Service Area: Certificated Areas in Jefferson County

### Rules Governing Rendering of Sewer Service

1. A written contract or written agreement is required from all persons desiring service as set out in this Rule for extension of the Company's collecting sewers and installation of plant facilities.
2. The Company shall supply the Customer with a preliminary estimate showing the total cost of design and construction, together with data on any contributions or deposits required in accordance with these rules and regulations. The preliminary estimate shall include, but not be limited to, the cost of all labor and materials required, including reconstruction of existing facilities if necessary, and an estimate of the direct costs associated with supervision, engineering, permits, and bookkeeping. The applicant shall pay the Company a Preliminary Estimate Fee of \$0.10 (ten cents) per foot.
3. Before the Company designs the required facilities and provides a final cost estimate, the applicant shall:
  - a. Provide the Company, without cost, a copy of Certificate of Title to the premises, any plats, surveys, plans, or other available information requested by the Company. The applicant shall guarantee the accuracy of such data.
  - b. Deposit with the Company a sum equal to ten (10%) percent of the estimated cost of construction to cover engineering costs. If no contract is executed within four (4) months from the date the Company provides the applicant with the final cost estimate, the deposit shall be retained by the Company for engineering costs.
4. Upon applicant's compliance with 3. above, the Company shall design the required facilities consistent with standard engineering practices and make an estimate of its cost, including, all labor and materials, supervision, easement, legal, engineering, and other expenses as listed in a prescribed Uniform System of Accounts. All required manholes and lift stations as well as the expansion, reconstruction or retirement of existing collecting sewers or treatment facilities shall be included. A

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### Rules Governing Rendering of Sewer Service

collecting sewer Extension and Connection Agreement, including the construction cost estimate, will then be submitted to the applicant or a designated representative.

5. Prior to commencement of construction, the applicant shall execute the Company's Extension and Connection Agreement and shall have deposited with the Company a sum of money equal to the estimated costs of construction of the collecting sewers and related expenses less any deposits paid for this expense, and a subordination to the agreement from all secured parties. The facilities and/or collecting sewers will be installed as soon as practicable.
6. At the conclusion of the construction project, the actual cost of the extension shall be computed and the applicant shall be refunded any excess, or shall pay to the Company any deficiency due to reasonably unforeseen circumstances.

E. This rule shall govern the design and construction of collecting sewers, treatment facilities, lift stations and appurtenances by the applicant or by parties other than the Company either on the applicant's property or other property, and the transfer of such to the Company. This method of construction shall be permissible by request of the applicant and with the approval of the Company with respect to agents which the applicant intends to design and construct the planned extensions and plant facilities. Design and construction of collecting sewers, treatment facilities, lift stations and appurtenances must meet the following:

1. The applicant shall prepare engineering drawings of the proposed improvements, which drawings shall be prepared by a registered professional engineer. Such drawings must provide for construction of facilities in accordance with the construction standards on file at the office of the Company, and be located on proper easements or real estate available for the Company's use. All pipelines shall be sized to carry the flow anticipated upon complete development of the watershed. The Company will share in paying the increased cost of the pipe over and above that required to serve the applicant's proposed improvements. All plats shall contain a minimum of ten (10) feet wide sewer easements with dedication to the Company. The engineer must further certify that he has been engaged to and

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### Rules Governing Rendering of Sewer Service

will furnish the Company “as-built” drawings after construction indicating the exact location of all lines and appurtenances as installed.

2. The completed drawings shall be furnished to the Company, together with an executed copy of the Company’s Extension and Connection Agreement and a copy of a current certificate of title for the property and a subordination to the connection agreement from all secured parties. Plan review fees shall be paid upon the submittal of plans. Review charges for subdivisions will be \$5.00 per lot and review charges for commercial developments will be \$40.00 per acre.
3. All construction shall be inspected by employees or agents of the Company to ensure compliance with the plans, specifications and conditions of the Company. The applicant shall compensate the Company in accordance with inspection fees in the amount of \$1.00 per foot for inspection of collecting sewers, \$1,000 per lift station inspected, , and \$0.05 per gallon per day capacity to inspect the treatment facility, and a fee for service sewer inspections, as necessary and applicable, as set out in the Schedule of Service Charges.
4. The applicant shall not commence construction until the plans have been accepted by the Company and all fees for plan review, inspections and connection have been paid and the Company’s Extension and Connection Agreement is executed.
5. All construction accomplished pursuant to this Rule shall be guaranteed by the applicant and the contractor performing the work to be free from any defects in workmanship, material or design for a period of one (1) year from the date of acceptance by the Company.
6. Extensions made under this Rule shall be transferred to, and remain the property of, the Company in consideration of its perpetual upkeep and maintenance.
7. No extensions shall be accepted by the Company or any service be provided to any Customer within the proposed improvement until all of the above conditions have been satisfied.

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### Rules Governing Rendering of Sewer Service

F. The cost to additional applicants, excluding those located on property developed by the applicant, directly connecting to the sewer contributed by the original applicant shall be as follows:

1. For a single-family residential applicant applying for service in a platted subdivision, the Company shall divide the actual cost of the extension, including income tax impact if any, by the number of lots abutting said extension to determine the per lot extension cost. When counting lots, corner lots which abut existing sewers shall be excluded. For a single-family residential applicant requesting service to areas that are not platted in subdivision lots, the applicant's cost shall be equal to the total cost of the extension times 100 feet divided by the total length of the extension in feet.
2. For an industrial, commercial, or multi-family residential applicant, the cost will be equal to the amount calculated for a single-family residence in F.1., above, multiplied by a water usage factor. The water usage factor shall be determined by dividing the average monthly usage in gallons by 7,000 gallons, but shall not be less than 1.

G. Refunds of contributions shall be made to the applicant as follows:

1. Should the actual cost of an extension constructed by the Company under Paragraph D., above, or actual costs for inspection by the Company under Paragraph E.3., above, be less than the estimated cost, the Company shall refund the difference as soon as the actual cost has been ascertained.
2. During the first five (5) years after the extension is completed, the Company will refund to the original applicant who paid for the extension monies collected from additional new Customers in accordance with Paragraph F., above.
3. The sum of all refunds to the applicant shall not exceed the total contribution, including income tax and inspection costs associated with the extension, which the applicant has paid.

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Sewer Service

4. If two or more entities are considered an original applicant, the refund shall be distributed to each entity based upon the percentage of the actual extension cost contributed by each entity.
- H. Any extension made under this rule shall be and remain the property of the Company in consideration of its perpetual upkeep and maintenance.
- I. The Company reserves the right to connect additional extensions to a collecting sewer contributed by the applicant. The connection of new Customers to such additional extensions shall not entitle the applicant to any refund.

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## Agreement Attachment B

### Rate Base Worksheet

**House Springs Sewer Company**  
**SR-2011-0274**

**Rate Base as of 4/30/2011**

Plant in Service	\$ 1,967,680	
Less: Accumulated Depreciation Reserve	<u>602,733</u>	
Net Plant in Service		\$ 1,364,947
Other Rate Base Items:		
Inventory	\$ 594	
Contribution in Aid of Construction (CIAC)	(1,211,717)	
CIAC Amortization	161,211	
Deferred Taxes	<u>(69,032)</u>	
Total Other Rate Base Items		<u>(1,118,944)</u>
Total Rate Base		<u><u>\$ 246,003</u></u>



## Agreement Attachment C

### Schedule of Depreciation Rates

**Attachment C - House Springs Sewer Company**  
**DEPRECIATION RATES**  
**SR-2011-0274**

<b>ACCOUNT NUMBER</b>	<b>ACCOUNT DESCRIPTION</b>	<b>DEPRECIATION RATE</b>	<b>AVERAGE SERVICE LIFE (YEARS)</b>	<b>NET SALVAGE</b>
311	Structures & Improvements	3.0%	33	0%
352.1	Collection Sewers (Force)	2.0%	50	0%
352.2	Collection Sewers (Gravity)	2.0%	50	0%
362	Receiving Wells & Pump Pits	5.0%	20	0%
363	Pumping Equipment	10.0%	10	0%
373	Treatment & Disposal Facilities	5.0%	20	0%
374	Plant Sewers	4.5%	22	0%
375	Outfall Sewer Lines	2.0%	50	0%
391	Office Furniture & Equipment	5.0%	20	0%
391.1	Office Electronic & Computer Equip.	20.0%	5	0%
392	Transportation Equipment	12.5%	8	0%
394	Tools, Shop, and Garage Equipment	5.0%	20	0%
395	Laboratory Equipment	5.0%	20	0%
396	Power Operated Equipment	6.7%	15	0%
397	Communication Equipment	6.7%	15	0%
398	Miscellaneous Equipment	5.0%	20	0%

Agreement Attachment D

EMSD Implementation Review

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

## **Engineering and Management Services Department**

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

#### **Case with File No. SR-2011-0274**

#### **House Springs Sewer Company**

#### **Debbie Bernsen**

The Engineering and Management Services Department (EMSD) staff initiated an informal review of the customer service and business processes, procedures, and practices at House Springs Sewer Company (House Springs or Company) in Imperial, Missouri, in April 2011. The review was performed in conjunction with the Company's filed rate increase request submitted on February 28, 2011, and assigned Case with File No. SR-2011-0274. The Company is requesting an increase of \$125,000 in its annual sewer system operating revenues.

The EMSD staff examined the Company's tariffs, annual reports, Missouri Public Service Commission (Commission) complaint records, and other documentation related to the Company's customer service and business operations. The EMSD staff submitted informal data requests and conducted interviews on April 20, 2011, with Company personnel in preparation of this report. The EMSD staff's review of the Company resulted in the following recommendations for Company management.

#### **THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:**

1. Obtain the utilization of a lease for the rental of the Company's office property. This recommendation should be completed within ninety (90) days of the Commission's Order Approving the Disposition Agreement in Case with File No. SR-2011-0274.
2. Ensure that all Company employees, including the President, complete and maintain time sheets to record work assignments and the time associated with each work assignment. This recommendation should be completed within ninety (90) days of the Commission's Order Approving the Disposition Agreement in Case with File No. SR-2011-0274.
3. Develop and utilize a written vehicle log to maintain information regarding vehicle and truck usage. The log should include information regarding the date, description and location of the task and the miles attributable to it. This recommendation should be completed within ninety (90) days of the Commission's Order Approving the Disposition Agreement in Case with File No. SR-2011-0274.

4. Implement a written agreement with any contractor that is employed by the Company on a regular and consistent basis within ninety (90) days of the Commission's Order Approving the Disposition Agreement in Case with File No. SR-2011-0274.
5. Ensure that a duplicate of all customer account records is maintained and secured in a safe location. This recommendation should be completed within ninety (90) days of the Commission's Order Approving the Disposition Agreement in Case with File No. SR-2011-0274.

The purpose of the Engineering and Management Services Department is to promote and encourage efficient and effective utility management. This purpose contributes to the Commission's overall mission to ensure that customers receive safe and adequate utility service at reasonable rates, while providing utilities the opportunity to earn a fair return on their investment.

The objectives of this review were to document and analyze the management control processes, procedures, and practices used by the Company to ensure that its customers' service needs are met and to make recommendations, where appropriate, by which the Company may improve the quality of services provided to its customers. The findings of this review will provide the Commission with information regarding the Company's business and customer service operations.

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

- Customer Billing
- Payment Remittance
- Credit and Collections
- Complaint and Inquiry Handling and Recording
- Time Sheets and Vehicle Logs
- Contractors
- Record Storage

## **Overview and Company History**

House Springs Sewer Company provides sewer service to approximately 1,168 customers in Imperial, Missouri which is located in Jefferson County.

The Company was authorized by the Commission to provide regulated sewer utility service in March 1986. A court-appointed receiver was designated to take over the operations of the Company in 1998. The receivership was dissolved after a meeting with the Missouri Attorney General's office several years later and the present owner was made the sole owner and operator of the Company.

The Company has three employees consisting of the President, a licensed Operator, and a Laborer. The President performs all business office functions and handles customer billing, payment remittance, credit and collections, customer complaints and inquiries, and customer communication. The Company's Operator has a Class A license and is responsible for most of the outside field operations and maintenance of the sewer system including the collection of samples for testing. The Company employs contractors to help with some Company tasks, such as sludge hauling. The Operator has responsibility for monitoring the work of contractors. A Laborer is also used to assist on projects, including outside field operations and maintenance, and to perform general clean up duties and cut grass.

The Company office is located in an office at a storage facility in Imperial, Missouri. The office is rented under a verbal agreement with the owner of the facility on a monthly basis. Office hours are maintained from 7:30 am to 4:00 pm Monday through Friday. Customers may stop by the office to make payments or inquiries. Customers can also contact the Company by calling the business phone number. If the Company is unable to answer the phone, the customer is offered the ability to leave a message. In the case of an emergency, the customer is given a different number to contact the Company.

Service may be initiated in the customer's name in several ways. If it is a new or existing residence, the title company fills out the application for service and faxes it to the Company. In those instances where a title company is not used, the customer is sent an application to fill out and return. The Company does not charge customers a deposit for sewer services.

### **Customer Billing**

Customer billing is conducted by the President utilizing a computer billing program by Sequoyah Software. The Company has utilized this software for about two years. The Company bills most of its customers quarterly and also bills some monthly. Residential customers are billed quarterly on February 1, May 1, August 1 and November 1. Mobile home parks, some apartment buildings and several schools are billed monthly to assist the customers' cash flow. This monthly bill allows these customers to pay smaller bills that they receive on a more frequent basis. Customer billing statements are manually generated and mailed on the 28<sup>th</sup> day of each month for monthly customers and every three months for quarterly customers. The customer billing statement is a postcard that notes the account number, due date, service period, current charges and any delinquent charges. A section of the postcard is to be returned with the customer's payment to assure that the current account is credited. It is being discussed within the current rate case for the Company to switch all customers to monthly billing to improve efficiency and lower bills to more manageable levels.

### **Payment Remittance**

Customer payments are due on the 30<sup>th</sup> of the following month. Customers are given at least 30 days to pay their bill before it is considered delinquent. The Company accepts payment in the form of check, money order, or cash. A few customers routinely visit the office and pay, and are given a receipt. The Company does accept payments in the field.

Payments are posted to the customer accounts using the computer billing system the day they are received. Checks from customers are either taken to or mailed to the bank. The Company has been charging a fee for returned checks at the advice of the local officials. A returned check fee is being included in revised Company tariff sheets by the Commission's Water and Sewer staff.

### **Credit and Collections**

If a customer has failed to pay for thirty (30) days after the issuance of a bill, a penalty of 10% of the unpaid balance is applied to the bill. If a customer fails to pay for two quarters, the Company will make a courtesy phone call. If the customer does not respond, the customer is sent a certified letter giving them an additional thirty (30) days to either call the office to set up a

payment plan or pay the bill. If the Company is still not contacted, it will send the customer a copy of the letter that is sent to the customer's water company requesting that water service be discontinued due to non-payment of sewer charges. This will normally give the customer another seven (7) days to respond at which time, the Company verifies the water company should discontinue the service. A Company representative will meet the water company personnel at the service location and will attempt to give the customer a last chance to pay the bill. If no payment is received, the discontinuance is performed and a notice is posted on the location. The Company maintains a list of customers that have had their water service discontinued due to non-payment of sewer services.

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

Customers are able to contact the Company office by phone or personal visit. After hours or when the President is not able to answer the phone, a voice mail message offers the customer the option to leave a message or an alternative number for emergencies. This emergency number goes to an answering service that contacts the President or the Operator immediately.

The Company stated that it utilizes a form to track the customer inquiries and complaints it receives. The complaint form includes information on the date, type of complaint, and what action was taken to respond to this complaint. The President responds to all customer inquiries and complaints.

The Staff searched the Electronic Filing and Information System (EFIS) and found two complaints in Year 2009 and one complaint in Year 2010. In conjunction with the current rate case, there have been a total of 24 public comments filed by customers.

### **Time Sheets and Vehicle Logs**

The President of the Company has just recently begun to utilize a time keeping method to record her daily activities. She records the type of activities she conducts on a daily basis.

The Operator and Laborer positions use time sheets to record their work hours on a two week basis. The job description category on the time sheet is filled in with the location of the system where whatever activities are to be performed were conducted. These positions track their time to a quarter of an hour. The time sheets do not specify what activity was performed at the location.



Although the Company does own a car and two trucks, logs are not kept of the mileage put on these vehicles for various business or personal purposes.

### **Contractors**

The Company employs contractors for various tasks but does not utilize specific contracts for all of them. The Company uses two different contractors for sludge hauling and one of these does operate under the terms of a written contract. The other contractor does not have a contract and the Company Operator witnesses and notes the number of loads this contractor hauls. The rate for this secondary contractor is on a per load basis.

### **Record Storage**

The Company maintains various types of documents in the office including the system maps used for locating facilities. Most customer information is kept within the customer information system of the computer software. There are presently no duplicate copies of these files.

## **FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS**

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

- Office Lease
- Time Sheets
- Vehicle Logs
- Contractors
- Record Storage

### **Office Lease**

At this time, the Company is renting office space from a storage company without the benefit of a written lease. Leases can provide some protections for both the lessee and lessor with respect to the cost of the facility and duration of the lease as well as maintenance

responsibilities. To protect itself and its customers, the Company should obtain a lease for the office property it is renting.

***THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:***

*Obtain the utilization of a lease for the rental of the Company's office property. This recommendation should be completed within ninety (90) days of the Commission's Order Approving the Disposition Agreement in Case with File No. SR-2011-0274.*

**Time Sheets**

All Company employees currently do not complete and maintain time sheets that provide sufficient information to Company management.

The lack of time sheets limits the Company's ability to track what tasks employees are working on and how much time is spent on each task. Time information is important for documenting work load and determining staffing requirements for various functions, based upon the work load levels. Such documentation may also assist in the determination and justification of salary levels for employees.

It is in the Company's administrative, financial and regulatory interests to have its employees document in writing the tasks they are working on and how much time is spent on each task. The Company's management can develop a time sheet of its choosing, but it should clearly illustrate the address or district the employee is working in, the date, a general description of the task, and the time required to complete the task.

***THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:***

*Ensure that all Company employees complete and maintain time sheets to record work assignments and the time spent working on each work assignment. This recommendation should be completed within ninety (90) days of the Commission's Order Approving the Disposition Agreement in Case with File No. SR-2011-0274.*

**Vehicle Logs**

Company employees do not currently log the mileage associated with jobs while using the Company vehicles. This lack of written documentation makes it difficult to ensure that Company vehicles are being used solely for Company related activities.

An appropriate vehicle log can be developed by the Company and should include vehicle type, the date, a general description and location of the task and the miles driven while completing it.

***THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:***

*Develop and utilize a written vehicle log to maintain information regarding vehicle and truck usage. The log should include information regarding the date, description and location of the task and the miles attributable to it. This recommendation should be completed within ninety (90) days of the Commission's Order Approving the Disposition Agreement in Case with File No. SR-2011-0274.*

**Contractors**

The Company does not have written contracts or agreements concerning all of the services performed by its contractors. The current verbal agreements with contractors contain the potential of uncertainty and a lack of clarity for both the Company and the contractor regarding a description of the services to be provided, the compensation for these services, and liability issues.

A written agreement with any contractor that is employed by the Company on a regular and consistent basis can help the Company avoid potentially costly disputes. A written agreement allows the Company more certainty as to what is expected of the Company and of the contractor, as well as provides protection against financial disputes, changing terms, or other unforeseen circumstances.

The Company should implement a written agreement with any contractor that is employed on a consistent and regular basis.

***THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:***

*Implement a written agreement with any contractor that is employed by the Company on a regular and consistent basis within ninety (90) days of the Commission's Order Approving the Disposition Agreement in Case with File No. SR-2011-0274.*

**Record Storage**

The Company does not maintain an updated duplicate copy of its customer account records. In the event of a disaster, it would be extremely difficult to recreate customer account records and difficult to have an accurate record of the amount that customers owe the Company.

There are a number of methods to ensure that back-ups of account records are performed on a regular basis and stored off site so that data would be available to the Company in the event of a disaster. The Company could also obtain a fireproof file cabinet or safe in an adequate size to accommodate customer account records as well as other documents or cash that need a safe and secure location. Maintaining a duplicate copy of customer account records would give the Company a reasonably accurate set of records should the need arise.

***THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:***

*Ensure that a duplicate copy of all customer account records is maintained and secured in a safe location. This recommendation should be completed within ninety (90) days of the Commission's Order Approving the Disposition Agreement in Case with File No. SR-2011-0274.*

**Implementation Review**

The EMSD staff will conduct a review of the Company's progress regarding the implementation of the recommendations made in this report.