

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

In the Matter of Hickory Hills Water &)	
Sewer Company, Inc., Small Company Rate)	<u>Case No. SR-2009-0154</u>
Increase)	

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

COMES NOW the Staff of the Missouri Public Service Commission (Staff), by and through counsel, and for its Notice of Unanimous Agreement Regarding Disposition of Small Sewer Company Revenue Increase Request (Notice) states the following:

1. On October 23, 2008, the Missouri Public Service Commission (the Commission) received a Rate Increase Request Letter from Hickory Hills Water & Sewer Co., Inc. (Hickory Hills or the Company) requesting that the Commission authorize a 100% increase in its annual operating revenues.

2. Subsequent to Staff's investigation and pursuant to negotiations between the Company, Staff, and OPC, all parties have been able to reach a Unanimous Agreement Regarding Disposition of Small Water Company Revenue Increase Request (Unanimous Agreement).

3. Included in Appendix A, attached hereto, is a copy of the above-referenced Unanimous Agreement, as well as various attachments related to the Unanimous Agreement. Additionally, Appendix A contains affidavits from Staff members that participated in the investigation of this matter.

4. As agreed-upon by the parties to this case, the Unanimous Agreement provides for an increase of \$14,900 in the Company's annual operating revenues.

5. Commission Rule 4 CSR 240-3.050(13) provides that “[i]f the disposition agreement filed by the staff provides for a full resolution of the utility’s request and is executed by the utility, the staff and the public counsel, the utility shall file new and/or revised tariff sheets, bearing an effective date that is not fewer than (30) days after they are filed, to implement the agreement.” Pursuant to 4 CSR 240-3.050(13) and the terms of the Unanimous Agreement, the Company will file substitute tariff sheet No. 4 and substitute tariff sheet No. 5 on or before July 10, 2009, seeking to implement the terms of the Unanimous Agreement. This tariff sheets shall bear the minimum 30-day effective date of August 10, 2009.

6. Hickory Hills has no delinquent annual reports. The Company is delinquent in the payment of its Commission assessment fee for the fiscal year 2007. The Company currently has one additional case pending before the Commission, Case No. WR-2009-0151, related to a small water company revenue increase request.

WHEREFORE, Staff respectfully submits this Notice and the attached Appendix A for the Commission’s information and consideration in this case and requests that the Commission enter an Order adopting the terms agreed upon by Staff, the Company, and OPC.

Respectfully Submitted,

/s/ Eric Dearmont

Eric Dearmont
Assistant General Counsel
Missouri Bar No. 60892

Attorney for the Staff of the
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102
(573) 751-5472
(573) 751-9285 (Fax)
eric.dearmont@psc.mo.gov

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed with first-class postage, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 7th day of July, 2009.

/s/ Eric Dearmont

APPENDIX A

STAFF PARTICIPANT AFFIDAVITS AND DISPOSITION AGREEMENT & ATTACHMENTS

CASE NO. SR-2009-0154

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Staff Participant Affidavits

James M. Russo – Water & Sewer Department

J. Kay Niemeier – Engineering & Management Services Department

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

AFFIDAVIT OF JAMES M. RUSSO

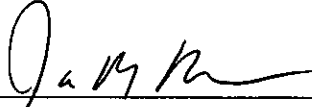
STATE OF MISSOURI)

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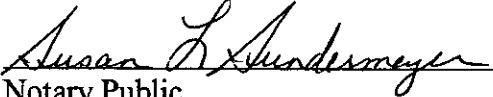
COUNTY OF COLE)

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 was responsible for the preparation of the following *Unanimous Agreement Regarding Disposition of Small Sewer Company Revenue Increase Request* ("*Disposition Agreement*"); (4) that he was responsible for the preparation of Attachments A, B, C and E to the Disposition Agreement; (5) that he has knowledge of the matters set forth in the Disposition Agreement and the above-referenced attachments thereto; and (6) that the matters set forth in the Disposition Agreement and the above-referenced attachments thereto are true and correct to the best of his knowledge, information and belief.



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

Subscribed and sworn to before me this 6th day of July, 2009.



Notary Public



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

BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

AFFIDAVIT OF J. KAY NIEMEIER

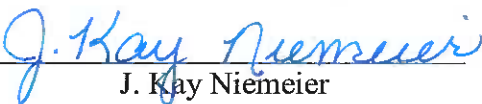
STATE OF MISSOURI)

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CASE NO. SR-2009-0154

COUNTY OF COLE)

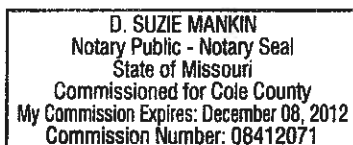
COMES NOW J. Kay Niemeier, being of lawful age, and on her oath states the following: that she is a Utility Management Analyst III of the Missouri Public Service Commission's Engineering and Management Services Department; (2) that she participated in the Staff's investigation of the small company rate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




J. Kay Niemeier

Utility Management Analyst III
Engineering and Management Services Dept.

Subscribed and sworn to before me this 6th day of July, 2009.




Notary Public

Unanimous Disposition Agreement

UNANIMOUS AGREEMENT REGARDING DISPOSITION
OF SMALL SEWER COMPANY REVENUE INCREASE REQUEST

HICKORY HILLS WATER & SEWER COMPANY, INC.

MO PSC CASE NO SR-2009-0154

BACKGROUND

Hickory Hills Water & 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") Case 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 by the Commission on October 23, 2008, the Company set forth its request for an increase of 100% in its total annual sewer service operating revenues. In its request letter, 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 fifty (50) residential customers.

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. (Hereafter, these activities are collectively referred to as Staff's "investigation" of the Company's Request.)

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

On May 20, 2009, Staff and the Company filed a Company/Staff Disposition Agreement. The Company filed related tariff revisions P.S.C. MO No. 2 3rd Revised Sheet No. 4 Canceling 2nd

Revised Sheet No. 4 (“No. 4”) and P.S.C. MO No. 2 2nd Revised Sheet No. 5 Canceling 1st Revised Sheet No. 5 (“No. 5”) on May 26, 2009.

RESOLUTION OF THE COMPANY'S RATE INCREASE REQUEST

Pursuant to negotiations, Staff, the Company and OPC hereby state the following agreements.

(1) That for the purpose of implementing the agreements set out herein, the Company will file with the Commission substitute tariff sheets No. 4 and No. 5, intended both to reflect the terms of this agreement and to supersede those revised tariff sheets No. 4 and No. 5, filed with the Commission on May 26, 2009. These substitute tariff sheets shall be filed on or before July 10, 2009, shall bear an effective date of August 10, 2009, and shall contain the rates, charges and language set out in the example substitute tariff sheets attached hereto as Attachment A.

(2) That the rates set out in the attached example substitute tariff sheets No. 4 and No. 5, attached hereto as Attachment A, are designed to generate additional revenues of \$14,900.

(3) That the rates set out in the attached example substitute tariff sheet, the development of which is shown on the rate design worksheet attached hereto as Attachment B, are designed to generate revenues sufficient to recover the agreed-upon total annualized cost of service for the Company.

(4) That the rates included in the attached example substitute tariff sheets will result in the residential customer impacts shown on the billing comparison worksheet attached hereto as Attachment C.

(5) That the rates included in the attached example substitute tariff sheets are just and reasonable, and that the provisions of the attached example substitute tariff sheets also properly reflect all other agreements set out herein, where necessary.

(6) The Company will maintain all of its financial records in accordance with the Commission's Uniform System of Accounts (“USOA”).

(7) The Company will contract the services of a certified wastewater operator within three (3) months of the effective date of an order approving this Unanimous Disposition Agreement. Said operator shall follow the “Effluent Limitations and Monitoring Requirements” as stated in the Missouri Department of Natural Resources (“MDNR”) operating permit issued to the wastewater facility. The Company will notify the Manager of the Water and Sewer Department upon hiring of the operator

(8) Within thirty (30) days of the effective date of an order approving this Unanimous Disposition Agreement, the Company will implement the recommendations contained in the Engineering & Management Services Department

(“EMSD”) Report attached hereto as Attachment D. These recommendations include the following:

- a. Develop and distribute to all current and future customers written information specifying the rights and responsibilities of the Company and its customers.
- b. Change the procedure and the note appearing on customer’s bills in order to ensure that customers are provided at least twenty-one (21) days from the date bills are mailed to make payment before bills are considered past due.
- c. Require a signed customer application prior to service being provided by the Company as provided in its tariff. The Company’s customer application shall include the date, the customer’s signature, and a statement indicating that the customer agrees to abide by the Company’s rates, rules and regulations, and applicable state statutes.
- d. Implement a procedure to charge delinquent paying accounts the late payment charge of \$3.00 per month, not to exceed three (3) months or \$9.00 per customer. The procedure shall adhere to the Company’s substitute tariff Sheet No. 5.
- e. Correct the notice of discontinuance of service to include the cost for reconnection, the date on or after which service will be discontinued and the possibility of a settlement agreement. The notice of discontinuance of service shall adhere to Commission Rule 4 CSR 240-13.050(4).
- f. Develop and implement a process to ensure all customer complaints received by Company personnel are documented and maintained for at least two (2) years. Documentation shall include the customer name, address, nature of the complaint, date of occurrence, as well as an explanation of what the Company has done to address the complaint.

(9) Within six (6) months of the effective date of an order approving this Unanimous Disposition Agreement, the Company will implement the recommendations contained in the Engineering & Management Services Department (“EMSD”) Report. These recommendations include the following:

- a. Review all oral agreements with all outside individuals providing services to or on behalf of the Company and obtain signed contracts specifying the terms of these agreements.
- b. Develop a customer billing statement that itemizes all authorized charges, including previous balances due.

- c. Establish and implement a policy regarding the collection of delinquent accounts and consistently apply the policy to all customers.
- d. Store all customer payments and other important business documents in a lockable, fireproof cabinet.

(10) The Company will mail its customers a written notice of the rates and charges included in its proposed tariff revisions within fifteen (15) days or during its next billing cycle after the issuance of the Commission Order approving the terms of this Unanimous Disposition Agreement. The notice will 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 will also send a copy to Staff Case Coordinator who will file a copy in the subject case file.

(11) That Staff will conduct follow-up reviews of the Company's operations to ensure that the Company has complied with the provisions of this Unanimous Disposition Agreement.

(12) That Staff may file a formal complaint against the Company, if the Company does not comply with the provisions of this Unanimous Disposition Agreement.

(16) That the Company, Staff and OPC agree that each party has read the foregoing Unanimous Agreement Regarding Disposition of Small Sewer Company Revenue Increase Request; that upon all parties best knowledge and belief the facts stated therein are true; that the foregoing conditions accurately reflect the agreement reached between the Company, Staff and OPC and that each party freely and voluntarily enters into this agreement.

(17) That the above agreements satisfactorily resolve all issues identified by Staff, OPC 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, OPC and the Company. In arriving at the amount of the annual operating revenue increase specified herein no party has agreed to any particular ratemaking principle.

The Company has filed the annual report for the 2008 calendar year. The Company is delinquent on the Missouri Public Service Commission Assessment Fees ("Assessment") for fiscal year 2007. The Receiver paid the Assessment for fiscal year 2008 and has been making payments for fiscal year 2009.

The Company, OPC and Staff acknowledge that the Company and Staff have previously agreed to an extension of the normal "Day-150" date by which an agreement regarding the resolution of a small company revenue increase request is to be reached because the initial customer notice did not meet the requirements of 4 CSR 240-3.050 (7). A copy of the extension agreement can be found in the EFIS docket in this case.

The wastewater treatment facility was referred to the MDNR Water Pollution Control Branch, Enforcement Unit on April 20, 2006, for non-compliance issues regarding the permitted effluent limits. The facility has been unable to rectify the operational and capacity issues of the treatment lagoon to date, and thus remains under the oversight of the Enforcement Unit. The Company must continue to work with MDNR to return the facility to a status of compliance.

Staff has completed a Summary of Case Events and has included that summary as Attachment E to this Unanimous Disposition Agreement.

The Company and OPC acknowledge that Staff will be filing this Unanimous Disposition Agreement and the attachments hereto, in the existing case after the Company files the proposed tariff revisions mandated by this agreement. The Company and OPC also acknowledge that Staff may make other filings in this case.


Additionally, the Company and OPC agree 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 that case is noticed to be considered by the Commission. The parties will be available to answer Commission questions regarding this Unanimous Disposition Agreement. To the extent reasonably practicable, Staff shall provide the Company and OPC with advanced notice of any such agenda meeting so that they may have the opportunity to also be represented at the meeting.

Small Company Revenue Increase Disposition Agreement
MO PSC Tracking File No. SR-2009-0154
Hickory Hills Water & Sewer Company, Inc. - Page 6 of 6 Pages

EFFECTIVE DATE AND SIGNATURES

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

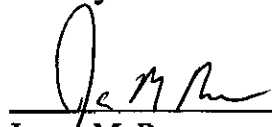
Agreement Signed and Dated:



Gary V. Cover
Receiver
Hickory Hills Water & Sewer Company, Inc.

7-6-09

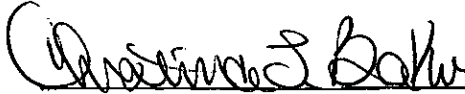
Date



James M. Russo
Rate and Tariff Examination Supervisor
Water & Sewer Department
Missouri Public Service Commission Staff

7-6-09

Date



Christina L. Baker
Senior Public Counsel
Office of the Public Counsel.

7-6-09

Date

List of Attachments

- Attachment A - Example Tariff Sheets
- Attachment B - Rate Design Worksheet
- Attachment C - Billing Comparison Worksheet
- Attachment D - EMSD Report
- Attachment E - Summary of Events

Agreement Attachment A

Example Tariff Sheets

P.S.C. MO No. 2

3rd Revised Sheet No. 4

Canceling

2nd Revised Sheet No. 4

Hickory Hills Water & Sewer Company
Name of Issuing Company

For: Hickory Hills Estates & Temple Terrace
Moniteau County, Missouri
Community, Town or City

**Rules Governing the
Rendering of Sewer Service**

SCHEDULE OF RATES

Availability

Any metered customer located in the Company's service territory

Sewer Service Rates

The charge for sewer service is \$42.50 per month or portion thereof for each sewer service. +

Taxes

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

* Indicates New Rate or Text

+ Indicates Changed Rate or Text

Issue Date: May 26, 2009
Month/Day/Year

Effective Date: July 10, 2009
Month/Day/Year

Issued By: Gary V. Cover
Name & Title of Issuing Officer

Company Mailing Address

P.S.C. MO No. 2

2nd Revised Sheet No. 5

Canceling 1st Revised Sheet No. 5

Hickory Hills Water & Sewer Company
Name of Issuing Company

For: Hickory Hills Estates & Temple Terrace
Moniteau County, Missouri
Community, Town or City

**Rules Governing the
Rendering of Sewer Service**

SCHEDULE OF SEWER SERVICE CHARGES

Discontinuance of Service for Non-Payment of Bill:

Turn-on Charge \$ 15.00

Service Connection Fees:

Tap-on and Inspection \$15.00

Late Payment Charge:

Billing will be made and distributed at monthly intervals. Bills will be rendered net, bearing the last date on which payment will be considered delinquent. The period after which the payment is considered delinquent is 21 days after rendition of the bill. For any bill not paid within the period stated thereon, a late charge in the amount of \$3.00 per month, not to exceed three months or \$9.00 per customer, shall be added to the total amount due plus all disconnection and reconnection costs, collection costs and reasonable attorney's fees for collection.

Returned Check Charge:

+

A returned check charge of \$25 per check will be paid on all checks returned from the bank for insufficient funds.

* Indicates New Rate or Text

+ Indicates Change

Issue Date: May 26, 2009
Month/Day/Year

Effective Date: July 10, 2009
Month/Day/Year

Issued By: Gary V. Cover
Name & Title of Issuing Officer

Company Mailing Address

Agreement Attachment B

Rate Design Worksheet

HICKORY HILLS WATER & SEWER

Development of Tariffed Rates-Sewer

Agreement is to increase currently tariffed rates by a percentage equal to the agreed-upon overall revenue increase divided by the revenues generated by the currently tariffed rates.

Revenues Generated by Current Tariffed Rates	\$ 9,579
Agreed-Upon Overall Revenue Increase	\$ 14,900
Percentage Increase Needed	155.551%

Metered Customer Rates

Customer Type	Current Service Charge	Proposed Service Charge
Residential	\$ 16.63	\$ 42.50

Agreement Attachment C

Billing Comparison Worksheet

HICKORY HILLS WATER & SEWER

Residential Customer Bill Comparison-Sewer

Rates for 5/8" Meter

<u>Current Base</u>	<u>Proposed Base</u>
<u>Customer Charge</u>	<u>Customer Charge</u>
\$16.63	\$42.50

current service charge is monthly charge

usage rate is per 1,000 gallons used

MONTHLY BILL COMPARISON

6,000 gallons/month usage

Current Rates

Customer Charge	\$ 16.63
Usage Charge	\$ -
Total Bill	\$ 16.63

Proposed Rates

Customer Charge	\$ 42.50
Usage Charge	\$ -
Total Bill	\$ 42.50

INCREASES

Customer Charge

\$ Increase	\$25.87
% Increase	155.55%

Total Bill

\$ Increase	\$25.87
% Increase	155.55%

Agreement Attachment D

EMSD Report

REPORT OF CUSTOMER SERVICE AND BUSINESS OPERATIONS REVIEW

Engineering and Management Services Department

Small Company Rate Increase Request

Case Nos: WR-2009-0151 and SR-2009-0154

Hickory Hills Water & Sewer Company

Hickory Hills Water & Sewer Company (Hickory Hills or Company) filed a rate increase request on October 23, 2008, for water and sewer service provided in its certificated service area, located near California, Missouri. The Engineering and Management Services Department (EMSD) staff initiated an informal review of customer service processes, procedures, and practices at Hickory Hills in December 2008. This customer service review was done in conjunction with the Company's rate increase request. Prior to on-site interviews, the EMSD staff examined Company tariffs, annual reports, Missouri Public Service Commission (Commission) complaint records, and other documentation related to the Company's customer service operations.

The purpose of the 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 service at a reasonable cost, while providing utilities the opportunity to earn a fair return on their investment.

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

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

- Meter Reading
- Customer Billing
- Credit and Collections
- Complaints and Inquiries
- Customer Communication

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

Overview

Hickory Hills Water & Sewer Company was certificated to provide sewer service on March 8, 1973, and water service on January 31, 1975. Mr. Gary Cover, an attorney with an office in Clinton, Missouri, was appointed as Receiver to manage the Company in August 2006. The Company provides water and sewer service to approximately forty-seven (47) customers and water only service to an additional two (2) customers. The business office for Hickory Hills is the Receiver's office in Clinton, Missouri. Business office hours are 8:30 – 12:00 and 1:00 – 5:00, Monday through Friday. Customers have 24-hour, 7-day access to Company personnel by calling either of two provided telephone numbers.

Hickory Hills Water and Sewer Company staffing includes Mr. Cover and one office employee. Outside plant functions are performed by an outside contractor. Mr. Cover has overall responsibility for policy development and general problem solving. The outside contractor's primary responsibilities include meter reading, daily system checks, chlorination, collecting samples for monthly water tests, routine maintenance, licensing, and responding to customer emergency calls. The office employee is responsible for business office functions including taking new service applications, maintaining customer account records, and responding to customer inquiries and complaints. The office employee's husband has the responsibility for preparing customer bills and posting bill payments. Signed contracts have not been obtained from either of the two individuals who provide outside services.

Mr. Cover anticipates no future growth in the number of customers served by the Company. Applications for new service are from customers in existing homes. Customers may call the Company with questions about rules and procedures associated with the provision of service; however, the Company has not prepared written information documenting the rights and responsibilities of the Company and its customers.

Meter Reading

All water meters, active and inactive, are read on the 28th or 29th of the month. The meter readings are handwritten on a meter route sheet that includes the name, address, and meter numbers of the customers. The meter readings are entered into an Excel spreadsheet by the husband of one of Mr. Cover's office employees. Company personnel stated that the Company has sometimes mailed a minimum bill when inclement weather has made it impossible to obtain a meter reading. The Company is unaware of any theft of water service.

Customer Billing

The Company uses an Excel spreadsheet to calculate and print customers' bills. The accuracy of bills is verified through visual inspection when the bills are produced. Company personnel stated that bills are always mailed by the 10th of the month and are considered due on the 25th of the month. Customer bills state that payments are past due 21 days after the billing date. A sample bill provided to the EMSD staff included two separate amounts. At the top of the bill, one amount reflected the amount due for the previous month's service. On the portion of the bill to be returned with payment, a second, larger amount reflected the customer's account balance, including any previous outstanding balances.

Customer rates for water and sewer service are provided in the Company's tariffs. Customers' water bills are based on a monthly customer charge of \$12.34 and a usage charge of \$2.45 per 1,000 gallons. Sewer customers pay a flat fee of \$16.63 per month. All customer payments are mailed to the business office. Company personnel stated that customer payments are kept in an office desk until bank deposits are made, an event which occurs approximately three times each month.

Credit and Collections

The Company does not have a customer application form for customers to complete when initiating service. The Company's Receiver informed the EMSD staff that he was unaware of customer applications ever being collected from customers. The Company does not collect customer deposits from customers, although the collection of deposits is permitted under the Company's tariff. The Company does not charge a late charge for payments not received by the due date, although the Company's tariff provides that it may collect a late charge of \$3.00, not to exceed a three month cap of \$9.00 per customer. The Company shows any past due amounts on the customers' current month bills and requests the total amount due. The Company's Receiver stated that when necessary, collection letters for past due accounts are mailed on his law firm's stationery, though these letters are mailed irregularly. A copy of the Receiver's collection letter is shown on the following page. On occasion, the Company has provided the contracted operator a copy of customers' bills that are subject to disconnection and requested disconnection if not paid, but the Company's Receiver indicated that the Company had never disconnected service for nonpayment.

The Company stated that it rarely receives a returned check and does not charge a returned check fee, although the Company's tariff provides for a \$15.00 bad check charge. The EMSD staff requested the bad debt write off amounts for 2005, 2006 and 2007, but the Company's Receiver was unable to provide the information.

Complaints and Inquiries

Customers with questions or concerns may call the Company contact number appearing on the bill. Customers have also been provided the telephone number of the outside contractor. Mr. Cover handles general service questions and the outside contractor responds to emergency calls. Company personnel stated that some notes regarding individual account issues are recorded; however, customer complaints and inquiries are not documented. The EMSD staff also identified the lack of documentation for complaints and inquiries in a July 2004 report on customer service operations.

A review of Commission complaint/inquiry records for the past three (3) years showed two (2) customer contacts in 2006 and two (2) in 2007. The two (2) contacts in 2006 were related to inquiries about water service. In 2007, there was one inquiry about water service and one complaint concerning the sewer rate.

Customer Communication

Outside of monthly billings, the Company rarely communicates with its customers. Letters are used to notify customers about rate case activity. Mr. Cover stated that, occasionally, he corresponds with a customer by e-mail.

Findings, Conclusions, and Recommendations

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

- Contracts for Outside Services
- Customer Rights and Responsibilities Documentation
- Customer Bill Due Date
- Customer Bill Information

- Storage of Customer Payments and Documents
- Customer Applications
- Delinquent Accounts
- Complaint and Inquiry Documentation

Contracts for Outside Services

Signed contracts have not been obtained from the two (2) individuals who provide outside services. These services are provided on the basis of oral agreements. The outside contractor's primary responsibilities include meter reading, daily system checks, chlorination, collecting samples for monthly water tests, routine maintenance, licensing, and responding to customer emergency calls. An office employee's husband has responsibility for preparing customer bills and posting bill payments. The lack of signed contracts adds vulnerability to the continuation of essential services.

The availability of signed contracts would:

- Serve to formalize an individual's desire to work and the Company's willingness to pay a certain rate for that work.
- Establish guidelines for the scope of work expected to be performed.
- Grant certain authority, e.g., authority to hire subcontractors to assist in emergency situations.
- Contain a specific timeframe for when specific work is to be performed.
- Note the date that the contract will be reviewed, renegotiated, or will expire.
- Contain specific conditions such as terms of notification by either party before severing the contract.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Review all oral agreements with all outside individuals providing services to or on behalf of the Company and obtain signed contracts specifying the terms of these agreements.

Customer Rights and Responsibilities Documentation

The Company has not prepared written information documenting the rights and responsibilities of the Company and its customers. The development of such information and its prominent display and availability to customers is required by Commission Rule 4 CSR 240-13.040(3) which states:

A utility shall prepare, in written form, information which in layman's terms summarizes the rights and responsibilities of the utility and its customers in accordance with this chapter. . . This written information shall be displayed prominently, and shall be available at all utility office locations open to the general public, and shall be mailed or otherwise delivered to each residential customer of the utility if requested by the customer. The information shall be delivered or mailed to each new customer of the utility upon the commencement of service and shall be available at all times upon request.

The availability of written information would provide useful facts relating to billing procedures, payment requirements, customer deposits, discontinuance of service, inquiries and complaints, and access to the Company, Commission, and the Office of the Public Counsel. Written information would be a valuable educational resource for new and existing customers.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Develop and distribute to all current and future customers written information specifying the rights and responsibilities of the Company and its customers. This recommendation must be completed within thirty (30) days of the Commission order approving the disposition agreement in Case No. WR-2009-0151. This recommendation must be completed within thirty (30) days of the Commission order approving the disposition agreement in Case No. SR-2009-0154.

Customer Bill Due Date

Customers are not given twenty-one (21) days from the day bills are mailed until they are considered past due. A note on each customer bill states that payment is past due twenty-one (21) days after the billing date. Company personnel stated that bills are typically mailed by the 10th of each month and payable by the 25th of the month. In either case, the Company's procedure does not comply with Commission Rule 4 CSR 240-13.020(7) which provides that "a monthly-billed customer shall have at least twenty-one (21) days and a quarterly-billed customer shall have at least sixteen (16) days from the rendition of the bill to pay the utility charges unless a customer has selected a preferred payment date in accordance with a utility's preferred payment date plan." Based on this rule, a customer's bill should not be considered past due or delinquent until the 22nd day after the bill is mailed. An appropriate change in procedure and the note appearing on each customer's bill would enable the Company to comply with the Commission's rule.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Change the procedure and the note appearing on customers' bills in order to ensure that customers are provided at least twenty-one (21) days from the date bills are mailed to make payment before bills are considered past due. This recommendation must be completed within thirty (30) days of the Commission order approving the disposition agreement in Case No. WR-2009-0151. This recommendation must be completed within thirty (30) days of the Commission order approving the disposition agreement in Case No. SR-2009-0154.

Customer Bill Information

Customers' bills do not separately identify any previous amounts due. A sample bill provided to the EMSD staff included a total amount due for the previous month's service and a different, larger balance due at the bottom of the bill on the portion of the statement that is to be returned with the payment. Company personnel explained that the amount due that was shown on the top portion of the bill did not include a previous balance due that the customer had from prior months. The possible existence of different amounts that are due on customer bills could be confusing to customers. By ensuring that previous balances due and all other charges are appropriately itemized on customers' bills, customer confusion will be minimized and there will be a greater likelihood that customers will remit the appropriate payment.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Develop a customer billing statement that itemizes all authorized charges, including previous balances due.

Storage of Customer Payments and Documents

Customers' payments and important business documents are not kept in locked, fireproof storage. The Company's current practice is to keep customer payments in an office desk until bank deposits are made, an event which occurs approximately three times a month. Other Company customer account documents are kept in ordinary file storage.

The lack of fireproof storage has several potential detrimental effects. In the event of a disaster, the customer payments and other important documents maintained in the office could be lost or destroyed. It would be difficult and time consuming to replace customer payments and to re-create important records.

Securing the Company's critical documents, such as customer payments, customer applications for service, customer account data, and other pertinent Company information in

fireproof storage would minimize the risk of loss and the cost and labor-intensive process required to re-create customer data should a disaster occur.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Store all customer payments and other important business documents in a lockable, fireproof cabinet.

Customer Applications

The Company does not collect a signed customer application from its customers. Prior to January 2004, the Company did not require a completed application before providing water and sewer service. In Commission Tracking Nos. QW-2004-0008 and QS-2004-0009, the EMSD staff recommended that the Company require customer applications. The Company mailed applications to all current customers in January 2004, and thirty-seven (37) customers returned signed applications to the Company.

Applications for Service are addressed in the Company's tariff. Sheet No. 10, Rule 4(a), which states:

A written application for service, signed by the customer, stating the type of service required and accompanied by any other pertinent information, will be required from each customer before service is provided to any unit. Every customer, upon signing an application for any service rendered by the company, or upon taking of service, shall be considered to have expressed consent to the company's rates, rules and regulations.

The customer application should include the customer's signature, the date the document was signed, and a statement indicating that the customer agrees to abide by the Company's rates, rules and regulations, and applicable state statutes. The signed and dated customer application will provide Hickory Hills more leverage to collect monies owed should the need arise.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Require a signed customer application prior to service being provided by the Company as provided in its tariff. The Company's customer application shall include the date, the customer's signature, and a statement indicating that the customer agrees to abide by the Company's rates, rules and regulations, and applicable state statutes. This recommendation must be completed within thirty (30) days of the Commission order approving the disposition agreement in Case No. WR-2009-0151. This recommendation must be completed within thirty (30) days of the Commission order approving the disposition agreement in Case No. SR-2009-0154.

Delinquent Accounts

The Company does not charge its tariffed late payment charge on late paying accounts. Sheet No. 5 of the Company's tariff states:

Late Payment Charge:

Billing will be made and distributed at monthly intervals. Bills will be rendered net, bearing the last date on which payment will be considered delinquent. The period after which the payment is considered delinquent is 21 days after rendition of the bill. For any bill not paid within the period stated thereon, a late charge in the amount of \$3.00 per month, not to exceed three months or \$9.00 per customer, shall be added to the total amount due plus all disconnection and reconnection costs, collection costs and reasonable attorney's fees for collection.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Implement a procedure to charge delinquent paying accounts the late payment charge of \$3.00 per month, not to exceed three (3) months or \$9.00 per customer. The procedure shall adhere to the Company's tariff Sheet No. 5. This recommendation must be completed within thirty (30) days of the Commission order approving the disposition agreement in Case No. WR-2009-0151. This recommendation must be completed within thirty (30) days of the Commission order approving the disposition agreement in Case No. SR-2009-0154.

The Company's policy regarding collection of delinquent accounts is ineffective. Staff noted that all of the November 2006 bills had balances due; most of the accounts had balances larger than \$100.00, which is a balance due of three (3) or four (4) months. Rule 7 of the Company's tariff states:

- (a) The company may discontinue service for any of the following reasons: 1. Nonpayment of a delinquent account not in dispute. . . .
- (b) The company may discontinue service after notice by first class mail is sent to the customer at least ten (10) days prior to the date of the proposed discontinuance. If written notice is hand delivered to the customer, it shall be done at least ninety six (96) hours prior to discontinuance. Service of notice by mail is complete upon mailing.

With established criteria for the handling of delinquent accounts, the Company would be able to take a more consistent and aggressive stance toward discontinuance for nonpayment, likely resulting in the collection of revenues in a timely fashion. The Company should communicate implementation of its collection policies to all customers.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Establish and implement a policy regarding the collection of delinquent accounts and consistently apply the policy to all customers.

The Company's notice of discontinuance of service does not contain all necessary information, which is a violation of Commission Rules. Commission Rule 4 CSR 240-13.050(4) states:

The notice of discontinuance shall contain the following information:

- (B) A statement of the reason for the proposed discontinuance of service and the cost for reconnection;
- (C) date on or after which service will be discontinued unless appropriate action is taken;
- ...
- (E) The possibility of a settlement agreement if the claim is for a charge not in dispute and the customer is unable to pay the charge in full at one (1) time;

In the EMSD staff's review dated July 15, 2004, the EMSD staff recommended the Company to revise its Notice of Intent to Discontinue Service to include necessary information. Although the Company made revisions to its notice, it did not add to the notice a statement of the reason for the disconnect, the cost for reconnection, or the possibility of a settlement agreement.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Correct the notice of discontinuance of service to include the cost for reconnection, the date on or after which service will be discontinued and the possibility of a settlement agreement. The notice of discontinuance of service shall adhere to Commission Rule 4 CSR 240-13.050(4). This recommendation must be completed within thirty (30) days of the Commission order approving the disposition agreement in Case No. WR-2009-0151. This recommendation must be completed within thirty (30) days of the Commission order approving the disposition agreement in Case No. SR-2009-0154.

Complaint and Inquiry Documentation

The Company does not keep a record of customer contacts involving complaints it receives. This practice violates Commission rules conveying customer contact documentation requirements that are applicable to water companies contained in Commission Rule 4 CSR 240-13. The section entitled "Inquiries" found in 4 CSR 240-13.040(5) states the following:

A utility shall maintain records on its customers for at least two (2) years which contain information concerning: ... (B) The number and general description of complaints registered with the utility;

Commission Rule 4 CSR 240-60.010(4) applicable to sewer companies states:

The utility shall maintain a file of customer complaints received on the service it provides. The file shall include the name and address, as well as the nature of the complaint and date of occurrence. A detailed explanation of what the utility did to correct the trouble which originated the complaint shall be recorded.

The availability of documented customer contact information would enable Company management to evaluate why customers contact the Company, determine if any corrective measures could be taken to reduce customer contacts, and improve customer satisfaction. The availability of documentation regarding customer contacts would also help to show the Company's responsiveness in addressing customer issues.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Develop and implement a process to ensure all customer complaints received by Company personnel are documented and maintained for at least two (2) years. Documentation shall include the customer name, address, nature of the complaint, date of occurrence, as well as an explanation of what the Company has done to address the complaint. This recommendation must be completed within thirty (30) days of the Commission order approving the disposition agreement in Case No. WR-2009-0151. This recommendation must be completed within thirty (30) days of the Commission order approving the disposition agreement in Case No. SR-2009-0154.

Follow-Up

The EMSD staff will conduct follow-ups of all of the EMSD recommendations no later than the deadlines as set out for each EMSD recommendation in the disposition agreement in Case No. WR-2009-0151. The EMSD staff will conduct follow-ups of all of the EMSD recommendations no later than the deadlines as set out for each EMSD recommendation in the disposition agreement in Case No. SR-2009-0154.

Agreement Attachment E

Summary of Events

Summary of Case Events
SR-2009-0154

Date Filed	10/23/08
Day 150	3/23/09 5/21/09
Extension?	Yes-60 days
If yes, why?	Amended Customer Notice
Amount Requested	100%
Amount Agreed Upon	\$14,900
Number of Customers	48
Assessments Current	\$223.62 due for current year \$448.16 due for 2007
Annual Reports Filed	Yes
Statement of Revenue Filed	Yes
Other Open Cases before Commission	No
Status with Secretary of State	Good Standing
DNR Violations	Yes