

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

In the Matter of Small Company Rate )  
Increase of Oakbrier Estates )

**Case No. WR-2009-0229**

**NOTICE OF UNANIMOUS AGREEMENT REGARDING DISPOSITION  
OF SMALL COMPANY RATE 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 Company Rate Increase Request* (Notice) states the following:

1. On November 26, 2008, the Missouri Public Service Commission (Commission) received a Rate Increase Request Letter from Oakbrier Water Company, Inc. (Oakbrier or Company), requesting the Commission allow an increase of \$5,472 in its annual operating revenues pursuant to Commission Rule 4 CSR 240-3.050 (Small Utility Rate Case Procedure).

2. Subsequent to Staff's investigation and pursuant to negotiations between the Company, Staff, and the Office of Public Counsel (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 \$3,103 in the Company's annual operating revenues.

5. Pursuant to Rule 4 CSR 240-3.050(13), "[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.” The Company will file the substitute tariff sheets No. 5 and No. 6 on August 13, 2009, seeking to implement the terms of the Unanimous Agreement. This tariff sheets bears the minimum 30-day effective date of September 12, 2009.

7. The Company is current on its payment of Commission assessments and on its filings of annual reports and statements of revenue; and has no other cases pending before the Commission.

**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/ Jaime N. Ott

Jaime N. Ott

Missouri Bar No. 60949

Attorney for the Staff of the  
Missouri Public Service Commission

P. O. Box 360

Jefferson City, MO 65102

(573) 751-8700 (Telephone)

(573) 751-9285 (Fax)

[jaime.ott@psc.mo.gov](mailto:jaime.ott@psc.mo.gov) (e-mail)

### ***Certificate of Service***

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 29<sup>th</sup> day of July 2009.

/s/ Jaime N. Ott

# APPENDIX A

## STAFF PARTICIPANT AFFIDAVITS AND DISPOSITION AGREEMENT & ATTACHMENTS

CASE NO. WR-2009-0229

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## Staff Participant Affidavits

David A. Spratt – Water & Sewer Department

Deborah A. Bernsen– Engineering & Management Services Department

**BEFORE THE PUBLIC SERVICE COMMISSION**

**OF THE STATE OF MISSOURI**

**AFFIDAVIT OF DAVID A. SPRATT**


STATE OF MISSOURI

ss.

COUNTY OF COLE

)  
) Case No. WR-2009-0229  
)  
)


**COMES NOW** David A. Spratt, being of lawful age, and on his oath states the following: (1) that he is a Technical Specialist in 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 Water 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 this Disposition Agreement and the above-referenced attachments thereto are true and correct to the best of his knowledge, information, and belief.

  
\_\_\_\_\_  
David A. Spratt  
Technical Specialist  
Water and Sewer Department

Subscribed and sworn to before me this 16<sup>th</sup> day of July, 2009.



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

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

**BEFORE THE PUBLIC SERVICE COMMISSION**

**OF THE STATE OF MISSOURI**

**AFFIDAVIT OF LISA A. KREMER**

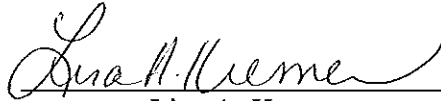
STATE OF MISSOURI

ss.

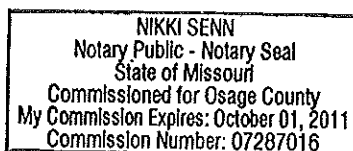
COUNTY OF COLE


)  
) Case No. WR-2009-0229  
)  
)

**COMES NOW** Lisa A. Kremer, being of lawful age, and on her oath states the following: (1) that she is a Utility Regulatory Manager in the Missouri Public Service Commission's Engineering & 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 *Company/Staff Agreement Regarding Disposition of Small Water 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.

  
\_\_\_\_\_  
Lisa A. Kremer  
Utility Regulatory Manager  
Engineering & Management  
Services Department

Subscribed and sworn to before me this 17<sup>th</sup> day of July, 2009.



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

# Unanimous Disposition Agreement

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

**OAKBRIER WATER COMPANY**

**MO PSC CASE NO. WR-2009-0229**

**BACKGROUND**

Oakbrier Water Company ("Company") initiated the small company revenue increase request ("Request") for water 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 at the Commission's offices on November 26, 2008, the Company set forth its request for an increase of \$5,472 in its total annual water 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 57 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 the results of the investigation, as well as its initial recommendations for the resolution of the Company's Request and various other information regarding Staff's investigation.

On April 27, 2009, Staff and the Company filed a Company/Staff Disposition Agreement. The Company filed related tariff revisions P.S.C. MO No. 1 1<sup>st</sup> Revised Sheet No. 5 Canceling Original Sheet No. 5 ("No. 5") and P.S.C. MO No. 1 1<sup>st</sup> Revised Sheet No. 6 Canceling Original Sheet No. 6 ("No. 6") on April 30, 2009.



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

Pursuant to negotiations held subsequent to the Company's and the OPC's receipt of the above-referenced information regarding Staff's investigation of the Company's Request, Staff, OPC and the Company hereby state the following agreements.

- (1) That for the purpose of implementing the agreements set out herein, the Company will file with the Commission revised tariff sheets No. 5 and No. 6 intended both to reflect the terms of this agreement and to supersede those tariff sheets No. 5 and No. 6 filed with the Commission on April 30, 2009. These revised tariff sheets shall be filed on or before August 13, 2009, shall bear an effective date of September 12, 2009, and shall contain the rates, charges and language set out in the example tariff sheets attached hereto as Attachment A.
- (2) That the rates set out in the example revised tariff sheets No. 5 and No. 6 attached hereto as Attachment A, are designed to generate additional revenues of \$3,103.
- (3) That the rates set out in the attached example tariff sheets, 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 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 tariff sheets are just and reasonable, and that the provisions of the attached example 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
- (7) The Company shall segregate company purchases from personal purchases.
- (8) No later than September 1, 2009, the Company will implement the attached written plan to pay amounts owed for pumps purchased/repaired by MACO, legal fees, and the storage building used by the utility attached hereto as Attachment D.
- (9) 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 E. These recommendations include the following:
  - a. The Company will implement a bill format that is consistent with Commission Rule 4 CSR 240-13.020(9) and includes 1) the billing period, 2) previous balance owed, and 3) other charges.

- b. Refund and/or credit to customers all fees that have been inappropriately collected of customers including returned check and reconnection fees.
- c. Charge and refund customer deposits consistent with Commission Rule 4 CSR 240-13.040 and the Company's tariffs. Specifically, the Company should ensure that customers are provided the opportunity to establish an acceptable credit rating under standards contained in its tariff. The Company should ensure that deposit amounts are appropriately calculated using criteria specified in its tariff. If determined appropriate to charge a deposit, they should be refunded upon satisfactory payment for 12 billing months and with appropriate interest.
- d. Review all customer deposits currently held with the Company and if they meet criteria specified in 4 CSR 240-13.040(4)(D), refund deposits with interest to its customers.
- e. Ensure all customer complaints received by Company personnel are documented and maintained for at least two years. Documentation shall include customer name, address, the nature of the complaint, date of occurrence, as well as an explanation of what the Company has done to address the complaint as explained in Commission Rule 4 CSR 240-13.040(5).
- f. Ensure that all rates and fees charged to customers, such as returned check and reconnection fees, have been approved by the Missouri Public Service Commission and are present in the Company's tariffs.
- g. Ensure that customers are consistently provided twenty-one (21) days from rendition of bills until payment is due as required by Commission Rule 4 CSR 240-13.020(7).
- h. Develop in written form, the information that summarizes the rights and responsibilities of the utility and its customers and make such documentation available to customers. The document should adhere to Commission Rule 4 CSR 240-13.040(3).

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

- a. Analyze automated billing software and consider use of a cost-effective automated system that would more efficiently and accurately handle the calculation and preparation of customer bills.
- b. Perform monthly bill checking on a sample of bills and correct past billing errors to customers.
- c. Store all critical papers in fire proof storage.
- d. Institute time reporting by specific utility for the Company's owners and any contractors it may employ.

(11) The Company will mail its customers a written notice of the rates and charges included in its proposed tariff revisions within fifteen (15) days of 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 and Staff will file a copy in the subject case file.

(12) 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.

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

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

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


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

The Company, OPC and Staff 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 called for in the 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. These 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.

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.

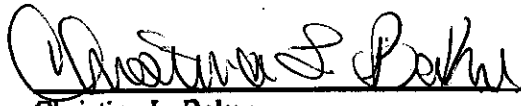
Agreement Signed and Dated:

  
Rodger Owens  
President  
Oakbrier Water Company

07-28-09  
Date

  
James Busch  
Manager  
Water & Sewer Department  
Missouri Public Service Commission Staff

7/28/09  
Date

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

7-28-09  
Date

**List of Attachments**

- Attachment A – Example Tariff Sheets
- Attachment B – Rate Design Worksheet
- Attachment C – Billing Comparison Worksheet
- Attachment D – Company Payment Plan
- Attachment E – EMSD Report
- Attachment F – Summary of Case Events

## Agreement Attachment A

### Example Tariff Sheets

FORM NO. 13 P.S.C. MO No. 2

1st Revised Sheet No. 5

Canceling P.S.C.MO. No. 2

Canceling Original Sheet No. 5

**Oakbrier Water Company**

Name of Issuing Company

**For: Oakbrier Estates Subdivision**

Certificated Service Area

**SCHEDULE OF RATES  
FOR WATER SERVICE****AVAILABILITY**

The following rates are applicable to all residential customers adjacent to the Company's distribution mains using standard water service.

|  |          |   |
|--|----------|---|
| Monthly Minimum<br>(includes 5,000 gal)                | \$ 15.59 | * |
| Commodity Charge<br>(per 1,000 gallons over 5,000 gal) | \$ 2.44  | * |
| Flat Rate<br>(Prior to installation per month)         | \$ 15.59 | * |

**SERVICE CONNECTION**

|                                   |           |   |
|-----------------------------------|-----------|---|
| Charge for new service connection | \$ 600.00 | * |
|-----------------------------------|-----------|---|

**Taxes:**

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

\* Indicates New Rate or Text

+ Indicates Changed Rate or Text

Issue Date: August 13, 2009  
Month/Day/YearEffective Date: September 12, 2009  
Month/Day/YearIssued By: Rodger Owens - President  
Name & Title of Issuing OfficerPO Box 24 Wappapello, MO 63966  
Company Mailing Address

FORM NO. 13 P.S.C. MO No. 2

1st Revised Sheet No. 6

Canceling P.S.C.MO. No. 2

Canceling Original Sheet No. 6

**Oakbrier Water Company**

Name of Issuing Company

**For: Oakbrier Estates Subdivision**

Certificated Service Area

**SCHEDULE OF SERVICE CHARGES  
FOR WATER SERVICE**

These charges are applicable to the Company's services provide for in the corresponding rules:

|              |         |   |
|--------------|---------|---|
| Turn-on Fee  | \$25.00 | * |
| Turn-off Fee | \$25.00 | * |

**Late Charges:**

\*

Billings will be made and distributed at monthly intervals. Bills will be rendered net, bearing the last due date on which payment will then be considered delinquent. The period after which payment will then be considered delinquent is 21 days after rendition of the bill. A charge of \$5.00 (or 1% whichever is higher) will be added to delinquent amounts.

**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 Changed Rate or Text

Issue Date: August 13, 2009  
Month/Day/Year

Effective Date: September 12, 2009  
Month/Day/Year

Issued By: Rodger Owens - President  
Name & Title of Issuing Officer

PO Box 24 Wappapello, MO 63966  
Company Mailing Address



Agreement Attachment B

Rate Design Worksheet

# OAKBRIER WATER

## Development of Tariffed Rates-Water

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 | \$ 11,410 |
| Agreed-Upon Overall Revenue Increase         | \$ 3,103  |
| Percentage Increase Needed                   | 27.195%   |

### Customer Rates

| Customer Type | Current Service Charge | Proposed Service Charge | Current Usage Rate | Proposed Usage Rate |
|---------------|------------------------|-------------------------|--------------------|---------------------|
| Residential   | \$ 12.26               | \$ 15.59                | \$ 1.92            | \$ 2.44             |

Agreement Attachment C

Billing Comparison Worksheet

# OAKBRIER WATER

## Residential Customer Bill Comparison-Water

### Rates for Residential Customers

| <u>Current Base<br/>Customer Charge</u> | <u>Proposed Base<br/>Customer Charge</u> | <u>Current<br/>Usage Rate</u> | <u>Proposed<br/>Usage Rate</u> |
|---|--|-------------------------------|--------------------------------|
| <b>\$12.26</b>                          | <b>\$15.59</b>                           | <b>\$1.92</b>                 | <b>\$2.44</b>                  |

Current customer monthly charge includes 5,000 gallons

usage rate is per 1,000 gallons used

### MONTHLY BILL COMPARISON

6,000 gallons/month usage

#### Current Rates

|                 |          |
|-----------------|----------|
| Customer Charge | \$ 12.26 |
| Usage Charge    | \$ 1.92  |
| Total Bill      | \$ 14.18 |

#### Proposed Rates

|                 |          |
|-----------------|----------|
| Customer Charge | \$ 15.59 |
| Usage Charge    | \$ 2.44  |
| Total Bill      | \$ 18.04 |

#### INCREASES

##### Customer Charge

|                    |               |
|--------------------|---------------|
| <b>\$ Increase</b> | <b>\$3.33</b> |
| <b>% Increase</b>  | <b>27.20%</b> |

##### Usage Charge

|                    |               |
|--------------------|---------------|
| <b>\$ Increase</b> | <b>\$0.52</b> |
| <b>% Increase</b>  | <b>27.20%</b> |

##### Total Bill

|                    |               |
|--------------------|---------------|
| <b>\$ Increase</b> | <b>\$3.86</b> |
| <b>% Increase</b>  | <b>27.20%</b> |

Agreement Attachment D

Company Payment Plan

## WRITTEN PAYMENT PLANS

The following is a written payment plan between R.D. Sewer Company, L.L.C., Oakbrier Water Company, Lakeland Heights Water Company and Whispering Hills Water system (referred to as the Companies and the creditors herein identified and approved by each below, as also referenced in the P.S.C. cases R.D. Sewer, L.L.C., Case No SR-2009-0226; Oakbrier Water Company; Cases No WR-2009-0229; Lakeland Heights Water Company, Case No WR-2009-0227, and Whispering Hills Water System, Case No. WM-2009-0436:

1. MACO debt for Plan verses expense items: over an eight year period at the rate of \$1,521 yearly payable on a monthly basis with equal monthly payments beginning September 1, 2009, until paid with the right of prepayment at anytime and subject to the approval of MACO.
2. Legal Fees-(Allen Law Offices and Holden Law Offices) payable over an eight year period at the rate of \$1,821.00 per year on a monthly basis with equal monthly payments beginning September 1, 2009, until paid with the right of prepayment at any time and subject to the approval of each firm.
3. Storage Building: Payable to Stephen Holden, Dexter, Missouri, over an eight year period at the rate of \$1,600 per year on a monthly basis with equal monthly payments beginning September 1, 2009, until paid with the right of prepayment at any time and subject to the approval of Stephen Holden.

This payment plan is conditioned on approval by the Missouri Public Service Commission (Commission) of the three Disposition Agreements in the above referenced cases and the Stipulation and Agreement in WM-2009-0436, and effective as of the effective date of a Commission Order approving such Disposition Agreements and Stipulation and Agreement.

Dated: 7/24/09


Dated: 7/28/09

Dated: 7/27/09

Dated: 7/27/09

  
MACO

  
Allen Law Offices, LLC

  
Holden Law Office, P.C. and Stephen Holden

Individually

  
Rodger Owens, for the Companies

# Agreement Attachment E

## EMSD Report

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

## **Engineering and Management Services Department**

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

**Case No: WR-2009-0229**

### **Oakbrier Water Company**

The Engineering and Management Services Department (EMSD) staff initiated a review of the customer service processes, procedures, and practices of Oakbrier Water Company (Oakbrier Estates, Oakbrier, or the Company) on December 10, 2008. The review was performed in conjunction with a small company rate increase request submitted by the Company on November 24, 2008, and designated by the Commission Case Number WR-2009-0229. The EMSD staff examined Company tariffs, annual reports, Commission complaint and inquiry records, and information provided by the Company in relation to its customer service and business office operations. The EMSD staff met with the Company on January 21, 2009. The Company's rate increase request for annual water system operating revenues is for \$5,472.00.

The purpose of the EMSD 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 the lowest possible cost, while providing utilities the opportunity to earn a fair return on their investment.

The objectives of the EMSD staff's review were to document and analyze the management control processes, procedures, and practices used by the Company to ensure adequate customer service is provided. The findings of this review provide the Commission with information regarding the Company's customer service operations. This review also includes recommendations, when appropriate, to improve the quality of service that Oakbrier Water Company provides to its customers.

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

- Customer Billing
- Payment Remittance
- Credit and Collections



- Complaint and Inquiry Handling and Recording
- Customer Communications and Information
- Record Storage and Security
- Time Reporting

### **Overview**

Effective July 8, 1989, Oakbrier Water Company was granted a certificate of public convenience and necessity by the Missouri Public Service Commission to provide water service to Oakbrier Estates Subdivision, Poplar Bluff, Missouri in Butler County. In 1996, the Company was purchased by its current owners, whom currently reside in Bernie, Missouri. The Company's owners also own three (3) other utility systems: Whispering Hills Water System, Lakeland Heights Water Company and R.D. Sewer Company. Oakbrier Water Company is operated by the Company's two owners who fulfill all operational, managerial and office duty responsibilities.

One of the Company's owners serves as the Company's President, Manager and Operator. The Company's other owner serves as the Company's Secretary and Billing Clerk and is responsible for general office duties. She also assists in the field to repair leaks and read meters. The Company's President is responsible for operating the system and keeping it in good working order, as well as complying with regulations of the Department of Natural Resources (DNR). The Office Manager is responsible for recording payments, credit and collections and other office functions of the Company. There is currently no mechanism to track hours spent on the owners' work performed for Oakbrier.

The EMSD staff made an on-site visit to Oakbrier Water Company on January 21, 2009. During its visit, the staff conducted interviews with the Company's owners and visited the Company's well house. At the time of the staff's visit, the Company was provided copies of Commission Rules pertaining to water and sewer companies.

The Company indicated that its office hours for all of its utility systems are from 8 a.m. to 4 p.m., Monday through Friday. The Company's business office is located in the owners' residence at 406 South Allen, Bernie, Missouri.

### **Customer Billing**

The Company's customer billing and meter reading is performed by the Company's owners. The Company indicated that all new customers are mailed a customer agreement to sign and return with an appropriate payment, which could include a tap fee and meter deposit or just a meter deposit. Per the Company's tariff, deposits are to be calculated on one month's usage plus thirty (30) days. The Company currently has no deposits on record for any of its customers.

The Company's current water rates are to be calculated in the following manner per the Company's tariff:

|  |          |
|--|----------|
| Monthly Minimum first 5,000 gallons      | \$ 12.26 |
| All over 5,000 gallons per 1,000 gallons | \$ 1.92  |
| Non-metered customers                    | \$ 12.26 |
| Charge for new service connection        | \$250.00 |

Bills are prepared manually and include: the present reading, the previous reading, the number of gallons used and the corresponding amount of charges. There is a statement at the bottom of the bill which addresses late, reconnection and returned check fees. The Company's owners indicated that they do not employ any bill checking procedures to review the accuracy of the bills.

The Company indicates that meters are read at the end of the month, usually on the 27<sup>th</sup> or 28<sup>th</sup>. Billing cards are mailed by the 30<sup>th</sup> or the 31<sup>st</sup> of the month; however, the date on the bill indicates that the bill is mailed on the first of month with a due date of the 20<sup>th</sup> of the month. The bill further indicates that if not paid by the 25<sup>th</sup>, a 10% late fee will be due.

Meters may be estimated during the winter periods when weather makes accessing the meters difficult.

### **Payment Remittance**

Oakbrier's payment options include cash or check. Payments may be hand delivered to the Company's office or mailed. The Company does accept payments while in the field. No electronic payments are currently offered to customers.

Payments are recorded manually into the Company office records and the Company indicated it usually makes bank deposits two to three times a week; deposits are made concurrently with its other three entities. Customer payments are stored in a small safe at the Company until deposits are made.

### **Credit and Collections**

The Company indicated it collects signed applications or agreements from new customers. The Company's tariff provides the opportunity to charge a deposit that is calculated on one month's historical usage at that location plus thirty (30) days.

While the EMSD staff supports a utility's use of returned check fees and the Company's bill indicates it will charge such fees, the staff did not find a provision for a returned check fee in the Company tariffs. Staff from the PSC's Water and Sewer Department reviewed miscellaneous charges included in the Company's tariff as part of the small company informal rate case process and will be recommending appropriate changes. Oakbrier received three (3) returned checks in 2008.

Customers are considered delinquent if payment is not received by the 25<sup>th</sup> of the following month that a bill is rendered and the Company's billing statement indicates that service will be disconnected. For customers not making payment of their bill, the amount is added to the next monthly billing statement before service is actually subject to disconnection. The Company provides written delinquent notices indicating service will be subject to disconnection if payment is not received within thirty (30) days. The Company also makes follow-up phone calls requesting payment. The Company performed one non-pay service disconnection in the Oakbrier service territory during 2008. During 2008, four (4) customers had accounts in arrears with a total balance of \$194.24. The Company does not employ the services of an outside collection agency.

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

Customer calls are primarily handled by the Office Manager; however, the Operations Manager and Assistant Operations Manager also handle customer calls. The Company currently does not track these calls.

### **Customer Communications and Information**

The Company indicates that all new customers are mailed a customer agreement to sign and return with either a tap fee and meter deposit or just a meter deposit. The Company indicated that service is provided as soon as payment and the agreements are received.

### **Records Storage and Security**

Much of the Company's business office work is performed manually and is maintained in hard copy. Customer records, including meter reading, billing, agreements, general ledger and others are not stored in a fireproof location.

### **Time Reporting**

The Company's owners own and operate four (4) regulated utilities. Their work days are often spent performing tasks for more than one utility and presently the Company has no systematic way to track the amount of hours spent on work for any one individual utility.

### **Findings, Conclusions, and Recommendations**

The following discussion contains findings, conclusions and recommendations pertaining to Oakbrier's customer service and business office operations. This section focuses on the following areas that warrant Company management attention:

- Customer Billing
- Credit and Collections
- Complaint and Inquiry Handling and Recording
- Customer Communications and Information
- Records Storage and Security
- Time Reporting

## **Customer Billing**

The Company does not currently perform periodic bill checking on the monthly bills sent to its customers and the Commission staff from the Auditing Department noted some errors in the calculation of customer bills. By performing periodic checks of a sampling of customer bills, the Company will develop additional internal control to help ensure that bills are calculated adequately.

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

*Perform monthly bill checking on a sample of bills and correct past billing errors to customers.*

The Company has not taken advantage of the opportunities for improvement to automate the Company's billing process. The Company currently performs its billing for Oakbrier as well as its other three (3) regulated utilities manually. The Company may consider utilizing the capabilities of its current spreadsheet software to assist it in its billing process or may consider the acquisition of a billing package. Implementation of an effective billing system would enhance the Company's customer record keeping activities. Customer records, calculation of the bills, preparation of the billing statements, detection of billing errors, and recording of the payments received could be improved with a more effective billing system.

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

*Analyze automated billing software and consider initiating the use of a cost-effective automated system that would more efficiently and accurately handle the calculation and preparation of customer bills.*

The Company's current bill format does not provide information to its customers required by Commission Rule 4 CSR 240-13.020(9). Specifically, the current bill format is lacking the billing period, previous balance owed and amounts due for other authorized charges such as primacy fees.

*THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:*

Implement a bill format that is consistent with Commission Rule 4 CSR 240-13.020(9) and includes 1) the billing period 2) previous balance owed, and 3) other charges.

The Company inaccurately dates its customer bills on the 1<sup>st</sup> of each month with a due date of the 20<sup>th</sup>. Although the Company indicates it mails bills prior to the billing date that is documented on customer bills, the current date of the Company's bills provides the appearance that customers are not being provided twenty-one (21) days from rendition or mailing of the bill until the bill is due. Commission Rule 4 CSR 240-13.020(7) 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."

*THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:*

Ensure that customers are consistently provided at least twenty-one (21) days from rendition (or the mailing) of their bills until payment is due as required by Commission Rule 4 CSR 240-13.020(7).

**Credit and Collections**

The Company is currently charging or indicating it will charge customers for fees that are either not provided in their tariffs or are authorized at rates other than what the utility is charging its customers. Specifically, the Company's bill indicates a service fee of \$10.00 will be charged for all returned checks even though a returned check fee is not provided for in the Company's tariffs. The Company indicates its actual practice is to charge customers \$15.00 for returned checks, however, its bank charges Oakbrier \$25.00 for returned checks. The Company indicates it had received three returned checks during 2008.

The bill also indicates a \$50.00 reconnect fee will be charged for services disconnected for non-payment while the Company's tariff indicates a \$36.00 reconnection fee is currently approved. The Company indicates it has not charged

customers reconnection fees. The Commission's Water and Sewer Department will address matters in the Company's tariff.

*THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:*

Ensure that all rates and fees charged to customers such as returned check and reconnection fees have been approved by the Missouri Public Service Commission and are present in the Company's tariffs.

Refund or credit to customers all fees that have been inappropriately collected of customers including returned check and reconnections fees.

The Company is presently charging all new customers a deposit, but is not refunding deposits to customers with good payment history. The Company is charging inappropriate deposit amounts and is not refunding deposits with appropriate interest as required by Commission Rules, 4 CSR 240-13.040(1)(C), 4 CSR 240-13.040(4)(B)(D) and the Company's tariffs. Of the deposits the Company has on file, all were charged identical amounts of \$35.00 instead of calculated, per the Company's tariff, of not exceeding utility charges applicable to one (1) billing period plus thirty (30) days, computed on estimated or actual annual usage. The Company indicates it has not been refunding deposits until customers leave its system and was not aware that it was required to refund deposits with interest.

*THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:*

Charge and refund customer deposits consistent with Commission rule: 4 CSR 240-13.040(1)(C) and 4 CSR 240-13.040(4)(B,D) and the Company's tariffs. Specifically, the Company should ensure that customers are provided the opportunity to establish an acceptable credit rating under standards contained in its tariff. The Company should ensure that deposit amounts are appropriately calculated using criteria specified in its tariff. If determined appropriate to charge a deposit, they should be refunded upon satisfactory payment for 12 billing months and with appropriate interest.

Review all customer deposits currently held with the Company and if they meet criteria specified in 4 CSR 240-13.040(4)(D), refund deposits with interest to its customers.

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

The Company cannot demonstrate that documentation of complaints received by the Company is being performed, which is a violation of Commission Rule 4 CSR 240-13.040(5) which states:

“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;”

The lack of a comprehensive complaint log makes it difficult for Company management to evaluate the reasons for customer contacts and to determine if any measures could be taken to improve customer satisfaction.

*THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:*

*Ensure all customer complaints received by Company personnel are documented and maintained for at least two (2) years. Documentation shall include customer name, address, the nature of the complaint, date of occurrence, as well as an explanation of what the Company has done to address the complaint as explained in Commission Rules 4 CSR 240-13.040(5).*

### **Customer Communications and Information**

The Company lacks an informational brochure, summarizing the rights and responsibilities of the Company and its customers. The Company is in violation of 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. The form shall be submitted to the consumer services department of the Missouri Public Service Commission, and to the Office of the Public Counsel. 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 written information shall indicate conspicuously that it is being provided in accordance with the rules of the commission, and shall contain information concerning, but not limited to: (A) – (L).

The EMSD staff provided the Company with a sample of this document.



*THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:*

*Develop in written form, the information that summarizes the rights and responsibilities of the utility and its customers and make such documentation available to customers. The document should adhere to Commission Rule 4 CSR 240-13.040(3).*

### **Record Storage and Security**

The Company cannot ensure that critical paper records are adequately stored. It is a good business practice to have procedures in place to protect data in the event of a disaster such as a fire.

*THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:*

*Store all critical paper files in fireproof storage.*

### **Time Reporting**

The Company currently does not have a time reporting system in place to track the amount of time its owners spend on activities related solely to Oakbrier Water Company. Time reporting can have many benefits including determining the number of hours of work, the type of work and compensation that should be incorporated into customer rates, the need for additional personnel as well as compensation paid to outside parties. The Company has indicated its willingness to begin a time reporting process. The time reporting should be utilized for both inside office functions and outside operational activities performed by Company employees as well as any contractors it may employ.

*THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:*

*Institute time reporting by specific utility for the Company's owners and any contractors it may employ.*

## Agreement Attachment F

### Summary of Case Events

|                                    |                               |            |  |
|------------------------------------|-------------------------------|------------|--|
|                                    |                               |            |  |
| <b><u>Oakbrier</u></b>             | <b>Summary of Case Events</b> |            |  |
|                                    |                               |            |  |
| Date Filed                         |                               | 11/26/2008 |  |
| Day 150                            |                               | 4/25/2009  |  |
| Extension?                         |                               | No         |  |
| If yes, why?                       |                               |            |  |
|                                    |                               |            |  |
| Amount Requested                   |                               | \$5,472.00 |  |
| Amount Agreed Upon                 |                               | \$3,103.00 |  |
|                                    |                               |            |  |
| Number of Customers                |                               | 58         |  |
|                                    |                               |            |  |
| Rate of Return                     |                               | 9.50%      |  |
| Return on Equity                   |                               | 9.50%      |  |
|                                    |                               |            |  |
| Assessments Current                |                               | Yes        |  |
| Annual Reports Filed               |                               | Yes        |  |
| Statement of Revenue Filed         |                               | Yes        |  |
| Other Open Cases before Commission |                               | No         |  |
|                                    |                               |            |  |
| Status with Secretary of State     |                               | Good       |  |
|                                    |                               |            |  |
|                                    |                               |            |  |
| DNR Violations                     |                               | No         |  |
|                                    |                               |            |  |
|                                    |                               |            |  |
|                                    |                               |            |  |
| Significant Service/Quality Issues |                               | No         |  |