

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

In the Matter of the Small Company Rate	)	
Increase Request of Moore Bend Water	)	<u>Case No. WR-2007-0181</u>
Company, Inc.	)	

**NOTICE OF 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 Agreement Regarding Disposition of Small Company Rate Increase Request ("Agreement Notice") states the following to the Missouri Public Service Commission ("Commission").

1. On November 7, 2006, (unless noted otherwise, all dates herein refer to the year 2006) Moore Bend Water Company, Inc. ("Company") submitted to the Commission revised tariff sheets to implement increases in its water service rates and charges, and other tariff changes, and the instant case was established.

2. As is noted in the Company's tariff filing transmittal letter, the changes contained in the subject revised tariff sheets are based upon a *Unanimous Agreement Regarding Disposition of Small Water Company Rate Increase Request* ("Disposition Agreement") entered into by the Company, the Staff and the Office of the Public Counsel. As is also noted in the Company's tariff filing transmittal letter, the Disposition Agreement pertains to the small company rate increase request that was submitted to the Commission on May 25 (Tracking File No. QW-2006-0006).

3. Included in Appendix A attached hereto is a copy of the above-referenced Disposition Agreement. Various documents related to the Disposition Agreement are also included in Appendix A, as attachments to the agreement.

4. Consistent with the **Order Directing Filing** that the Commission issued on November 8, the Staff will file its recommendation in this case no later than the end of business on November 17.

**WHEREFORE**, the Staff respectfully submits this Agreement Notice and the attached Appendix for the Commission's information and consideration in this case.

Respectfully Submitted,

**/s/ Keith R. Krueger**

Keith R. Krueger  
Deputy General Counsel  
Missouri Bar No. 23857

Attorney for the Staff of the  
Missouri Public Service Commission

P.O. Box 360  
Jefferson City, MO 65102  
573-751-4140 (telephone)  
573-751-9285 (facsimile)  
[keith.krueger@psc.mo.gov](mailto:keith.krueger@psc.mo.gov) (e-mail)

### **CERTIFICATE OF SERVICE**

I hereby certify that copies of this Agreement Notice and the attached Appendix have been mailed with first class postage, hand-delivered, transmitted by facsimile or transmitted via e-mail to all counsel and/or parties of record this 13th day of November 2006.

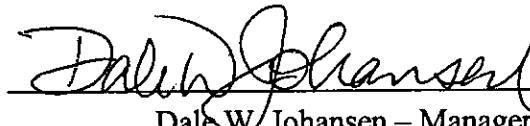
**/s/ Keith R. Krueger**

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

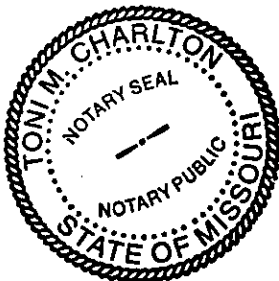
**AFFIDAVIT OF DALE W. JOHANSEN**

STATE OF MISSOURI     )  
                                      ) SS           CASE NO. WR-2007-0181  
COUNTY OF COLE     )

COMES NOW Dale W. Johansen, being of lawful age, and on his oath states the following: (1) that he is the Manager of the Missouri Public Service Commission's Water & Sewer Department; (2) that he participated in the preparation of the foregoing Notice of Agreement Regarding Disposition of Small Company Rate Increase Request ("Agreement Notice") and the *Unanimous Agreement Regarding Disposition of Small Water Company Rate Increase Request* ("Disposition Agreement") that is included in the following appendix; (3) that he has knowledge of the matters set forth in the foregoing Agreement Notice and the following Disposition Agreement; and (4) that the matters set forth in the foregoing Agreement Notice and the following Disposition Agreement are true and correct to the best of his knowledge, information and belief.

  
Dale W. Johansen – Manager  
Water & Sewer Department  
Utility Operations Division

Subscribed and sworn to before me this 13<sup>th</sup> day of November 2006.



  
Notary Public

TONI M. CHARLTON  
Notary Public - State of Missouri  
My Commission Expires December 28, 2008  
Cole County  
Commission #04474301

# APPENDIX A

## STAFF PARTICIPANT AFFIDAVITS AND DISPOSITION AGREEMENT & ATTACHMENTS

CASE NO. WR-2007-0181

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Agreement Attachment G:	Engineering & Management Services Department Report

## Staff Participant Affidavits

James M. Russo – Water & Sewer Department

Amanda McMellen – Auditing Department

Rosella L. Schad – Engineering & Management Services Department

J. Kay Niemeier – Engineering & Management Services Department

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

**AFFIDAVIT OF JAMES M. RUSSO**

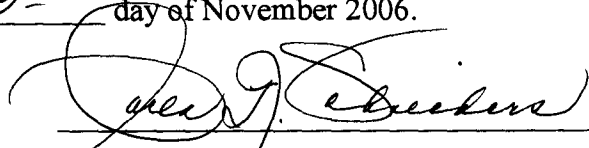
STATE OF MISSOURI     )  
                                  ) SS     **CASE NO. WR-2007-0181**  
COUNTY OF COLE     )

COMES NOW James M. Russo, being of lawful age, and on his oath states the following: (1) that he is the Assistant Manager – Rates 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 Water Company Rate Increase Request* ("Disposition Agreement"); (4) that he was responsible for the preparation of Attachments A, B, D 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.

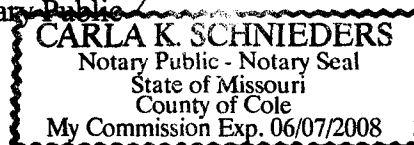


James M. Russo  
Assistant Manager – Rates  
Water & Sewer Department  
Utility Operations Division

Subscribed and sworn to before me this 13<sup>th</sup> day of November 2006.



Notary Public



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

**AFFIDAVIT OF AMANDA MCMELLEN**

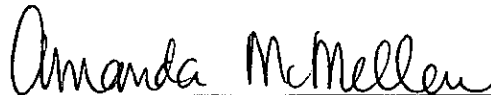
STATE OF MISSOURI )

) SS

**CASE NO. WR-2007-0181**

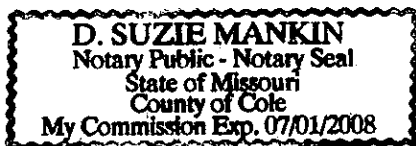
COUNTY OF COLE )

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



Amanda McMellen  
Utility Regulatory Auditor III  
Auditing Department  
Utility Services Division

Subscribed and sworn to before me this 9<sup>th</sup> day of November 2006.



  
Notary Public

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

**AFFIDAVIT OF ROSELLA L. SCHAD**

STATE OF MISSOURI )

) SS

**CASE NO. WR-2007-0181**

COUNTY OF COLE )

COMES NOW Rosella L. Schad, being of lawful age, and on her oath states the following: (1) that she is an Engineer 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 following *Unanimous Agreement Regarding Disposition of Small Water Company Rate Increase Request* ("Disposition Agreement"); (4) that she was responsible for the preparation of Attachment F to the Disposition Agreement; (5) that she has knowledge of the matters set forth in Attachment F to the Disposition Agreement; and (6) that the matters set forth in Attachment F to the Disposition Agreement are true and correct to the best of her knowledge, information and belief.

*Rosella L. Schad*

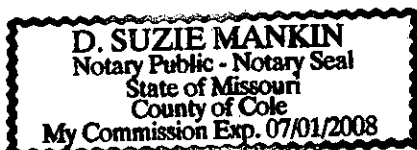
Rosella L. Schad

Engineer

Engineering & Management Services Department

Utility Services Division

Subscribed and sworn to before me this 9<sup>th</sup> day of November 2006.



*D. Suzie Mankin*  
Notary Public



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

**AFFIDAVIT OF J. KAY NIEMEIER**

STATE OF MISSOURI )

) ss

**Case No. WR-2007-0181**

COUNTY OF COLE )

COMES NOW J. Kay Niemeier, being of lawful age, and on her oath states the following: (1) that she is a Utility Management Analyst III 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 following *Unanimous Agreement Regarding Disposition of Small Water Company Rate Increase Request* ("Disposition Agreement"); (4) that she was responsible for the preparation of Attachment G to the Disposition Agreement; (5) that she has knowledge of the matters set forth in Attachment G to the Disposition Agreement; and (6) that the matters set forth in Attachment G to the Disposition Agreement are true and correct to the best of her knowledge, information and belief.

J. Kay Niemeier

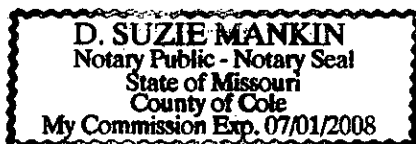
J. Kay Niemeier

Utility Management Analyst III

Engineering & Management Services Department

Utility Services Division

Subscribed and sworn to before me this 9th day of November 2006.



D. Suzie Mankin  
Notary Public

## Company/Staff/OPC Disposition Agreement

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

**MOORE BEND WATER COMPANY**

**MO PSC TRACKING FILE NO. QW-2006-0006**

**BACKGROUND**

Moore Bend Water Company ("Company") initiated the small company rate increase request ("Request") for water service that is the subject of the above-referenced Missouri Public Service Commission ("Commission") tracking file by submitting a letter to the Secretary of the Commission in accordance with the provisions of Commission Rule 4 CSR 240-3.635, Water Utility Small Company Rate Increase Procedure ("Small Company Rate Increase Procedure").

In its request letter, which was received at the Commission's offices on May 25, 2006, the Company set forth its request for an increase of \$9,000 in its total annual water service operating revenues. In its request letter, the Company also stated its understanding that the design of its customer rates, its service charges, its customer service practices, its general business practices and its general tariff provisions would also be reviewed during the Commission Staff's review of the rate increase request, and could thus be the subject of Staff recommendations at the conclusion of the rate increase process. The Company provides service to approximately 95 residential customers.

Upon receipt of the Company's request letter, personnel in the Commission's Data Center entered the letter into the Commission's electronic filing and information system and Tracking File No. QW-2006-0006 was assigned to the Request. The Request was then forwarded to the Commission's Water & Sewer Department for processing under the Small Company Rate Increase Procedure.

Pursuant to the provisions of the Small Company Rate Increase Procedure and related internal operating procedures, the Staff of the Commission ("Staff") initiated an audit of the Company's books and records, a review of certain of the Company's general business practices, an inspection of the Company's facilities and a review of the Company's operation of its facilities. (Hereafter, these activities will be collectively referred to as the Staff's "investigation" of the Company's Request.)

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

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

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

- (1) That for the purpose of implementing the agreements set out herein, the Company will file revised tariff sheets with the Commission containing the rates, charges and language set out in the example tariff sheets attached hereto as Attachment A.
- (2) That the ratemaking income statement attached hereto as Attachment B accurately reflects the Company's annualized revenues generated by its current customer rates, the Company's total annualized cost of providing service and the agreed-upon annualized operating revenue increase of \$6,673, which is required to recover the Company's cost of service.
- (3) That the audit workpapers attached hereto as Attachment C, which include consideration of a capital structure of 100% equity for the Company and a pre-tax rate of return on equity of 9%, accurately reflect the results of the Staff's audit and provide the basis for the ratemaking income statement referenced in item (2) above.
- (4) 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 D, are designed to generate revenues sufficient to recover the Company's total annualized cost of service, and that the provisions of the attached example tariff sheets also properly reflect all other agreements set out herein, where necessary.

- (5) 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 E.
- (6) That the rates included in the attached example tariff sheets are just and reasonable.
- (7) That the schedule of depreciation rates attached hereto as Attachment F, which includes the depreciation rates used by the Staff in its revenue requirement analysis, should be the prescribed schedule of water plant depreciation rates for the Company.
- (8) That the Company will implement a ten-year replacement program for its existing meters.
- (9) That the Company will implement the recommendations contained in the Engineering & Management Services Department Report attached hereto as Attachment G.
- (10) That the above agreements satisfactorily resolve all issues identified by the Staff, the Company and the OPC regarding the Company's Request, except as otherwise specifically stated.

#### **ADDITIONAL MATTERS**

Since this Disposition Agreement is a unanimous agreement between the Staff, the Company and the OPC, the Small Company Rate Increase Procedure does not require that the Company send a notice to its customers regarding the rates and charges that would result from implementation of the provisions of this Disposition Agreement, nor does it provide for a local public hearing, unless the Commission orders otherwise.

Other than the specific conditions agreed upon and expressly set out herein, the terms of this Disposition Agreement reflect compromises between the Staff, the Company and the OPC, and none of the parties have agreed to any particular ratemaking principle in arriving at the amount of the annual operating revenue increase specified herein.

The Company and the OPC acknowledge that the Staff will be filing this Disposition Agreement, and the attachments hereto, in the case that will be opened when the Company files the tariff revisions called for in this agreement. The Company and the OPC also acknowledge that the Staff will be making another filing in that case that will include the following: (a) the Staff's recommendation for approval of the subject tariff revisions, and any related recommendations; (b) background information regarding the Company's Request and the Staff's investigation thereof; (c) information regarding the status of the Company's payment of its Commission assessments; (d) information regarding the status of the Company's submission of its Commission annual reports; (e) information regarding the status of the Company's submission of its Commission annual statement of operating revenues; (f) information regarding any other pending cases that the Company may have before the Commission; (g) information regarding any recent Notices of Violations issued to the Company by the Missouri Department of Natural Resources; and (h) information regarding the status of the Company's corporate standing with the Missouri Secretary of State.

Additionally, the Company and the OPC agree that the Staff shall have the right to provide whatever oral explanation the Commission may request regarding the rate case that will be opened when the Company files the tariff revisions called for in this agreement, at any agenda meeting at which that case is noticed to be considered by the Commission. To the extent reasonably practicable, the Staff will provide the Company and the OPC with advance notice of any such agenda meeting so that they may have the opportunity to also be represented at the meeting.


RECEIVED  
OCT 30 2006

**EFFECTIVE DATE AND SIGNATURES**

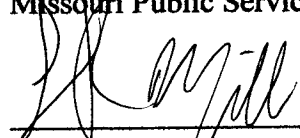
UTILITY OPERATIONS  
DIVISION

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


Agreement Signed and Dated:

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

11/01/06  
Date

  
Lewis Mills  
Public Counsel  
Office of the Public Counsel

11-1-2006  
Date

  
Monty Dunn  
President  
Moore Bend Water Company

10.26.06  
Date

**List of Attachments**

- Attachment A – Example Tariff Sheets
- Attachment B – Ratemaking Income Statement
- Attachment C – Audit Workpapers
- Attachment D – Rate Design Worksheet
- Attachment E – Customer Billing Comparison
- Attachment F – Schedule of Depreciation Rates
- Attachment G – Engineering & Management Services Department Report

# Agreement Attachment A

## Example Tariff Sheets



P.S.C. MO No. 2

4th Revised Sheet No. 4

Canceling

3rd Revised Sheet No. 4

Moore Bend Water Company

Name of Issuing Company

For: Moore Bend Subdivision, Taney County

Certificated Service Area

### **General Water Service Schedule**

#### AVAILABILITY

Any customer adjacent to the Company's water distribution mains using standard water service.

#### PRICE SCHEDULE:

Minimum Charge (includes 2000 gallons) \$ 13.87 \*

Minimum Charge (includes 267 Cu. Ft.) \$ 13.87 \*

#### Commodity Charge:

All usage over 2000 gallons, per 1000 gallons \$ 2.47 \*

All usage over 267 Cu. Ft. per 100 Cu. Ft. \$ 1.85 \*

\* Indicates New Rate or Text

+ Indicates Changed Rate or Text

Issue Date: November 7, 2006  
Month/Day/Year

Effective Date: December 7, 2006  
Month/Day/Year

Issued By: Monty Dunn, President  
Name & Title of Issuing Officer

819 Highland Drive Spokane MO 65754  
Company Mailing Address

Moore Bend Water Company  
Name of Issuing Company

For: Moore Bend Subdivision, Taney County  
Certificated Service Area

### General Water Service Schedule

#### Reconnection of Service:

Discontinued because of rule violation \$ 50.00

After disconnection at customers request \$ 10.00

New meter settings to locations or lots that have never been occupied or  
had service before \$350.00

#### Late Charges:

\*

Billings will be made and distributed at monthly intervals. Bills will be rendered net, bearing the last date on which payment will then be considered delinquent. The period after which payment will then be considered delinquent is 21 days after rendition of the bill. A charge of \$5.00 or three percent (3%) per month times the unpaid balance, whichever is more, will be added to delinquent amounts.

#### Returned Check Charge:

\*

A returned check charge of \$25 per check will be paid by customers on all checks returned unpaid from the bank.

Issue Date: November 7, 2006  
Month/Day/Year

Effective Date: December 7, 2006  
Month/Day/Year

Issued By: Monty Dunn, President  
Name & Title of Issuing Officer

819 Highland Drive Spokane MO 65754  
Company Mailing Address

## Agreement Attachment B

### Ratemaking Income Statement

# MOORE BEND WATER COMPANY

## Rate Making Income Statement-Water

### Operating Revenues at Current Rates

1	Tariffed Rate Revenues *	\$	9,770
2	Other Operating Revenues *	\$	-
3	<b>Total Operating Revenues</b>	<b>\$</b>	<b>9,770</b>
4	* See "Revenues - Current Rates" for Details		

### Cost of Service

Item	Amount
1 Water Treatment Expense-Chemicals	\$ 41
2 Repairs of Water Plant-Well Repair	\$ 855
3 Repairs of Water Plant-Well Repair	\$ 150
4 Purchased Power	\$ 462
5 Permit Fees	\$ -
6 Administration & General - Salaries	\$ 9,300
7 Travel-Mileage	\$ 347
8 Billing Expense	\$ 362
9 Rent Expense	\$ 600
10 Telephone Expense	\$ 120
11 Insurance Expense	\$ 500
12 Regulatory Commission Expense	\$ 50
13 Miscellaneous Expenses	\$ 433
14 <b>Sub-Total Operating Expenses</b>	<b>\$ 13,220</b>
15 Property Taxes	\$ -
16 MO Franchise Taxes	\$ -
17 Employer FICA Taxes	\$ -
18 Federal Unemployment Taxes	\$ -
19 State Unemployment Taxes	\$ -
20 State & Federal Income Taxes	\$ 642
21 <b>Sub-Total Taxes</b>	<b>\$ 642</b>
22 Depreciation Expense	\$ 1,528
23 Amortization of Utility Plant (computer system)	\$ -
24 <b>Sub-Total Depreciation/Amortization</b>	<b>\$ 1,528</b>
25 <b>Return on Rate Base</b>	<b>\$ 1,053</b>
26 <b>Total Cost of Service</b>	<b>\$ 16,443</b>
27 <b>Overall Revenue Increase Needed</b>	<b>\$ 6,673</b>

# Agreement Attachment C

## Audit Workpapers

09:29 09/27/2006

Moore Bend Water Company  
Case: WR-06-006  
12 Months Ending December 31, 2005

Revenue Requirement

Line	9.00% Return
(A)	(B)
1 Net Orig Cost Rate Base (Sch 2)	\$ 11,695
2 Rate of Return	9.00%
*****	
3 Net Operating Income Requirement	\$ 1,053
4 Net Income Available (Sch 8)	\$ (4,977)
*****	
5 Additional NOIIBT Needed	\$ 6,030
6 Income Tax Requirement (Sch 10)	
7 Required Current Income Tax	\$ 642
8 Test Year Current Income Tax	\$ 0
*****	
9 Additional Current Tax Required	\$ 642
10 Required Deferred ITC	\$ 0
11 Test Year Deferred ITC	\$ 0
*****	
12 Additional Deferred ITC Required	\$ 0
*****	
13 Total Additional Tax Required	\$ 642
*****	
14 Gross Revenue Requirement	\$ 6,672
*****	

09:29 09/27/2006

Moore Bend Water Company  
Case: WR-06-006  
12 Months Ending December 31, 2005

Rate Base

Line Description		Amount	
(A)		(B)	
1	Total Plant in Service (Sch 3)	\$	37,417
	Subtract from Total Plant		
2	Depreciation Reserve (Sch 6)	\$	25,722
			-----
3	Net Plant in Service	\$	11,695
	Add to Net Plant in Service		
4	Cash Working Capital (Sch )	\$	0
5	Materials and Supplies-Exempt		0
6	Prepaid Insurance		0
	Subtract from Net Plant		
7	Federal Tax Offset 0.0000 %	\$	0
8	State Tax Offset 0.0000 %		0
9	City Tax Offset 0.0000 %		0
10	Interest Expense Offset 0.0000 %		0
11	Customer Advances for Construction		0
12	Contribution in aid of Construction		0
13	Deferred Income Taxes-Depreciation		0
			-----
14	Total Rate Base	\$	11,695
			=====

Moore Bend Water Company  
Case: WR-06-006  
12 Months Ending December 31, 2005

Total Plant in Service

Line No	Acct	Description	Missouri Jurisdictional	Jurisdictional Adjustment	Adjusted Jurisdictional
		(A)	(B)	(C)	(D)
Intangible Plant					
1	301.000	Organization	\$ 0	\$ 0	\$ 0
2	302.000	Franchises	0	0	0
3	303.000	Miscellaneous Intangible Plant	0	0	0
			-----	-----	-----
4		Total	\$ 0	\$ 0	\$ 0
Source of Supply					
5	310.000	Land & Land Rights	\$ 0	\$ 0	\$ 0
6	311.000	Structures & Improvements	0	0	0
7	312.000	Collecting & Impounding Reservoirs	0	0	0
8	313.000	Lake, River & Other Intakes	0	0	0
9	314.000	Wells & Springs	3,296	0 P-1	3,296
10	315.000	Infiltration Galleries & Tunnels	0	0	0
11	316.000	Supply Mains	0	0	0
12	317.000	Other Water Source Plant	0	0	0
			-----	-----	-----
13		Total	\$ 3,296	\$ 0	\$ 3,296
Pumping Plant					
14	320.000	Land and Land Rights	\$ 0	\$ 0	\$ 0
15	321.000	Structures and Improvements	8,987	0 P-2	8,987
16	322.000	Boiler Plant Equipment	0	0	0
17	323.000	Other Power Production Equipment	0	0	0
18	324.000	Steam Pumping Equipment	0	0	0
19	325.000	Electric Pumping Equipment	8,091	0 P-3	8,091
20	326.000	Diesel Pumping Equipment	0	0	0
21	327.000	Hydraulic Pumping Equipment	0	0	0
22	328.000	Other Pumping Equipment	0	0	0
			-----	-----	-----
23		Total	\$ 17,078	\$ 0	\$ 17,078



09:29 09/27/2006

Moore Bend Water Company  
Case: WR-06-006  
12 Months Ending December 31, 2005

Total Plant in Service

Line No	Acct	Description	Missouri Jurisdictional	Jurisdictional Adjustment	Adjusted Jurisdictional
		(A)	(B)	(C)	(D)
Water Treatment Plant					
24	330.000	Land & Land Rights	\$ 0	\$ 0	\$ 0
25	331.000	Structures & Improvements	0	0	0
26	332.000	Water Treatment Equipment	1,472	0 P-4	1,472
27		Total	\$ 1,472	\$ 0	\$ 1,472
Transmission & Distribution Plant					
28	340.000	Land & Land Rights	\$ 0	\$ 0	\$ 0
29	341.000	Structures & Improvements	0	0	0
30	342.000	Distribution Reservoirs & Standpipe	4,030	0 P-5	4,030
31	343.000	Transmission & Distribution Mains	5,272	0 P-6	5,272
32	345.000	Services	0	0	0
33	346.000	Meters	301	0 P-7	301
34	347.000	Meter Installations	5,968	0 P-8	5,968
35	348.000	Hydrants	0	0	0
36	349.000	Other Trans & Dist Plant	0	0	0
37		Total	\$ 15,571	\$ 0	\$ 15,571
General Plant					
38	389.000	Land & Land Rights	\$ 0	\$ 0	\$ 0
39	390.000	Structures & Improvements	0	0	0
40	391.000	Office Furniture & Equipment	0	0	0
41	392.000	Transportation Equipment	0	0	0
42	393.000	Stores Equipment	0	0	0
43	394.000	Tools, Shop & Garage Equipment	0	0	0
44	395.000	Laboratory Equipment	0	0	0
45	396.000	Power Operated Equipment	0	0	0
46	397.000	Communication Equipment	0	0	0
47	398.000	Miscellaneous Equipment	0	0	0
48	399.000	Other Tangible Plant	0	0	0
49		Total	\$ 0	\$ 0	\$ 0
50		Total Plant In Service	\$ 37,417	\$ 0	\$ 37,417

## Moore Bend Water Company

Case: WR-06-006

12 Months Ending December 31, 2005

## Adjustments to Total Plant

-----		-----	
Adj		Total Co	Mo Juris
No	Description	Adjustment	Adjustment
-----		-----	

Moore Bend Water Company  
Case: WR-06-006  
12 Months Ending December 31, 2005

Depreciation Expense

Line No	Acct	Description	Adjusted Jurisdictional	Depreciation Rate	Depreciation Expense
		(A)	(B)	(C)	(D)
Intangible Plant					
1	301.000	Organization	\$ 0	0.0000	\$ 0
2	302.000	Franchises	0	0.0000	0
3	303.000	Miscellaneous Intangible Plant	0	0.0000	0
4		Total	\$ 0		\$ 0
Source of Supply					
5	310.000	Land & Land Rights	\$ 0	0.0000	\$ 0
6	311.000	Structures & Improvements	0	0.0000	0
7	312.000	Collecting & Impounding Reservoirs	0	0.0000	0
8	313.000	Lake, River & Other Intakes	0	0.0000	0
9	314.000	Wells & Springs	3,296	2.0000	66
10	315.000	Infiltration Galleries & Tunnels	0	0.0000	0
11	316.000	Supply Mains	0	0.0000	0
12	317.000	Other Water Source Plant	0	0.0000	0
13		Total	\$ 3,296		\$ 66
Pumping Plant					
14	320.000	Land and Land Rights	\$ 0	0.0000	\$ 0
15	321.000	Structures and Improvements	8,987	2.5000	225
16	322.000	Boiler Plant Equipment	0	0.0000	0
17	323.000	Other Power Production Equipment	0	0.0000	0
18	324.000	Steam Pumping Equipment	0	0.0000	0
19	325.000	Electric Pumping Equipment	8,091	10.0000	809
20	326.000	Diesel Pumping Equipment	0	0.0000	0
21	327.000	Hydraulic Pumping Equipment	0	0.0000	0
22	328.000	Other Pumping Equipment	0	0.0000	0
23		Total	\$ 17,078		\$ 1,034
Water Treatment Plant					
24	330.000	Land & Land Rights	\$ 0	0.0000	\$ 0
25	331.000	Structures & Improvements	0	0.0000	0
26	332.000	Water Treatment Equipment	1,472	2.9000	43
27		Total	\$ 1,472		\$ 43

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Moore Bend Water Company  
Case: WR-06-006  
12 Months Ending December 31, 2005

Depreciation Expense

Line No	Acct	Description	Adjusted Jurisdictional	Depreciation Rate	Depreciation Expense
		(A)	(B)	(C)	(D)
Transmission & Distribution Plant					
28	340.000	Land & Land Rights	\$ 0	0.0000	\$ 0
29	341.000	Structures & Improvements	0	0.0000	0
30	342.000	Distribution Reservoirs & Standpipe	4,030	2.5000	101
31	343.000	Transmission & Distribution Mains	5,272	2.0000	105
32	345.000	Services	0	0.0000	0
33	346.000	Meters	301	10.0000	30
34	347.000	Meter Installations	5,968	2.5000	149
35	348.000	Hydrants	0	0.0000	0
36	349.000	Other Trans & Dist Plant	0	0.0000	0
37		Total	\$ 15,571		\$ 385
General Plant					
38	389.000	Land & Land Rights	\$ 0	0.0000	\$ 0
39	390.000	Structures & Improvements	0	0.0000	0
40	391.000	Office Furniture & Equipment	0	0.0000	0
41	392.000	Transportation Equipment	0	0.0000	0
42	393.000	Stores Equipment	0	0.0000	0
43	394.000	Tools, Shop & Garage Equipment	0	0.0000	0
44	395.000	Laboratory Equipment	0	0.0000	0
45	396.000	Power Operated Equipment	0	0.0000	0
46	397.000	Communication Equipment	0	0.0000	0
47	398.000	Miscellaneous Equipment	0	0.0000	0
48	399.000	Other Tangible Plant	0	0.0000	0
49		Total	\$ 0		\$ 0
*****					
50		Total Depreciation Expense	\$ 37,417		\$ 1,528
*****					

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Moore Bend Water Company  
Case: WR-06-006  
12 Months Ending December 31, 2005

Depreciation Reserve

Line No	Acct Description	Missouri Jurisdictional	Jurisdictional Adjustment	Adjusted Jurisdictional
(A)		(B)	(C)	(D)
Intangible Plant				
1	301.000 Organization	\$ 0	\$ 0	\$ 0
2	302.000 Franchises	0	0	0
3	303.000 Miscellaneous Intangible Plant	0	0	0
4	Total	\$ 0	\$ 0	\$ 0
Source of Supply				
5	310.000 Land & Land Rights	\$ 0	\$ 0	\$ 0
6	311.000 Structures & Improvements	0	0	0
7	312.000 Collecting & Impounding Reservoirs	0	0	0
8	313.000 Lake, River & Other Intakes	0	0	0
9	314.000 Wells & Springs	1,752	0 R-1	1,752
10	315.000 Infiltration Galleries & Tunnels	0	0	0
11	316.000 Supply Mains	0	0	0
12	317.000 Other Water Source Plant	0	0	0
13	Total	\$ 1,752	\$ 0	\$ 1,752
Pumping Equipment				
14	320.000 Pumping Equipment	\$ 0	\$ 0	\$ 0
15	321.000 Structures and Improvements	5,224	0 R-2	5,224
16	322.000 Boiler Plant equipment	0	0	0
17	323.000 Other Power Production Equipment	0	0	0
18	324.000 Steam Pumping Equipment	0	0	0
19	325.000 Electric Pumping Equipment	8,255	0 R-3	8,255
20	326.000 Diesel pumping Equipment	0	0	0
21	327.000 Hydraulic Pumping Equipment	0	0	0
22	328.000 Other Pumping Equipment	0	0	0
23	Total	\$ 13,479	\$ 0	\$ 13,479
Water Treatment Plant				
24	330.000 Land & Land Rights	\$ 0	\$ 0	\$ 0
25	331.000 Structures & Improvements	0	0	0
26	332.000 Water Treatment Equipment	667	0 R-4	667
27	Total	\$ 667	\$ 0	\$ 667

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Moore Bend Water Company  
Case: WR-06-006  
12 Months Ending December 31, 2005

Depreciation Reserve

Line No	Acct	Description	Missouri Jurisdictional	Jurisdictional Adjustment	Adjusted Jurisdictional
		(A)	(B)	(C)	(D)
Transmission & Distribution Plant					
28	340.000	Land & Land Rights	\$ 0	\$ 0	\$ 0
29	341.000	Structures & Improvements	0	0	0
30	342.000	Distribution Reservoirs & Standpipe	2,405	0 R-5	2,405
31	343.000	Transmission & Distribution Mains	4,041	0 R-6	4,041
32	345.000	Services	0	0	0
33	346.000	Meters	350	0 R-7	350
34	347.000	Meter Installations	3,028	0 R-8	3,028
35	348.000	Hydrants	0	0	0
36	349.000	Other Tran & Dist Plant	0	0	0
37		Total	\$ 9,824	\$ 0	\$ 9,824
General Plant					
38	389.000	Land & Land Rights	\$ 0	\$ 0	\$ 0
39	390.000	Structures & Improvements	0	0	0
40	391.000	Office Furniture & Equipment	0	0	0
41	392.000	Transportation Equipment	0	0	0
42	393.000	Stores Equipment	0	0	0
43	394.000	Tools, Shop & Garage Equipment	0	0	0
44	395.000	Laboratory Equipment	0	0	0
45	396.000	Power Operated Equipment	0	0	0
46	397.000	Communication Equipment	0	0	0
47	398.000	Miscellaneous Equipment	0	0	0
48	399.000	Other Tangible Plant	0	0	0
49		Total	\$ 0	\$ 0	\$ 0
*****					
50		Total Depreciation Reserve	\$ 25,722	\$ 0	\$ 25,722
*****					

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## Moore Bend Water Company

Case: WR-06-006

12 Months Ending December 31, 2005

## Adjustments to Depreciation Reserve

Adj	Total Co	Mo Juris
No Description	Adjustment	Adjustment

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Moore Bend Water Company  
Case: WR-06-006  
12 Months Ending December 31, 2005

Income Statement

Line No	Acct	Description	Missouri Jurisdictional	Jurisdictional Adjustment	Adjusted Jurisdictional
		(A)	(B)	(C)	(D)
Operating Revenues					
1		Operating Revenues	\$ 10,121	\$ (350) S-1	\$ 9,771
2		Total	\$ 10,121	\$ (350)	\$ 9,771
Operation & Maintenance Expense					
3		Repairs of Water Plant-Well Repair	\$ 855	\$ 0 S-2	\$ 855
4		Repairs of Water Plant-Equip Repair	150	0 S-3	150
5		Fuel or Purch Power for Pumping	1,017	(555) S-4	462
6		Billing Expenses	117	245 S-5	362
7		Insurance Expense	500	0 S-6	500
8		Contract Services Employed	3,300	6,000 S-7	9,300
9		Regulatory Commission Expense	74	(24) S-8	50
10		Chemicals	41	0 S-13	41
11		Travel-Mileage	0	347 S-14	347
12		Rent	0	600 S-15	600
13		Telephone	0	120 S-16	120
14		Total	\$ 6,054	\$ 6,733	\$ 12,787
Depreciation Expense					
15		Depreciation Expense	\$ 1,498	\$ 30 S-9	\$ 1,528
16		Total	\$ 1,498	\$ 30	\$ 1,528
Other Operating Expenses					
17		Other Expenses	\$ 433	\$ 0 S-10	\$ 433
18		Total	\$ 433	\$ 0	\$ 433
*****					
19		Total Operating Expenses	\$ 7,985	\$ 6,763	\$ 14,748
*****					
*****					
20		Net Income Before Taxes	\$ 2,136	\$ (7,113)	\$ (4,977)
*****					



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Moore Bend Water Company  
Case: WR-06-006  
12 Months Ending December 31, 2005

Income Statement

Line No	Acct	Description	Missouri Jurisdictional	Jurisdictional Adjustment	Adjusted Jurisdictional
		(A)	(B)	(C)	(D)
Current Income Taxes					
21		Current Income Taxes	\$ 0	\$ 0 S-11	\$ 0
22		Total	\$ 0	\$ 0	\$ 0
Deferred Income Taxes					
23		Deferred Income Taxes	\$ 0	\$ 0 S-12	\$ 0
24		Total	\$ 0	\$ 0	\$ 0
25		Total Income Taxes	\$ 0	\$ 0	\$ 0
26		Net Operating Income	\$ 2,136	\$ (7,113)	\$ (4,977)

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Moore Bend Water Company  
Case: WR-06-006  
12 Months Ending December 31, 2005

Adjustments to Income Statement

Adj No Description	Total Co Adjustment	Mo Juris Adjustment
*****		
Operating Revenues	S-1	\$ (350)
*****		
1. To adjust test year revenues to reflect the Staff's annualized level. (AM)		\$ (350)
*****		
Fuel or Purch Power for Pumping	S-4	\$ (555)
*****		
1. To adjust test year for water loss. (AM)		\$ (555)
*****		
Billing Expenses	S-5	\$ 245
*****		
1. To adjust test year to reflect the Staff's annualized level. (PM)		\$ 245
*****		
Contract Services Employed	S-7	\$ 6,000
*****		
1. To adjust test year to reflect the Staff's annualized level. (PM)		\$ 6,000
*****		
Regulatory Commission Expense	S-8	\$ (24)
*****		
1. To adjust test year to reflect the Staff's annualized level. (PM)		\$ (24)

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Moore Bend Water Company  
Case: WR-06-006  
12 Months Ending December 31, 2005

Adjustments to Income Statement

Adj No Description	Total Co Adjustment	Mo Juris Adjustment
*****		
Travel-Mileage	S-14	\$ 347
*****		
1. To adjust test year to include mileage for travel associated with the business. (PM)		\$ 347
*****		
Rent	S-15	\$ 600
*****		
1. To adjust test year to reflect the Staff's annualized level. (PM)		\$ 600
*****		
Telephone	S-16	\$ 120
*****		
1. To adjust test year to reflect the Staff's annualized level. (PM)		\$ 120

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Moore Bend Water Company  
Case: WR-06-006  
12 Months Ending December 31, 2005

Income Tax

Line		Test Year	9.00% Return
(A)		(B)	
*****			
1	Net Income Before Taxes (Sch 8)	\$ (4,977)	\$ 1,695
*****			
Add to Net Income Before Taxes			
2	Book Depreciation Expense	\$ 1,528	\$ 1,528
-----			
3	Total	\$ 1,528	\$ 1,528
Subtr from Net Income Before Taxes			
4	Interest Expense 0.0000 %	\$ 0	\$ 0
-----			
5	Total	\$ 0	\$ 0
*****			
6	Net Taxable Income	\$ (3,449)	\$ 3,223
*****			
Provision for Federal Income Tax			
7	Net Taxable Income	\$ (3,449)	\$ 3,223
8	Deduct Missouri Income Tax 100.0 %	\$ 0	\$ 187
9	Deduct City Income Tax	0	0
10	Federal Taxable Income	(3,449)	3,036
-----			
11	Total Federal Tax	\$ 0	\$ 455
Provision for Missouri Income Tax			
12	Net Taxable Income	\$ (3,449)	\$ 3,223
13	Deduct Federal Income Tax 50.0 %	\$ 0	\$ 228
14	Deduct City Income Tax	0	0
15	Missouri Taxable Income	(3,449)	2,996
-----			
16	Total Missouri Tax	\$ 0	\$ 187

Moore Bend Water Company  
Case: WR-06-006  
12 Months Ending December 31, 2005

Income Tax

Line		Test Year	9.00% Return
(A)	(B)		
Provision for City Income Tax			
17	Net Taxable Income	\$ (3,449)	\$ 3,223
18	Deduct Federal Income Tax	\$ 0	\$ 455
19	Deduct Missouri Income Tax	0	187
20	City Taxable Income	(3,449)	2,581
<hr/>			
21	Total City Tax	\$ 0	\$ 0
Summary of Provision for Income Tax			
22	Federal Income Tax	\$ 0	\$ 455
23	Missouri Income Tax	0	187
24	City Income Tax	0	0
<hr/>			
25	Total	\$ 0	\$ 642
Deferred Income Taxes			
26	Deferred Investment Tax Credit	\$ 0	\$ 0
27	Deferred Repair Allowance	0	0
28	Deferred Tax Depreciation	0	0
29	Amort of Deferred Tax Depreciation	0	0
30	Amort of Repair Allowance	0	0
31	Amort of Deferred ITC	0	0
32	Deferred Unbilled	0	0
<hr/>			
33	Total	\$ 0	\$ 0
<hr/>			
34	Total Income Tax	\$ 0	\$ 642
<hr/>			

# Agreement Attachment D

## Rate Design Worksheet

# MOORE BEND WATER COMPANY

## 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	\$ 9,770
Agreed-Upon Overall Revenue Increase	\$ 6,673
Percentage Increase Needed	68.296%

### Metered Customer Rates

Meter Size	Current Service Charge	Proposed Service Charge	Current Usage Rate	Proposed Usage Rate
gallons	\$ 8.24	\$ 13.87	\$ 1.470	\$ 2.47

# Agreement Attachment E

## Billing Comparison Worksheet



# MOORE BEND WATER COMPANY

## Residential Customer Bill Comparison-Water

### Rates for 5/8" Meter

<u>Current Base Service Charge</u>	<u>Proposed Base Service Charge</u>	<u>Current Usage Rate</u>	<u>Proposed Usage Rate</u>
<b>\$8.24</b>	<b>\$13.87</b>	<b>\$1.470</b>	<b>\$2.474</b>

current service charge is monthly charge

### MONTHLY BILL COMPARISON

#### Current Rates

Service Charge	\$ 8.24
Usage Charge	\$ 5.88
Total Bill	\$ 14.12

#### Proposed Rates

Service Charge	\$ 13.87
Usage Charge	\$ 9.90
Total Bill	\$ 23.76

#### INCREASES

##### Service Charge

<b>\$ Increase</b>	<b>\$5.63</b>
<b>% Increase</b>	<b>68.30%</b>

##### Usage Charge

<b>\$ Increase</b>	<b>\$4.02</b>
<b>% Increase</b>	<b>68.30%</b>

##### Total Bill

<b>\$ Increase</b>	<b>\$9.64</b>
<b>% Increase</b>	<b>68.30%</b>

# Agreement Attachment F

## Schedule of Depreciation Rates

**MOORE BEND WATER COMPANY**  
**DEPRECIATION RATES**  
**(WATER)**  
**QW-2006-0006**

<b>ACCOUNT NUMBER</b>	<b>ACCOUNT DESCRIPTION</b>	<b>DEPRECIATION RATE</b>	<b>AVERAGE SERVICE LIFE (YEARS)</b>	<b>NET SALVAGE</b>
314	Wells & Springs	2.0%	50	
321	Structures & Improvements	2.5%	40	
325	Electric Pumping Equipment	10.0%	10	
332	Water Treatment Equipment	2.9%	35	
342	Distribution Reservoirs & Standpipes	2.5%	40	
343	Transmission & Distribution Mains	2.0%	50	
346	Meters	10.0%	10	
347	Meter Installations	2.5%	40	

## Agreement Attachment G

### Engineering & Management Services Department Report

## **Review of Moore Bend Water Company Customer Service Operations**

The Engineering and Management Services Department (EMSD) staff initiated an informal review of the customer service processes, procedures and practices at Moore Bend Water Company (Company) on June 5, 2006. Prior to an interview with one of the owners and an employee on August 3, 2006, 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. Additional information was requested by the EMSD staff following the meeting with Company, because requested documents and information were not provided by Company at the meeting.

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 this review were to document and analyze the management control processes, procedures and practices used by the Company to ensure that its customers' service needs are met and to make recommendations, where appropriate, by which the Company may improve the quality of services provided to its customers. The findings of this review will 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 Readings
- Customer Billing and Remittance
- Credit and Collections
- Complaints Handling and Recording
- Company Records

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

## **Overview**

Moore Bend Water Company (Moore Bend or Company) provides water service to approximately 96 customers in the Moore Bend Subdivision of Cedar Creek, located in Taney County, Missouri, at Bull Shoals Lake Reservoir. A majority of the customers, which has not varied over the past three years, are weekend visitors. The Company indicated that 20% to 25% of its customers are full-time customers.

Mr. Brad Swofford and Mr. Don Garner, owners of the Company, purchased it in December 2000. Mr. Garner is a silent partner. Ms. Jean Liscum is the only employee of the Company. The employee's job description includes bill customers monthly; perform accounts receivable monthly, deposit payments and meter reads; arrange for any type of replacement or change of meters and communicate to owners any items of relevance. All business is transacted at the employee's home in Kirbyville, Missouri.

All service work is performed by a resident of the development that Ms. Liscum pays. This individual performs repairs, performs leak checks, mows, etc.

## **Meter Readings**

The Company stated that it reads its customer meters monthly, typically on the first day of the month. During the interview, it was noted that this task requires approximately one-half day, although all meters are not read each month. The EMSD staff was informed that the seasonal customers' meters are not always read. The employee reads only the first three digits of the six digit meters; therefore, any gallons used that are over or under are calculated on the next month's bill. The employee records the reading on a sheet of paper that has the customer's location number and the previous meter reading already recorded.

## **Customer Billing and Remittance**

Following the reading of the customer meters, the employee records the reading in the customer billing book, calculates the bill and completes the billing statement. The EMSD staff was informed that each customer's information is recorded on a single page of the billing book with the following headings: customer name, premise location, meter number, mailing address, reading date, gallons used, amount due, misc. fee, total amount

due, payment date received and balance/credit. The billing book sheets are arranged in lot order; the book is stored in a desk at the employee's residence. The Company provided the EMSD staff copies of the customers' billing book sheets for 2004, 2005 and January 2006.

The Company stated that the bills are typically mailed by the 6<sup>th</sup> or 7<sup>th</sup> of the month, but no later than the 15<sup>th</sup>. Approximately 75% of the Company's bills are mailed non-local. The Company's current billing statement adheres to Commission Rules. The Company stated that it is currently in the process of revising its billing statement prior to ordering additional statements.

The Company's current charges are \$8.24 for the minimum usage of 2000 gallons or \$8.24 for the minimum usage of 267 cubic feet. All usage over the 2000 gallon minimum is \$1.47 per 1000 gallons and all usage over the 267 cubic feet minimum is \$1.10 per 100 cubic feet.

The Company informed the EMSD staff that some customers make payment of their bill in advance; either six months or one year. The customer's monthly amount due is deducted from their credit balance and payment is made when the credit balance has been depleted. These customers do not receive a monthly bill; they receive a bill when their credit balance has been exhausted.

The customers' payment options are check or money order and payments are mailed to a post office box in Branson, Missouri. The Company informed the EMSD staff that most customers make payment of their bill before the 25<sup>th</sup> of the month.

The Company stated that mail is retrieved from the post office box weekly and the payments are posted to the billing book at that time. The date on the customer's check is used as the payment date. The Company informed Staff that the payments are stored in a fireproof locked box and a bank deposit is made the last business day of each month.

In addition to the customer billing book, a book is maintained that lists each customer and their total amount due for each month. When the customer's payment is received, their monthly amount due is highlighted. This information is used so that a quick determination can be made as to the number of current month bills that are paid and unpaid. It also assists the bookkeeper in bill preparation; the accounts which have not

been paid (unlighted) have the amount due from the previous month added to their current month bill.

### **Credit and Collections**

Although the Company does not charge a customer deposit, it stated it has a signed application from each customer. The EMSD staff asked for copies of the Company's signed applications and was provided applications of 21 customers.

When a customer is late with their payment, the amount due is added to the customer's current month's bill. The Company stated that it has very few problems with delinquent accounts. The Company indicated that it has never charged a customer the tariffed \$1.00 late charge nor does it mail delinquent notices. The Company's last returned check in 2001 was handled by the owner; the Company has no returned check fee in its tariffs. The Company is charged \$25.00 by its bank for each returned check.

A non-residential customer's final bill is mailed to their mailing address; a residential customer's final bill is mailed to their forwarding address. The Company informed the EMSD staff that its last written off amount was during 2001 or 2002 and was less than \$100.00. During the interview, the EMSD staff was informed that there is no knowledge of water theft ever occurring.

### **Complaint Handling and Recording**

Customers with questions or concerns may call the Company employee at her residence or leave a message on the answering machine. The number is a toll number and is located on the customers' bill. The employee attempts to handle the complaint or inquiry, but when necessary, forwards the complaint or inquiry to the owner. The complaints and inquiries received by the Company are not logged. The Consumer Services Department of the Missouri Public Service Commission received no complaints during 2003, 2004, 2005 or to date 2006.

### **Company Records**

The Company's records and all business documents are stored at the employee's residence. The EMSD staff was informed that the records are kept in a file cabinet and



desk. The Company stated that payments are stored in a fire proof file cabinet at the employee's residence until a deposit is prepared, which occurs one time each month.

### **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 five areas that require Company management's attention:

- *Meter Readings*
- *Customer Billing and Remittance*
- *Credit and Collections*
- *Complaints Handling and Recording*
- *Company Records*

### **Meter Readings**

The Company does not read each customer meter for each billing period. The EMSD staff was informed that the Company spends approximately one-half day reading customer meters. When a meter is not read, the Company charges the meter with zero usage. In order for the Company to determine the customers' correct water usage, the Company should read each customer meter for each billing period.

*THE EMSD STAFF RECOMMENDS THAT COMPANY MANGEMENT:*

*Read each customer meter for each billing period.*

The Company does not record the actual date customers' meters are read. The information provided by the Company shows the first day of each month as the reading date. The Company indicated to the EMSD staff that customer meters are typically read on the first day of the month. It is a good business procedure to record in the Company's billing book the actual date meter reads are performed.

*THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:*

*Record the actual date customer meters are read in the Company's billing book.*

The Company does not maintain records of its estimated meter readings. This is in violation of Commission Rules. Commission Rule 4 CSR 240-13.020 (2)(D) states:

When a utility renders an estimated bill in accordance with these rules, it shall –

- (1) Maintain accurate records of the reasons for the estimate and the effort made to secure an actual reading;

*THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:*

*Document the reasons for estimated meter readings.*

The Company does not currently track or monitor the amount of water removed from its water supply to the amount of water registered through its customers' meters each month. The Company stated that it currently obtains readings from its water supply meter and electrical meter every few days. Although the information is available to the Company, it does not compare the total amount of its customers' monthly meter reading usage to its water supply units' usage.

The Company informed the EMSD staff that it has no knowledge of water theft; but without this business procedure, the Company is unaware whether or not water theft is occurring. With the implementation of the program to track and monitor the amount of water removed from its supply as compared to the amount registered through its customers' meters on a monthly basis, leak detection at the water supply system, leak detection at the customers' meters or any other problems would be more timely and accurately identified by the Company.

*THE EMSD STAFF RECOMMENDS THAT COMPANY MANGEMENT:*

*Develop a report that monthly tracks and monitors the Company's master meter reads on its system as compared to its customers' actual meter readings.*

### **Customer Billing and Remittance**

The Company does not provide a toll-free number for its customers to contact the Company. The Company stated that the phone number listed on the billing statement is the employee's residence and it is a toll call for customers residing in Cedar Creek. This business practice is in violation of Commission Rules. Commission Rule 4 CSR 240-13.020 (9) states:

Every bill for residential utility service shall clearly state—

- (G) The telephone number the customer may call from the customer's service location without incurring toll charges and the address of the utility where the customer may initiate an inquiry or complaint regarding the bill as rendered or the service provided.

*THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:*

Provide a toll-free number for customers to contact the Company. The number should be shown on the customers' billing statement.

The Company does not indicate on its customers' monthly billing statements that they are estimated bills. This is in violation of Commission Rules. Commission Rule 4 CSR 240-13.020 (2)(D) states:

When a utility renders an estimated bill in accordance with these rules, it shall –

- (2) Clearly and conspicuously note on the bill that it is based on estimated usage;

*THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:*

Implement the procedure to clearly and conspicuously note on the customer's billing statement that the bill is an estimated bill, whenever this occurs.

The Company does not allow the customer 21 days from rendition of the bill to make payment. The Company mails their bills on the 6<sup>th</sup> or 7<sup>th</sup> day of the month and payment is due by the 20<sup>th</sup> of the same month. This is in violation of Commission Rules. Commission Rule 4 CSR 240-13.020 (7) states:

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:*

Allow customers 21 days from the rendition of the bills to make payment of their bills.

The Company's proposed billing statement does not adhere to Commission Rules. The proposed billing statement does not allow for a balance due to be shown. Commission Rule 4 CSR 240-13.020 (9) states:

Every bill for residential utility service shall clearly state –

- (D) The amount due for the most recent billing period for electric, gas or water usage stated separately from the amount due for the same period for a deposit and the amount due for the same period for service not subject to commission jurisdiction;

Additionally, the proposed billing statement shows a late fee of \$1.47 per 1000 gallons, which is incorrect. The Company's tariff allows for a late fee of \$1.00.

*THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:*

*Make certain the Company's proposed billing statement adheres to Commission Rules. The statement should allow for a balance due to be shown and the late charge shown should be \$1.00.*

### **Credit and Collections**

The Company does not have signed applications from all of its customers. Without a signed application from its customers, the Company is unable to determine the responsible party for payment of the bill. The application form should include the customer's signature and the date the document was signed.

*THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:*

*Implement the procedure that a signed application is required prior to service being provided by the Company. The Company should attempt to obtain a signed application from its current customers that do not have a signed application on file with the Company. The Company's application form should include the customer's signature and the date of the signature.*

The Company does not consistently record the date customers' payments are received by the Company. It is a good business procedure to document the customer's payment date.

*THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:*

*Consistently record in the Company's billing book the date customers' payments are received by the Company.*

The Company does not charge the tariffed late fee of \$1.00 to delinquent paying customers. As an incentive for customers to make payment of their bills in a timely manner, customers that make payment after the Company's due date should be charged a late fee. Timely bill payments assist the Company's cash flow and should be encouraged by the Company.

*THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:*

*Charge the \$1.00 late fee to delinquent customers.*

Note: The Water and Sewer Department has reviewed this recommendation and offered a revision to the Company's tariff.

The Company does not have a returned check fee included in its tariff. Although the Company has very few returned checks, it should include a returned check fee in its tariff so that it can be properly charged to customers. The Company's bank charge of \$25.00 should be paid by the customer creating those costs.

The Company should charge an amount that reflects the costs of the administrative tasks to collect the amount due for the returned check and that also provides an incentive to the customers to not provide the Company returned checks.

*THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:*

*Determine the Company's administrative costs of processing a returned check and change the Company's tariff accordingly.*

Note: The Water and Sewer Department has reviewed this recommendation and offered a revision to the Company's tariff.

**Complaint Handling and Recording**

The Company does not have qualified personnel available during normal business hours to receive and handle customer inquiries, service requests and complaints. The telephone number shown on the customers' billing statement is the employee's residence number. Although callers are allowed to leave a message on a recorder, the EMSD staff experienced delays in having its calls returned by the employee. This is in violation of Commission Rules. Commission Rule 4 CSR 240-13.040 (2) states:

A utility shall establish personnel procedures which, at a minimum, insure that—

(A) Qualified personnel shall be available and prepared at all times during normal business hours to receive and respond to all customer inquiries, service requests and complaints.

In addition, Commission Rule 4 CSR 240-13.040 (2)(C) states:

Qualified personnel shall be available at all times to receive and initiate response to customer contacts regarding any discontinuance of service or emergency condition occurring within the utility's service area;

The employee, or its designee, must be available to handle customer inquiries, service requests and complaints during normal business hours and available to handle discontinuances of service or emergencies at all times.

*THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:*

Makes certain that qualified personnel is available during normal business hours to handle customer inquiries, service requests and complaints and that qualified personnel is available at all times to handle customers' discontinuances of service or emergency conditions.

Documentation of the complaints and inquiries received by Company personnel is not being performed. The lack of a complaint and inquiry log that includes all complaint and/or inquiry calls makes it difficult for the Company to provide accurate documentation of the nature of its complaints and inquiries. This is in violation of Commission Rules. Commission rule 4 CSR 240-13.040(5) 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;

In addition to compliance with the Commission Rule, this comprehensive reporting information could provide the Company with an essential management tool. This documented information would enable Company management to evaluate the reasons customers contact the Company and determine if any measures could be taken to reduce customer contacts and improve customer satisfaction.

*THE EMSD STAFF RECOMMENDS THAT COMPANY MANGEMENT:*

Develop and utilize a log that documents all the complaints and inquiries received by the Company's personnel.

## **Company Records**

The Company does not currently store its billing information or business documents in a fireproof locked location. Secure protection of the Company's records would be provided if the Company made use of fireproof file cabinets or vaults. Securing the company's materially relevant information/documents in fireproof file cabinets or vaults could eliminate the cost, time and frustration of re-creating lost data should the information/documents be destroyed or lost. The risk of this occurrence would be minimized if information/documents were stored in fireproof file cabinets or vaults.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

*Store all customer payments, Company billing information and all business documents in a fireproof file cabinet(s) or fireproof vault(s).*