

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

In the Matter of S. K. & M. Water and Sewer    )  
Company's Rate Increase Request                    )

Case No. WR-2007-0460

**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 May 31, 2007, (unless noted otherwise, all dates herein refer to the year 2007) S. K. & M. Water and Sewer Company ("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 *Company/Staff Agreement Regarding Disposition of Small Water Company Rate Increase Request* ("Company/Staff Agreement") entered into by the Company and the Staff. As is also noted in the Company's tariff filing transmittal letter, the Company/Staff Agreement pertains to the small company rate increase request that the Company submitted to the Commission on October 19, 2006 (Tracking File No. QW-2007-0006).

3. Included in Appendix A attached hereto is a copy of the above-referenced Company/Staff Agreement. Various documents related to the Company/Staff Agreement are also included in Appendix A as attachments to the agreement. Additionally, affidavits from the Staff members that participated in the investigation of the Company's Request are included in Appendix A.

4. The Staff notes that the Company and the Staff previously agreed to extensions of the 150-day tariff filing period that normally applies to small company rate increase requests, and that copies of the extension agreements are included as Item Nos.4 and 5 in the above-referenced Tracking File for the Company's Request.

5. Consistent with Commission Rule 4 CSR 240-3.635, the Company will be mailing a notice to its customers regarding the rates that would go into effect if the Commission approves the Company's pending tariff revisions, with that notice to hopefully be mailed by June 8.

**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 7th day of June 2007.

**/s/ Keith R. Krueger**

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

**AFFIDAVIT OF DALE W. JOHANSEN**

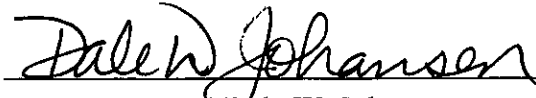
STATE OF MISSOURI     )

) SS


CASE NO. WR-2007-0460

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 *Company/Staff 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 information presented in the Agreement Notice and the Disposition Agreement; and (4) that the information presented in the Agreement Notice and the Disposition Agreement is true and correct to the best of his knowledge, information and belief.

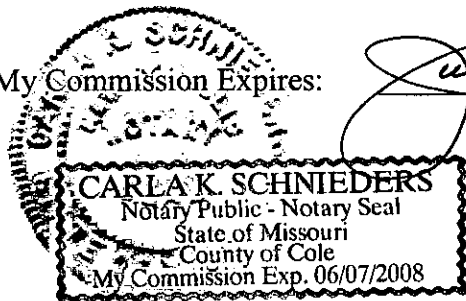
  
Dale W. Johansen

Subscribed and sworn to before me this 6<sup>th</sup> day of June 2007.

  
Notary Public

My Commission Expires:

June 7, 2008



# APPENDIX A

## STAFF PARTICIPANT AFFIDAVITS AND DISPOSITION AGREEMENT & ATTACHMENTS

CASE NO. WR-2007-0461

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

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## Staff Participant Affidavits

James M. Russo – Water & Sewer Department

Amanda McMellen – Auditing Department

Guy Gilbert – Engineering & Management Services Department

Martha Davis – Engineering & Management Services Department

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

**AFFIDAVIT JAMES M. RUSSO**

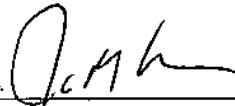
STATE OF MISSOURI )

) ss

CASE NO. WR-2007-0460

COUNTY OF COLE )

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



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

Subscribed and sworn to me before this 4<sup>th</sup> day of June, 2007.

  
Notary Public

ASHLEY M. HARRISON  
My Commission Expires  
August 31, 2010  
Cole County  
Commission #06898978

BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

AFFIDAVIT AMANDA C. MCMELLEN

STATE OF MISSOURI )

) ss

CASE NO. WR-2007-0460

COUNTY OF COLE )

COMES NOW Amanda C. McMellen, being of lawful age, and on her oath states the following: (1) that she is an Utility Regulatory Auditor IV in the Missouri Public Service Commission's Auditing Department; (2) that she participated in the Staff's investigation of the small company rate increase request that is the subject of the instant case; (3) that she has knowledge of the following *Unanimous Agreement Regarding Disposition of Small Water and Sewer 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 C McMellen

Amanda C. McMellen  
Utility Regulatory Auditor IV  
Auditing Department

Subscribed and sworn to me before this 4th day of June, 2007

Ashley M. Harrison  
Notary Public



ASHLEY M. HARRISON  
My Commission Expires  
August 31, 2010  
Cole County  
Commission #06898978

BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

AFFIDAVIT GUY C. GILBERT

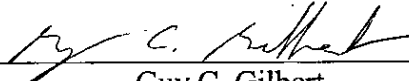
STATE OF MISSOURI )

) ss

CASE NO. WR-2007-0460

COUNTY OF COLE )

COMES NOW Guy C. Gilbert, being of lawful age, and on his oath states the following: (1) that he is an Utility Regulatory Engineer II in the Missouri Public Service Commission's Engineering and Management Services Department; (2) that he participated in the Staff's investigation of the small company rate increase request that is the subject of the instant case; (3) that he has knowledge of the following *Unanimous Agreement Regarding Disposition of Small Water and Sewer Company Rate Increase Request* ("Disposition Agreement"); (4) that he was responsible for the preparation of Attachment F to the Disposition Agreement; (5) that he 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 his knowledge, information, and belief.

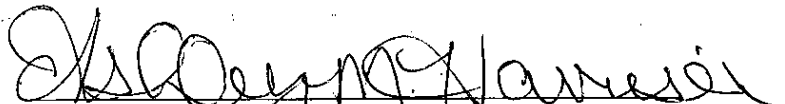
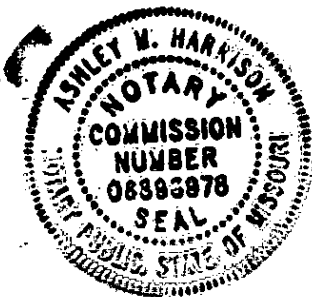


Guy C. Gilbert

Utility Regulatory Engineer II

Engineering and Management Services Department

Subscribed and sworn to me before this 30<sup>th</sup> day of May, 2007.

  
Notary Public

ASHLEY M. HARRISON  
Notary Public - State of Missouri  
My Commission Expires August 31, 2010  
Cole County  
Commission #06898978

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

**AFFIDAVIT MARTHA R. DAVIS**

STATE OF MISSOURI )

) ss

CASE NO. wR-2007-0460

COUNTY OF COLE )

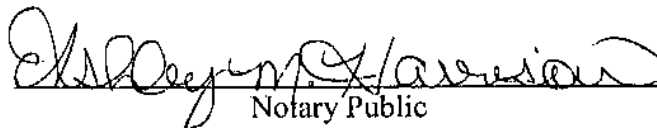
COMES NOW Martha R. Davis, being of lawful age, and on her oath states the following: (1) that she is an Utility Management Analyst II in the Missouri Public Service Commission's Auditing Department; (2) that she participated in the Staff's investigation of the small company rate increase request that is the subject of the instant case; (3) that she has knowledge of the following *Unanimous Agreement Regarding Disposition of Small Water and Sewer 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.



Martha R. Davis

Utility Management Analyst II  
Engineering and Management Services

Subscribed and sworn to me before this 5th day of June, 2007.

  
Notary Public



ASHLEY M. HARRISON  
My Commission Expires  
August 31, 2010  
Cole County  
Commission #06889979

# Company/Staff Disposition Agreement

**COMPANY/STAFF AGREEMENT REGARDING DISPOSITION  
OF SMALL WATER COMPANY RATE INCREASE REQUEST**

**S. K. & M. WATER & SEWER COMPANY**

**MO PSC TRACKING FILE NO. QW-2007-0006**

**BACKGROUND**

S. K. & M. Water & Sewer 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 October 19, 2006, the Company set forth its request for an increase of \$50,818 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 280 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-2007-0006 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 and the Company hereby state the following agreements.

- (1) That for the purpose of implementing the agreements set out herein, the Company will file tariff revisions with the Commission containing the rates, charges and language set out in the example tariff sheets 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 \$16,020, 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 63.38% equity for the Company and a pre-tax rate of return on equity of 10.10%, 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.
- (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, and that the provisions of the attached example tariff sheets also properly reflect all other agreements set out herein, where necessary.
- (7) That the 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 refund customer deposits currently held improperly as follows:
  - (a) for deposits held for 5 years or less, the Company will return the deposits and accrued interest as monthly bill credits over a one-year period; and
  - (b) for deposits held for more than 5 years, the Company will return the deposits and accrued interest as monthly bill credits over a two-year period.
- (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 and the Company regarding the Company's Request, except as otherwise specifically stated.

### **ADDITIONAL MATTERS**

Since this Disposition Agreement is only between the Staff and the Company, the Small Company Rate Increase Procedure requires that the Company send a notice to its customers regarding the rates and charges that would result from implementation of the provisions of the agreement. In compliance with the Small Company Rate Increase Procedure, that notice will provide the Company's customers an opportunity to send comments to the OPC and the Staff within twenty (20) days after the date of the notice. In addition to that customer notice, the Company

acknowledges that the OPC also has the right to request that the Commission hold a local public hearing regarding the Company's Request and the provisions of this Disposition Agreement.

Other than the specific conditions agreed upon and expressly set out herein, the terms of this Disposition Agreement reflect compromises between the Staff and the Company, and neither party has agreed to any particular ratemaking principle in arriving at the amount of the annual operating revenue increase specified herein.

The Company and the Staff acknowledge that they have previously agreed on extensions of the normal 150-day tariff filing date for small company rate increase requests for the following reasons: (1) the Staff needed additional time to complete its investigation; and (2) additional time was needed to provide for the possibility that an agreement could be reached between the Company, the Staff and the OPC. Copies of the extension agreements can be found in the EFIS Tracking File for the Request.

The Company acknowledges 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 also acknowledges 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 agrees that the Staff shall have the right to provide whatever oral explanation the Commission may request regarding the rate case that will be created 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 with advance notice of any such agenda meeting so that it may have the opportunity to also be represented at the meeting.

**EFFECTIVE DATE AND SIGNATURES**


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

5/31/07  
Date



Angela Swan  
General Manager  
S. K. & M. Water & Sewer Company

5/21/07  
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 – Billing Comparison Worksheet
- Attachment F – Schedule of Depreciation Rates
- Attachment G – EMSD Report

# Agreement Attachment A

## Example Tariff Sheets

P.S.C. MO No. 2

1st Revised Sheet No. 6

Canceling

Original Sheet No. 6

S. K. & M. Water & Sewer Company  
Name of Issuing Company

For: Unincorporated Area Perry County, MO  
Certificated Service Area

**SCHEDULE OF RATES  
FOR WATER SERVICE**

Rate Schedule W-1 – General Service

Availability:

This rate is available to any water customer on company mains supplying the service requested.

Minimum Monthly Charge: 5/8" meter - \$ 6.07	+
1" meter - \$15.16	+

Water Usage Charge - \$ 2.56 per thousand gallons usage	+
---	---

Bulk Sales: \$ 2.91 per 1,500 gallons	+
---------------------------------------	---

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: June 1, 2007  
Month/Day/Year

Effective Date: July 16, 2007  
Month/Day/Year

Issued By: Angela Swan Chief Operator  
Name & Title of Issuing Officer

P. O. Box 212 Perryville MO 63775  
Company Mailing Address

P.S.C. MO No. 2

1st Revised Sheet No. 7

Canceling Original Sheet No. 7

S. K. & M. Water & Sewer Company  
Name of Issuing Company

For: Unincorporated Area Perry County, MO  
Certificated Service Area

**SCHEDULE OF SERVICE CHARGES  
FOR WATER SERVICE**

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

Reconnection Charge after service disconnection by Company for violation of the Company's Rules and Regulations (See Rule 7) \$15.00

Turn-Off and Turn-On Charges Applicable to customers requesting temporary disconnection (See Rule 8) \$10.00

Inspection Fee (See Rules 4 & 5) \$10.00

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.

\* Indicates New Rate or Text

+ Indicates Changed Rate or Text

Issue Date: June 1, 2007  
Month/Day/Year

Effective Date: July 16, 2007  
Month/Day/Year

Issued By: Angela Swan Chief Operator  
Name & Title of Issuing Officer

P. O. Box 212 Perryville MO 63775  
Company Mailing Address

# Agreement Attachment B

## Ratemaking Income Statement

# SK & M WATER & SEWER

## Rate Making Income Statement-Water

### Operating Revenues at Current Rates

1	Tariffed Rate Revenues *	\$ 54,366
2	Other Operating Revenues *	\$ (255)
3	<b>Total Operating Revenues</b>	<b>\$ 54,111</b>
4	* See "Revenues - Current Rates" for Details	

### Cost of Service

Item	Amount
1 Pumping Equipment-Purchased Power	\$ 7,429
2 Water Treatment Expense-Chemicals	\$ 720
3 Water Treatment -Testing/Laboratory Fees	\$ -
4 Maintenance of Parts/Equipment Repairs	\$ 2,852
5 Repairs of Water Plant-Other	\$ 1,082
6 Meter Reading Expense	\$ 2,000
7 Customer Records & Collection Expense	\$ 764
8 Outside Services-Primary Operator	\$ 21,168
9 Outside Services-Secondary Operator	\$ -
10 Outside Services-Accounting	\$ 4,095
11 Outside Services-Other	\$ 737
12 Administration & General - Salaries	\$ 3,900
13 Office Supplies	\$ 824
14 Insurance Expense	\$ 2,008
15 State Permit/Fees	\$ 2,179
16 Service Charges	\$ 248
17 Interest Expense	\$ -
18 Regulatory Commission Expense	\$ 307
19 Miscellaneous General Expenses	\$ 404
20 <b>Sub-Total Operating Expenses</b>	<b>\$ 50,717</b>
21 Property Taxes	\$ 1,885
22 MO Franchise Taxes	\$ -
23 Employer FICA Taxes	\$ 4,352
24 Federal Unemployment Taxes	\$ -
25 State Unemployment Taxes	\$ -
26 State & Federal Income Taxes	\$ 1,919
27 <b>Sub-Total Taxes</b>	<b>\$ 8,156</b>
28 Depreciation Expense	\$ 4,573
29 Amortization of CIAC	\$ (1,022)
30 <b>Sub-Total Depreciation/Amortization</b>	<b>\$ 3,551</b>
31 <b>Return on Rate Base</b>	<b>\$ 7,707</b>
32 <b>Total Cost of Service</b>	<b>\$ 70,131</b>
25 <b>Overall Revenue Increase Needed</b>	<b>\$ 16,020</b>

# Agreement Attachment C

## Audit Workpapers

S.K. & M. Water and Sewer Company  
Case: WR-07-006  
12 Months Ending December 31, 2006

Revenue Requirement

-----  
Line 9.63%  
Return  
-----

(A)		(B)
1	Net Orig Cost Rate Base (Sch 2)	\$ 80,028
2	Rate of Return	9.63%
*****		
3	Net Operating Income Requirement	\$ 7,707
4	Net Income Available (Sch 8)	\$ (6,394)
*****		
5	Additional NOIBT Needed	\$ 14,101
6	Income Tax Requirement (Sch 10)	
7	Required Current Income Tax	\$ 1,919
8	Test Year Current Income Tax	\$ 0
*****		
9	Additional Current Tax Required	\$ 1,919
10	Required Deferred ITC	\$ 0
11	Test Year Deferred ITC	\$ 0
*****		
12	Additional Deferred ITC Required	\$ 0
*****		
13	Total Additional Tax Required	\$ 1,919
*****		
14	Gross Revenue Requirement	\$ 16,020
*****		

13:06 05/01/2007

S.K. & M. Water and Sewer Company  
Case: WR-07-006  
12 Months Ending December 31, 2006

## Rate Base

Line Description		Amount	
(A)		(B)	
1	Total Plant in Service (Sch 3)	\$	225,766
	Subtract from Total Plant		
2	Depreciation Reserve (Sch 6)	\$	100,453
			-----
3	Net Plant in Service	\$	125,313
	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	Contribution in aid of Construction	\$	0
8	Federal Tax Offset 0.0000 %		0
9	State Tax Offset 0.0000 %		0
10	City Tax Offset 0.0000 %		0
11	Interest Expense Offset 0.0000 %		0
12	Customer Advances for Construction		0
13	Customer Deposits		14,224
14	Contribution in Aid of Construction		31,061
15	Deferred Income Taxes-Depreciation		0
			-----
16	Total Rate Base	\$	80,028
			=====

13:06 05/01/2007

S.K. & M. Water and Sewer Company  
Case: WR-07-006  
12 Months Ending December 31, 2006

## Total Plant in Service

Line No	Acct	Description	Total Company	Total Co Adjustment	Alloc Factor	Jurisdictional Adjustment	Adjusted Jurisdictional
		(A)	(B)	(C)	(D)	(E)	(F)
Intangible Plant							
1	301.000	Organization	\$ 0	\$ 0	100.0000	\$ 0	\$ 0
2	302.000	Franchises	0	0	100.0000	0	0
3	303.000	Miscellaneous Intangible Plant	0	0	100.0000	0	0
4		Total	\$ 0	\$ 0		\$ 0	\$ 0
Source of Supply Plant							
5	310.000	Land & Land Rights	\$ 0	\$ 0	100.0000	\$ 0	\$ 0
6	311.000	Structures & Improvements	0	0	100.0000	0	0
7	312.000	Collecting & Impounding Reservoirs	0	0	100.0000	0	0
8	313.000	Lake, River & Other Intakes	0	0	100.0000	0	0
9	314.000	Wells & Springs	40,278	0	100.0000	0 P-1	40,278
10	315.000	Infiltration Galleries & Tunnels	0	0	100.0000	0	0
11	316.000	Supply Mains	0	0	100.0000	0	0
12	317.000	Other Water Source Plant	0	0	100.0000	0	0
13		Total	\$ 40,278	\$ 0		\$ 0	\$ 40,278
Pumping Plant							
14	320.000	Land and Land Rights	\$ 0	\$ 0	100.0000	\$ 0	\$ 0
15	321.000	Structures and Improvements	0	0	100.0000	0	0
16	322.000	Boiler Plant Equipment	0	0	100.0000	0	0
17	323.000	Other Power Production Equipment	0	0	100.0000	0	0
18	324.000	Steam Pumping Equipment	0	0	100.0000	0	0
19	325.000	Electric Pumping Equipment	46,095	0	100.0000	(46,095) P-2	0
20	326.000	Diesel Pumping Equipment	0	0	100.0000	0	0
21	327.000	Hydraulic Pumping Equipment	0	0	100.0000	0	0
22	328.000	Other Pumping Equipment	0	0	100.0000	0	0
23		Total	\$ 46,095	\$ 0		\$ (46,095)	\$ 0
Water Treatment Plant							
24	330.000	Land & Land Rights	\$ 0	\$ 0	100.0000	\$ 0	\$ 0
25	331.000	Structures & Improvements	3,706	0	100.0000	0 P-3	3,706
26	332.000	Water Treatment Equipment	0	0	100.0000	0	0
27		Total	\$ 3,706	\$ 0		\$ 0	\$ 3,706

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S.K. & M. Water and Sewer Company  
Case: WR-07-006  
12 Months Ending December 31, 2006

## Total Plant in Service

Line No	Acct	Description	Total Company	Total Co Adjustment	Alloc Factor	Jurisdictional Adjustment	Adjusted Jurisdictional
		(A)	(B)	(C)	(D)	(E)	(F)
Transmission & Distribution Plant							
28	340.000	Land & Land Rights	\$ 0	\$ 0	100.0000	\$ 0	\$ 0
29	341.000	Structures & Improvements	0	0	100.0000	0	0
30	342.000	Distribution Reservoirs & Standpipe	32,639	0	100.0000	0 P-4	32,639
31	343.000	Transmission & Distribution Mains	100,148	0	100.0000	0 P-5	100,148
32	345.000	Services	920	0	100.0000	0 P-6	920
33	346.000	Meters	16,457	0	100.0000	0 P-7	16,457
34	348.000	Hydrants	573	0	100.0000	0 P-8	573
35	349.000	Other Transm. and Distrib. Plant	0	0	100.0000	0	0
36		Total	\$ 150,737	\$ 0		\$ 0	\$ 150,737
General Plant							
37	389.000	Land & Land Rights	\$ 18,250	\$ 0	100.0000	\$ 0 P-9	\$ 18,250
38	390.000	Structures & Improvements	0	0	100.0000	0	0
39	391.000	Office Furniture & Equipment	71	0	100.0000	(71) P-10	0
40	392.000	Transportation Equipment	0	0	100.0000	12,795 P-11	12,795
41	393.000	Stores Equipment	0	0	100.0000	0	0
42	394.000	Tools, Shop & Garage Equipment	0	0	100.0000	0	0
43	395.000	Laboratory Equipment	0	0	100.0000	0	0
44	396.000	Power Operated Equipment	0	0	100.0000	0	0
45	397.000	Communication Equipment	0	0	100.0000	0	0
46	398.000	Miscellaneous Equipment	0	0	100.0000	0	0
47	398.000	Other Tangible Property	0	0	100.0000	0	0
48		Total	\$ 18,321	\$ 0		\$ 12,724	\$ 31,045
49		Total Plant In Service	\$ 259,137	\$ 0		\$ (33,371)	\$ 225,766

S.K. & M. Water and Sewer Company  
Case: WR-07-006  
12 Months Ending December 31, 2006

Adjustments to Total Plant

Adj No Description	Total Co Adjustment	Mo Juris Adjustment
*****		
Electric Pumping Equipment P-2		\$ (46,095)
*****		
1. To adjust test year to exclude fully depreciated plant. (McMellen)		\$ (46,095)
*****		
Office Furniture & Equipment P-10		\$ (71)
*****		
1. To adjust test year to exclude fully depreciated plant. (McMellen)		\$ (71)
*****		
Transportation Equipment P-11		\$ 12,795
*****		
1. To adjust test year to include the allocation of equipment. (McMellen)		\$ 20,337
2. To adjust test year to exclude from plant the truck and backhoe that were sold. (McMellen)		\$ (7,542)

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S.K. & M. Water and Sewer Company  
Case: WR-07-006  
12 Months Ending December 31, 2006

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 Plant					
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	40,278	2.0000	806
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	\$ 40,278		\$ 806
Pumping Plant					
14	320.000	Land and Land Rights	\$ 0	0.0000	\$ 0
15	321.000	Structures and Improvements	0	0.0000	0
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	0	6.7000	0
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	\$ 0		\$ 0
Water Treatment Plant					
24	330.000	Land & Land Rights	\$ 0	0.0000	\$ 0
25	331.000	Structures & Improvements	3,706	2.0000	74
26	332.000	Water Treatment Equipment	0	0.0000	0
27		Total	\$ 3,706		\$ 74

S.K. & M. Water and Sewer Company  
Case: WR-07-006  
12 Months Ending December 31, 2006

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	32,639	2.0000	653
31	343.000	Transmission & Distribution Mains	100,148	2.5000	2,504
32	345.000	Services	920	3.0000	28
33	346.000	Meters	16,457	3.0000	494
34	348.000	Hydrants	573	2.5000	14
35	349.000	Other Transm. and Distrib. Plant	0	0.0000	0
-----					
36		Total	\$ 150,737		\$ 3,693
General Plant					
37	389.000	Land & Land Rights	\$ 18,250	0.0000	\$ 0
38	390.000	Structures & Improvements	0	0.0000	0
39	391.000	Office Furniture & Equipment	0	0.0000	0
40	392.000	Transportation Equipment	12,795	0.0000	0
41	393.000	Stores Equipment	0	0.0000	0
42	394.000	Tools, Shop & Garage Equipment	0	0.0000	0
43	395.000	Laboratory Equipment	0	0.0000	0
44	396.000	Power Operated Equipment	0	0.0000	0
45	397.000	Communication Equipment	0	0.0000	0
46	398.000	Miscellaneous Equipment	0	0.0000	0
47	398.000	Other Tangible Property	0	0.0000	0
-----					
48		Total	\$ 31,045		\$ 0
*****					
49		Total Depreciation Expense	\$ 225,766		\$ 4,573
*****					

S.K. & M. Water and Sewer Company  
Case: WR-07-006  
12 Months Ending December 31, 2006

Depreciation Reserve

Line No	Acct	Description	Total Company	Total Co Adjustment	Alloc Factor	Jurisdictional Adjustment	Adjusted Jurisdictional
	(A)		(B)	(C)	(D)	(E)	(F)
Intangible Plant							
1	301.000	Organization	\$ 0	\$ 0	100.0000	\$ 0	\$ 0
2	302.000	Franchises	0	0	100.0000	0	0
3	303.000	Miscellaneous Intangible Plant	0	0	100.0000	0	0
4		Total	\$ 0	\$ 0		\$ 0	\$ 0
Source of Supply Plant							
5	310.000	Land & Land Rights	\$ 0	\$ 0	100.0000	\$ 0	\$ 0
6	311.000	Structures & Improvements	0	0	100.0000	0	0
7	312.000	Collecting & Impounding Reservoirs	0	0	100.0000	0	0
8	313.000	Lake, River & Other Intakes	0	0	100.0000	0	0
9	314.000	Wells & Springs	13,879	0	100.0000	0 R-1	13,879
10	315.000	Infiltration Galleries & Tunnels	0	0	100.0000	0	0
11	316.000	Supply Mains	0	0	100.0000	0	0
12	317.000	Other Water Source Plant	0	0	100.0000	0	0
13		Total	\$ 13,879	\$ 0		\$ 0	\$ 13,879
Pumping Equipment							
14	320.000	Land and Land Rights	\$ 0	\$ 0	100.0000	\$ 0	\$ 0
15	321.000	Structures and Improvements	0	0	100.0000	0	0
16	322.000	Boiler Plant Equipment	0	0	100.0000	0	0
17	323.000	Other Power Production Equipment	0	0	100.0000	0	0
18	324.000	Steam Pumping Equipment	0	0	100.0000	0	0
19	325.000	Electric Pumping Equipment	48,576	0	100.0000	(48,576) R-2	0
20	326.000	Diesel Pumping Equipment	0	0	100.0000	0	0
21	327.000	Hydraulic Pumping Equipment	0	0	100.0000	0	0
22	328.000	Other Pumping Equipment	0	0	100.0000	0	0
23		Total	\$ 48,576	\$ 0		\$ (48,576)	\$ 0
Water Treatment Plant							
24	330.000	Land & Land Rights	\$ 0	\$ 0	100.0000	\$ 0	\$ 0
25	331.000	Structures & Improvements	1,503	0	100.0000	0 R-3	1,503
26	332.000	Water Treatment Equipment	0	0	100.0000	0	0
27		Total	\$ 1,503	\$ 0		\$ 0	\$ 1,503

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S.K. & M. Water and Sewer Company  
Case: WR-07-006  
12 Months Ending December 31, 2006

## Depreciation Reserve

Line No	Acct	Description	Total Company	Total Co Adjustment	Alloc Factor	Jurisdictional Adjustment	Adjusted Jurisdictional
		(A)	(B)	(C)	(D)	(E)	(F)
Transmission & Distribution Plant							
28	340.000	Land & Land Rights	\$ 0	\$ 0	100.0000	\$ 0	\$ 0
29	341.000	Structures & Improvements	0	0	100.0000	0	0
30	342.000	Distribution Reservoirs & Standpipe	17,408	0	100.0000	0 R-4	17,408
31	343.000	Transmission & Distribution Mains	44,971	0	100.0000	0 R-5	44,971
32	345.000	Services	611	0	100.0000	0 R-6	611
33	346.000	Meters	11,632	0	100.0000	0 R-7	11,632
34	348.000	Hydrants	281	0	100.0000	0 R-8	281
35	349.000	Other Trans. & Distrib. Plant	0	0	100.0000	0	0
36		Total	\$ 74,903	\$ 0		\$ 0	\$ 74,903
General Plant							
37	389.000	Land & Land Rights	\$ 0	\$ 0	100.0000	\$ 0	\$ 0
38	390.000	Structures & Improvements	0	0	100.0000	0	0
39	391.000	Office Furniture & Equipment	71	0	100.0000	(71) R-9	0
40	392.000	Transportation Equipment	0	0	100.0000	10,168 R-10	10,168
41	393.000	Stores Equipment	0	0	100.0000	0	0
42	394.000	Tools, Shop & Garage Equipment	0	0	100.0000	0	0
43	395.000	Laboratory Equipment	0	0	100.0000	0	0
44	396.000	Power Operated Equipment	0	0	100.0000	0	0
45	397.000	Communication Equipment	0	0	100.0000	0	0
46	398.000	Miscellaneous Equipment	0	0	100.0000	0	0
47	399.000	Other Tangible Property	0	0	100.0000	0	0
48		Total	\$ 71	\$ 0		\$ 10,097	\$ 10,168
49		Total Depreciation Reserve	\$ 138,932	\$ 0		\$ (38,479)	\$ 100,453

S.K. & M. Water and Sewer Company  
Case: WR-07-006  
12 Months Ending December 31, 2006

Adjustments to Depreciation Reserve

Adj No Description	Total Co Adjustment	Mo Juris Adjustment
*****		
Electric Pumping Equipment R-2		\$ (48,576)
*****		
1. To adjust test year to exclude reserve on fully depreciated plant. (McMellen)		\$ (48,576)
*****		
Office Furniture & Equipment R-9		\$ (71)
*****		
1. To adjust test year to exclude reserve on fully depreciated plant. (McMellen)		\$ (71)
*****		
Transportation Equipment R-10		\$ 10,168
*****		
1. To adjust test year to include the allocation of equipment. (McMellen)		\$ 15,581
2. To adjust test year to exclude depreciation on the truck and backhoe that were sold. (McMellen)		\$ (5,413)

S.K. & M. Water and Sewer Company  
Case: WR-07-006  
12 Months Ending December 31, 2006

Income Statement

Line No	Acct Description	Total Company	Total Co Adjustment	Alloc Factor	Jurisdictional Adjustment	Adjusted Jurisdictional
	(A)	(B)	(C)	(D)	(E)	(F)
Operating Revenues						
1	Operating Revenues	\$ 55,894	\$ 0	100.0000	\$ (1,528) S-1	\$ 54,366
2	Reconnections Fees	(215)	0	100.0000	0 S-2	(215)
3	Other Revenues	(40)	0	100.0000	0 S-3	(40)
4	Total	\$ 55,639	\$ 0		\$ (1,528)	\$ 54,111
Operation & Maintenance Expense						
5	Fuel & Purchased Power	\$ 8,336	\$ 0	100.0000	\$ (907) S-4	\$ 7,429
6	Chemicals	118	0	100.0000	602 S-5	720
7	Repairs of Water Plant-Equipment	3,186	0	100.0000	(334) S-6	2,852
8	Repairs of Water Plant-Other	832	0	100.0000	250 S-7	1,082
9	Meter Reading Expense	1,620	0	100.0000	380 S-8	2,000
10	Customer Records & Collection Expen	641	0	100.0000	123 S-9	764
11	A&G Salaries-Primary Operator	5,950	0	100.0000	15,218 S-25	21,168
12	A&G Salaries-Administrative	3,825	0	100.0000	75 S-26	3,900
13	Office Supplies Expense	606	0	100.0000	218 S-11	824
14	Outside Services-Chlorination Tech	50	0	100.0000	(50) S-12	0
15	Outside Services-Secondary Operator	300	0	100.0000	(300) S-27	0
16	Outside Services-Accounting	3,309	0	100.0000	786 S-29	4,095
17	Outside Services-Other	441	0	100.0000	296 S-30	737
18	Insurance Expense	5,018	0	100.0000	(3,010) S-13	2,008
19	State Permits/Fees	2,268	0	100.0000	(89) S-14	2,179
20	Regulatory Commission Expense	247	0	100.0000	60 S-15	307
21	Service Charges	248	0	100.0000	0 S-16	248
22	Interest Expense	1,352	0	100.0000	(1,352) S-17	0
23	Miscellaneous Expense	81	0	100.0000	323 S-18	404
24	Total	\$ 38,428	\$ 0		\$ 12,289	\$ 50,717
Depreciation Expense						
25	Depreciation Expense	\$ 4,821	\$ 0	100.0000	\$ (248) S-19	\$ 4,573
26	Amortization of CIAC	0	0	100.0000	(1,022) S-31	(1,022)
27	Total	\$ 4,821	\$ 0		\$ (1,270)	\$ 3,551
Other Operating Expenses						
28	Tax Expense-Property	\$ 1,478	\$ 0	100.0000	\$ 407 S-22	\$ 1,885
29	Tax Expense-Payroll	901	0	100.0000	3,451 S-23	4,352
30	Total	\$ 2,379	\$ 0		\$ 3,858	\$ 6,237

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S.K. & M. Water and Sewer Company  
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12 Months Ending December 31, 2006

## Income Statement

Line No	Acct	Description	Total Company	Total Co Adjustment	Alloc Factor	Jurisdictional Adjustment	Adjusted Jurisdictional
	(A)		(B)	(C)	(D)	(E)	(F)
31		Total Operating Expenses	\$ 45,628	\$ 0		\$ 14,877	\$ 60,505
32		Net Income Before Taxes	\$ 10,011	\$ 0		\$ (16,405)	\$ (6,394)
		Current Income Taxes					
33		Current Income Taxes	\$ (286)	\$ 0	100.0000	\$ 286	\$ 0
34		Total	\$ (286)	\$ 0		\$ 286	\$ 0
		Deferred Income Taxes					
35		Deferred Income Taxes	\$ 0	\$ 0	100.0000	\$ 0	\$ 0
36		Total	\$ 0	\$ 0		\$ 0	\$ 0
37		Total Income Taxes	\$ (286)	\$ 0		\$ 286	\$ 0
38		Net Operating Income	\$ 10,297	\$ 0		\$ (16,691)	\$ (6,394)

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S.K. & M. Water and Sewer Company  
Case: WR-07-006  
12 Months Ending December 31, 2006

## Adjustments to Income Statement

Adj No Description	Total Co Adjustment	Mo Juris Adjustment
*****		
Operating Revenues S-1		\$ (1,528)
*****		
1. To adjust test year to reflect the Staff's annualized customer levels. (Mapeka)		\$ (1,528)
*****		
Fuel & Purchased Power S-4		\$ (907)
*****		
1. To adjust test year to reflect the Staff's annualized level. (McMellen)		\$ (907)
*****		
Chemicals S-5		\$ 602
*****		
1. To adjust test year to reflect the Staff's annualized level. (McMellen)		\$ 602
*****		
Repairs of Water Plant-Equipment S-6		\$ (334)
*****		
1. To adjust test year to reflect the Staff's annualized level. (McMellen)		\$ (334)
*****		
Repairs of Water Plant-Other S-7		\$ 250
*****		
1. To adjust test year to reflect the Staff's annualized level. (McMellen)		\$ 250
*****		
Meter Reading Expense S-8		\$ 380
*****		
1. To adjust test year to reflect the Staff's annualized level. (Mapeka)		\$ 380

S.K. & M. Water and Sewer Company  
Case: WR-07-006  
12 Months Ending December 31, 2006

Adjustments to Income Statement

Adj No Description	Total Co Adjustment	Mo Juris Adjustment
*****		
Customer Records & Collection Expen S-9		\$ 123
*****		
1. To adjust test year to reflect the Staff's annualized level. (McMellen)		\$ 123
*****		
Office Supplies Expense S-11		\$ 218
*****		
1. To adjust test year to reflect the Staff's annualized level. (McMellen)		\$ 218
*****		
Outside Services-Chlorination Tech S-12		\$ (50)
*****		
1. To adjust test year to reflect the Staff's annualized level. (Mapeka)		\$ (50)
*****		
Insurance Expense S-13		\$ (3,010)
*****		
1. To adjust test year to reflect the Staff's annualized level. (Mapeka)		\$ (3,010)
*****		
State Permits/Fees S-14		\$ (89)
*****		
1. To adjust test year to reflect the Staff's annualized level. (McMellen)		\$ (89)
*****		
Regulatory Commission Expense S-15		\$ 60
*****		
1. To adjust test year to reflect the Staff's annualized level. (McMellen)		\$ 60

S.K. & M. Water and Sewer Company  
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Adjustments to Income Statement

Adj No Description	Total Co Adjustment	Mo Juris Adjustment
*****		
Interest Expense S-17		\$ (1,352)
*****		
1. To adjust test year to reflect the Staff's annualized level. (McMellen)		\$ (1,352)
*****		
Miscellaneous Expense S-18		\$ 323
*****		
1. To adjust test year to reflect the Staff's annualized level of mileage. (McMellen)		\$ 323
*****		
Depreciation Expense S-19		\$ (248)
*****		
1. To adjust test year depreciation expense to reflect the Staff's annualization of plant and depreciation rates. (McMellen)		\$ (248)
*****		
Tax Expense-Property S-22		\$ 407
*****		
1. To adjust test year to reflect the Staff's annualized level. (McMellen)		\$ 407
*****		
Tax Expense-Payroll S-23		\$ 3,451
*****		
1. To adjust test year to reflect the Staff's annualized level. (Mapeka)		\$ 3,451

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S.K. & M. Water and Sewer Company  
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12 Months Ending December 31, 2006

## Adjustments to Income Statement

Adj No Description	Total Co Adjustment	Mo Juris Adjustment
*****		
Current Income Taxes S-24		\$ 286
*****		
1. To adjust current income taxes consistent with adjusted net operating income before taxes. (McMellen)		\$ 286
*****		
A&G Salaries-Primary Operator S-25		\$ 15,218
*****		
1. To adjust test year to reflect the Staff's annualized level. (Mapeka)		\$ 15,218
*****		
A&G Salaries-Administrative S-26		\$ 75
*****		
1. To adjust test year to reflect the Staff's annualized level. (Mapeka)		\$ 75
*****		
Outside Services-Secondary Operator S-27		\$ (300)
*****		
1. To adjust test year to reflect the Staff's annualized level. (Mapeka)		\$ (300)
*****		
Outside Services-Accounting S-29		\$ 786
*****		
1. To adjust test year to reflect the Staff's annualized level. (Mapeka)		\$ 786
*****		
Outside Services-Other S-30		\$ 296
*****		
1. To adjust test year to reflect the Staff's annualized level. (McMellen)		\$ 296

S.K. & M. Water and Sewer Company  
Case: WR-07-006  
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Adjustments to Income Statement

Adj	Total Co	Mo Juris
No Description	Adjustment	Adjustment
*****		
Amortization of CIAC	S-31	\$ (1,022)
*****		
1. To adjust test year to include the amortization of CIAC.		\$ (1,022)
(McMellen)		

S.K. & M. Water and Sewer Company  
Case: WR-07-006  
12 Months Ending December 31, 2006

Income Tax

Line		Test Year	9.63% Return
(A)		(B)	
1	Net Income Before Taxes (Sch 8)	\$ (6,394)	\$ 9,626
2	Add to Net Income Before Taxes		
	Book Depreciation Expense	\$ 3,551	\$ 3,551
3	Total	\$ 3,551	\$ 3,551
	Subtr from Net Income Before Taxes		
4	Interest Expense 0.0000 %	\$ 0	\$ 0
5	Book Depreciation Expense	3,551	3,551
6	Total	\$ 3,551	\$ 3,551
7	Net Taxable Income	\$ (6,394)	\$ 9,626
	Provision for Federal Income Tax		
8	Net Taxable Income	\$ (6,394)	\$ 9,626
9	Deduct Missouri Income Tax 100.0 %	\$ 0	\$ 559
10	Deduct City Income Tax	0	0
11	Federal Taxable Income	(6,394)	9,067
12	Total Federal Tax	\$ 0	\$ 1,360
	Provision for Missouri Income Tax		
13	Net Taxable Income	\$ (6,394)	\$ 9,626
14	Deduct Federal Income Tax 50.0 %	\$ 0	\$ 680
15	Deduct City Income Tax	0	0
16	Missouri Taxable Income	(6,394)	8,946
17	Total Missouri Tax	\$ 0	\$ 559

S.K. & M. Water and Sewer Company  
Case: WR-07-006  
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Income Tax

Line		Test Year	9.63% Return
(A)		(B)	
Provision for City Income Tax			
18	Net Taxable Income	\$ (6,394)	\$ 9,626
19	Deduct Federal Income Tax	\$ 0	\$ 1,360
20	Deduct Missouri Income Tax	0	559
21	City Taxable Income	(6,394)	7,707
<hr/>			
22	Total City Tax	\$ 0	\$ 0
Summary of Provision for Income Tax			
23	Federal Income Tax	\$ 0	\$ 1,360
24	Missouri Income Tax	0	559
25	City Income Tax	0	0
<hr/>			
26	Total	\$ 0	\$ 1,919
Deferred Income Taxes			
27	Deferred Investment Tax Credit	\$ 0	\$ 0
28	Deferred Repair Allowance	0	0
29	Deferred Tax Depreciation	0	0
30	Amort of Deferred Tax Depreciation	0	0
31	Amort of Repair Allowance	0	0
32	Amort of Deferred ITC	0	0
33	Deferred Unbilled	0	0
<hr/>			
34	Total	\$ 0	\$ 0
<hr/>			
35	Total Income Tax	\$ 0	\$ 1,919
<hr/>			

# Agreement Attachment D

## Rate Design Worksheet

## SK & M WATER & SEWER

### 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	\$ 54,366
Agreed-Upon Overall Revenue Increase	\$ 16,020
Percentage Increase Needed	29.468%

#### Metered Customer Rates

Meter Size	Current Service Charge	Proposed Service Charge	Current Usage Rate	Proposed Usage Rate
5/8"	\$ 4.69	\$ 6.07	\$ 1.980	\$ 2.56
1"	\$ 11.71	\$ 15.16	\$ 1.980	\$ 2.56
Bulk Water			\$ 2.25	\$ 2.91

# Agreement Attachment E

## Billing Comparison Worksheet

# SK & M WATER & SEWER

## Residential Customer Bill Comparison-Water

### Rates for 5/8" Meter

<u>Current Base Customer Charge</u>	<u>Proposed Base Customer Charge</u>	<u>Current Usage Rate</u>	<u>Proposed Usage Rate</u>
<b>\$4.69</b>	<b>\$6.07</b>	<b>\$1.980</b>	<b>\$2.563</b>

current service charge is monthly charge

usage rate is per 1,000 gallons used

### MONTHLY BILL COMPARISON

6,000 gallons/month usage

#### Current Rates

Customer Charge	\$ 4.69
Usage Charge	\$ 11.88
Total Bill	\$ 16.57

#### Proposed Rates

Customer Charge	\$ 6.07
Usage Charge	\$ 15.38
Total Bill	\$ 21.45

#### INCREASES

##### Customer Charge

<b>\$ Increase</b>	<b>\$1.38</b>
<b>% Increase</b>	<b>29.47%</b>

##### Usage Charge

<b>\$ Increase</b>	<b>\$3.50</b>
<b>% Increase</b>	<b>29.47%</b>

##### Total Bill

<b>\$ Increase</b>	<b>\$4.88</b>
<b>% Increase</b>	<b>29.47%</b>

# Agreement Attachment F

## Schedule of Depreciation Rates

STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION  
At a Session of the Public Service  
Commission held at its office  
in Jefferson City on the 26th  
day of December, 1984.

DEPRECIATION AUTHORITY ORDER NO. 136

In the matter of prescribing depreciation  
accrual rates for SK&M Water and Sewer  
Company - Water Operations.

DEPRECIATION AUTHORITY ORDER

As provided for in Section 392.240 of the Missouri Revised Statutes, 1978, the Commission's Engineering Staff has made its study and investigation of the several classes of property of said utility and has ascertained, determined, and fixed the recommended rates of depreciation of the several classes of property for accruing depreciation credits to the depreciation reserve until further order by the Commission.

It is, therefore,

ORDERED: 1. That the said utility be, and it is, hereby ordered to adopt the following depreciation accrual rates beginning January 1, 1985:

<u>Acct. No.</u>	<u>Description of Account</u>	<u>Annual Rate Percent</u>
314	Wells and Springs	2.0
325	Electric Pumping Equipment	6.7
341	Structures and Improvements	2.0
342	Distribution Reservoirs and Standpipes	2.0
343	Transmission and Distribution Mains	2.5
345	Services	3.0
346	Meters	3.0
348	Hydrants	2.5

ORDERED: 2. That the said utility be, and it is, hereby ordered to accrue depreciation expenses at the component rates set in "ORDERED: 1." above.

# Agreement Attachment G

## EMSD Report

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

## **Engineering & Management Services Department**

### **Small Company Rate Increase Requests**

**Tracking File Nos. QW-2007-0006 & QS-2007-0007**

### **S. K. & M. Water and Sewer Company**

In conjunction with the above-referenced small company rate increase requests, the Engineering and Management Services Department (EMSD) staff initiated a review of the customer service processes, procedures and practices at S. K. & M. Water and Sewer Company (Company) on October 19, 2006. Prior to an on-site interview on December 11, 2006, the EMSD staff examined Company tariffs, annual reports, Commission complaint and inquiry records and other documentation related to the Company's customer service operations.

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 just and reasonable rates, while providing utilities the opportunity to earn a fair return on their investment.

The objectives of the EMSD 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 can 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 Reading
- Customer Billing and Payment Remittance
- Credit and Collections
- Disconnection/Reconnection Process
- Complaint Handling and Recording
- Record Storage and Protection

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

## **Overview**

As of December 2006, the Company indicated that it provides water service to 283 customers and sewer service to 159 customers located in Perryville, Missouri. The number of customers has remained constant since 2004. Recently, there were three homes built in the new Rolling Hills subdivision, which has several more lots available; however, since the town is currently growing in the opposite direction, the Company does not project any significant growth in the future. Company personnel indicated that they do not have any long-term maintenance projects planned.

Due to a change in ownership in November 2006, the Company has recently implemented a new organizational structure and has modified the job duties of several employees. Activities associated with Company operations are currently performed by the Chief Operator, Secondary Operator, Meter Reader, Meter Shut-Off Contractor, Accountant and Secretary. With the exception of the Chief Operator, all services are provided to the Company on a contractual basis. All contracts between the Company and subcontractors have been agreed upon orally and are not in written form.

The Chief Operator oversees daily operations of both outside plant activities and business office functions, supervises all subcontractors and responds to customer complaints, as necessary. The Secondary Operator tests chlorination levels daily, inspects the sewer plant daily, performs routine maintenance and is also responsible for disconnecting and reconnecting customers' service. On several recent occasions, the Company has hired additional contractors to assist with maintenance and repair projects that are outside of the Secondary Operator's expertise. The Meter Reader reads all meters on a monthly basis. An accounting firm is responsible for the Company's business office functions including preparation of customer bills, collection of customer payments and bad debt, maintenance of customer records, preparation of customer correspondence and responding to customer inquiries and complaints during normal business hours. All business office functions are performed at the accounting firm's office.

The business office is open Monday through Friday between the hours of 8 a.m. and 5 p.m. with the exception of Wednesdays, when the office closes at noon. The Secretary staffs a second telephone line from her residence and is available to accept calls at all times. Depending on the nature of the call, the Secretary either takes messages for the Chief Operator or refers

customers to the accounting firm during normal business hours to resolve billing inquiries or complaints.

For the most part, Company subcontractors do not utilize time sheets to track time spent on activities related to water or sewer activities. The only instances in which time sheets are utilized are when the Secondary Operator completes maintenance and repair work in addition to his normal job duties.

### **Meter Reading**

Meters are read between the 25<sup>th</sup> and 27<sup>th</sup> days of each month by the Company's subcontracted meter reader. Company personnel indicated that a physical disconnection is not consistently performed when customers move from their residences; therefore, all inactive water meters are read on a monthly basis to prevent and detect unauthorized usage.

Company personnel indicated that it takes approximately 8 to 10 hours each month to read all meters. The meter reader records the readings in a book that details each customer's name, service address, and all previous meter readings for that particular calendar year. If the reading appears to be inconsistent with the customer's previous usage history, the meter reader will recheck the reading. If the reading is still found to be correct, the meter reader notes a "C" next to the reading in the meter-reading book.

Company personnel indicated that meter readings are rarely estimated. Readings are estimated on occasion during winter months when meters are not accessible. Personnel at the Company's accounting firm stated that if meter readings are estimated, the meter reader notes an "E" next to the reading in the meter-reading book. The Company was unable to produce a report of estimated bills, and EMSD staff did not observe any instances in which the meter-reading book had been noted with an "E." Estimated bills are calculated based on the average usage amount of the customer. The Company's accounting personnel indicated that customer billing statements are occasionally noted as estimates when the Company has been unable to obtain an actual meter reading.

The meter-reading book is returned to the accounting firm, where each customer's usage is calculated using a Microsoft Works spreadsheet. The customer's usage is then recorded by hand in the meter-reading book. The gallons of water billed are compared to the master meter reading on a monthly basis. Personnel at the accounting firm indicated that significant

discrepancies between these two amounts are common. During the on-site visit, EMSD staff observed that the previous owner and the new owner of the Company have not been billed for the water they used at their respective residences.

### **Customer Billing and Payment Remittance**

Customer billing and payment remittance is handled through a subcontracted accounting firm. The accounting firm uses Microsoft Works software to calculate bills and QuickBooks software to record deposits.

Each month, the accounting firm enters the new billing period dates, meter readings and any past due balances or credits for each customer into a Microsoft Works spreadsheet. Using this information, each customer's water usage and current amount due is calculated. Customer billing statements are printed from the billing software in postcard format. Since each month's billing history is saved as a separate computer file, it is difficult for personnel at the accounting firm to access billing history for individual customers.

The formula programmed into the billing software is not capable of calculating prorated bills. In instances that a bill is prorated, it must be calculated by hand and the amount due is manually keyed into the billing software. When bills are calculated manually, the accounting firm does not have a control in place to verify the accuracy of the initial calculation.

Customer billing statements are mailed on the 1<sup>st</sup> day of every month and are due on the 10<sup>th</sup> of every month. Personnel of the Company's accounting firm indicated that customers are not considered delinquent until the next billing cycle; however, this is not noted on customer billing statements.

Currently, the minimum monthly charge for water service is \$4.69 and customers are charged \$1.98 per 1,000 gallons of usage. Single-family residences are charged \$19.58 and multi-family residences are charged \$15.66 per month for sewer service. The Company does not assess any late fee penalties to delinquent paying customers.

Customers may pay their bills with cash or check via mail or in person at the business office. Customer payments are not accepted in the field in any circumstances. The accounting firm indicated that 90% of their customers mail their payments; however, the accounting firm checks its P.O. Box on a daily basis. Payments are processed and stored at the accounting firm until a deposit is made. Bank deposits are made two to three times each week. In order to

determine that customer payments are posted accurately into the billing system, the accounting firm verifies that they are equal to the amount of deposits recorded.

### **Credit and Collections**

All new customers must complete an application form to establish service with the Company. All new customers are required to pay a security deposit of \$35 for water service and \$30 for sewer service. Security deposits for both water and sewer service are refunded without interest when the customer terminates service with the Company. The Company holds security deposits in a separate savings account.

If a customer's bill has not been paid when billing statements are generated for the following billing period, their billing statement is marked "past due" and the previous amount due is added onto the customer's current bill. In these instances, disconnection notices are sent along with the billing statement marked "past due."

During the on-site visit, the accounting firm indicated that 59 customers were 30 or more days in arrears, owing a total amount of \$2,100 from the October 2006 billing cycle. Uncollectible debts from 2004 and 2005 were \$438.18 and \$636.03 respectively.

Personnel at the Company's accounting firm stated that they have received returned checks in the past, but do not keep a record of these occurrences. In instances where a check is returned, the Company calls the customer and charges the account a \$25 returned check fee. If the customer does not make their payment after they are called by the accounting firm, the Company sends a letter to the customer. The Company's tariff does not include a returned check fee; however, staff from the Commission's Water and Sewer Department are reviewing the miscellaneous charges included in the Company's tariff and will recommend appropriate changes in the context of the Company's present rate case.

### **Disconnection/Reconnection Process**

The Company's accounting firm indicated to EMSD staff that 50 disconnection notices are typically sent to customers each month. Once customers receive a disconnection notice, they have until the 12<sup>th</sup> day of the month to remit payment or their service will be disconnected. When personnel from the accounting firm determine a customer is subject to disconnection, the Meter-Shut Off Contractor is sent on-site to perform the disconnection. No notice is left at the

residence after service has been disconnected. Service disconnections are not performed on Fridays, weekends or holidays. The Company's accounting firm was unable to provide EMSD staff the specific number of customers that had water service disconnected in 2004, 2005 and 2006; however, they did estimate that approximately 7 to 8 customers have their water service disconnected each month. Personnel at the Company's accounting firm had no recollection of ever disconnecting a customer's sewer service due to non-payment.

According to Company personnel, once disconnected customers pay their past-due balance, the Meter-Shut Off Contractor reconnects their service before the end of the next business day. Customers are charged a \$15 reconnection fee on their next bill if their service has been disconnected due to nonpayment.

The Company has experienced two instances in which customers have reconnected their own water service after being disconnected for non-payment. If the Company has not been contacted by the disconnected customer within 3 to 4 days following disconnection in order to make payment arrangements, the Meter Shut-Off Contractor will check the meter for usage to prevent and identify instances of diversion.

### **Complaint Handling and Recording**

Customer billing statements list the Company's mailing address and two separate telephone numbers that customers with questions or concerns may call. Customers may call the accounting firm during normal business hours to discuss billing-related issues. In case of an emergency or if customers have concerns regarding operational issues, customers may call the Company's Secretary who will forward a message on to the appropriate party. The accounting firm does not have a recorded message on its telephone line instructing customers whom to contact in case of an after-hours emergency.

A review of the "Consumer Quality" database in the Commission's electronic filing and information system revealed there have been no complaints entered into the system regarding the Company from the time the system went into service in April 2002 through January 30, 2007. The Company does not keep a log of the customer complaints it receives.

### **Record Storage and Protection**

Company records are stored at the accounting firm's business office. Personnel at the accounting firm indicated that their network server backs up electronic files everyday at midnight; however, no back-up copies of paper records are kept.

### **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 twelve areas that require the attention of the Company's management:

- Oral Agreements with Contractors
- Customer Applications
- Customer Records
- Customer Billing
- Prorated Bills
- Late Fees
- Customer Deposits
- Returned Check Procedure
- Disconnection Process
- Customer Contacts
- Complaint Log
- Record Storage and Protection

### **Oral Agreements with Contractors**

The Company does not have written agreements in place with its outside contractors. In the past, the Company established oral agreements with various outside parties that are responsible for business office functions, accounting services, meter reading, service disconnections and plant operations. Some of these oral commitments were established by the previous Company owner. Since the ownership of the Company has recently changed, the Company should ensure that it is aware of all of the oral agreements that were made in the past. The Company should verify that all parties agree to the specified duties they are expected to

perform, pay received, and methods of performance measurements, as well as the ownership of physical property or information technology. In some cases, the Company may determine that written agreements may be more appropriate, such as with the critical nature of billing records. Understanding all of the Company's previous commitments will help clarify any ambiguities that may be present in these business relationships.

*THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:*

*Review all oral agreements currently held with outside contractors and, if necessary, revise the terms of these agreements in order to meet the needs of the reorganized Company. If deemed necessary, develop written agreements with these contractors.*

### **Customer Applications**

Customer applications require customers to disclose their billing address; however, there is no place to note a different service location. Personnel of the Company's accounting firm indicated that this practice has caused confusion in the past and ultimately caused the wrong customer's service to be disconnected. By requiring customers to disclose both service and billing addresses, the Company will have more complete customer information on file.

*THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:*

*Require customers to disclose both their service location and billing address on applications.*

### **Customer Records**

The Company's accounting firm is unable to access customer account history in an efficient and user-friendly manner. Customer billing records are saved in a spreadsheet format as separate files on a monthly basis, which makes it very difficult and time consuming to research individual customers' account history. In order to review an individual customer's billing history, the accounting firm personnel must open and search through each month's designated file. Updating or modifying the accounting firm's current billing software so that employees can easily access customer's account history will be useful in instances when customers have a billing dispute.

*THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:*

*Evaluate various alternatives that will allow Company employees and subcontractors to access customer billing history in an efficient manner. If deemed appropriate, implement the new procedure.*

## **Customer Billing**

The Company does not allow the customer 21 days from rendition of the bill to make payment. Customer billing statements are mailed on the 1<sup>st</sup> day of every month and are due on the 10<sup>th</sup> of every month. This is in violation of Commission Rule 4 CSR 240-13.020 (7), which 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.

In instances where no meter reading has been obtained, the Company does not indicate on all of its customers' monthly billing statements that the bill is estimated. This is in violation of Commission Rule 4 CSR 240-13.020 (2) (D) 2, which 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;

Noting that bills are estimated when no meter reading has been obtained clarifies the Company's billing practices to customers and may eliminate further billing disputes.

The previous owner and the new owner of the Company do not receive a bill for the water used at their respective residences. Although their meters are read each month, their usage is not calculated or billed; therefore, comparing the gallons of water billed to the master meter reading shows discrepancies. Calculating each customer's water usage and billing the appropriate amounts will allow the Company to keep accurate and complete records and enable them to determine easily if leaks are present in the system.

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

*Allow customers 21 days from the rendition of the bills to make payment of their bills as required by Commission Rule 4 CSR 240-13.020 (7).*

*Include a clear notation on billing statements that the bills have been estimated when no meter readings have been obtained as required by Commission Rule 4 CSR 240-13.020 (2) (D) 2.*

*Implement a procedure to bill all customers on a monthly basis for their respective water and sewer usage.*

### **Prorated Bills**

The Company's accounting firm prorates customer bills when they are rendered for a period of less than a complete billing period. Although the Company's sewer tariff allows sewer bills to be prorated, the Company's water tariff does not allow water bills to be prorated. Rule 10 of the Company's water tariff (Sheet No. 24) includes the following:

When bills are rendered for a period of less than a complete billing period due to the connection or termination of service, the billing shall be the monthly minimum plus an amount based on the water used at the commodity (water usage) rate or one-half (1/2) of the flat rate if applicable.

Discontinuing the practice of prorating water bills will enable the Company to be in accordance with its tariffs.

*THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:*

*Discontinue the practice of prorating water bills that are rendered for a period of less than one billing period in accordance with the Company's tariffs.*

### **Late Fees**

The Company does not assess a late fee penalty to delinquent-paying sewer customers. The rate schedule contained in the Company's sewer tariff (Sheet No. 4) includes the following:

Bills (sic) not paid within a delinquency of thirty (30) days bear delinquent late charge for nonpayment of two percent (2%) per month cumulative until paid.

The Company can help ensure a regular cash flow by encouraging timely bill payments. As an incentive for customers to make payment of their sewer bills in a timely manner, customers that make payment after the Company's due date should consistently be charged a late fee. Late fees also assist the Company by providing some compensation for increased administrative costs including the additional time that is required to process delinquent bill notices.

*THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:*

*Charge the tariffed late fee charge to delinquent-paying sewer customers.*

### **Customer Deposits**

The Company charges all new water and sewer customers a security deposit. The Company's accounting firm does not provide water customers the opportunity to prove creditworthiness, as cited in the PSC rules, which would enable the customer to avoid paying a

deposit. Although the Company's tariff allows the opportunity to assess a security deposit to all new sewer customers, the same does not apply to customers receiving water service. The policy with regard to security deposits for water service is a violation of Commission Rules. Commission Rule 4 CSR 240-13.030(1) includes the following:

(1) A utility may require a deposit or other guarantee as a condition of new residential service if-

(A) The customer has outstanding with a utility providing the same type of service, an unpaid bill which accrued within the last five (5) years and, at the time of the request for service, remains unpaid and not in dispute;

(B) The customer has in an unauthorized manner interfered with or diverted the service of a utility providing the same service situated on or about or delivered to the customer's premises within the last five (5) years; or

(C) The customer is unable to establish an acceptable credit rating under standards contained in tariffs filed with and approved by the commission. The customer shall be deemed *prima facie* to have established an acceptable credit rating if the customer meets any of the following criteria:

1. Owns or is purchasing a home;
2. Is and has been regularly employed on a full-time basis for at least one (1) year;
3. Has an adequate regular source of income; or
4. Can provide adequate credit references from a commercial credit source.

Deposits are not currently being refunded to water customers who have paid undisputed utility charges on time during the last twelve billing months. Personnel from the Company's accounting firm indicated that all security deposits are refunded when customers leave its service territory. Commission Rule 4 CSR 240-13.030 (4)(D) includes the following:

Upon satisfactory payment of all undisputed utility charges during the last twelve (12) billing months, [the security deposit] shall be promptly refunded or credited, with accrued interest, against charges stated on subsequent bills. Payment of a charge is satisfactory if received prior to the date upon which the charge becomes delinquent provided it is not in dispute. . . .

In addition, the Company has not refunded security deposits to water and sewer customers with interest. This is a violation of Commission rules and Company tariffs. Commission Rule 4 CSR 240-13.030(4)(B) states:

(4) A deposit shall be subject to the following terms:

...

(B) It shall bear interest at a rate specified in utility tariffs, approved by the commission, which shall be credited annually upon the account of the customer or paid upon the return of the deposit, whichever occurs first. . . .

Rule 10 of the Company's water tariffs (Sheet No. 25) includes the following:

Interest at the rate of 6% per annum compounded annually shall be payable on all deposits, but shall not accrue after the utility has made reasonable effort to return the deposit. Interest may be credited to the customer's account.

In addition, Rule 10 of the Company's sewer tariff (Sheet No. 18) includes the following:

Interest at the rate six percent (6%), payable upon return of the deposit, will be paid for the time such deposit was held by the Company unless such period of time be less than six (6) months.

*THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:*

Require a security deposit for water service in accordance with Commission Rule 4 CSR 240-13.030(1).

Refund deposits to water customers who have paid undisputed utility charges on time during the last twelve (12) billing months consistent with the Company's tariffs. Record this information in a deposit log.

Refund security deposits as required by Commission rules and the Company's tariffs with interest at the rate of 6% per annum compounded annually.

### **Returned Check Procedures**

The Company does not currently track the number or total dollar amount of returned checks. A monthly report detailing the number and total dollar amount of returned checks would provide management with a useful tool to track the extent of these occurrences.

Each time a returned check is received, the accounting firm drafts a new letter to the customer. Creating a standardized letter or form to correspond with customers whose checks have been returned would increase efficiency in the Company's returned-check procedure and would allow for consistent application of Company policies.

*THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:*

*Develop and regularly monitor a report that tracks the number of returned checks and the dollar amount of returned checks.*

*Develop a standardized letter or form to correspond with customers whose checks have been returned.*

### **Disconnection Process**

Personnel of the Company's accounting firm indicated that no notice is left at customers' premises when their water service is disconnected. This is a violation of Commission Rule 4 CSR 240-13.050(8) which states:

... When service is discontinued, the employee shall leave a notice upon the premises in a manner conspicuous to the customer that service has been discontinued and the address and telephone number of the utility where the customer may arrange to have service restored.

According to the above Commission rule, the Company must leave notice for the customer when water service is disconnected.

*THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:*

*Implement the procedure of leaving notice at the customers' premises when water service is disconnected as required by Commission Rule 4 CSR 240-13.050(8).*

### **Customer Contacts**

Customer billing statements do not make clear what telephone number customers should call in instances of an after-hours emergency. Billing statements include two telephone numbers for use when customers have complaints or inquiries and for instances of an after-hours emergency. However, the billing statement does not identify in what instances each number should be used. Identifying the Secretary's telephone number as an emergency contact or recording a message on the accounting firm's answering machine instructing customers whom to call in case of an emergency would help customers identify the appropriate telephone number to call and enable them to receive a timely response to their concern.

*THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:*

*Indicate to customers how they can contact the Company in case of an after-hours emergency.*

### **Complaint Log**

The Company does not maintain a log noting the complaints received from its customers. This 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;

Not maintaining a log makes it difficult to determine the number of customer complaints that the Company receives. Additionally, the lack of a complaint log makes it difficult for the Company to provide accurate documentation of the nature of its complaints. Compliance with the requirement to maintain a complaint log can be as simple as a notebook with dated notations including the date, name of the customer, a description of the complaint or inquiry and the action taken. In addition to adhering to Commission rules, the availability of documented complaint information is a beneficial tool that would enable Company management to evaluate the reasons why 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 MANAGEMENT:*

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

### **Record Storage and Protection**

The Company does not currently store all of its billing information or business documents in a fireproof location. Customers' payments and other important paper business documents are stored at the accounting firm's business office. Use of locked, fireproof file cabinets or vaults for important business documents would provide additional protection to the Company's records and would eliminate the time and cost of re-creating lost data or recollecting payments if the documents were destroyed or stolen.

*THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:*

*Store all customer payments, Company billing information and other important business documents in lockable, fireproof file cabinets or vaults.*