

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

In the Matter of a Small Company Rate Increase    )  
for Franklin County Water Company, Inc.            )

Case No. WR-2007-0103  
Tariff No. YW-2007-0178

**RECOMMENDATION 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 Recommendation Regarding Disposition of Small Company Rate Increase Request ("Recommendation") states the following to the Missouri Public Service Commission ("Commission").

1. By a letter dated September 7, 2006 (unless noted otherwise, all dates herein refer to the year 2006), which was received in the Commission's Data Center on September 15, Franklin County Water Company, Inc. ("Company") filed proposed tariff revisions with the Commission for the purpose of implementing the provisions of a *Unanimous Agreement Regarding Disposition of Small Water Company Rate Increase Request* ("Disposition Agreement"), and the instant case was established.

2. The Company, the Staff and the Office of the Public Counsel ("OPC") executed the above-referenced Disposition Agreement, which the Staff filed in this case on September 20, as a resolution of the Company's small company rate increase request ("Request") that was received at the Commission's offices on December 12, 2005. The Company submitted its Request under the provisions of Commission Rule 4 CSR 240-3.635, Water Utility Small Company Rate Increase Procedure ("Small Company Rate Increase Procedure"). Initially, the Company's Request was assigned Tracking No. QW-2006-0005.

3. The Staff's recommendations to the Commission regarding this case are set out on Page 5 of the Staff's Official Case File Memorandum ("Memorandum"), which is included in Appendix A attached hereto.

4. Included with the Staff's Memorandum are various documents regarding the Company's Request and the Staff's investigation of the Request, including the Staff's audit and rate design workpapers, which have not previously been filed in the case.

5. The Commission has the authority to approve the subject proposed tariff revisions in accordance with Sections 393.140(11) and 393.150, RSMo. Additionally, Section 393.130.1, RSMo, provides that all charges made by any water corporation for water service rendered or to be rendered shall be "just and reasonable." The Staff's and the OPC's agreement with the proposed tariff revisions are evidence that the rates and charges contained in the tariff revisions are just and reasonable.

6. The procedure followed in this case complies with the requirements of the Small Company Rate Increase Procedure in general, and with 4 CSR 240-3.635(1)(C) in particular.

**WHEREFORE**, the Staff respectfully requests that the Commission issue an order consistent with the recommendations set out on Page 5 of the Staff's Memorandum.

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 Recommendation 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 2nd day of October 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-2007-0103**

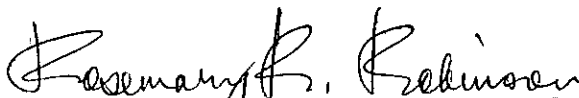
COUNTY OF COLE )

Dale W. Johansen, of lawful age, on his oath states: (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 Recommendation and the documents included in the following appendix; (3) that he has knowledge of the matters set forth in the foregoing Recommendation and the documents included in the following appendix; and (4) that the matters set forth in the foregoing Recommendation and the documents included in the following appendix are true and correct to the best of his knowledge, information and belief.



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

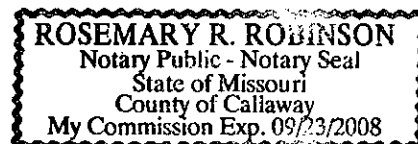
Subscribed and sworn to before me this 2<sup>nd</sup> day of October 2006.



Notary Public

My Commission Expires:

9-23-2008



# APPENDIX A

## STAFF MEMORANDUM & ATTACHMENTS

### CASE NO. WR-2007-0103

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.

#### Table of Contents

##### Official Case File Memorandum

- |                    |   |
|--------------------|---|
| Memo Attachment A: | Ratemaking Income Statement, Rate Design Worksheet and Customer Bill Comparison |
| Memo Attachment B: | Revenue Requirement Audit Workpapers  |
| Memo Attachment C: | Overview of Company and Customer Service Operations                             |

## Official Case File Memorandum

## **MEMORANDUM**

TO: Missouri Public Service Commission Official Case File  
Case No. WR-2007-0103 - - - Franklin County Water Company, Inc.

FROM: Dale W. Johansen – Project Coordinator  
Water & Sewer Department  
Ed Began – Auditing Department  
Steve Rackers – Auditing Department  
Gregory Macias – Engineering & Management Services Department  
Deborah Bernsen – Engineering & Management Services Department  
David Murray – Financial Analysis Department  
Jim Russo – Water & Sewer Department  
Arlie Smith – Water & Sewer Department

<u>/s/ Dale W. Johansen</u>	<u>10/02/06</u>
Project Coordinator	Date
<u>/s/ Keith R. Krueger</u>	<u>10/02/06</u>
General Counsel's Office	Date

SUBJECT: Staff Recommendation for Approval of Tariff Revisions and Agreement  
Regarding Disposition of Small Company Rate Increase Request

DATE: October 2, 2007

### **BACKGROUND**

Franklin County Water Company, Inc. ("Company") initiated the small company rate increase request ("Request") that is the subject of this case by submitting a letter to the Secretary of the Commission, which was received at the Commission's offices on December 12, 2005. The Company submitted its Request under the provisions of Commission Rule 4 CSR 240-3.635, Water Utility Small Company Rate Increase Procedure ("Small Company Rate Increase Procedure").

By its Request, the Company was seeking Commission approval of customer rates intended to generate an increase of \$24,000 in its total annual water service operating revenues. As stated by the Company in its Request letter, the reasons for the requested increase in its water service operating revenues are: increases in utility plant investment; increases in operation and maintenance expenses; increases in the Commission's annual assessments, and changes in the number and type of customers to which it provides service.

The Company provides water service to approximately 175 residential customers. The Company's current rates (those resulting from the Company's last rate case) went into effect on September 15, 1982.

Upon receipt of the Company's letter that initiated the Request, personnel in the Commission's Data Center scanned the letter and entered it into the Commission's electronic filing and information system ("EFIS") and the system assigned Work I.D. No. QW-2006-0005 to the Request. The Company's letter was then forwarded to the Commission's Water & Sewer Department ("W/S Dept") for processing under the Small Company Rate Increase Procedure. A copy of the Company's request letter is identified as item number 1 in the EFIS tracking file for the Request.

By a letter dated January 3, 2006 (hereafter, all dates refer to the year 2006 unless otherwise noted), which Staff members in the W/S Dept had previously approved, the Company notified its customers of the Request. As a part of this initial customer notice, the Company requested that its customers' questions or comments be directed to the Commission Staff and/or the Office of the Public Counsel ("OPC"). A copy of the initial customer notice is identified as item number 2 in the EFIS tracking file for the Request.

### **STAFF'S INVESTIGATION AND CONCLUSIONS**

As noted at the beginning of this Memorandum, Staff members from the Accounting, Engineering & Management Services, Financial Analysis and Water & Sewer Departments participated in the Staff's investigation of the Company's Request. All Staff participants, and all of their respective up-line supervisors, were provided the opportunity to review and comment on this Memorandum prior to it being filed. Jim Russo of the W/S Dept created the initial draft of this Memorandum and comments received from the reviewers were incorporated therein to create this final version of the Memorandum.

In response to the Company's initial customer notice, the W/S Dept Staff received two letters, four e-mails and 14 EFIS public comment forms regarding the proposed increase. These customer responses addressed the level of the proposed increase and service-related matters. Copies of the customers' letters, faxes and EFIS public comments forms, the Staff's correspondence to customers, if any, and the W/S Dept's customer contact log are included in item number 3 in the EFIS tracking file for the Request. Consistent with established practice, the W/S Dept Staff conducted investigations of the customer responses that addressed service-related matters, and a summary of the W/S Dept's investigation regarding those matters is also included in item number 3 in the EFIS tracking file. The W/S Dept provided copies of the customers' letters, e-mails and EFIS public comment forms, and its public comment summary log, to the OPC and the Company shortly after the customer comment period ended.



Based upon an audit of the Company's books and records, a determination of the Company's rate base investments and necessary operating expenses, an evaluation of the Company's depreciation rates, an analysis of the Company's capital structure and cost of capital, and an investigation of the Company's business and system operations, the Staff concluded that an increase of \$4,342 in the Company's annual water service operating revenues is warranted.

In addition to its conclusion regarding the increase in the Company's annual operating revenues, the Staff concluded that new/modified depreciation rates need to be prescribed for the Company and that certain changes in the Company's connection fees, business operations and system operations are warranted.

On August 23, the Staff forwarded information regarding the above items to representatives of the Company and the OPC for their review and response. A copy of the Staff's correspondence transmitting the information to the Company and the OPC is identified as item number 4 in the EFIS tracking file for the Request.

### **RESPONSES TO STAFF'S FINDINGS AND SUBSEQUENT ACTIONS**

Pursuant to negotiations held subsequent to the Company's and the OPC's receipt of the above-referenced information regarding the results of the Staff's investigation of the Company's Request, a written *Unanimous Agreement Regarding Disposition of Small Water Company Rate Increase Request* ("Disposition Agreement") was reached between the Staff, the Company and the OPC ("the Parties"). The Parties also reached an agreement regarding the tariff revisions needed to implement the terms of the Disposition Agreement. (Because the Disposition Agreement is between the Staff, the Company and the OPC, the Company was not required to send a notice to its customers regarding the rates and charges that would result from implementation of the provisions of this Disposition Agreement, and the OPC was not provided the opportunity to request a local public hearing.)

The Disposition Agreement reflects the following agreements: (1) that an increase of \$4,342 in the Company's water annual operating revenues is necessary; (2) that certain changes to the Company's service charges are appropriate; (3) that certain changes to the Company's system operations are appropriate; (4) that certain changes to the Company's administrative operations are appropriate; (5) that new/modified depreciation rates need to be prescribed for the Company; (6) that the rates included in the above-referenced agreed-upon tariff revisions are designed to generate revenues sufficient to recover the Company's total annualized cost of service; and (7) that the rates included in the above-referenced agreed-upon tariff revisions are just and reasonable. (The specific agreements between the Company and the Staff are set out on Pages 2 & 3 of the Disposition Agreement, which the Staff filed in this case on September 20 and which can be found in the EFIS case file as item number 2.)

By a letter that was stamped "Received" by personnel in the Commission's Data Center on September 15, the Company submitted revised tariff sheets including the agreed-upon tariff revisions that are necessary to implement the terms of the Disposition Agreement. Upon receipt of that tariff filing, Data Center personnel entered the filing into EFIS, and the instant case was created (the transmittal letter and revised tariff sheets are included in item number 1 in the EFIS case file). As required by the Small Company Rate Increase Procedure, the subject revised tariff sheets bore an effective date that was more than 30 days past the issue date. As is also required by the Small Company Rate Increase Procedure, the above-referenced Disposition Agreement has been filed in the case papers. (As noted previously, the Staff filed the Disposition Agreement on September 20.)

### **ADDITIONAL INFORMATION**

In addition to the above-noted documents that are in the EFIS tracking file and EFIS case file, the following documents are included with this Memorandum: (1) the Staff's ratemaking income statement, rate design worksheet and customer bill comparison are included in Attachment A; (2) the Staff's revenue requirement audit workpapers are included in Attachment B; and (3) the Staff's overview of the Company and its customer service procedures and practices is included in Attachment C.

Pursuant to a review of available electronic information maintained by the Commission's Budget & Fiscal Services Department and Data Center, and in EFIS, the Staff notes that the Company was current on the payment of its Commission assessments and on the filing of its Commission annual reports when it submitted its Request, as is required by the Small Company Rate Case Procedure. The Staff also notes that the Company remains current on those matters as of the writing of this Memorandum. The assessment information reviewed covers fiscal years 2002 through 2007 and the annual report information reviewed covers calendar years 2002 through 2005.

Additionally, the Staff notes that the Company currently has no other matters pending before the Commission, and that approval of the subject tariff revisions will thus not affect any other matter before the Commission with regard to the Company.

Lastly, the Staff notes that the Company received no "notices of violations" from the Missouri Department of Natural Resources during the test year used for the Request and has also not received any since the end of the test year to date.

### **STAFF'S RECOMMENDATIONS**

Based upon the above, the Staff recommends that the Commission issue an order in this case that:

- \* Approves the revised tariff sheets that the Company filed on September 15, 2006, to be effective for service rendered on and after October 15, 2006;
- \* Approves the Disposition Agreement submitted in this case;
- \* Directs the Company to comply with the terms of the Disposition Agreement; and
- \* Prescribes the depreciation rates set out on Attachment D to the Disposition Agreement submitted in this case as the depreciation rates authorized for the Company's use.

### **List of Attachments**

- Attachment A:            Ratemaking Income Statement, Rate Design  
Worksheet and Customer Bill Comparison
- Attachment B:        Revenue Requirement Audit Workpapers
- Attachment C:        Overview of Company and Customer Service Operations

## Memo Attachment A

Ratemaking Income Statement, Rate Design  
Worksheet and Customer Bill Comparison

# FRANKLIN COUNTY WATER CO., INC.

## Rate Making Income Statement-Water

### Operating Revenues at Current Rates

1	Tariffed Rate Revenues *	\$	30,974
2	Other Operating Revenues *	\$	-
3	<b>Total Operating Revenues</b>	<b>\$</b>	<b>30,974</b>
4	* See "Revenues - Current Rates" for Details		

### Cost of Service

Item	Amount
1 Electricity-Pumping	\$ 2,391
2 Water Treatment -Testing/Laboratory Fees	\$ 200
3 Maintenance Expense-Parts/Equipment	\$ 7,680
4 Maintenance Expense-Outside Labor	\$ 2,100
5 Meter Reading	\$ 1,566
6 Administration & General - Salaries	\$ 6,000
7 Billing Service	\$ 1,800
8 Accounting	\$ 250
9 Office Rent	\$ 1,800
10 Legal	\$ 200
11 Telephone & Pagers	\$ 718
12 Postage	\$ 624
13 Insurance	\$ 1,257
14 Regulatory Commission Expense	\$ 139
15 Miscellaneous General Expenses	\$ 430
16 <b>Sub-Total Operating Expenses</b>	<b>\$ 27,155</b>
17 Property Taxes	\$ 455
18 MO Franchise Taxes	\$ -
19 Employer FICA Taxes	\$ 718
20 Federal Unemployment Taxes	\$ -
21 State Unemployment Taxes	\$ -
22 State & Federal Income Taxes	\$ -
23 <b>Sub-Total Taxes</b>	<b>\$ 1,173</b>
24 Depreciation Expense	\$ 8,492
25 Amortization of CIAC	\$ (4,958)
26 <b>Sub-Total Depreciation/Amortization</b>	<b>\$ 3,534</b>
27 <b>Return on Rate Base</b>	<b>\$ 3,454</b>
28 <b>Total Cost of Service</b>	<b>\$ 35,316</b>
29 <b>Overall Revenue Increase Needed</b>	<b>\$ 4,342</b>

# **FRANKLIN COUNTY WATER CO., INC.**

---

## **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.

<b>Revenues Generated by Current Tariffed Rates</b>	<b>\$ 30,974</b>
<b>Agreed-Upon Overall Revenue Increase</b>	<b>\$ 4,342</b>
<b>Percentage Increase Needed</b>	<b>14.017%</b>

### **Metered Customer Rates**

<b>Meter Size</b>	<b>Current Service Charge</b>	<b>Proposed Service Charge</b>	<b>Current Usage Rate</b>	<b>Proposed Usage Rate</b>
5/8"	\$ 5.00	\$ 5.70	\$ 2.290	\$ 2.611

# FRANKLIN COUNTY WATER CO., INC.

## 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>
\$5.00	\$5.70	\$2.290	\$2.611

current service charge is monthly charge

### MONTHLY BILL COMPARISON

#### Current Rates

Service Charge	\$ 5.00
Usage Charge	\$ 13.74
Total Bill	\$ 18.74

#### Proposed Rates

Service Charge	\$ 5.70
Usage Charge	\$ 15.67
Total Bill	\$ 21.37

#### INCREASES

#### Service Charge

\$ Increase	\$0.70
% Increase	14.02%

#### Usage Charge

\$ Increase	\$1.93
% Increase	14.02%

#### Total Bill

\$ Increase	\$2.63
% Increase	14.02%

## Memo Attachment B

### Revenue Requirement Audit Workpapers



Black font – Text already programmed

Green font – Text entered by user or comes from last case

Orange font – Comes from previously entered text (can be overridden)

Purple font - Data comes from another schedule

Red font – Data entered by user

Blue font – Calculated by program (can be overridden)

Franklin County Water Co., Inc.  
Small Water Rate Case  
Tracking Number QW-2006-0005  
Test Year Ending December, 31, 2005  
**EXPENSE SCHEDULE**

Line Number	A Description	B Account Number (Optional)	C Company/ Test Year Amount	D Staff Annualized	E Difference (1)	F Adjustment Number
1	OPERATIONS EXPENSES					
2	Management Salary (1)		\$0	\$6,000	\$6,000	W-1
3	Employers Payroll Tax (7.65+3.51+.8=11.96%)		\$0	\$718	\$718	W-2
4	Operators Salary/Contract Services (1)		\$0	\$0	\$0	
5	Meter Reading		\$1,566	\$1,566	\$0	
6	Electricity-( Pumping)		\$2,391	\$2,391	\$0	
7	Chemicals- (Chlorine)		\$0	\$0	\$0	
	Total Operations Expense		\$3,957	\$10,675	\$6,718	
8	MAINTENANCE EXPENSES					0
9	Maintenance Salaries/ Contract Services (1)		\$0	\$0	\$0	
10	Materials & Supplies		\$0	\$0	\$0	
11	System Maintenance		\$11,545	\$7,680	-\$3,865	W-3
12	Total Maintenance Expense		\$11,545	\$7,680	-\$3,865	
13	ADMINISTRATIVE & GENERAL EXPENSES					
14	Professional Services- Accounting		\$0	\$250	\$250	W-4
15	Professional Services- Legal		\$200	\$200	\$0	
16	Monthly Water Testing		\$899	\$200	-\$699	W-5
17	Licensed Operator Plant Reviews (three/month)		\$0	\$2,100	\$2,100	W-6
18	Office Utilities- Electricity, Gas, Water		\$0	\$0	\$0	
19	Telephone & Pagers		\$867	\$718	-\$149	W-7
20	Interest Expense		\$2,686	\$0	-\$2,686	W-8
21	Billing Service		\$1,500	\$1,800	\$300	W-9
22	Postage		\$191	\$624	\$433	W-10
23	Insurance		\$629	\$1,257	\$628	W-16
	Rent of Office In Home		\$0	\$1,800	\$1,800	W-15
24	Other Misc. Expenses		\$918	\$430	-\$488	W's-11; 12; 13
25	Total Administrative and General		\$7,890	\$9,379	\$1,489	
26	OTHER OPERATING EXPENSES					
27	Taxes Other Than Income					
28	R.E. & Personal Prop.		\$337	\$455	\$118	W-17
29	PSC Assessment		\$139	\$139	\$0	
30	Depreciation		\$4,652	\$8,492	\$3,840	W-14
31	Amortization of CIAC		-\$3,341	-\$4,958	-\$1,617	W-14
32	TOTAL EXPENSES BEFORE INCOME TAX		\$25,179	\$31,862	\$6,683	

(1) Automatic Description Required Description Should Provide Breakdown of Salaries

(2) Explained in Expense Adjustments Schedule

Black font – Text already programmed

Green font – Text entered by user or comes from last case

Orange font – Comes from previously entered text (can be overridden)

Purple font - Data comes from another schedule

Red font – Data entered by user

Blue font – Calculated by program (can be overridden)

Franklin County Water Co., Inc.  
Small Water Rate Case  
Tracking Number QW-2006-0005  
Test Year Ending December, 31, 2005  
Expense Adjustment Schedule

A Expense Adjustment Number	B Subset Adjustment	C Adjustment Description	D Account Number	E Adjustment Subtotal (2)	F Total Adjustment Amount
W-1 (1)		Management Salary			\$6,000
	A	Owner's Taxable Salary - Part Time Manager		\$6,000	
		Total		\$6,000	
W-2 (1)		Employer's Payroll Tax	0		\$718
	A	Employer's Payroll Taxes On Above \$6,000		\$718	
		Total		\$718	
		Operators Salary/Contract Services	0		\$0
	A	Operator Salary/Contract Services		\$0	
	B	Other Office Staff		\$0	
		Total		\$0	
W-3		System Maintenance	0		
	A	Normalized Maint & Repair		\$7,680	
	B	Other Office Staff		\$0	
		Total		\$7,680	
		Administrative and General			\$3,830
W-4	A	Accounting to timely prepare and file income T.R.'s		\$250	
W-5	B	Use DNR Lab for Water Testing		\$200	
W-6	C	Provide three licensed operator reviews/month		\$2,100	
W-7	D	Provision for One Business Telephone Line		\$718	
W-8	F	Exclude Interest Expense On Shareholder Loan		\$0	
W-9	G	Normalized Billing Service		\$300	
W-10	H	Postage		\$624	
W-11	J	Provide For One Business DDA Account (\$75+\$50)		\$125	
W-12	K	Exclude Contribution to Lake St. Clair Trustees		\$0	
W-13	L	Exclude Charitable Contributions		\$0	
W-14	M	Increased Depreciation Rates Net of CIAC Amort.		\$2,223	
W-15	N	Allow office in home Rent		\$1,800	
W-16	O	Allow Addt'l Insurance		\$628	
W-17	P	Allow Addt'l Real Estate Tax		\$118	
		Total		\$9,086	
Total Expense Adjustments					\$6,683

(1) Automatic Description Required Description Should Provide Breakdown of Salaries

(2) From Expense Schedule

Black font – Text already programmed

Green font – Text entered by user or comes from last case

Orange font – Comes from previously entered text (can be overridden)

Purple font - Data comes from another schedule

Red font – Data entered by user

Blue font – Calculated by program (can be overridden)

Franklin County Water Co., Inc  
Small Water Rate Case  
Tracking Number QW-2006-0005  
Test Year Ending December, 31, 2005  
REVENUE SUMMARY SCHEDULE

ANNUALIZED & NORMALIZED REVENUES

Line Number	A Description	Residential		Commercial		Class #3		Total	
		B Amount	C Amount	D Amount	E Amount	F Amount	G Amount	H Amount	I Amount
1	<u>Customer Charge Revenues:</u>								
2	Customer Number	174		-				174	
3	Customer Bills Per year	2,088		-				2,088	
4	Existing Monthly Customer Charge Tariff	<u>\$5.00</u>		<u>\$10.00</u>					
5	Annualized Customer Charge Revenues		\$10,440		\$0				\$10,440
6	<u>Commodity Charge Revenues:</u>								
7	Total Gallons Sold	8,967,045		-				8,967,045	
8	Less: Base Gallons Included In Customer Charge	<u>-</u>		<u>-</u>				<u>-</u>	
9	Commodity Gallons	8,967,045	- -	-	- -	-	- -	8,967,045	
8	Existing Commodity Charge / 1,000 gallons	<u>\$2.29</u>		<u>\$2.50</u>					
9	Annualized Commodity Charge Revenues		<u>\$20,535</u>		<u>\$0</u>				<u>\$20,535</u>
10	Total Annualized Water Rate Revenues		\$30,975		\$0				\$30,975
11	Miscellaneous Revenues		<u>\$0</u>		<u>\$0</u>				<u>\$0</u>
12	Total Annualized Water Service Revenues		<u><u>\$30,975</u></u>		<u><u>\$0</u></u>				<u><u>\$30,975</u></u>

Black font – Text already programmed  
 Green font – Text entered by user or comes from last case  
 Orange font – Comes from previously entered text (can be overridden)  
 Purple font - Data comes from another schedule  
 Red font – Data entered by user  
 Blue font – Calculated by program (can be overridden)

Franklin County Water Co. Inc.  
 Small Water Rate Case  
 Tracking Number QW-2006-0005  
 Test Year Ending December, 31, 2005  
 RATE DESIGN SCHEDULE

Rate Making Income Statement - Water

Line Number	A Description	B Account Number (Optional)	C Staff Annualized	D	E
	Annualized Revenues	(1)	\$30,975		
1	OPERATIONS EXPENSES	(2)		Customer Charge	Commodity
2	Management Salary (1)		\$6,000		
3	Employers Payroll Tax (7.65+3.51+.8=11.96%)		\$718		
4	Meter reading		\$1,566		
6	Electricity-( Pumping)		\$2,391		
7	Chemicals- (Chlorine)		\$0		
8	Total Operations Expense		\$10,675		
9	MAINTENANCE EXPENSES				
10	Maintenance Salaries/ Contract Services (1)		\$0		
11	Materials & Supplies		\$0		
12	System Maintenance		\$7,680		
13	Total Maintenance Expense		\$7,680		
14	ADMINISTRATIVE & GENERAL EXPENSES				
15	Professional Services- Accounting		\$250		
16	Professional Services- Legal		\$200		
17	Monthly Water Testing		\$200		
18	L icensed Operator Plant Revciues (3/month)		\$2,100		
19	Rent of Office in Home		\$1,800		
20	Telephone & Pagers		\$718		
22	Interest Expense		\$0		
23	Billing Service		\$1,800		
24	Postage		\$624		
25	Insurance		\$1,257		
26	Other Misc. Expenses		\$430		
27	Total Administrative and General		\$9,379		
28	OTHER OPERATING EXPENSES				
29	Taxes Other Than Income				
30	R.E. & Personal Prop.		\$455		
31	PSC Assessment		\$139		
32	Depreciation		\$8,492		
33	Amortization of CIAC		\$4,958		
34	TOTAL EXPENSES BEFORE INCOME TAX		\$31,862		
35	Return on Investment & Current Income Taxes	(3)	3,454		
31	TOTAL COST OF SERVICE		35,316	\$0	\$0
32	Less: Miscellaneous Revenues	(4)	0	0	
33	COST TO RECOVER IN RATES		35,316	0	0
34	INCREMENTAL INCREASE IN RATE REVENUES		4,341	14.02%	
35	REQUESTED INCREASE IN REVENUES		\$24,000		

- (1) From Revenue Summary  
 (2) From Expense Schedule  
 (3) From Rate Base & Return Schedule  
 (4) FromRevenue Summary

Black font – Text already programmed

Green font – Text entered by user or comes from last case

Orange font – Comes from previously entered text (can be overridden)

Purple font - Data comes from another schedule

Red font – Data entered by user

Blue font – Calculated by program (can be overridden)

Franklin County Water Case., Inc.  
Small Water Rate Case  
Tracking Number QW-2006-0005  
Test Year Ending December, 31, 2005  
Rate of Return Including Income Tax

		<u>A</u>		<u>B</u>	<u>formulas</u>
1	State Income Tax Rate    Statutory / Effective	<b>6.27%</b>	(2)	<b>5.83%</b>	$(1 - (B2 \times .5)) \times A1$
2	Federal Income Tax Rate    Statutory / Effective	<b>15.00%</b>	(1) & (2)	<b>14.13%</b>	$(1 - B1) \times A2$
3	Composite Effective Income Tax Rate			<b>19.95%</b>	$B1 + B2$
4	Equity Tax Factor			<b>1.2493</b>	$1 / (1 - B3)$
5	Recommended Weighted Rate of Return on Equity - Common and Preferred			<b>9.00%</b>	From Capital Structure
6	Weighted Rate of Return on Equity Including Income Tax			<b>11.24%</b>	$B4 \times B5$
7	Recommended Weighted Rate of Return on Debt - Long-Term and Short-Term			<b>0.00%</b>	From Capital Structure
8	Total Weighted Rate of Return Including Income Tax			<b>11.24%</b>	$B6 + B7$

To Rate Base

(1)

Tax Rate Table

<u>Net Income</u>	<u>Tax Rate</u>
\$0 - 50,000	15%
\$50,001 - 75,000	25%
\$75,001 - 100,000	34%
\$100,001 - 335,000	39%
\$335,001 - and over	34%

(2) Insert 0s For The Tax Rates If Sub-Chapter S Corporation

**Black font – Text already programmed**

**Green font – Text entered by user or comes from last case**

**Orange font – Comes from previously entered text (can be overridden)**

**Purple font - Data comes from another schedule**

**Red font – Data entered by user**

**Blue font – Calculated by program (can be overridden)**

Franklin County Water Co., Inc  
Small Water Rate Case  
Tracking Number QW-2006-0005  
Test Year Ending December, 31, 2005  
**RATE BASE, RETURN on INVESTMENT  
and INCOME TAX SCHEDULE**

Line Number	<u>A</u> Rate Base Description	<u>B</u> Dollar Amount	
1	Plant In Service	\$223,211	From Plant Schedule
2	Less Accumulated Depreciation Reserve	<u>\$127,073</u>	From Depreciation Reserve Schedule
3	Net Plant In Service	\$96,138	
4	Unamortized CIAC	<u>-\$65,411</u>	
5	Total Rate Base	\$30,727	
6	Total Weighted Rate of Return Including Income Tax	<u>11.24%</u>	From Return & Taxes
7	Required Return & Income Tax	<u>\$3,454</u>	

Black font – Text already programmed

Green font – Text entered by user or comes from last case

Orange font – Comes from previously entered text (can be overridden)

Purple font - Data comes from another schedule

Red font – Data entered by user

Blue font – Calculated by program (can be overridden)

Franklin County Water Co., Inc.  
Small Water Rate Case  
Tracking Number QW-2006-0005  
Test Year Ending December, 31, 2005  
Capital Structure Schedule

Line Number	<u>A</u> Description	<u>B</u> Dollar Amount	<u>C</u> Percentage of Total Capital Structure	<u>D</u> Embedded Cost of Capital	<u>E</u> Weighted Cost of Capital
1	Common Stock	\$36,000	100.00%	9.00%	9.000%
2	Preferred Stock	\$0	0.00%	0.00%	0.000%
3	Long Term Debt	\$0	0.00%	0.00%	0.000%
4	TOTAL CAPITALIZATION	<u>\$36,000</u>	<u>100.00%</u>		<u>9.0000%</u>
5	Short Term Debt	<u>\$39,366</u>	<u>0.00%</u>	0.00%	<u>0.000%</u>

To PreTax Return Rate

Black font – Text already programmed

Green font – Text entered by user or comes from last case

Orange font – Comes from previously entered text (can be overridden)

Purple font - Data comes from another schedule

Red font – Data entered by user

Blue font – Calculated by program (can be overridden)

Franklin County Water Co, Inc  
Small Water Rate Case  
Tracking Number QW-2006-0005  
Test Year Ending December, 31, 2005  
Plant In Service

Line Number	A Account # (Optional)	B Plant Account Description	C Total Plant	D Adjustment Number	E Adjustments	F As Adjusted Plant
1		<b>SOURCE OF SUPPLY PLANT</b>				
2		Structures & Improvements	\$3,781	P - #	\$0	\$3,781
3		Wells & Springs	\$17,971			\$17,971
4		Supply Mains	\$0			\$0
5		<b>Total Source of Supply Plant</b>	<b>\$21,752</b>		<b>\$0</b>	<b>\$21,752</b>
6		<b>PUMPING PLANT</b>				
7		Structures & Improvements	\$0			\$0
8		Electric Pumping Equipment	\$29,555			\$29,555
9		Submersible Pumping Equipment	\$0			\$0
10		High Service or Booster Pumping Equip.	\$0	P - #		\$0
11		Shaft Driven Pumping Equipment	\$0			\$0
12		Diesel Pumping Equipment	\$0			\$0
13		Other Pumping Equipment	\$0			\$0
14		Gas Pumping Equipment	\$0			\$0
15		<b>Total Pumping Plant</b>	<b>\$29,555</b>		<b>\$0</b>	<b>\$29,555</b>
16		<b>WATER TREATMENT PLANT</b>				
17		Structures & Improvements	\$0			\$0
18		Water Treatment Equipment	\$0			\$0
19		<b>Total Water Treatment Plant</b>	<b>\$0</b>		<b>\$0</b>	<b>\$0</b>
20		<b>TRANSMISSION &amp; DISTRIBUTION PLANT</b>				
21		Structures & Improvements	\$0			\$0
22		Distribution Reservoirs & Standpipes	\$38,924			\$38,924
23		Transmission & Distribution Mains	\$66,656			\$66,656
24		Services	\$24,024			\$24,024
25		Meters- Bronze Chamber	\$19,467			\$19,467
26		Meters- Plastic Chamber	\$0			\$0
27		Meter Installations- Bronze	\$9,165			\$9,165
28		Meter Installations- Plastic	\$0			\$0
29		Hydrants	\$0			\$0
30		<b>Total Trans. &amp; Distribution Plant</b>	<b>\$158,236</b>		<b>\$0</b>	<b>\$158,236</b>
31		<b>GENERAL PLANT</b>				
32		Structures & Improvements	\$0			\$0
33		Office Furniture & Equipment	\$0			\$0
34		Office Computer Equipment	\$0			\$0
35		Transportation Equipment	\$0	\$0		\$0
36		Stores Equipment	\$0			\$0
37		Tools, Shop, Garage Equipment	\$0			\$0
38		Organization and Franchise	\$11,168			\$11,168
39		Power Operated Equipment	\$0			\$0
40		Land & Rights	\$2,500			\$2,500
41		<b>Total General Plant</b>	<b>\$13,668</b>		<b>\$0</b>	<b>\$13,668</b>
42		<b>TOTAL PLANT IN SERVICE</b>	<b>\$223,211</b>		<b>\$0</b>	<b>\$223,211</b>



Black font – Text already programmed

Green font – Text entered by user or comes from last case

Orange font – Comes from previously entered text (can be overridden)

Purple font - Data comes from another schedule

Red font – Data entered by user

Blue font – Calculated by program (can be overridden)

Franklin County Water Co., Inc.  
Small Water Rate Case  
Tracking Number QW-2006-0005  
Test Year Ending December, 31, 2005  
Schedule of Adjustments for  
Plant In Service

<u>A</u> Plant Adjustment Number	<u>B</u> Plant In Service Adjustments Description	<u>C</u> Adjustment Subtotal	<u>D</u> Total Adjustment Amount
P-#	Structures & Improvements		\$0
1	Description	\$0	
2	Description	\$0	
P-#	Wells & Springs		\$0
1	Description	\$0	
2	Description	\$0	
P-#	Transportation Equipment		\$0
1	Description	\$0	
Total Plant Adjustments			<u><u>\$0</u></u>
To Plant Schedule			

**Blue font – Calculated by program (can be overridden)**

**To Rate Base**

Black font – Text already programmed

Green font – Text entered by user or comes from last case

Orange font – Comes from previously entered text (can be overridden)

Purple font - Data comes from another schedule

Red font – Data entered by user

Blue font – Calculated by program (can be overridden)

Franklin County Water Co., Inc.  
Small Water Rate Case  
Tracking Number QW-2006-0005  
Test Year Ending December, 31, 2005  
Schedule of Adjustments for  
Accumulated Depreciation Reserve

<u>A</u> Reserve Adjustment Number	<u>B</u> Accumulated Depreciation Reserve Adjustments Description	<u>C</u> Adjustment Subtotal	<u>D</u> Total Adjustment Amount
R-1	Structures & Improvements		\$0
	1 Description	\$0	
	2 Description	\$0	
R-2	Transportation Equipment		\$0
	1 Description	0	
	Total Reserve Adjustments		<u>\$0</u>
			To Reserve Schedule

Black font – Text already programmed  
 Green font – Text entered by user or comes from last case  
 Orange font – Comes from previously entered text (can be overridden)  
 Purple font - Data comes from another schedule  
 Red font – Data entered by user  
 Blue font – Calculated by program (can be overridden)

Franklin County Water Co., Inc.  
 Small Water Rate Case  
 Tracking Number QW-2006-0005  
 Test Year Ending December, 31, 2005  
 Depreciation Expense

Line Number	A Account Number	B Plant Account Description	C Adjusted Plant	D Depreciation Rate	E Depreciation Expense	
1		SOURCE OF SUPPLY PLANT				
2	Acct # <sub>1</sub>	Structures & Improvements	\$3,781	2.5000%	\$95	
3	Acct # <sub>2</sub>	Wells & Springs	\$17,971	2.0000%	\$359	
4	***	Supply Mains	\$0	0.0000%	\$0	
5		Total Source of Supply Plant	\$21,752		\$454	
6		PUMPING PLANT				
7	***	Structures & Improvements	\$0	0.0000%	\$0	
8	***	Electric Pumping Equipment	\$29,555	10.0000%	\$2,956	was 2.5%
9	***	Submersible Pumping Equipment	\$0	0.0000%	\$0	
10	***	High Service or Booster Pumping Equip.	\$0	0.0000%	\$0	
11	***	Shaft Driven Pumping Equipment	\$0	0.0000%	\$0	
12	***	Diesel Pumping Equipment	\$0	0.0000%	\$0	
13	***	Other Pumping Equipment	\$0	0.0000%	\$0	
14	***	Gas Pumping Equipment	\$0	0.0000%	\$0	
15		Total Pumping Plant	\$29,555		\$2,956	
16		WATER TREATMENT PLANT				
17	***	Structures & Improvements	\$0	0.0000%	\$0	
18	***	Water Treatment Equipment	\$0	0.0000%	\$0	
19		Total Water Treatment Plant	\$0		\$0	
20		TRANSMISSION & DISTRIBUTION PLANT				
21	***	Structures & Improvements	\$0	0.0000%	\$0	
22	***	Distribution Reservoirs & Standpipes	\$38,924	2.5000%	\$973	
23	***	Transmission & Distribution Mains	\$66,656	2.0000%	\$1,333	
24	***	Services	\$24,024	2.5000%	\$601	
25	***	Meters- Bronze Chamber	\$19,467	10.0000%	\$1,947	was 2.5%
26	***	Meters- Plastic Chamber	\$0	0.0000%	\$0	
27	***	Meter Installations- Bronze	\$9,165	2.5000%	\$229	
28	***	Meter Installations- Plastic	\$0	0.0000%	\$0	
29	***	Hydrants	\$0	0.0000%	\$0	
30		Total Trans. & Distribution Plant	\$158,236		\$5,083	
31		GENERAL PLANT				
32	***	Structures & Improvements	\$0	0.0000%	\$0	
33	***	Office Furniture & Equipment	\$0	0.0000%	\$0	
34	***	Office Computer Equipment	\$0	0.0000%	\$0	
35	***	Transportation Equipment	\$0	0.0000%	\$0	
36	***	Stores Equipment	\$0	0.0000%	\$0	
37	***	Tools, Shop, Garage Equipment	\$0	0.0000%	\$0	
38	***	Organization and Franchise	\$11,168	0.0000%	\$0	
39	***	Power Operated Equipment	\$0	0.0000%	\$0	
40	***	Land & Rights	\$2,500	0.0000%	\$0	
41		Total General Plant	\$13,668		\$0	
42		Total Depreciation	\$223,211		\$8,492	

## Memo Attachment C

### Overview of Company and Customer Service Operations

## **EMSD Review of Franklin County Water Customer Service Operations**

The Engineering and Management Services Department (EMSD) staff initiated an informal review of the customer service processes, procedures, and practices at Franklin County Water (Franklin County or Company) St. Clair, Missouri, office on February 16, 2006. Prior to the on-site visit, the EMSD staff examined Company tariffs, annual reports, Missouri Public Service Commission (Commission) complaint records, and other documentation related to the Company's customer service operations.

The 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:

- Customer Billing
- Meter Reading
- Credit and Collections
- Complaint and Inquiry Handling and Recording
- Record Maintenance and Protection

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

## **Overview**

Franklin County Water provides water service to 180 water customers surrounding Lake St. Clair in Franklin County. The Company was originally certificated to provide water supply and distribution service in September 1977. The Company is presently owned and managed by Lavern Faulkenberry.

The Company's business office is located at the owner's home in Lake St. Clair, Missouri, and business office hours are from 9:00 am to 4:00 pm Monday through Thursday. The Company's mailing address is P.O. Box 586, St. Clair, Missouri 63077.

The Company employs the services of various outside contractors for reading meters and outside construction and plumbing. In addition, the owner employs her son-in-law on a part-time basis to maintain customer records, input data on meter reading and payments and print and mail bills.

### Rates for water service include:

Customer Charge:	\$5.00 per month
Water Usage Charge:	\$2.29 per 1,000 gallons
Connection Fee	\$400.00
Delinquent shut-off reconnection charge	\$10.00

Customers pay a monthly customer charge in addition to their fees for the actual usage.

## **Customer Billing**

Customers currently may call the Company office to put the water service in their name at an address. There is a provision in the Company's tariff that allows for the customer to submit a written application for service. However, the owner stated that customers normally just call to initiate service. There is a specific water service extension agreement that is used in those cases that require an extension to serve a tract of land. The Company presently does not normally require a deposit as a condition of receiving water service and have none on file.

Customers may pay their bills at the office or mail their payments. Most of the customers mail their payments. When payments are received, the owner records the amount on the billings sheet from the prior month. This sheet includes the customer name, usage information, the current amount of the bill with any additions or previous balances on it and space to indicate the amount paid and date. This sheet is faxed to John Brisco, the owner's son-in-law, who manages the recording of service usage, billing and payment information in the computer billing system. The customer billing and information system was developed by John Brisco utilizing Excel spreadsheets for use in maintaining information on the customers of the Company.

### **Meter Reading**

Customer water meters are normally read the 28<sup>th</sup> or 30<sup>th</sup> day of the month. The meters are read by a contract employee who is paid \$200 a month to read the 180 meters. Monthly read sheets are given to the meter reader with the customer name, address, location of meter and previous reading. The current reading is recorded on the sheet along with any pertinent information. The Company is normally able to obtain a reading unless there is snow or ice over the meter. There are approximately twenty-six campsites that are inhabited on a very limited basis and these are read on an annual basis. The Company was unable to read four of its regular customer meters in January and February of 2006 and utilized an estimate for the bills. The billing system does have an average annual usage figure that will be used to calculate a bill in the event of an estimate.

The meter read sheets are faxed to John Brisco who enters the readings on a spreadsheet. The spreadsheet then calculates the usage and also the current bill. Any



previous balance will also be recorded to arrive at a present bill. The spreadsheets are used to print postcard bills and these are normally mailed the first of the month.

The bill includes the usage in gallons, the rate, the amount due, payment due date and delinquent date. The calculation of the due date and delinquent date is set by the formula within the Excel spreadsheet. The due date is determined by adding 10 days to the current date and the delinquent date is determined by adding 18 days to the present date.

The staff is aware that the individual presently utilized for meter reading has come under some criticism by some customers because of his young age. The Company does appear to be obtaining actual readings on its meters, except in a few instances. The staff encourages the Company to continue to expend every effort to obtain actual readings on a monthly basis and to ensure that the Company follows the appropriate labor laws regarding its employees.

### **Credit and Collections**

The owner of the Company stated that the Company normally gives the customer at least 2 to 3 months to pay a delinquent bill. A form letter is used as a written 10-day notice to alert the customer to the amount of the arrears and the threat of disconnection of service. The Company makes it a policy to also call customers who have a balance before scheduling a disconnect of their service. The owner may perform the disconnect or contact one of the contract employees to perform it.

The Company performed 5 delinquent disconnections of service in 2005. These disconnections were for accounts that totaled \$774.63 in arrears. One account was

written off in 2005 for the amount of \$289.57 after the Company was unable to locate the customer.

As indicated previously, the Company performs very few non-pay service disconnections. Payment arrangements are offered to the customer if they need additional time to pay. Service disconnections are not normally performed on Fridays prior to a weekend.

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

The owner responds to all phone inquiries regarding the Company operations. She carries a cell phone with voice mail to accept customer inquiries and states that she carries this cell phone at all times. If the owner is unable to respond to a customer, she will refer the call to one of the other trustees of the lake development or to a contractor. The Company does not maintain any type of log to record customer calls. It also does not provide any type of customer information brochure to inform customers of their rights and responsibilities.

### **Record Maintenance and Protection**

The Company uses a customer billing and records system designed for this use by John Brisco. This system performs a variety of company business office activities including customer billing, payment history and meter reading data. The system is Excel based and allows the Company to maintain customer information as well as perform calculations for billings. The information for a bill is able to be pulled into a word document and the bill is then printed. The customer data base has data on customer usage and payment history back to 1999, when the system was developed for the

Company. Back-up data is maintained also by utilizing two hard drives and copying to cds for off site storage.

EMSD staff noted during its examination of the Company's computerized billing systems that the Company was apparently operating out of the same checking account for both personal expenses of the owner and Company specific items. The staff believes that it is very important that a clear distinction exists between the Company operating revenues and expenses and the personal funds of the owner. One of the methods to accomplish this is through the use of separate financial accounts to monitor and document these funds. The Auditing Staff of the Missouri Public Service Commission will address the importance of the issue of segregation of funds in more detail in its audit report.

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

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

- Payment Due Date
- Communication with Customer
- Information Brochure
- Log of Customer Complaints

#### **Payment Due Date**

The Company is not allowing the customer twenty-one days to pay in the calculation of the delinquent date that appears on the bill. The formula presently being used in the billing system for the calculation of this date is only providing a maximum of eighteen days.

Sheet No. 19 of the Company's tariff specifies that "Bills shall be due twenty-one (21) calendar days from the date of rendition, unless such due date falls on a Sunday, a legal holiday, or other day when the office is closed, in which case the due date shall be extended to the next business day."

This provision of the Company's tariff is consistent with the provisions of 4 CSR 240-13.020 which prescribes that a customer should be allowed at least twenty-one (21) days to pay their utility charges. The Company needs to alter its billing program to make the delinquent date consistent with the provisions of both its tariff and 4 CSR 240-13.

*THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:*

*Ensure that customer bills reflect the appropriate amount of time in which to pay before being classified as delinquent. Correct the calculation of the delinquent date in the billing program.*

### **Communication with Customers**

The owner of the Company is not always available to respond to a customer's call in a timely manner. While the owner does carry a cell phone at all times, there were a number of occasions when the staff attempted to contact the owner in conjunction with the audit and was unable to even leave a message. In some instances, it indicated that the message line was full and in other cases, it appeared that the phone was turned off.

While it is acceptable for small companies to maintain an office in their homes with limited staffing, the Company still must meet the requirements cited in 4CSR-240-13.040 regarding the availability of Company personnel to respond to customer requests.

*4 CSR 240-13.040(2) states that:*

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

In addition, the Company must also maintain personnel available at all times to receive and initiate response to any customer contact regarding a discontinuance of service or emergency condition occurring within their service area. The owner of the Company does try to handle these calls by carrying her cell phone at all times and using voice mail to record messages. She also has several individuals who are on the homeowners association and are local contractors who will handle the construction and maintenance issues. However, the staff realizes that it is difficult for one individual to be always on call to accept these calls on a 24/7 basis.

*THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:*

*Investigate the use of other alternative services to assist in answering and responding to customer phone calls. Take the appropriate actions to ensure that the customer is always able to contact the company or leave a message that will be responded to in an expeditious manner.*

### **Information Brochure**

The Company does not have an information brochure that defines the rights and responsibilities of the utility and its customers. Such a brochure is a requirement of 4 CSR 240-13.040 and is designed to assist the customer by providing information

regarding issues like billing and estimating procedures, payment requirements and conditions of termination, discontinuance and reconnection of service. For example, some customers have expressed confusion regarding the monthly customer charge that appears on their bill. The information brochure is useful for new customers as well as present customers who may have questions about their service.

*THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:*

*Develop an information brochure that communicates basic information to the customer about their service and the rights and responsibilities of the customer and the company.*

### **Log of Customer Complaints**

The Company does not maintain information on the number and types of customer complaints it receives. The existence of such a log is required under the record keeping requirements of 4 CSR 240-13.040. The information may be simply collected in a notebook and available for inspection if requested. This also assists the Company in recording and documenting the calls it receives from its customers.

*THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:*

*Maintain a record of the customer inquiries and complaints that are received by the Company.*