

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

**WHITESIDE HIDDEN ACRES, L.L.C.**

**MO PSC FILE NO. WR-2011-0024**

**FILED**

**DEC 27 2010**

**Missouri Public  
Service Commission**

**BACKGROUND**

Whiteside Hidden Acres, L.L.C. ("Company") initiated the small company revenue increase request ("Request") for water service that is the subject of the above-referenced Missouri Public Service Commission ("Commission") File Number by submitting a letter to the Secretary of the Commission in accordance with the provisions of Commission Rule 4 CSR 240-3.050, Small Utility Rate Case Procedure ("Small Company Procedure"). In its request letter, which was received at the Commission's offices on July 28, 2010, the Company set forth its request for an increase of \$8,505.76 in its total annual water service operating revenues. In its request letter, the Company also acknowledged that the design of its customer rates, its service charges, its customer service practices, its general business practices and its general tariff provisions would be reviewed during the Commission Staff's ("Staff") review of the revenue increase request, and could thus be the subject of Staff recommendations. The Company provides water service to 39 residential customers near Pittsburg, Missouri.

Pursuant to the provisions of the Small Company Procedure and related internal operating procedures, Staff initiated an audit of the Company's books and records, a review of the Company's customer service and general business practices, a review of the Company's existing tariff, an inspection of the Company's facilities and a review of the Company's operation of its facilities. (These activities are collectively referred to hereinafter as Staff's "investigation" of the Company's Request.)

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

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

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

- (1) For the purpose of implementing the agreements set out herein, the Company will file with the Commission proposed tariff revisions containing the rates, charges and language set out in the example tariff sheets attached hereto as Attachment A and incorporated by reference herein, with those proposed tariff revisions bearing an effective date of February 15, 2011;
- (2) Except as otherwise noted in the agreements below, both the Exhibit Modeling System ("EMS"), attached hereto as Attachment B and incorporated by reference herein, and the ratemaking income statement attached hereto as Attachment C and incorporated by reference herein, accurately reflects the Company's annualized revenues generated by its current customer rates, the agreed-upon total annualized cost of service for the Company, and the resulting agreed-upon annualized operating revenue increase of \$7,464 is just and reasonable and designed to recover the Company's cost of service;
- (3) The audit work papers attached hereto as Attachment B and incorporated by reference herein, which include consideration of a capital structure of 100% equity for the Company and a return on that equity of 8.73%, accurately reflect the agreed-upon total annualized cost of service for the Company and provide the basis for the ratemaking income statement referenced in item (2) above;
- (4) 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 and incorporated by reference herein, are designed to generate revenues sufficient to recover the agreed-upon total annualized cost of service for the Company;
- (5) 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 and incorporated by reference herein;
- (6) The rates included in the attached example tariff sheets, attached and incorporated by reference herein as Attachment A, 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) The schedule of depreciation rates attached hereto as Attachment F and incorporated herein, which includes the depreciation rates used by Staff in its revenue requirement analysis, shall be the prescribed schedule of water plant depreciation rates for the Company;

(8) The Commission's Auditing Department conducted an audit of the Company's books and records using the 12-month period ending December 31, 2009, as the basis for the revenue requirement calculation. All revenues, expenses, and rate base investment were reviewed through this period. The audit findings are identified as Attachment G and incorporated by reference herein.

Staff provided the Company and OPC its initial recommendations of the revenue increase for the resolution of the Company's request and Staff's EMS run. The work papers supporting the revenue requirement calculation were also provided to the Company and OPC with the results of its investigation regarding the proposed rate increase;

(9) Within thirty (30) days of the effective date of an order approving this Company/Staff Disposition Agreement, the Company shall implement the recommendations contained in the Engineering & Management Services Department ("EMSD") Report attached hereto as Attachment H and incorporated by reference herein:

- a. Incorporate the due date on customers' bills and clearly state on each bill when customers are subject to the \$5.00 late fee;
- b. Prepare a written notice that could be used to notify customers when scheduling disconnections of service due to nonpayment; and
- c. Develop and implement a process to ensure all customer complaints received by Company personnel are documented and maintained for at least two (2) years;

(10) Within ninety (90) days of the effective date of an order approving this Company/Staff Disposition Agreement, the Company shall implement the recommendations contained in the Engineering & Management Services Department ("EMSD") Report attached hereto as Attachment H and incorporated by reference herein:

- a. Develop and maintain time sheets to record work assignments and the time spent working on each project;

(11) Within ninety (90) days of the effective date of an order approving this Company/Staff Disposition Agreement, the Company shall implement the recommendations contained in the Auditing Department Recommendation Memorandum attached hereto as Attachment G and incorporated by reference herein. These recommendations include the following:

- a. Develop a log book to track the use of personal vehicles for company business. The minimum information required is starting point, destination point, trip mileage and reason for trip;
- b. Develop property records for all plant including additions and repairs to existing plant; and

- c. Develop timesheets that include at a minimum the date, amount of time and purpose for water company activities;
- (12) The Company shall mail its customers a final written notice of the rates and charges included in its proposed tariff revisions prior to or with its next billing cycle after issuance of the Commission order approving the terms of this Company/Staff Disposition Agreement. The notice shall include a summary of the impact of the proposed rates on an average residential customer's bill. When the Company mails the notice to its customers, it shall also send a copy to Staff Case Coordinator who will file a copy in this case;
- (13) Staff will conduct follow-up reviews of the Company's operations to ensure that the Company has complied with the provisions of this Company/Staff Disposition Agreement;
- (14) Staff may file a formal complaint against the Company, if the Company does not comply with the provisions of this Company/Staff Disposition Agreement;
- (15) The Company agrees that it has read the foregoing Company/Staff Agreement Regarding Disposition of Small Water Company Revenue Increase Request; that facts stated therein are true and accurate to the best of the Company's knowledge and belief; that the foregoing conditions accurately reflect the agreement reached between the Company and Staff; and that the Company freely and voluntarily enters into this agreement; and
- (16) The above agreements satisfactorily resolve all issues identified by Staff and the Company regarding the Company's Request, except as otherwise specifically stated herein.

#### **ADDITIONAL MATTERS**

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


Staff has completed a Summary of Case Events and has included that summary as Attachment I to this Company/Staff Disposition Agreement.

The Company acknowledges that the Staff will be filing this Company/Staff Disposition Agreement and the attachments hereto. The Company also acknowledges that Staff may make other filings in this case.

Additionally, the Company agrees that subject to the rules governing practice before the Commission that Staff shall have the right to provide whatever oral explanation the Commission may request regarding this Company/Staff Disposition Agreement at any agenda meeting at which this case is noticed to be considered by the Commission. Subject to the rules governing practice before the Commission, Staff will be available to answer Commission questions regarding this Company/Staff Disposition Agreement. To the extent reasonably practicable, Staff shall provide the Company with advanced notice of any such agenda meeting so that they may have the opportunity to be present and/or represented at the meeting.

**SIGNATURES**

Agreement Signed and Dated:

  
\_\_\_\_\_  
Dale Whiteside Jr.  
President  
Whiteside Hidden Acres, L.L.C.

12-15-10  
\_\_\_\_\_  
Date

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

\_\_\_\_\_  
Date

**List of Attachments**

- Attachment A – Example Tariff Sheets
- Attachment B – EMS Run
- Attachment C – Ratemaking Income Statement
- Attachment D – Rate Design Worksheet
- Attachment E – Billing Comparison Worksheet
- Attachment F – Schedule of Depreciation Rates
- Attachment G – Auditing Department Recommendation Memorandum
- Attachment H – EMSD Report
- Attachment I – Summary of Events