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KEVIN A. THOMPSON
General Counsel

February 7, 2008

Harold I. Epps
President
Tri-States Utility Co. Inc.
2508 Highway 165
Branson, Missouri 65616

Dear Mr. Epps:

We have been assigned to review the books and records of Tri-States Utility Co., Inc. in regard to the Companies' informal rate case (QW-2008-0010) filed with the Missouri Public Service Commission on January 30, 2008. After you have gathered the information listed below, please provide a date and time, at your earliest convenience, that we can visit your office to review the Companies' books and records. If you have any questions, please contact Kim Bolin at (573) 751-5026 or Paul R. Harrison at (573) 751-7487. Fax number is (573) 526-4994 and E-mail addresses are kim.bolin@psc.mo.gov and paul.harrison@psc.mo.gov respectively.

This Memorandum is to be treated the same as a Public Service Commission data request, which authorizes a 20-day response time to the requested information. For the purpose of this audit, we are proposing/have established the calendar year 2007 as the test year. However, we will review the operational activities of the company for the calendar years of 2003 through 2007, and up through the most current month possible for 2008.

Please provide copies of or make available for our review the following documents:

- Detailed General Ledger that lists per book revenue and expenses for the 60 months ended December 31, 2007.
- Check Register, Vendor Detail lists and invoices for the 36 months ended December 31, 2007.
- Detailed descriptions of transactions between Tri-States Utility Co. Inc. and any affiliates and/or any other companies of the owner.
- Detailed description and the amounts of contribution in aid of construction.
- Detailed description and the amounts of customer advances for construction.

- Detailed listing of all outstanding customer deposits received, by month, from customers for 36 months ended December 31, 2007.
- Invoices and payment dates for chemicals to treat water for 2005, 2006, 2007 and up through the most current date possible for 2008.
- Utility bills and the payment dates for 2005, 2006, and 2007 and up through the most current date possible for 2008.
- List of all current salaries and/or wage rates for all employees of Tri-States Utility Co., Inc. and job descriptions.
- Detailed timesheets for all employees for 2003 and up through the most current date possible for 2008.
- Current invoices and amounts for annual billings for the following: property insurance, liability insurance, health insurance and workmen's compensation insurance.
- Current invoices for grass cutting/grounds maintenance, equipment maintenance for calendar years 2005, 2006 and 2007 and up through the most current date possible for 2005.
- Vehicle and equipment logs for the 12 months ended December 31, 2007, updated through the most current date possible for 2008.
- Customer numbers by month and meter size for sewer and water for calendar years 2003 through 2007, updated through the most current date possible for 2008.
- 12 month billing register by month, by individual tariff items for the calendar years 2003 through 2007, updated through the most current date possible for 2008 including any supporting calculations.
- Gallons of water pumped, sold and used, by month, for the calendar years 2003 through 2007, updated through the most current date possible for 2008. Please provide all information by customer class.
- Contracts for vendors that provide services to Tri-States Utility Co. Inc., if any.
- Property, real estate, and corporate franchise tax receipts and dates paid for 2005, 2006 and 2007 and the assessment for property taxes that were filed for 2008.
- Accumulated plant, depreciation reserves and current depreciation rates ending December 31, 2007.
- Historical salvage and cost of removal amounts for the last five years, if available, ending December 31, 2007.
- Any major investments/expenditures that are planned in the future.
- DNR Inspection report for 2005, 2006 and 2007.
- Copies of all correspondence with customers besides billing for 2005, 2006 and 2007 if applicable.
- All customer complaints for 2005, 2006 and 2007 if applicable.

In addition, please provide the following information for the Financial Analysis Department. David Murray is the contact for this department for the purpose of this case. He can be reached at (573) 751-9160.

Please provide the following financial statements for the twelve-months ending December 31, 2007:

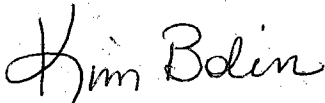
- Balance Sheet and
- Income Statement.

Also provide, in detail, including any supporting calculations, the following items for each issue as of December 31, 2007, of short-term debt, long-term debt and preferred stock (if any):

- Description of each issuance;
- Issuance date and maturity date;
- Principal amount originally issued and the amount outstanding;
- Interest rate and interest payment dates.

In reference to the short-term debt (debt with maturity of less than 12 months), please provide short-term debt balances for the twelve-months ended December 31, 2007, and an explanation of how the interest rates are determined for each loan. As an example, are the interest rates based upon equations such as one percentage point below prime, a commercial paper rate or negotiated between the parties at no predetermined rate? Please provide the average short-term debt interest rate paid for the twelve-month period ended December 31, 2007.

Sincerely,



Kim Bolin
Utility Regulatory Auditor

CC: Terry L. McCullough, CPA – McCullough and Associates, LLC