

**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION**

At a session of the Public Service Commission held at its offices in Jefferson City, Missouri on the 28<sup>th</sup> day of September, 2022.

In the Matter of S. K. & M. Water and Sewer Company's Application for an Increase in Annual Water System and Sewer System Operating Revenues	)	
	)	<b><u>File No. SR-2022-0239</u></b>
	)	Tracking Nos. YS-2023-0056
	)	and YW-2023-0057

**ORDER APPROVING DISPOSITION AGREEMENT AND  
IMPLEMENTING A SMALL COMPANY RATE DECREASE**

Issue Date: September 28, 2022

Effective Date: November 7, 2022

On March 28, 2022,<sup>1</sup> S. K. & M. Water and Sewer Company (SK&M) filed notices requesting increases in its annual overall operating revenues in staff assisted water and sewer rate cases. SK&M sought an increase of \$4,000 in its total annual water service operating revenues and \$8,000 in its total annual sewer operating revenues. SK&M provides service to approximately 295 water customers and 170 sewer customers in Perry County, Missouri.

The Commission held a local public hearing by video and teleconference and heard one witness. Four written public comments were also received.

On September 13, SK&M and the Staff of the Commission (Staff) filed a disposition agreement (Disposition Agreement) purporting to resolve all issues in this matter. The Disposition Agreement is attached to this order. The Disposition Agreement agrees to an annual revenue decrease for both the water system and the sewer system and resolves several other issues. The agreement stated that SK&M would file revised tariff sheets to implement the agreed to rates with an October 19 effective date. Per the agreement,

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<sup>1</sup> Unless otherwise specified, all date references are to the year 2022.

SK&M filed proposed revised tariff sheets on September 23. However, those revised tariff sheets bear a November 7 effective date. In response to a Commission directive, Staff stated that it and SK&M intend for the revised tariff sheets to have an effective date of November 7.

Pursuant to the Commission's staff assisted rate case rule, Staff conducted an audit of SK&M's books and records, a review of its customer service and general business practices, a review of SK&M's existing tariff, an inspection of SK&M's facilities and a review of the operation of its facilities. Subsequent to this investigation by Staff, the Disposition Agreement was filed making 15 specific agreements.<sup>2</sup>

The Disposition Agreement provides for a decrease to SK&M's water revenue requirement of \$16,161. The current annualized level of revenues is \$133,771, so the decrease will result in overall annual water revenues of \$117,610. The Disposition Agreement bases the revenue requirement on net rate base, which is agreed to be set at \$57,283. The current water rates for SK&M were last set in 2019.<sup>3</sup>

The current water usage charge of \$2.50 per 1,000 gallons will increase to \$2.60. The current \$27.01 minimum monthly charge for water service for 5/8" customers will decrease to \$22.76. The rates for 1", 1 1/2", and 2" customers will all decrease, as well. The non-metered rate will decrease from \$34.51 to \$30.56 per month.

The Disposition Agreement provides for a decrease to SK&M's sewer revenue requirement of \$11,981. The current annualized level of revenues is \$99,171, so the decrease will result in overall annual sewer revenues of \$87,190. The Disposition Agreement bases the revenue requirement on net rate base, which is agreed to be set at

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<sup>2</sup> This order does not summarize every issue addressed by the Disposition Agreement.

<sup>3</sup> SR-2019-0157, *Order Approving Disposition Agreements*, effective July 5, 2019.

\$10,466. The current sewer rates for SK&M were last set in 2019.<sup>4</sup>

The current \$47.87 sewer rate for 5/8" customers will decrease to \$42.00. The rates for 1", 1 1/2", and 2" customers will all decrease, as well.

The Disposition Agreement also provides for certain customer service improvements, including the development and maintenance of a customer complaint log – a requirement of Commission Rule 20 CSR 4240-13.040 and a recommendation in the last rate case (SR-2019-0157) that SK&M agreed to implement, but did not. The Disposition Agreement also requires SK&M to update and implement disconnect procedures to assure 24-hour notice is given before disconnection, as required by Commission Rule 20 CSR 4240-13.050(8).

The terms of the Disposition Agreement reflect compromises between Staff and SK&M, and no party has agreed to any particular ratemaking principle in arriving at the amount of the specified annual operating revenue decreases. The Commission is tasked with setting just and reasonable rates, which may result in a revenue increase more or less than the increase originally sought by the utility, or which may result in a revenue decrease, as in this case with both the water and sewer systems.<sup>5</sup> The Commission has the authority to approve a disposition agreement.<sup>6</sup>

Commission rules allow parties five days to respond to small company rate case disposition agreements.<sup>7</sup> Five days elapsed and no party objected or otherwise responded to the filing of the Disposition Agreement. The requirement for a hearing is met when the opportunity for a hearing has been provided.<sup>8</sup> Without an evidentiary

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<sup>4</sup> SR-2019-0157, *Order Approving Disposition Agreements*, effective July 5, 2019.

<sup>5</sup> Commission Rule 20 CSR 4240-10.075(14).

<sup>6</sup> Commission Rule 20 CSR 4240-10.075(11).

<sup>7</sup> 20 CSR 4240-10.075(11)(D).

<sup>8</sup> *State ex rel. Rex Deffenderfer Enterprises, Inc. v. Public Service Commission*, 776 S.W.2d 494, 496 (Mo. App. 1989).

hearing, information regarding the rate decreases and consolidations are contained solely in the Disposition Agreement.

The Commission finds and concludes that the Disposition Agreement is reasonable and should be approved. The unopposed proposed rates are just and reasonable in order to provide safe and adequate service to the ratepayers.

**THE COMMISSION ORDERS THAT:**

1. The Disposition Agreement filed on September 13, summarized in the body of this order, incorporated by reference, and hereto attached, is approved. The signatory parties shall comply with the terms of the Disposition Agreement.

2. The revised tariff sheets submitted on September 23, 2022 (Tracking Nos. YS-2023-0056 and YW-2023-0057), are approved to become effective November 7, 2022. The tariff sheets approved are:

**P.S.C. MO No. 4**

Canceling P.S.C. No. 2  
First Revised Sheet No. 4, Canceling Original Sheet No. 4

**P.S.C. MO No. 5**

Canceling P.S.C. No. 3  
First Revised Sheet No. 4, Canceling Original Sheet No. 4

3. This order shall become effective on November 7, 2022.



**BY THE COMMISSION**

A handwritten signature in black ink that reads "Morris L. Woodruff".

Morris L. Woodruff  
Secretary

Silvey, Chm., Rupp, Coleman, Holsman, and  
Kolkmeier CC., concur.

Seyer, Regulatory Law Judge

**NON-UNANIMOUS AGREEMENT REGARDING DISPOSITION OF  
SMALL UTILITY COMPANY REVENUE INCREASE REQUEST**

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

**MO PSC FILE NO. SR-2022-0239**

**BACKGROUND**

S.K. & M. Water and Sewer Company, ("Company") initiated a small company revenue increase request ("Request") with the Missouri Public Service Commission ("Commission") for water service in File Number WR-2022-0240 and sewer service in File Number SR-2022-0239 by submitting a letter to the Secretary of the Commission in accordance with the provisions of Commission Rule 20 CSR 4240-10.075, Small Utility Rate Case Procedure ("Small Company Procedure"). The two requests were consolidated under the above referenced File Number on May 25, 2022. In its request letter, which was received at the Commission's offices on March 28, 2022, the Company set forth its request for an increase of \$4,000 in its total annual water service operating revenues and \$8,000 in its total annual sewer operating revenues. 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's recommendations. The Company provides service to approximately 295 water customers and 170 sewer customers.

Pursuant to the provisions of the Staff Assisted Rate Case 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 its investigation of the Company's Request, Staff provided the Company and the Office of the Public Counsel ("Public Counsel") with information regarding Staff's investigation and the results of the investigation, including Staff's 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 receipt of the above-referenced information regarding Staff's investigation of the Company's request, Staff and the Company hereby state the following agreements in this Non-Unanimous Agreement Regarding Disposition of Small Utility Company Revenue Increase Request ("Non-Unanimous Agreement"):

- (1) The agreed upon decrease in the water revenue requirement of \$16,161 (12.08% decrease) subtracted from the level of previous revenues of \$133,771 results in overall annual revenues of \$117,610. The agreed upon decrease in the sewer revenue requirement of \$11,981 (12.08% decrease) subtracted from the level of previous revenues of \$99,171 results in overall annual revenues of \$87,190. Staff believes this revenue requirement is just and reasonable and appropriately designed to allow the Company to recover the cost of service.
- (2) The Auditing Department conducted a full and complete audit of the Company's books and records using the 12-month period ended December 31, 2021, updated through May 31, 2022, based on information provided by the Company for known and measureable costs, as the basis for the revenue requirement determined above.
- (3) The agreed upon net rate base is \$57,283 for water service and \$10,466 for sewer service.
- (4) Company and Staff agreed to a rate of return of 6.38%, which is calculated based on a hypothetical capital structure consisting of 66.00% debt and 34.00% equity, with a cost of debt of 5.00% and a cost of equity of 9.07%.
- (5) The schedule of depreciation rates in Attachment A, incorporated by reference herein, includes the depreciation rates used by Staff in its revenue requirement analysis and shall be the prescribed schedule of water/sewer plant depreciation rates for the Company.
- (6) To allow the Company the opportunity to collect the revenue requirement agreed to in (1) above, the rates as shown on Attachment B, incorporated by reference herein, are just and reasonable rates that the Company will be allowed to charge its customers. The impact of these rates on customers' monthly bills is shown on Attachment C, also attached and incorporated by reference herein.
- (7) For the purposes of implementing the agreements set out in this disposition agreement, the Company will file with the Commission, proposed tariff

revisions containing the rates, charges, and language set out in the example tariff sheet(s) attached as Attachment D. The proposed tariffs will contain a set of consolidated rates, charges, and rules for water and sewer customers. The proposed tariff revisions will bear an effective date of October 19, 2022.

- (8) 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 Customer Experience Department (CXD) Report and the Water, Sewer, & Steam (WSS) Report, attached hereto as Attachments E and F and incorporated by reference herein, and provide proof of implementing the recommendation to the Managers of the Commission's CXD Department and WSS Department.
  - (a) The Company shall develop and maintain a customer complaint log. The complaint log is a requirement of Commission Rule 20 CSR 4240-13.040. Documentation shall adhere to Commission Rule 20 CSR 4240-13.040 and include the customer name, address, nature of the complaint, date of occurrence, as well as an explanation of what the Company has done to address the complaint. Documentation shall be kept for a minimum of two (2) years.
  - (b) The Company shall update and implement procedures to ensure the customer is given reasonable time to avoid disconnection. According to 20 CSR 4240-13.050(8) a twenty-four (24) hour notice should be implemented prior to disconnection and reasonable efforts shall include either a written notice, a door hanger, or at least two (2) telephone call attempts to reach the customer.
  - (c) The Company shall evaluate the present software and possibly adjust their bill formatting system.
- (9) The parties agree the sewer collection system and treatment plant require significant maintenance, repair, and replacement. SK&M agrees to document and maintain records associated with any repairs and maintenance performed on the water or sewer systems, including dates, costs, and technical specifications. These repairs shall be documented each year in the Company's annual report and shall be available for review during annual inspections.
- (10) Within ninety (90) days of the effective date of an order approving this Company/Staff Non-Unanimous Agreement, the Company shall implement

the following recommendations of the Auditing Department and provide proof of implementing the recommendations to the Manager of the Commission's Auditing Department:

- (a) The Company shall begin tracking all work conducted in the form of a Time Record. This time record will include a description of the job performed, length of time to complete, name/title of the employee who conducted the work, and shall be tracked by each system. The time record information shall be maintained in sufficient detail to capture the amount of time each employee spends on operation and maintenance activities, as opposed to construction activities. The Company also agrees that detailed timesheets shall be maintained for any future employees the Company may retain.
- (b) The Company shall adjust the general ledger used for regulatory ratemaking purposes to agree with the plant and reserve account balances that are shown in the Staff / Company Non-Unanimous Agreement for this rate case.
- (c) The Company shall provide a more detailed description of all future expenses incurred under memo in the checks and general ledger.
- (d) The Company shall provide a more detailed description in its notes on all future invoices and receipts.
- (e) The Company shall enter expenses in accordance with the National Association of Regulatory Utility Commissioners Uniform System of Accounts. For example, Outside Services should include services provided by non-employees; accountants, sludge hauling, meter reading, and wastewater testing. These should not be recorded in repairs and maintenance.
- (f) The Company shall follow NARUC Uniform System of Accounts ("USOA") guidelines for recording the cost of removal and gross salvage in the Company ledger as adjustments to plant and reserves.
- (g) When each item is placed into plant in service, the Company shall record on the general ledger in a plant account and add that item to the annual reports filed with the Commission.
- (h) The Company shall use dual payment plans when paying for items so personal items do not get purchased with business items. Examples include cell phones, internet, and repairs for vehicles.
- (i) The Company shall keep mileage logs to record business miles traveled. This ensures the owner receives reimbursement for cost of gas, repairs, and maintenance of vehicles used in business operations.



- (j) The Company shall record all postage costs in postal expense, not half in office supplies and half in postal expense.
- (k) The Company shall keep all chemical expenses separate from the repairs and maintenance account to ensure transparency for chemical costs.
- (11) The Company shall mail its customers a final written notice of the rates and charges included in its tariff revisions prior to or with its next billing cycle after issuance of the Commission order approving the terms of this Company/Staff Non-Unanimous Agreement. The notice shall include a summary of the impact of the proposed rates on an average residential customer's bill.
- (12) Staff may conduct follow-up reviews of the Company's operations to ensure that the Company has complied with the provisions of this Company/Staff Non-Unanimous Agreement.
- (13) Staff may file a formal complaint against the Company, if the Company does not comply with the provisions of this Company/Staff Non-Unanimous Agreement.
- (14) The Company and Staff agree that they have read the foregoing Non-Unanimous Agreement, that facts stated therein are true and accurate to the best of the Company's and Staff's knowledge and belief, that the foregoing conditions accurately reflect the agreement reached between the parties; and that the Company and Staff freely and voluntarily enter into this Non-Unanimous Agreement.
- (15) 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.

### **Additional Matters**

Other than the specific conditions agreed upon and expressly set out herein, the terms of this Non-Unanimous Agreement reflect compromises between the Staff and the Company, and no party has agreed to any particular ratemaking principle in arriving at the amount of the annual operating revenue increase specified herein.

The results of Staff's inspections and review of the Company's operation of its facilities can be found in the Water and Sewer Department Report, Attachment F. Staff has completed a Summary of Case Events and has included that summary as Attachment G to this Non-Unanimous

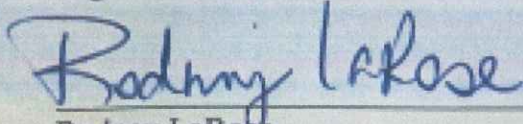
Agreement.

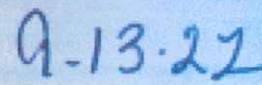
The Company and Staff acknowledge that Staff will be filing this Non-Unanimous Agreement and the attachments hereto, in the existing case and that the Company will file the proposed tariff revisions called for in the agreement. The Company acknowledges that Staff may make other filings in this case.

Additionally, the Company agrees that subject to the rules governing practice before the Commission and without waiving the confidentiality of the facts and positions disclosed in the course of settlement, Staff shall have the right to provide an oral explanation to support its entering into this Non-Unanimous Agreement, if the Commission requests one 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 and without waiving the confidentiality of the facts and positions disclosed in the course of settlement, Staff will be available to answer Commission questions regarding this Non-Unanimous Agreement. To the extent reasonably practicable, Staff shall provide the Company with advance notice of any such agenda meeting so that it may have the opportunity to be present and/or represented at the meeting.

**SIGNATURES**

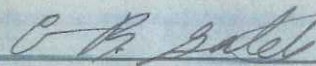
Agreement Signed and Dated:

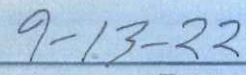




Rodney LaRose  
President  
S.K. & M. Water and Sewer Company

Date





Curtis Gateley  
Manager – Water & Sewer Department  
Missouri Public Service Commission Staff

Date

**List of Attachments**

- Attachment A – Schedule of Depreciation Rates
- Attachment B – Rate Design Worksheets
- Attachment C – Billing Comparison Worksheet
- Attachment D – Example Tariffs
- Attachment E – Customer Experience Department Report
- Attachment F – Water, Sewer, & Steam Department Report
- Attachment G – Summary of Case Events

Disposition Agreement Attachment A  
Depreciation Schedules

**SK&M Water and Sewer Company**  
**DEPRECIATION RATES**  
**(WATER)**  
**SR-2022-0239**

<b>ACCOUNT NUMBER</b>	<b>ACCOUNT DESCRIPTION</b>	<b>DEPRECIATION RATE</b>	<b>AVERAGE SERVICE LIFE (YEARS)</b>	<b>NET SALVAGE</b>
314	Wells & Springs	2.0%	50	0%
325	Electric Pumping Equipment	10.0%	10	0%
331	Structures & Improvements	2.5%	40	0%
332	Water Treatment Equipment	2.9%	35	0%
342	Distribution Reservoirs & Standpipes	2.5%	40	0%
343	Transmission & Distribution Mains	2.5%	40	0%
345	Services	2.5%	40	0%
346	Meters	0.0%	10	0%
347	Meter Pits & Installations	2.5%	40	0%
348	Hydrants	2.0%	50	0%
391	Office Furniture & Equipment	5.0%	20	0%
391.1	Office Equipment & Computer Equipment	14.3%	7	0%
392	Transportation Equipment	13.0%	7	9%
394	Tools, Shop, Garage Equipment	5.0%	18	10%
396	Power Operated Equipment	6.7%	13	13%

**SK&M Water and Sewer Company**  
**DEPRECIATION RATES**  
**(SEWER)**  
**SR-2022-0239**

<b>ACCOUNT NUMBER</b>	<b>ACCOUNT DESCRIPTION</b>	<b>DEPRECIATION RATE</b>	<b>AVERAGE SERVICE LIFE (YEARS)</b>	<b>NET SALVAGE</b>
311	Structures & Improvements	3.0%	33	0%
352.1	Collection Sewers (Force)	2.0%	50	0%
352.2	Collection Sewers (Gravity)	2.0%	50	0%
353	Other Collection Plant	4.0%	25	0%
354	Services to Customers	2.0%	50	0%
355	Flow Measuring Devices	3.3%	30	0%
362	Receiving Wells	4.0%	26	-4%
363	Pumping Equipment	10.0%	10	0%
372	Oxidation Lagoons	4.0%	25	0%
373	Treatment & Disposal Facilities	5.0%	22	-10%
374	Plant Sewers	2.5%	40	0%
375	Outfall Sewers	2.0%	50	0%
376	Other Treatment & Disposal Facilities	5.0%	20	0%
391	Office Furniture & Equipment	5.0%	20	0%
391.1	Office Electronic & Computer Equipment	14.3%	7	0%
392	Transportation Equipment	13.0%	7	9%
393	Other General Equipment	10.0%	8.7	13%
	(tools, shop equip., backhoes, trenchers, etc.)			

Disposition Agreement Attachment B  
Rate Design

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

## Development of Tariffed Rates-Water

Agreement is to modify rate design to include usage data now available per customer based on the currently metered customers average usage. In addition, the part time customer factor is now the same as sewer.

<b>Revenues Generated by Current Tariffed Rates</b>	<b>\$ 133,771</b>
<b>Agreed-Upon Overall Revenue Decrease</b>	<b>\$ (16,161)</b>
<b>Percentage Decrease Proposed</b>	<b>-12.08%</b>

### Metered Customer Rates

Meter Size	Current Customer Charge	Proposed Customer Charge	Current Usage Rate	Proposed Usage Rate		
5/8"	\$ 27.01	\$ 22.76	\$ 2.50	\$ 2.60		
1"	\$ 46.91	\$ 40.96				
1 1/2"	\$ -	\$ 68.27				
2"	\$ -	\$ 159.29				
3"	\$ -	\$ 273.06				
4"	\$ -	\$ 455.11				
<b>Customer Charge</b>	<b>Number</b>	<b>Factor</b>	<b>Customer Equivalents</b>	<b>Factored Customer Charge</b>	<b>Proposed Customer Charge</b>	
5/8"	287	1	287.0	\$ 22.76	\$ 22.76	
1"	1	1.8	1.8	\$ 40.96	\$ 40.96	
1 1/2"	0	3	0.0	\$ 68.27	\$ 68.27	
2"	0	7	0.0	\$ 159.29	\$ 159.29	
3"	0	12	0.0	\$ 273.06	\$ 273.06	
4"	0	20	0.0	\$ 455.11	\$ 455.11	
			288.8			
Customer Charge Calculation:		\$ 78,861	\$ 22.76			
<b>Commodity</b>	\$ 35,987	<b>Gallons</b> 13830600	\$ 2.60			
			\$ 2.60			

Because actual gallons expected to be sold cannot be determined, an assumed amount of gallons sold was developed. Based upon customer make up, experience, and best professional judgement, 5/8" customers assumed to use 3,600 gallons per month. 1" customer meter assumed to be functioning, use averaged 4,550 gallons per month.

### Non-metered Rates

Assumed usage of 3000 gallons per month

5/8" meter  
\$ 7.80 + \$ 22.76 = \$ 30.56



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

## Development of Tariffed Rates-Sewer

Current Revenue	\$ 99,171
Agreed-Upon Overall Revenue Decrease	\$ (11,981)
Percentage Decrease Proposed	-12.08%

### Customer Rates

	Current Customer Charge	Proposed Customer Charge
Residential	\$ 47.87	\$ 42.00
Multifamily	\$ -	\$ 42.00
Total # of customers		170
Current average rate		\$ 47.87
Current Revenue		\$ 99,171
Total necessary revenue		\$ 87,190

Meter Size	Factor	Factored Customer Charge	Proposed Customer Charge
5/8"	1	\$ 42.00	\$ 42.00
1"	1.8	\$ 75.59	\$ 75.59
1 1/2"	3	\$ 125.99	\$ 125.99
2"	7	\$ 293.98	\$ 293.98

Disposition Agreement Attachment C  
Bill Comparison

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

## Residential Customer Bill Comparison-Water

### Rates for 5/8" Meter

<u>Customer</u>	<u>Current Base Customer Charge</u>	<u>Proposed Base Customer Charge</u>	<u>Current Usage Rate</u>	<u>Proposed Usage Rate</u>
5/8"	\$ 27.01	\$ 22.76	\$ 2.50	\$ 2.60

### MONTHLY BILL COMPARISON

Usage assumed at 3,600 gallons/month

#### Monthly Billing

##### Current Rates

Customer Charge	\$ 27.01
Usage Charge	\$ 9.00
Total Bill	\$ 36.01

##### Proposed Rates

Customer Charge	\$ 22.76
Usage Charge	\$ 9.37
Total Bill	\$ 32.12

##### Customer Charge

\$ Decrease	(\$4.25)
% Decrease	-15.75%

##### Usage Charge

\$ Increase	\$0.37
% Increase	4.08%

##### Total Bill

\$ Decrease	(\$3.89)
% Decrease	-10.80%

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

## Residential Customer Bill Comparison-Sewer

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Proposed Base  
Customer Charge  
\$42.00

### MONTHLY BILL COMPARISON

#### Current Rates

Customer Charge	\$ 47.87
Usage Charge	\$ -
Total Bill	<u>\$ 47.87</u>

#### Proposed Rates

Customer Charge	\$ 42.00
Usage Charge	\$ -
Total Bill	<u>\$ 42.00</u>

#### DECREASES

#### Customer Charge

\$ Decrease	(\$5.87)
% Decrease	-12.27%

#### Usage Charge

\$ Decrease	\$0.00
% Decrease	N/A

#### Total Bill

\$ Decrease	(\$5.87)
% Decrease	-12.27%

Disposition Agreement Attachment D  
Tariff Sheets

Name of Utility: S. K. & M. Water & Sewer Company

Service Area: Unincorporated Perry County, MO

Rules and Regulations Governing Rendering of Water Service	
<u>Schedule of Rates</u>	
<u>Metered Rate</u>	
Minimum Monthly Charge	
5/8"	\$22.76
1"	\$40.96
1 1/2"	\$68.27
2"	\$159.29
Water Usage Charge	\$2.60 per thousand gallons used
 <u>Non-Metered Rate</u>	
\$30.56 per month	
All new customers shall receive a meter and be charged the metered rate.	
Non-functioning meters are those for which the meter can be observed to not be turning while water is flowing through the meter. Documentation of meter evaluations and replacement with functioning meters shall be maintained by the Company.	
Customers with a non-functioning meter shall receive written notification at least 21 days prior to being switched to the Non-Metered Rate, and at least 21 days prior to being switched to the Metered Rate after meter replacement.	
 <u>Taxes</u>	
These rates do not include any municipal, state or federal taxes computer on either billing or consumption basis. Any such taxes applicable shall be added as separate items in rendering each bill.	
 <u>Primacy Fee</u>	
There shall be added to the Customer's bill, as a separate item, the amount of the Safe Water Act Primacy Fee authorized and required by Section 640.100 of the Revised Statutes of Missouri.	
* Indicates new rate or text + Indicates change	

Issue Date: September 6, 2022  
 Month /Day/Year

Effective Date: October 19, 2022  
 Month /Day/Year

ISSUED BY Rodney Larose – President/Owner  
 Name and Title of Issuing Officer

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

Name of Utility: S. K. & M. Water & Sewer Company

Service Area: Unincorporated Perry County, MO

Rules and Regulations Governing Rendering of Sewer Service	
<u>Schedule of Rates</u>	
Monthly Rate	
<u>Water Meter Size</u>	<u>Sewer Rate</u>
5/8"	\$42.00
1"	\$75.59
1 1/2"	\$125.99
2"	\$293.98
 <u>Taxes</u>	
<p>These rates do not include any municipal, state or federal taxes computer on either billing or consumption basis. Any such taxes applicable shall be added as separate items in rendering each bill.</p>	
<p>* Indicates new rate or text            + Indicates change</p>	

Issue Date: September 6, 2022  
 Month /Day/Year

Effective Date: October 19, 2022  
 Month /Day/Year

ISSUED BY Rodney Larose – President/Owner  
 Name and Title of Issuing Officer

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

Disposition Agreement Attachment E  
Customer Experience Department Report



## Customer Service and Business Operations Review

The role of the Customer Experience Department (CXD) is to investigate and make recommendations to the Commission on issues related to the customer experience, including promoting and encouraging efficient and effective utility management and customer service. These objectives contribute to the Commission's overall mission to ensure that Missourians receive safe and reliable utility service at just and reasonable rates.

The objectives of this review are to document and analyze the management control processes, procedures, and practices used by S.K. & M. Water and Sewer Company (SK&M or Company) to ensure that its customers' service needs are met and to make recommendations, where appropriate, by which SK&M Water and Sewer Company may improve the quality of services provided to its customers. The findings of this review will also provide the Commission with information regarding SK&M's customer service and business operations.

The scope of this review will focus on the processes, procedures and practices related to:

1. Customer Billing
2. Payment Remittance
3. Credit and Collections
4. Complaints and Inquiries
5. Customer Complaint Log
6. Customer Rights and Responsibility Brochure
7. Company Employees With List of Job Duties

The CXD Staff reviewed the Company's tariffs, Commission complaint and inquiry records, and other documentation related to the Company's customer service and business operation. In preparation of this report, the CXD Staff submitted initial data requests to SK&M on March 16, 2022. A local public hearing was held on April 21, 2022, and was attended by CXD Staff.

### **Overview**

SK&M is a water and sewer company that provides drinking water and sewer collection and treatment services in Perry County, Missouri. SK&M is owned and operated by Rodney and Susan LaRose who acquired the company in July of 2018. SK&M is located in Perryville, Missouri. The SK&M business office is at the LaRose residence which is located at 636 PCR 917, Perryville, MO 63775. At year end 2021 the Company states it had 288 water customers and 170 sewer customers. SK&M's hours of operation are from 6:00 a.m. to 6:00 p.m., Monday through Friday. The owners state they are available 24/7 by telephone for any emergency situations at the following numbers:

- (573)517-3097 Rodney's cell phone
- (573)605-9519 Office phone
- (573)517-1034 Susan's cell phone

Rodney and Susan LaRose are the only SK&M employees. The Company utilizes outside contractors to perform meter reading, and specific water and sewer operations.

## **Customer Billing**

SK&M generates all customer billing statements using Quickbooks. Meters are read around the 15<sup>th</sup> to 17<sup>th</sup> of the month by the meter reader, Anthony Marler<sup>1</sup>. The meter reader then submits to the Company the readings by the 18<sup>th</sup> of the month. The readings are then entered into the billing system by the Company. All billings are completed by the 18<sup>th</sup> or 19<sup>th</sup> of the month and are put into the mail on the 20<sup>th</sup> or the 21<sup>st</sup> of the month. If an unforeseen reason would cause a delay in the mailing of the bills such as a holiday, illness or something beyond their control then the bills would be mailed out a day later with the due date pushed back to ensure customers have an adequate number of days to pay as required by the Commission rules. Billing cycles run from the 21<sup>st</sup> of the month to the 20<sup>th</sup> of the following month. SK&M states that all billing statements are due 21 days after mailing.

SK&M charges water customers a minimum fee of \$27.01 a month with a water usage charge of \$2.50 per 1,000 gallons of water used. Sewer customers are charged a flat rate of \$47.87 a month. The billing statement contains the address of the company, phone number for the company, the billing period, the due date and the meter readings. In case of emergency during after-hours you may call the office number listed on the billing statement and the customer will get a recording with an emergency number to call. There are separate line entries for water and/or sewer charges. A late fee of \$5 is being charged for past due bills.

Commission Rule 4 CSR 240.13.020(9) requires companies to include specific information on the customer billing statements and also states the bill should clearly state such information. Although all the information that is required by the Commission is on the billing statement, Staff believes improvements could be made which would make it easier to read. The billing statement format could benefit from some minor changes so its layout is easier for the customer to read and for the customer to quickly locate items on the bill such as “Total Due”, “Due Date”, “Account Number” and “Meter Reading”. This was a recommendation in the Disposition Agreement in the past rate case (SR-2019-0157) in which Staff indicated the Company had 90 days to make improvements to the billing format.

## **Payment Remittance**

Customers can pay by check, cash or money order. Payments may be made over the phone, online or by mailing payments to SK&M Water and Sewer Company, P.O. Box 212, Perryville, MO, 63775. There is no drop box available for payments since the office is located at the LaRose’s residence.

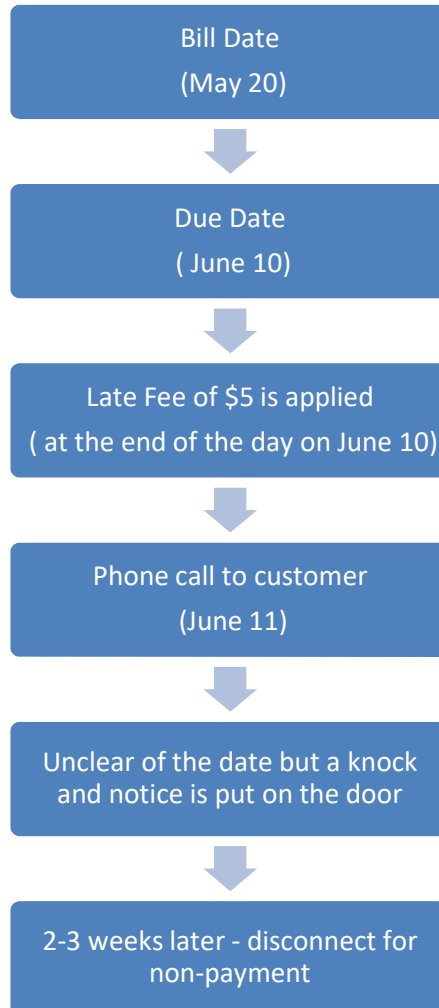
## **Credit and Collections**

New water or sewer customers requesting service are required to complete a written application. SK&M collects a water deposit of \$160 from any potential customer at the time of application. A

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<sup>1</sup> The meter reader is a subcontracted employee.

customer's deposit is refunded back to them upon termination of service and credited to the final bill with the remaining amount, if any, returned to the customer by a check from the Company.



Source: SK&M Management Interview with Auditing Department

The table above illustrates the collections process for a customer disconnect.

SK&M does have a process in place to pursue a delinquent account or discontinue service however Staff is unclear on the timeframe between the time of the phone call, the door hanger and the actual day of disconnection. In response to Staff DR No. 53, SK&M did not include a detailed explanation in regards to their timeframe for contacting the customer who is in disconnect status. CXD Staff requested clarity from the Company on multiple occasions and the only explanation that was provided by SK&M was that phone calls occurred the day after the customers are late on their payment. SK&M stated that prior to the day of disconnection there is a door knock and a disconnection notice placed on the door. Staff is unsure how much time there is between the phone call and the notice and door knock or between the door knock and notification and actual disconnection.

The Company allows the customer 21 days to pay their account balance. If a customer's balance due is not paid in full by the end of the day on the 10th of the month, a \$5.00 late fee is applied to the customer's balance and a phone call is made to the customer. SK&M states if they cannot reach the customer by phone or if they do not receive a call back from the customer to set up payment arrangements, a disconnect notice will be put on the customer's door. It appears there is no further contact made between the door hanger and knock and the actual discontinuance date. On the date of disconnection, customers receive a knock on the door and a notice is left at the residence indicating service has been disconnected. The disconnect notice also states who to contact regarding a reconnection. The Company does not take payments in the field but a customer can go online or call SK&M to make the payment to have service restored. The Company states "we work really closely with our customers and have a tendency to give them more time to pay than maybe we should." SK&M indicates since 2019 there has probably been less than 15 total disconnections. SK&M does not have a log to verify this information.<sup>2</sup>

### **Complaints and Inquiries**

Customers with questions or concerns may call SK&M using the telephone number that is listed on their billing statement. Susan LaRose takes care of complaints and inquiries pertaining to billing, meter readings, etc. If the call is a service call issue pertaining to something "in the field" Susan then directs the customer to call Rodney LaRose. She provides the information to the customer on how to contact Rodney if they do not have their bill readily available as all contact information is on the back of the customer's bills. Susan will also let the customer know she will be relaying their issue and information to Rodney. She will then call or text Rodney to make him aware of the issue so he is prepared to handle it quickly. The meter reader does not respond to customer complaints when in the field reading meters. All complaints are directed back to the Company.

### **Customer Complaint Log**

SK&M does not keep a complaint log on customer complaints or issues. This is a violation of Commission Rule 4 CSR 240-13.040(5) and was a recommendation in the Disposition Agreement for the last rate case (SR-2019-0157) in which Company was advised to create and implement a complaint log.

### **Customer Rights and Responsibility Brochure**

As a result of Commission Order, WR-2019-0158 and SR-2019-0157, the Company brochure detailing the rights and responsibilities required by Commission Rule 20 CSR 4240-13.040 was

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<sup>2</sup> SK&M Response to Staff Data Request No. 59.

developed and provided to customers. CXD Staff reviewed the brochure and it complies with Commission rules.

### **Company Employees With List of Job Duties**

Rodney and Susan LaRose are the only employees and they perform all duties necessary outside of those subcontracted to the Meter Reader, Sewer Operator, and Water Operator. Rodney and Susan take care of the general management of the Company which includes all administrative duties and management and maintenance of the water and waste water treatment plant. Anthony Marler is the meter reader who is subcontracted to read the meters on a monthly basis. He maintains a log and notes when weather conditions or other conditions require an estimated reading. He submits the readings to the Company by the 18<sup>th</sup> of the month. The meter reader does not address any customer complaints while in the field but advises customers to report their complaints to the Company. Natalie Stahl is the subcontracted Sewer Operator who comes in weekly and takes samples using her own equipment and then submits the results to Department of Natural Resources. There are some tests which she cannot perform and the samples are then sent to another facility. Jeremy Meyer is the subcontracted Water Operator and is available when necessary.

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

After review the following is a summary of the preliminary findings, conclusions and recommendations pertaining to SK&M's operations. Areas of concern are addressed below which will need SK&M's attention:

1. Customer Complaint Log
2. Credit and Collections
3. Billing Statement Format

### **Customer Complaint Log**

The Company does not keep a record of customer contacts and complaints it receives. This was previously addressed in case WR-2019-0158/SR-2019-0157 as a recommendation. SK&M was ordered to create and implement a complaint log in accordance with 4 CSR 204-13.040(5) within thirty (30) days of the Disposition Agreement. It is important that the Company maintain records of the number and the types of complaints it receives. Commission Rule 20 CSR 4240-13.040(5) states "A utility shall maintain records on its customers for at least two (2) years which contains all the information concerning....(B) The number and general descriptions of complaints registered with the utility;..."

The Company would benefit from a log of their customer contacts and the log would enable them to meet the Commission rule requirement as well as provide a history of the types of complaints and issues they receive and how these issues get resolved.

The CXD Staff Recommends that the Company:

*Develop and maintain a customer complaint log. The complaint log is a requirement of Commission Rule 4 CSR 240-13.040. The Company failed to develop and implement a complaint*

log within 30 days of the effective date of Commission order in Case No. SR-2019-0157. Also, SK&M personnel must document and maintain the logs for at least two (2) years.

### **Credit and Collections**

SK&M currently does not make reasonable efforts to contact the customer regarding a disconnection in a timely manner. As a recommendation in case SR-2019-0157, the Company was ordered to change/create a procedure(s) to ensure the customer is notified in a timely manner of any proposed disconnections and what actions can be taken to avoid the disconnection. A twenty-four (24) hour notice should be implemented prior to disconnection as stated in 4 CSR 240-13.050(8). Reasonable efforts shall include either a written notice, a door hanger, or at least two (2) telephone call attempts to reach the customer. It is unclear to Staff the timeframe in which contact with the customer is made before disconnection.

The CXD Staff Recommends that the Company:

Update and implement procedures to ensure the customer is given reasonable time to avoid disconnection. According to 4 CSR 240-13.050(8) a twenty-four (24) hour notice should be implemented prior to disconnection and reasonable efforts shall include either a written notice, a door hanger, or at least two (2) telephone call attempts to reach the customer. Staff recommended in the last rate case, SR-2019-0157, that SK&M give delinquent customers at least twenty-four (24) hours' notice before disconnection.

### **Billing Statement Format**

The billing statement is difficult to read and does not have detailed required items that is easy to locate for the customer. As noted in Case No. SR-2019-0157 staff communicated this information with the Company and they were in agreement they could improve the billing statement.

The CXD Staff Recommends that the Company:

Evaluate their present software and possibly adjust their bill formatting system. Staff recommended that the Company had ninety (90) days from the date of the Commission order in Case No. SR-2019-0157 to evaluate their billing format.

Disposition Agreement Attachment F  
Water, Sewer, & Steam Department Report

## WATER, SEWER, & STEAM DEPARTMENT FIELD OPERATIONS AND TARIFF REVIEW

In the last water and sewer rate case, SR-2019-0157, the Commission allowed SK&M to collect an Environmental Improvement Contingency Fund (“EICF” surcharge). Neglected maintenance by previous owners over the course of several years had left many needs in both the water and sewer systems suitable for funding through the EICF. These projects were items the current owners did not have the funding to install at that time, but which they agreed must be completed. As part of its investigation during the previous rate case, Staff conducted financial and managerial audits and a comprehensive review of the necessary improvements for the utilities. Staff found grounds to recommend that establishment of an EICF in the previous case was in the public interest. SK&M in the *Non-Unanimous Agreement Regarding Disposition of Small Utility Company Revenue Increase Request* [for the] *SK&M Water and Sewer Company* in File No, SR-2019-0157, agreed to:

“ implement the recommendations contained in the Water & Sewer Department Report, attached hereto as Attachment I and incorporated by reference herein, and provide proof of implementing the recommendation to the Manager of the Commission’s Water & Sewer Department: (a) The Company agrees to complete the following tasks, as listed in Attachment I, no later than the dates listed, in accordance with the Environmental Improvement Contingency Fund (EICF), pursuant to Commission Rule 20 CSR 4240-10.095:

- Submit Engineering Report to PSC Staff – December 1, 2020;
- Install Backup Booster Pump – January 1, 2021
- Repair Sewer Line Breaks – January 1, 2021;
- Replace Master Meters – June 1, 2021;
- Complete Sewer Camera Survey and Jetting – January 2022.”

This report documents the status of the EIFC tasks and provides the results of Staff’s investigation of the SK&M water system, including regulatory status, and on-site inspections. SK&M contracted with Strickland Engineering to assess SK&M’s existing water and wastewater treatment systems and recommend several options for water system upgrades and treatment system replacement.

Staff received Strickland Engineering’s Preliminary Engineering Report, dated May 16, 2022, (EICF Task #1). Staff provides a summary of the engineering report for informational purposes only, and is not recommending a particular treatment option or equipment selection.



Staff of the Water Sewer and Steam Department conducted site inspections of the SK&M water and sewer systems on March 8, 2022.

### **Description of Sewer System**

Wastewater is delivered to the treatment facility through a gravity collecting sewer system, with force main piping from one lift station. Piping is composed of various sizes of clay and PVC pipe with manholes for access.

The wastewater is treated by an extended aeration plant consisting of two aeration chambers, one clarifier, one aerobic sludge digester, and chlorination and de-chlorination equipment. The system has a design capacity of 120,000 gallons per day (gpd), but has an actual flow of approximately 22,000 gpd<sup>1</sup>.

The treated wastewater is discharged into the receiving stream, which is an unnamed tributary of Cinque Hommes Creek. The settled sludge is continually recirculated from the clarifier back to aeration but as more and more sludge accumulates it is periodically pumped to a sludge digester, which is also aerated. Periodically, sludge from the sludge digester is hauled by a licensed contract hauler for disposal.

The current owners of SK&M received no engineering drawings or equipment specifications for the wastewater treatment plant from the previous owner. Equipment nameplates were either illegible or missing.

### **Missouri Department of Natural Resources (DNR) Permit and Inspections**

The SK&M wastewater treatment facility's Missouri State Operating Permit M0-0098680 was last issued on March 1, 2019, and is not set to expire until September 30, 2023. This permit sets forth effluent limitations, monitoring requirements, and permit conditions, both standard and specific, with which SK&M is required to comply.

DNR conducted an inspection of the SK&M wastewater treatment system on October 18, 2018. At the time of the inspection the system was found to be out of compliance with the Missouri Clean Water Law because of the following unsatisfactory findings:

The potable water supply at the facility, used for washing and cleaning the plant, did not have a reduced pressure zone (RPZ) device to prevent backflow and protect the potable public drinking water supply.

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<sup>1</sup> Actual flow volume is estimated based on pipe diameter and time (the "stop watch" method) since there is no flowmeter at the treatment facility. The volume estimated in the Department of Natural Resources Operating permit is based on the estimated flows reported by the facility.

The clarifier weir was not level, was rusted through on the west side, and needed to be cleaned, all resulting in increased velocity of the clarifier discharge which can result in sludge carryover in the discharge.

### **Status of Wastewater EICF Tasks**

The following summarizes the work performed by SK&M on EICF Tasks completed to date of this report:

Submit Engineering Report to PSC Staff. – Staff received Strickland Engineering’s Preliminary Engineering Report, dated May 16, 2022, (EICF Task #1) in which Strickland Engineering provides an assessment of SK&M’s existing water and wastewater treatment systems and recommends several options for water system upgrades and treatment system replacement to provide safe and adequate treatment of the wastewater.

Repair Sewer Line Breaks --- at the time of Staff’s inspection, SK&M had repaired all known sewer line breaks.

Complete Sewer Camera Survey and Jetting – At the time of Staff’s inspection, SK&M completed jetting of the sewer system, but has not performed the Sewer Camera Survey.

### **Staff Observations**

SK&M stated that the collection system has several compromised or collapsed sections of clay piping, some of which has been replaced. In addition, inflows of rainwater through the collecting system have occasionally flooded the treatment facility. Storm water inflow can result in excessive hydraulic flow through the treatment facility resulting in carrying sludge to the discharge, which is a water pollution violation. At the time of Staff’s inspection, sludge of an indeterminate age was present on the ground around the plant. The company confirmed the sludge came to be on the ground due to peak flows overwhelming the aeration chamber and sludge holding tank, allowing sludge to settle in low spots around the tanks. A current sewer camera inspection is planned by SK&M. The sewer camera inspection allows for a visual inspection the collecting sewers which can provide a record of the extent and severity of the compromised piping.

The wastewater treatment facility is in overall poor condition with broken or missing aeration piping and significant corrosion seen in many parts of the plant. Portions of the aeration tank and sludge holding tank appear to be in danger of eminent collapse. The walls of these tanks are held apart by wooden 4X4s, as the original metal structures for this purpose have rusted away. Since the treatment facility is under-loaded, it could ordinarily be operated by cycling the aeration on and off in predetermined, timed durations. However, to compensate for the deteriorated aerators and piping, the system is currently being operated with one blower running

continuously with no cycling. The final clarifier skimmer arms were turning, but the skimming features were inoperable. The company did not know if the sweeper arms at the bottom of the tank were operating. Significant corrosion of the clarifier appeared to reduce its ability to prevent the loss of algae and debris to the chlorination chamber. SKM has recently completed repairs to the clarifier that have corrected the carryover of debris to the chlorination chamber, however, the clarifier remains in poor condition

Despite the condition of the facility, and operation outside of design specifications, the plant has been meeting effluent limitations as documented by the DNR.

### **Summary of Engineering Report – Wastewater**

Strickland considers the existing wastewater treatment system to be at the end of its useful life. There are broken and missing aeration equipment and piping. The aeration basins, clarifier, and aerobic sludge holding tank are experiencing severe corrosion to the point of potential collapse.

Strickland proposes the following additions and replacements to the wastewater system:

- Install a single-channel manual coarse bar screen to remove debris from the raw influent wastewater.
- Install a Parshall flume for flow measurement and totalized flow.
- Replace existing treatment with a sequencing batch reactor (SBR)
- Install a non-contact, two reactor UV system for disinfection of treated wastewater.

### **Water System Description**

The water distribution system was originally constructed in the early 1970s. The material type, length, and diameter of the existing water mains are largely unknown since the original plan drawings were not provided to the current owners. New water mains are constructed of polyvinyl chloride (PVC) pipe.

The water system consists of two deep wells each with one submersible pump and master meter, a 90,000 gallon concrete ground storage tank, one new variable frequency drive (VFD), a high service pump, one rebuilt high service pump, an inoperable hydro-pneumatic tank and chlorination equipment. From the wells, groundwater is pumped to the ground storage tank. For disinfection, sodium hypochlorite is injected into the piping leading to the ground storage tank. The new VFD high service pump provides water flow at constant pressure from the ground storage tank to the water distribution system.

### **DNR Permit and Inspections**

On December 13, 2018, DNR issued a revised permit to allow SK&M to dispense water to the public. SK&M's permit number is now MO4036226. The current owners of SK&M contacted DNR and requested assistance on drinking water regulations and permit requirements. DNR responded with a Compliance Assistance Visit to the SK&M water system on September 20, 2018 and provided regulatory information and areas of concern. Areas of concern still outstanding at the time of this report are:

Water leaks were noted in the wall of the concrete ground storage tank. SK&M needs to undertake tank repairs by a professional tank contractor. This needs to be completed as soon as possible to prevent further failure. List of storage tank inspection companies is included.

Need to remove rust from Hydro-pneumatic tank and paint the exterior.

Need to have a system in place to control humidity in the high service pump building. This could be achieved by using exhaust fans, control climate with CHA Unit, etc.

### **Status of EICF Tasks for Water System**

The following summarizes the work performed by SK&M on EICF Tasks completed to date of this report:

Install Backup Booster Pump – SK&M has installed a new variable frequency drive (VFD), high service pump, this pump was in-service at the time of Staff's inspection.

Replace Master Meters – SK&M has installed two new master meters. These meters were in service at the time of Staff's inspection.

### **Staff Observations**

In the previous rate case Staff considered the water system to be in poor condition. Since then, the current owners have made substantial improvements to the system, however, some problems still remain. Since the last rate case SK&M has replaced both master meters and has installed a new variable frequency drive high service pump. This new equipment provides a more accurate measurement of groundwater production and increases system reliability. The ground storage tank leaks water into the pump house. The new owners retained a company to clean and repair the ground storage tank. However, the repairs were only partially successful, and within 12 hours of the repairs the tank, the tank began leaking again, but at a reduced rate. There is also a hydro-pneumatic pressure tank connected to the system that is no longer operated as a pressure tank. Staff observed corrosion on piping, well casings, pumps and motors.

The Company has reported that all the meters originally installed were used equipment. To the best of the LaRose's knowledge, no meters had been replaced prior to their purchase. Generally,

meters are required to be replaced at least every ten years, or earlier if they cease to function<sup>2</sup>. As meters age, their accuracy decreases, meaning less and less of the water that flows through them is measured. The result is under billing, and therefore under recovery of revenue for the company. As of March 11, 2022, the Company has replaced 35 meters, 36 are nonfunctional, and the remaining 204 appear to be at least partially functional but are past their design-life and must be replaced. The Company stated that in instances of nonfunctioning meters, customers are only billed the monthly customer charge, and no fee is billed for the commodity charge. Staff observed by inspection that many of the meter settings were poorly constructed and in poor condition. In most instances the meter is simply glued in-line in the pipe, with no method to shut off water, no yoke, and a poorly constructed pit. When it is necessary to shut off water to a customer's residence, either the entire pit and setting is replaced with a proper installation, or the existing meter is cut out and a shut off valve is temporarily glued in until a proper pit and setting can be installed.

### **Summary of Engineering Report – Water**

The recommended potable water system improvements include replacement of the ground storage tank, installing an onsite emergency generator, and replacing 30 customer water meters.

### **Tariff Review**

In the last rate case, the Company's water tariff and sewer tariff was replaced in its entirety and it is consistent with current regulations. Staff recommends updating the water and sewer rates based on the outcome of this rate case.

### **Rate Design**

Water and sewer rates are based on meter size. Some of the water meters are still not functioning properly and therefore the customer receives a flat rate of \$34.51, which is the base rate of \$27.01 plus 3,000 gallons of water use, which is \$2.50 per thousand gallons. Sewer rates are also based on meter size. All but one customer is a residential customer. Staff proposes to keep rates designed based on the meter size. Since the miscellaneous charges were updated in 2019, Staff does not propose to make any changes to them.

### **Staff Recommendations**

SK&M should replace customer meters as quickly as rates will allow. Inaccurate meters tend to reduce the revenue that SK&M is receiving from the sale of water. If SK&M could obtain accurate meter readings, then SK&M could provide accurate bills, and receive the proper amount of revenue from each customer based on the amount of water sold. When combined with a

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<sup>2</sup> Required by 20 CSR 4240-10.030(38) for 5/8" meters

master meter, new customer meters would allow SK&M to accurately track water loss in the distribution system.

SK&M should complete the action items identified by DNR in the DNR inspection reports.

SK&M should complete the EICF tasks as soon as possible.

Disposition Agreement Attachment G  
Summary of Case Events

S.K. & M. Water and Sewer Company  
MO PSC File No. SR-2022-0239  
Summary of Case Events

<b>Date Filed:</b>	March 8, 2022
<b>Day 150:</b>	September 6, 2022
<b>Extension?</b>	Yes, thirty (30) days
<b>Amount Requested Water:</b>	\$8,000
<b>Amount Proposed Water:</b>	-\$16,161
<b>Amount Requested Sewer:</b>	\$4,000
<b>Amount Proposed Sewer:</b>	-\$11,981
<b>Item(s) Driving Rate Decrease:</b>	The Company was ordered to in the last rate case (SR-2019-0157) to follow up on the EICF which had been added to rates. Staff and the Company have agreed to remove the EICF which will decrease rates. Staff also reduced some revenue because of previous expenses that were no longer needed.
<b>Number of Customers:</b>	295 water customers, 170 sewer customers
<b>Return on Equity:</b>	9.07%
<b>Assessment Current:</b>	Yes
<b>Annual Reports Filed:</b>	Yes
<b>Other Open Cases before Commission:</b>	No
<b>Status with Secretary of State:</b>	Good Standing
<b>DNR Violations:</b>	None
<b>Significant Service/Quality Issues:</b>	None



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

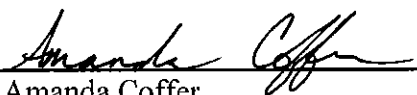
In the Matter of the S.K. & M. Water and Sewer     )  
Company's Application for an Increase in             )     **File No. SR-2022-0239**  
Annual Sewer System Operating Revenues             )

**AFFIDAVIT OF AMANDA COFFER**

STATE OF MISSOURI     )  
                                      )     ss.  
COUNTY OF COLE     )

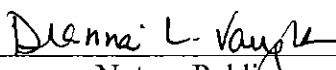
**COMES NOW** Amanda Coffe, and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Day 150 Report*, and that the same is true and correct according to her best knowledge and belief, under penalty of perjury.

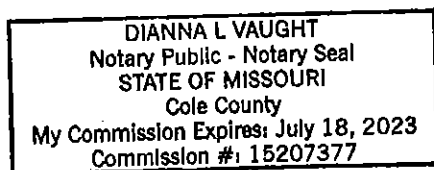
Further the Affiant sayeth not.

  
\_\_\_\_\_  
Amanda Coffe

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 13<sup>th</sup> day of September, 2022.

  
\_\_\_\_\_  
Notary Public



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

In the Matter of the S.K. & M. Water and Sewer     )  
Company's Application for an Increase in            )  
Annual Sewer System Operating Revenues            )     **File No. SR-2022-0239**

**AFFIDAVIT OF DAVID C. ROOS**

STATE OF MISSOURI     )  
   )  
COUNTY OF COLE     )     ss.

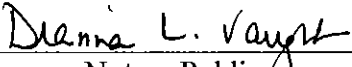
**COMES NOW** David C. Roos, and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Day 150 Report*, and that the same is true and correct according to his best knowledge and belief, under penalty of perjury.

Further the Affiant sayeth not.

  
\_\_\_\_\_  
David C. Roos

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 13<sup>th</sup> day of September, 2022.

  
\_\_\_\_\_  
Notary Public

DIANNA L. VAUGHT  
Notary Public - Notary Seal  
STATE OF MISSOURI  
Cole County  
My Commission Expires: July 18, 2023  
Commission #: 19207377

**BEFORE THE PUBLIC SERVICE COMMISSION**

**OF THE STATE OF MISSOURI**


In the Matter of the S.K. & M. Water and Sewer )  
Company's Application for an Increase in ) **File No. SR-2022-0239**  
Annual Sewer System Operating Revenues )

**AFFIDAVIT OF DAVID A. SPRATT**

STATE OF MISSOURI )  
 ) ss.  
COUNTY OF COLE )

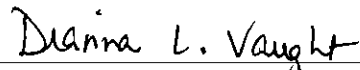
**COMES NOW** David A. Spratt, and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Day 150 Report*, and that the same is true and correct according to his best knowledge and belief, under penalty of perjury.

Further the Affiant sayeth not.

  
\_\_\_\_\_  
David A. Spratt

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 13<sup>th</sup> day of September, 2022.

  
\_\_\_\_\_  
Notary Public

DIANNA L VAUGHT  
Notary Public - Notary Seal  
STATE OF MISSOURI  
Cole County  
My Commission Expires: July 18, 2023  
Commission #: 15207377

**BEFORE THE PUBLIC SERVICE COMMISSION**

**OF THE STATE OF MISSOURI**


In the Matter of the S.K. & M. Water and Sewer )  
Company's Application for an Increase in ) **File No. SR-2022-0239**  
Annual Sewer System Operating Revenues )

**AFFIDAVIT OF LISA A. STOCKMAN**

STATE OF MISSOURI )  
 ) ss.  
COUNTY OF COLE )

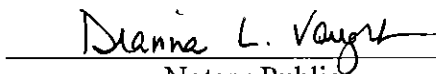
**COMES NOW** Lisa A. Stockman, and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Day 150 Report*, and that the same is true and correct according to her best knowledge and belief, under penalty of perjury.

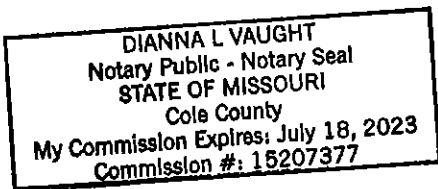
Further the Affiant sayeth not.

  
\_\_\_\_\_  
Lisa A. Stockman

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 13<sup>th</sup> day of September, 2022.

  
\_\_\_\_\_  
Notary Public



**STATE OF MISSOURI**

**OFFICE OF THE PUBLIC SERVICE COMMISSION**

I have compared the preceding copy with the original on file in this office and I do hereby certify the same to be a true copy therefrom and the whole thereof.

**WITNESS** my hand and seal of the Public Service Commission,  
at Jefferson City, Missouri, this 28<sup>th</sup> day of September, 2022.



  
\_\_\_\_\_  
**Morris L. Woodruff**  
**Secretary**

**MISSOURI PUBLIC SERVICE COMMISSION**

**September 28, 2022**

**File/Case No. SR-2022-0239**

**Missouri Public Service  
Commission**

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

Legal Department  
P.O. Box 212  
636 PCR 917  
Perryville, MO 63775  
skmwaterandsewer@gmail.com

**Enclosed find a certified copy of an Order or Notice issued in the above-referenced matter(s).**

*Sincerely,*



**Morris L. Woodruff  
Secretary**

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Recipients listed above with a valid e-mail address will receive electronic service. Recipients without a valid e-mail address will receive paper service.