

Sarver, Ashley

From: Sarver, Ashley
Sent: Thursday, May 17, 2018 9:33 AM
To: Phil Macias <pmacias@cswrgroup.com> (pmacias@cswrgroup.com); Josiah Cox <jcox@cswrgroup.com> (jcox@cswrgroup.com)
Cc: Reinhart, Sandra
Subject: Raccoon Creek Utility Operating Company, Inc.-BMAR-2018-1736, 2017 Missouri Public Service Commission Annual Report, Deficiency Notice

Thank you for submitting your 2017 Annual Report to the Missouri Public Service Commission (“Commission”).

Commission Staff has reviewed your report and identified the following item(s) that need to be corrected:

1. On page 7, column a, please include the “Name of Recipient” for the service.
2. During the review, it was noticed that your company listed new additions to plant during the year on page S4. If any of these additions involved the use of internal labor or external labor, then the amount of capitalized labor attributable to these additions should be properly delineated in the capitalized section(s) on page 6 (internal labor) and/or page 7(external labor), as applicable. Please check to ensure all capitalized labor (if applicable) has been properly reported.
3. On page 8, line 3, column c, the 2017 Annual Report balance at the beginning of year 569,947 does not match the 2016 Annual Report balance at end of year of 297,545. Please check the data provided and correct any errors.
4. On page 8, Amortization of Contributions in Aid of Construction. In the 2016 Annual Report the Company used the Distribution Method however for the 2017 Annual Report they used the Attached Method. The Distribution Method allows the utility to evenly spread each contribution equally among all plant in service. Please email me documentation on how the new Attached Method was calculated.
5. On page S-4, column C, Plant balance at beginning of year does not match the plant balance at end of year from the 2016 Annual Report. The plant balance at end of year from the 2016 Annual Report is 2,500,248 however the beginning plant balance for 2017 is 2,304,655. The ending plant balance must match the beginning plant balance for the next year. Please check the data provided and correct any errors.
6. On page S-4, column I, Reserve balance at beginning of year does not match the reserve balance at end of year from the 2016 Annual Report. The reserve balance at end of year from the 2016 Annual Report is 425,813 however the beginning reserve balance for the 2017 Annual Report is 463,862. The ending reserve balance must match the beginning reserve balance for the next year. Please check the data provided and correct any errors.
7. The depreciation rates listed on page S-4, column j do not reflect the rates authorized by the Commission for your company. If you have any questions regarding your rates, please contact me to discuss.

A response for this/these item(s) is required in order to show your report as complete and remove it from deficiency status.

You **must resubmit** the Annual Report, in its entirety, with the appropriate changes and the referenced identification number below for it to be properly entered into the system. An updated Verification page attesting to the new/updated information is also required. **A response to this deficiency is due by June 6, 2018.**

Your prompt attention to resolving this matter is appreciated. The Commission’s rule 4 CSR 240-3.165 (Electric), 4 CSR 240-3.245 (Gas), 4 CSR 240-3.335 (Sewer), 4 CSR 240-3.435 (Steam), 4 CSR 240-28.040 (Telecommunications) and 4 CSR 240-3.640 (Water) states that a utility company which receives a notice of

deficiency, for the information provided in the Annual Report, shall respond to that notice within **20 days** or the utility company is subject to a **penalty of \$100** for each day that it is late in filing its response to the deficiency.

The completed document/revision should be submitted electronically under EFIS (accessible from the Commission's Web page @ <http://psc.mo.gov/> or mailed to:

Data Center
Missouri Public Service Commission
200 Madison Street, Suite 100, Jefferson City, MO 65101
(P.O. Box 360, Jefferson City, MO 65102-0360)

When contacting the Commission concerning your report, please reference the following identification number: **BMAR-2018-1736**.

Should you have any questions or need assistance in this process, please contact me.

A COMPANY RESPONSE TO THE ABOVE DEFICIENCY(CIES) IS REQUIRED.

Sincerely,

Ashley Sarwer

Utility Regulatory Auditor IV
Auditing Department
Governor Office Building, Suite 440
200 Madison Street
Jefferson City, MO 65101
Phone # 573-751-7439

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