

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

In the Matter of Taney County Utilities)	
Corporation's Request for a Small Water and)	<u>Case No. WR-2004-0450</u>
Sewer Company Rate Increase)	

STATUS REPORT

COMES NOW the Staff of the Missouri Public Service Commission ("Staff"), by and through Counsel, and for its Status Report states the following to the Missouri Public Service Commission ("Commission").

1. On May 25, 2005, the Commission issued its Order Directing Staff To File Report ("Order") in the instant case, wherein it directed the Staff to file a status report indicating whether Taney County Utilities Corporation (Company) has complied with the requirements imposed by the Commission's Order Approving Small Company Rate Increase on or before June 15, 2005.

2. On June 14, 2005, the Staff filed its Motion for Extension of Time to File Report Regarding Compliance, requesting that the time for filing its status report be extended to June 20, 2005. On the same day, the Commission issued its order granting the Staff's Motion.

3. Attached hereto, and marked as Appendix A, is the Staff Report Regarding Compliance by Taney County Utilities Corporation, which is being submitted in compliance with the above-referenced Order. In its report, the Staff concludes that the Company is in compliance with the requirements imposed by the Commission's Order Approving Small Company Rate Increase.

WHEREFORE, the Staff respectfully requests that the Commission accept the attached Staff report for filing in the case papers of this case.

Respectfully Submitted,

DANA K. JOYCE
General Counsel

/s/ Keith R. Krueger

Keith R. Krueger
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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing 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 20th day of June 2005.

/s/ Keith R. Krueger

Keith R. Krueger

STAFF RECOMMENDATION

APPENDIX A

Staff Report and Attachment

Case No. WR-2004-0450

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- Item 2: Attachment 1 to Staff Report – EMSD Status Report

Official Case File Memorandum

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. WR-2004-0450 - - - Taney County Utilities Corporation

FROM: Dale W. Johansen – Project Coordinator
Water & Sewer Department
Graham Vesely – Auditing Department
Lisa Kremer – Engineering & Management Services Department
James M. Russo – Water & Sewer Department

<u>/s/ Dale W. Johansen</u>	<u>06/20/05</u>
Project Coordinator	Date

<u>/s/ Keith Krueger</u>	<u>06/20/05</u>
General Counsel's Office	Date

SUBJECT: Staff Report on Taney County Utilities Corporation compliance with requirements imposed by the Commission's Order Approving Small Company Rate Increase

DATE: June 20, 2005

BACKGROUND

Taney County Utilities Corporation ("Company") initiated the subject small company rate increase request ("Request") by submitting a letter to the Secretary of the Commission, which was received at the Commission's offices on November 4, 2002. The Company submitted its Request under the provisions of Commission Rule 4 CSR 240-2.200 (*1), 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 \$84,400 in its total annual water service operating revenues. Upon receipt of the Company's letter that initiated the Request, personnel in the Commission's Data Center entered the letter into the Commission's electronic filing and information system ("EFIS") and the system assigned Work I.D. No. QW-2003-0016 to the Request.

A summary of orders and filings to May of this year is listed below:

- On March 3, 2004 (*2), the Company filed its request letter and proposed tariff sheets establishing rate case WR-2004-0450.

*1 Rule 4 CSR 240-2.200 was rescinded, effective April 30, 2003, when Rule 4 CSR 240-3.635, which is substantively identical to 4 CSR 240-2.200, was adopted. The procedure that the Staff followed in this case complied with the provisions of both rules.

*2 Unless noted otherwise, all dates hereafter refer to the year 2004.

- On March 17, Staff filed the Notice of Agreement Regarding Disposition of Small Company Rate Increase Request between the Company and Staff.
- On May 11, Staff filed the Staff Recommendation for Approval of Tariff Revisions, Approval of Depreciation Rates and Approval of Agreement Regarding Disposition of Small Company Rate Increase Requests.
- On May 13, the Commission issued an order approving the agreement between the Staff and the Company, regarding the disposition of the Company's small company rate increase request.
- On October 26, Staff filed a motion to re-open the case and requested that additional tariff sheet revisions be approved.
- On October 27, the Commission ordered the filing of tariff revisions in this case.
- On November 29, Staff filed a recommendation for the approval of the revised tariff sheet.
- On December 2, the Commission issued an order approving the revised tariff.
- On May 25, 2005, the Commission ordered the Staff file a report no later than June 25, 2005, indicating whether the Company has complied with the requirements imposed by the Commission's Order Approving Small Company Rate Increase.
- On June 14, 2005, the Commission granted the Staff's motion to extend, to June 20, 2005, the deadline by which the Staff must file its report on the Company's compliance.

STAFF'S REVIEW AND CONCLUSIONS

Staff members from the Accounting, Engineering & Management Services and Water & Sewer Departments participated in the Staff's review of the Company's compliance with the Disposition Agreement.

Staff reviewed the items numbered (13) thru (18) in the Disposition Agreement. The items reviewed were:

- Discontinue the practice of automatically requiring security deposits for all new Company customers and adhere to all deposit criteria contained in the Commission Rules (4 CSR 240-13.030);
- Refund all customer deposits with appropriate interest consistent with requirements contained in the Company's tariff and the Commission's Rules;

- Determine that all operating agreements made with third party service providers, accurately reflect the service being paid for by the Company and periodically review that services agreed to are being performed;
- Create and maintain a customer contact logbook recording all customer contacts and a detailed explanation of the reason for the contact and retain the log for a minimum of three years;
- Increase protection of all vital Company records by storing such records in a locked and fireproof cabinet and limiting access to Company personnel; and,
- Perform timely back-ups of computerized records and store them in a secure, fireproof location on-site or in offsite storage.

Lisa Kremer reviewed all of these items with the Company and found the Company is in compliance. Ms. Kremer's complete status report is attachment 1 to this document. In addition, Graham Vesely contacted the Company and verified that the Company no longer has a contract with White River Valley Environmental Services, LLC.

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.

Staff believes that Taney County Utilities Corporation is in compliance with the requirements imposed by the Commission's Order approving the small company rate increase.

List of Attachments

Attachment 1: Engineering Management Services Department Status Report

Attachment 1 – EMSD Status Report

**EMSD Status Report:
Review of Taney County Utilities
Customer Service Operations**

Taney County Utilities indicates it has completed action on all of the recommendations made by the EMSD staff in the review it performed of the Company's Customer Service Operations in December 2002. Below are the specific recommendations made to Taney County Utilities and a discussion of the Company's implementation of each.

Discontinue the practice of automatically requiring security deposits for all new Company customers and adhere to all deposit criteria presented in 4 CSR 240-13.030.

The Company indicates it discontinued the practice of requiring all new customers to automatically pay a deposit and is abiding by the deposit criteria presented in 4 CSR 240-13.030. The Company provided documentation of a new service application that demonstrated the company had waived a customer deposit because the customer met one of the four criteria presented in Chapter 13.

Refund all future customer deposits with appropriate interest consistent with requirements presented in the Company's tariff and in 4 CSR 240-13.030.

The Company indicates it is refunding customer deposits with interest, consistent with the provisions presented in 4 CSR 240-13.030 and provided the EMSD staff documentation of cancelled checks and customer records demonstrating such refunds.

Determine that all future operating agreements, with any contracted service provider, accurately reflect the services performed for the Company. Periodically review any future contracts and verify that services agreed to in such contracts are being performed.

The Company indicates it has discontinued using the contracted services of White River Valley Environmental Services, LLC and White River Valley Electric Cooperative. All business office activities are performed by Taney County Utilities, including billing.

Copies of customer bills, prepared by Taney County Utilities were reviewed by the EMSD staff.

Revise all future operating agreements with contracted service providers to maintain a customer complaint log, if customer contacts are part of the service provider's responsibility. At a minimum, records should be maintained for two years, as specified by 4 CSR 240-13 but three years is preferable.

As stated previously, the Company has discontinued the operating agreement with White River Valley Electric Cooperative in Branson which had responded to calls from Taney County Utilities customers. Customers are presently being directed to call Taney County Utilities for inquiries and complaints.

Develop and initiate a system for documenting the nature of customer contacts, particularly those relating to customer complaints. Ensure that such records are maintained for a minimum of two years.

The Company indicates it has addressed this recommendation and provided documentation of the customer complaint log it maintains.

Increase protection of all vital Company records including evaluating locked storage and limiting employee access. Back-up computerized Company records periodically and store them in a secured, fire-proof location such as a file cabinet on Company premises or consider off-site storage.

The Company indicates it has addressed this recommendation by contracting with the First Home Savings Bank of Rockaway Beach for a safe deposit box to store backed-up Company records. The Company indicates backed-up computer disks are taken to the Rockaway bank approximately monthly. The Company provided a copy of the contract with the First Home Savings Bank for the safe deposit box storage.