

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

In the Matter of the Request of Suburban)
Water & Sewer Company for a Rate)
Increase Pursuant to the Commission's)
Small Company Rate Increase Procedure)

Case No. WR-2005-0455

Tariff I.D. No. YW-2005-1074

**RECOMMENDATION REGARDING DISPOSITION
OF SMALL COMPANY RATE INCREASE REQUEST**

COMES NOW the Staff of the Missouri Public Service Commission ("Staff"), by and through Counsel, and for its Recommendation Regarding Disposition of Small Company Rate Increase Request states the following to the Missouri Public Service Commission ("Commission").

1. Suburban Water & Sewer Company ("Company") initiated the subject small company rate increase request ("Request") by submitting a letter to the Secretary of the Commission, which was stamped "Received" at the Commission's offices on December 3, 2004. The Company submitted its Request under the provisions of Commission Rule 4 CSR 240-3.635, Water Utility Small Company Rate Increase Procedure ("Small Company Rate Increase Procedure").

2. Consistent with the Small Company Rate Increase Procedure, the Staff, the Company and the Office of the Public Counsel ("OPC") have negotiated and executed a *Unanimous Agreement Regarding Disposition of Small Sewer Company Rate Increase Request* ("Disposition Agreement") regarding the Company's Request.

3. By a letter that was stamped "Received" at the Commission's offices on May 31, 2005¹, the Company submitted revised tariff sheets to the Commission for the purpose of implementing the provisions of the above-referenced Disposition Agreement, and the instant case was established. (The revised tariff sheets bore a proposed effective date of June 30.)

4. On June 6, the Staff filed the above-referenced Disposition Agreement in the case papers for this case.

5. The Staff's recommendations to the Commission regarding this case are set out on page 5 of the Staff Memorandum that is attached hereto and labeled Appendix A.

6. Included with the attached Staff Memorandum are various documents regarding the Company's Request and the Staff's investigation of the Request, including the Staff's audit and rate design workpapers.

7. The Commission has the authority to approve the subject proposed tariff revisions in accordance with Sections 393.140(11) and 393.150, RSMo 2000. In addition, Section 393.130.1, RSMo 2000 provides that all charges made by any water corporation for water service rendered or to be rendered shall be "just and reasonable." The Staff's and the OPC's agreements with the proposed tariff revisions are evidence that the rates and charges contained in the tariff revisions are just and reasonable, as that statute requires.

8. The procedure followed in this case complies with the requirements of the Small Company Rate Increase Procedure in general, and with 4 CSR 240-3.635(1)(C) in particular.

¹ Unless noted otherwise, all dates hereafter refer to the year 2005.

WHEREFORE, the Staff respectfully requests that the Commission issue an order consistent with the recommendations set out on page 5 of the Staff's Official Case File Memorandum.

Respectfully Submitted,

DANA K. JOYCE
General Counsel

/s/ Keith R. Krueger

Keith R. Krueger
Deputy General Counsel
Missouri Bar No. 23857

Attorney for the Staff of the
Missouri Public Service Commission

P.O. Box 360
Jefferson City, MO 65102
573-751-4140 (telephone)
573-751-9285 (facsimile)
keith.krueger@psc.mo.gov (e-mail)

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 13th day of June 2005.

/s/ Keith R. Krueger

Keith R. Krueger

STAFF RECOMMENDATION

APPENDIX A

Case File Memo and Attachments

Case No. WR-2005-0455

Note: To browse through this document by item, click on the "Bookmark" tab at the top of the menu bar to the left of the screen and then click on the item that you want to see.

Table of Contents

- Item 1: Case File Memorandum
- Item 2: Attachment 1 to Case File Memo – Ratemaking Income Statement, Rate Design Worksheet and Customer Bill Comparison
- Item 3: Attachment 2 to Case File Memo – Revenue Requirement Audit Workpapers
- Item 4: Attachment 3 to Case File Memo – Overview of Company and Customer Service Operations

Official Case File Memorandum

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. WR-2005-0455 - - - Suburban Water and Sewer Company

FROM: Dale W. Johansen – Project Coordinator
Water & Sewer Department
Dana Eaves – Auditing Department
Jolie Mathis – Engineering & Management Services Department
Debbie Bernsen – Engineering & Management Services Department
Matt Barnes – Financial Analysis Department
James M. Russo – Water & Sewer Department
Martin Hummel – Water & Sewer Department

<u>/s/ Dale W. Johansen</u>	<u>06/13/05</u>
Project Coordinator	Date

<u>/s/ Keith R. Krueger</u>	<u>06/13/05</u>
General Counsel's Office	Date

SUBJECT: Staff Recommendation for Approval of Tariff Revisions, Approval of Depreciation Rates and Approval of Unanimous Agreement Regarding Disposition of Small Water Company Rate Increase Request

DATE: June 13, 2005

BACKGROUND

Suburban Water & Sewer Company ("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 December 3, 2004. The Company submitted its Request under the provisions of Commission Rule 4 CSR 240-3.635, 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 \$7,100 in its total annual water service operating revenues. As stated by the Company in its Request letter, the reasons for the requested increase in its water service operating revenues are: a change in the source of water supply, increases in operation and maintenance expenses due to the installation of water meters, and the need to maintain a minimum surplus to account for delinquent payments by existing customers.

The Company provides water service to approximately 110 customers, all of which are residential customers. The Company's current rates (those resulting from the Company's last rate case) went into effect on November 1, 1993.

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-2005-0001 to the Request. The Company's letter was then forwarded to the Commission's Water & Sewer Department ("W/S Dept") for processing under the Small Company Rate Increase Procedure. A copy of the Company's request letter is identified as item number 1 in the EFIS tracking file for the Request.

By a letter dated December 29, 2004, which Staff members in the W/S Dept had previously approved, the Company notified its customers of the Request. As a part of this initial customer notice, the Company requested that its customers' questions or comments be directed to the Commission Staff and/or the Office of the Public Counsel ("OPC"). A copy of the initial customer notice is identified as item number 2 in the EFIS tracking file for the Request.

STAFF'S INVESTIGATION AND CONCLUSIONS

As noted at the beginning of this Memorandum, Staff members from the Accounting, Engineering & Management Services, Financial Analysis and Water & Sewer Departments participated in the Staff's investigation of the Company's Request. 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.

In response to the Company's initial customer notice, the W/S Dept Staff received one phone call from a customer regarding the proposed increase. This customer questioned the level of the proposed increase, but felt that changing the source of water would result in better water quality and water pressure. A copy of the customer's comment is included in item number 3 in the EFIS tracking file for the Request. The W/S Dept provided copies of the customer's comment to the OPC and the Company shortly after the customer comment period ended.

Based upon an audit of the Company's books and records, a determination of the Company's rate base investments and necessary operating expenses, an evaluation of the Company's depreciation rates and an analysis of the Company's capital structure and cost of capital, and an investigation of the Company's business and system operations, the Staff concluded that an increase of \$4,192 in the Company's annual water service operating revenues is warranted.

In addition to its conclusion regarding the increase in the Company's annual operating revenues, the Staff concluded that new depreciation rates need to be prescribed for the Company, and that certain changes in the Company's business operations and system operations are warranted.

On March 14, 2005*, the Staff forwarded information regarding the above items to representatives of the Company and the OPC for their review and response.

RESPONSES TO STAFF'S FINDINGS AND SUBSEQUENT ACTIONS

Pursuant to negotiations held subsequent to the Company's and the OPC's receipt of the above-referenced information regarding the results of the Staff's investigation of the Company's Request, a written *Unanimous Agreement Regarding Disposition of Small Company Rate Increase Request* ("Disposition Agreement") was reached between the Staff, Company and OPC ("the Parties"). The Parties also reached an agreement regarding the tariff revisions needed to implement the terms of the Disposition Agreement. (Because the Disposition Agreement is between the Staff, the Company and the OPC, the Company was not required to send a notice to its customers regarding the rates and charges that would result from implementation of the provisions of this Disposition Agreement, and the OPC was not provided the opportunity to request a local public hearing.)

The Disposition Agreement reflects the following agreements: (1) that an increase of \$4,192 in the Company's sewer annual operating revenues is necessary; (2) that certain changes to the Company's administrative operations are appropriate; (3) that new depreciation rates need to be prescribed for the Company; (4) that the rates included in the above-referenced agreed-upon tariff revisions are designed to generate revenues sufficient to recover the Company's total annualized cost of service; and (5) that the rates included in the above-referenced agreed-upon tariff revisions are just and reasonable. (The specific agreements between the Company, Staff and OPC are set out on page 2 of the Disposition Agreement, which the Staff filed in this case on June 6, and which can be found in the EFIS file for case WR-2005-0455 as item number 2)

By a letter that was stamped "Received" by personnel in the Commission's Data Center on May 31, the Company submitted revised tariff sheets, including the agreed-upon tariff revisions that are necessary to implement the terms of the Disposition Agreement. Upon receipt of that tariff filing, Data Center personnel entered the filing into EFIS and the instant case was created (the transmittal letter and revised tariff sheets are included in item number 1 in the EFIS case file). As required by the Small Company Rate Increase Procedure, the subject revised tariff sheets bore an effective date that was more than 30 days past the issue date. As is also required by the Small Company Rate Increase Procedure, the above-referenced Disposition Agreement has been filed in the case papers. (As noted previously, the Staff filed the Disposition Agreement on June 6.)

* Unless noted otherwise, all dates hereafter refer to the year 2005.

ADDITIONAL INFORMATION

In addition to the documents that have already been submitted to the EFIS tracking file and EFIS case file for this case, as noted previously herein, the following documents are included with this Memorandum: (1) the Staff's ratemaking income statement, rate design worksheet and customer bill comparison are included in Attachment 1; (2) the Staff's revenue requirement audit workpapers are included in Attachment 2; and (3) the Staff's overview of the Company and its customer service procedures and practices is included in Attachment 3.

Pursuant to a review of available electronic information maintained by the Commission's Budget & Fiscal Services Department and Data Center, and in EFIS, the Staff notes that the Company was current on the payment of its Commission assessments and on the filing of its Commission annual reports when it submitted its Request, as is required by the Small Company Rate Case Procedure. The Staff also notes that the Company is current on those matters as of the writing of this Memorandum. The assessment information reviewed covers fiscal years 1996 through 2005 and the annual report information reviewed covers calendar years 1997 through 2004.

The Staff notes that the Company has no other matters pending before the Commission, and that approval of the subject tariff revisions will thus not affect any other matter before the Commission with regard to the Company.

The Staff notes that the Company received no "notices of violations" from the Missouri Department of Natural Resources during the test year used for the Request and has also not received any since the end of the test year to date.

Lastly the Staff notes that the Disposition Agreement contains provisions allowing the Staff to answer Commissioner questions regarding this case during any Commission agenda session during which the case is noticed to be considered by the Commission.

STAFF'S RECOMMENDATIONS

Based upon the above, the Staff recommends that the Commission issue an order in this case that:

- * Approves the revised tariff sheets that the Company filed on May 31 to be effective for service rendered on and after June 30;
- * Approves the schedule of depreciation rates that is included as Attachment 4 to the Disposition Agreement submitted in this case as the schedule of depreciation rates prescribed for the Company's use;
- * Approves the Disposition Agreement submitted in this case; and
- * Directs the Company to comply with the terms of the Disposition Agreement.

List of Attachments

- | | |
|---------------|---|
| Attachment 1: | Ratemaking Income Statement, Rate Design Worksheet and Customer Bill Comparison |
| Attachment 2: | Revenue Requirement Audit Workpapers |
| Attachment 3: | Overview of Company and Customer Service Operations |

**Attachment 1 – Ratemaking Income Statement, Rate Design
Worksheet and Customer Bill Comparison**

SUBURBAN WATER & SEWER COMPANY

Rate Making Income Statement-Water

Operating Revenues at Current Rates

1	Tariffed Rate Revenues *	\$	18,823
2	Unauthorized by Tariff Flat Fee	\$	-
3	Total Operating Revenues	\$	18,823
4	* See "Revenues - Current Rates" for Details		

Cost of Service

Item			
1	Pumping Equipment-Purchased Power	\$	2,411
2	Labor	\$	3,387
3	Water Treatment -Chemicals	\$	1,275
4	Maintenance of Parts/Equipment	\$	8,319
5	Outside Services Employed	\$	1,700
6	Meter Reading Expense	\$	620
7	Purchased Water	\$	-
8	Regulatory Commission Expense	\$	327
9	Miscellaneous General Expenses	\$	614
10	Sub-Total Operating Expenses	\$	18,653
11	Property Taxes	\$	-
12	MO Franchise Taxes		
13	Employer FICA Taxes		
14	Federal Unemployment Taxes		
15	State Unemployment Taxes		
16	State & Federal Income Taxes	\$	-
17	Sub-Total Taxes	\$	-
18	Depreciation Expense	\$	2,792
19	Amortization of Utility Plant (computer system)	\$	-
20	Sub-Total Depreciation/Amortization	\$	2,792
21	Return on Rate Base	\$	1,570
22	Total Cost of Service	\$	23,015
23	Overall Revenue Increase Needed	\$	4,192

SUBURBAN WATER & SEWER COMPANY

Development of Tariffed Rates-Water

Agreement is to increase currently tariffed rates by a percentage equal to the agreed-upon overall revenue increase divided by the revenues generated by the currently tariffed rates.

Revenues Generated by Current Tariffed Rates	\$ 18,823
Agreed-Upon Overall Revenue Increase	\$ 4,192
Percentage Increase Needed	22.271%

Metered Customer Rates				
Meter Size	Current Service Charge	Proposed Service Charge	Current Usage Rate	Proposed Usage Rate
5/8"	\$ 2.42	\$ 2.96	\$ 1.530	\$ 1.871

SUBURBAN WATER & SEWER COMPANY

Residential Customer Bill Comparison-Water

Rates for 5/8" Meter

<u>Current Base Service Charge</u>	<u>Proposed Base Service Charge</u>	<u>Current Usage Rate</u>	<u>Proposed Usage Rate</u>
\$2.42	\$2.96	\$1.53	\$1.87

current service charge is monthly charge

usage rate is per 1,000 gallons used

MONTHLY BILL COMPARISON

6,000 gallons/month usage

Current Rates

Service Charge	\$	2.42
Usage Charge	\$	9.18
Total Bill	\$	11.60

Proposed Rates

Service Charge	\$	2.96
Usage Charge	\$	11.22
Total Bill	\$	14.18

INCREASES

Service Charge

\$ Increase	\$0.54
% Increase	22.27%

Usage Charge

\$ Increase	\$2.04
% Increase	22.27%

Total Bill

\$ Increase	\$2.58
% Increase	22.27%

Attachment 2 – Revenue Requirement Audit Workpapers

Suburban W & S
 Case: QW-05-0001
 Year ending Dec.31, 2004

Revenue Requirement

Line 11.00%
 Return

(A)		(B)
1	Net Orig Cost Rate Base (Sch 2)	\$ 14,270
2	Rate of Return	11.00%

3	Net Operating Income Requirement	\$ 1,570
4	Net Income Available (Sch 6)	\$ (2,622)

5	Additional NOI&T Needed	\$ 4,192
6	Income Tax Requirement (Sch 10)	
7	Required Current Income Tax	\$ 0
8	Test Year Current Income Tax	\$ 0

9	Additional Current Tax Required	\$ 0
10	Required Deferred ITC	\$ 0
11	Test Year Deferred ITC	\$ 0

12	Additional Deferred ITC Required	\$ 0

13	Total Additional Tax Required	\$ 0

14	Gross Revenue Requirement	\$ 4,192

Boateng

10:39 03/01/2005

Suburban W & S
Case: QW-05-0001
Year ending Dec.31, 2004

Rate Base

Line Description		Amount	
(A)		(B)	
1	Total Plant in Service (Sch 3)	\$	65,219
Subtract from Total Plant			
2	Depreciation Reserve (Sch 6)	\$	49,549

3	Net Plant in Service	\$	15,670
Add to Net Plant in Service			
4	Cash Working Capital (Sch)	\$	0
5	Materials and Supplies-Exempt		0
6	Prepaid Insurance		0
Subtract from Net Plant			
7	Federal Tax Offset 0.0000 %	\$	0
8	State Tax Offset 0.0000 %		0
9	City Tax Offset 0.0000 %		0
10	Interest Expense Offset 0.0000 %		0
11	Customer Advances for Construction		0
12	Contribution in Aid of Construction		0
13	CIAC Depreciation		0
14	Customer Deposits		1,400

15	Total Rate Base	\$	14,270
=====			

Suburban W & S
Case: QW 05 0001
Year ending Dec.31, 2004

Total Plant In Service

Line No	Acct	Description	Missouri Jurisdictional	Jurisdictional Adjustment	Adjusted Jurisdictional
		(A)	(B)	(C)	(D)
Intangible Plant					
1	301.000	Organization	\$ 750	\$ 0 P-1	\$ 750
2	302.000	Franchises	0	0 P-2	0
3	303.000	Miscellaneous Intangible Plant	0	0 P-3	0
4		Total	\$ 750	\$ 0	\$ 750
Source of Supply Plant					
5	310.000	Land & Land Rights	\$ 1,500	\$ 0 P-4	\$ 1,500
6	311.000	Structures and Improvements	14,904	(14,904) P-5	0
7	312.000	Collecting and Impounding Reservoir	0	0 P-6	0
8	313.000	Lake River and Other Intakes	0	0 P-7	0
9	314.000	Wells and Springs	24,915	(12,296) P-8	12,619
10	315.000	Infiltration Galleries and Tunnels	0	0 P-9	0
11	316.000	Supply Main	0	0 P-10	0
12	317.000	Other Water Source Plant	0	0 P-11	0
13		Total	\$ 41,319	\$ (27,200)	\$ 14,119
Pumping Plant					
14	320.000	Land & Land Rights	\$ 0	\$ 0 P-12	\$ 0
15	321.000	Structures & Improvements	0	1,200 P-13	1,200
16	322.000	Boiler Plant Equipment	0	0 P-14	0
17	323.000	Other Power Production Equipment	0	0 P-23	0
18	324.000	Steam Pumping Equipment	0	0 P-16	0
19	325.000	Electric Pumping Equipment	17,630	(170) P-15	17,460
20	326.000	Diesel Pumping Equipment	0	0	0
21	327.000	Hydraulic Pumping Equipment	0	0	0
22		Total	\$ 17,630	\$ 1,030	\$ 18,660
Water Treatment Plant					
23	330.000	Land & Land Rights	\$ 0	\$ 0 P-17	\$ 0
24	331.000	Structures & Improvements	0	0 P-18	0
25	332.000	Water Treatment Equipment	2,324	(83) P-19	2,241
26		Total	\$ 2,324	\$ (83)	\$ 2,241

Suburban W & S
Case: QW-05-0001
Year ending Dec.31, 2004

Total Plant in Service

Line No	Acct Description	Missouri Jurisdictional	Jurisdictional Adjustment	Adjusted Jurisdictional
	(A)	(B)	(C)	(D)
Transmission and Distribution Plant				
27	340.000 Land and Land Rights	\$ 0	\$ 0	\$ 0
28	341.000 Structures and Improvements	0	0	0
29	342.000 Distribution Reservoirs and Standp.	6,840	3,135 P-20	9,975
30	343.000 Transmission and Distribution Mains	14,112	700 P-21	14,812
31	344.000 Fire Mains	0	0	0
32	345.000 Services	0	0	0
33	346.000 Meters	975	3,687 P-22	4,662
34	349.000 Other Transmission & Distri. Plant	0	0	0
35	Total	\$ 21,927	\$ 7,522	\$ 29,449
General Plant				
36	389.000 Land and Land Rights	\$ 0	\$ 0	\$ 0
37	Total	\$ 0	\$ 0	\$ 0
38	Total Plant In Service	\$ 83,950	\$ (18,731)	\$ 65,219

Doateng

10:38 03/01/2005

Suburban W & S

Case: QM 05 0001

Year ending Dec.31, 2004

Adjustments to Total Plant

Adj No Description	Total Co Adjustment	Mo Juris Adjustment

Organisation	P-1	

1.		

Structures and Improvements	P-5	\$ (14,904)

1. To record retirement of plant for the year end 2004 and to current company's records. (Eaves)		\$ (14,904)

Lake River and Other Intaken	P-7	

1.		

Wells and Springs	P-8	\$ (12,296)

1. To adjust plant balance for year end 2004 and to correct company's records. (Eaves)		\$ (12,296)
2.		

Land & Land Rights	P-12	

1.		

Boateng

10:38 03/01/2005

Suburban W & S
Case: QW-05-0001
Year ending Dec.31, 2004

Adjustments to Total Plant

Adj No Description	Total Co Adjustment	No Juris Adjustment

Structures & Improvements P-13		\$ 1,200

1. To adjust plant balance for year end 2004 and to correct company's records. (Eaves)		\$ 1,200
2.		

Electric Pumping Equipment P-15		\$ (170)

1. To adjust plant balance for year end 2004 and to correct company's records. (Eaves)		\$ (170)

Steam Pumping Equipment P-16		

1. (Eaves)		

Water Treatment Equipment P-19		\$ (83)

1. To adjust plant balance for year end 2004 and to correct company's records. (Eaves)		\$ (83)

Distribution Reservoirs and Standp. P-20		\$ 3,135

1. To adjust plant balance for year end 2004 to correct company's record. (Eaves)		\$ 3,135

Suburban W & S
Case: QW-05-0001
Year ending Dec.31, 2004

Adjustments to Total Plant

Adj No Description	Total Co Adjustment	No Juris Adjustment

Transmission and Distribution Mains P-21		\$ 700

1. To adjust plant balance for year end 2004 and to correct company's records. (Eaves)		\$ 700

Meters P-22		\$ 3,687

1. To adjust plant balance for year end 2004 and to correct company's records.		\$ 3,687

(Eaves)		

Boateng

10:38 03/01/2005

Suburban W & S
Case: QW-05-0003
Year ending Dec.31, 2004

Depreciation Expense

Line No	Acct	Description	Adjusted Jurisdictional	Depreciation Rate	Depreciation Expense
		(A)	(B)	(C)	(D)
Intangible Plant					
1	301.000	Organization	\$ 750	0.0000	\$ 0
2	302.000	Franchises	0	0.0000	0
3	303.000	Miscellaneous Intangible Plant	0	0.0000	0
			-----		-----
4		Total	\$ 750		\$ 0
Source of Supply Plant					
5	310.000	Land & Land Rights	\$ 1,500	0.0000	\$ 0
6	311.000	Structures and Improvements	0	0.0000	0
7	312.000	Collecting and Impounding Reservoir	0	0.0000	0
8	313.000	Lake River and Other Intakes	0	0.0000	0
9	314.000	Wells and Springs	12,619	2.0000	252
10	315.000	Infiltration Galleries and Tunnels	0	0.0000	0
11	316.000	Supply Mains	0	0.0000	0
12	317.000	Other Water Source Plant	0	0.0000	0
			-----		-----
13		Total	\$ 14,119		\$ 252
Pumping Plant					
14	320.000	Land & Land Rights	\$ 0	0.0000	\$ 0
15	321.000	Structures & Improvements	1,200	2.5000	30
16	322.000	Boiler Plant Equipment	0	0.0000	0
17	323.000	Other Power Production Equipment	0	0.0000	0
18	324.000	Steam Pumping Equipment	0	0.0000	0
19	325.000	Electric Pumping Equipment	17,460	10.0000	1,746
20	326.000	Diesel Pumping Equipment	0	0.0000	0
21	327.000	Hydraulic Pumping Equipment	0	0.0000	0
			-----		-----
22		Total	\$ 18,660		\$ 1,776
Water Treatment Plant					
23	330.000	Land & Land Rights	\$ 0	0.0000	\$ 0
24	331.000	Structures & Improvements	0	0.0000	0
25	332.000	Water Treatment Equipment	2,241	2.9000	65
			-----		-----
26		Total	\$ 2,241		\$ 65

Suburban W & S
 Case: QW-05-0001
 Year ending Dec.31, 2004

Depreciation Expense

Line No	Acct.	Description	Adjusted Jurisdictional	Depreciation Rate	Depreciation Expense
		(A)	(B)	(C)	(D)
Transmission and Distribution Plant					
27	340.000	Land and Land Rights	\$ 0	100.0000	\$ 0
28	341.000	Structures and Improvements	0	0.0000	0
29	342.000	Distribution Reservoirs and Standp.	9,975	2.5000	249
30	343.000	Transmission and Distribution Mains	14,812	2.0000	296
31	344.000	Pipe Mains	0	0.0000	0
32	345.000	Services	0	0.0000	0
33	346.000	Meters	4,552	3.3000	154
34	349.000	Other Transmission & Distrib. Plant	0	0.0000	0
35		Total	\$ 29,449		\$ 699
General Plant					
36	389.000	Land and Land Rights	\$ 0	0.0000	\$ 0
37		Total	\$ 0		\$ 0
38		Total Depreciation Expense	\$ 55,219		\$ 2,792

Suburban W & S
Case: QW-05-0001
Year ending Dec.31, 2004

Depreciation Reserve

Line No	Acct Description	Missouri Jurisdictional	Jurisdictional Adjustment	Adjusted Jurisdictional
	(A)	(B)	(C)	(D)
Intangible Plant				
1	301.000 Organization	\$ 0	\$ 0	\$ 0
2	302.000 Franchises	0	0	0
3	303.000 Other Plant & Miscellaneous Equip	0	0	0
4	Total	\$ 0	\$ 0	\$ 0
Source of Supply Plant				
5	310.000 Land & Land Rights	\$ 0	\$ 0 R-1	\$ 0
6	311.000 Structures and Improvements	14,904	(14,904) R-2	0
7	312.000 Collecting and Impounding Reservoir	0	0 R-3	0
8	313.000 Lake, River and Other Intakes	0	0 R-4	0
9	314.000 Wells and Springs	18,242	(11,490) R-5	6,744
10	315.000 Infiltration Galleries & Tunnels	0	0 R-6	0
11	316.000 Supply Mains	0	0 R-7	0
12	317.000 Other Water Source Plant	0	0 R-8	0
13	Total	\$ 33,146	\$ (25,492)	\$ 6,744
Pumping Plant				
14	320.000 Land and Land Rights	\$ 0	\$ 0	\$ 0
15	321.000 Structures and Improvements	0	0 R-9	0
16	322.000 Boiler Plant Equipment	0	0 R-11	0
17	323.000 Other Power Production Equip.	0	0 R-12	0
18	324.000 Steam Pumping Equipment	0	0	0
19	325.000 Electric Pumping Equipment	9,937	6,903 R-13	16,840
20	326.000 Diesel Pumping Equipment	0	0	0
21	327.000 Hydraulic Pumping Equipment	0	0	0
22	328.000 Other Pumping Equipment	0	0	0
23	Total	\$ 9,937	\$ 6,903	\$ 16,840
Water Treatment Plant				
24	330.000 Land and Land Rights	\$ 0	\$ 0 R-14	\$ 0
25	331.000 Structures and Improvements	0	0 R-15	0
26	332.000 Water Treatment Equipment	2,158	(88) R-16	2,070
27	Total	\$ 2,158	\$ (88)	\$ 2,070

Suburban W & S
Case: QW-05-0001
Year ending Dec.31, 2004

Depreciation Reserve

Line No	Acct	Description	Missouri Jurisdictional	Jurisdictional Adjustment	Adjusted Jurisdictional
		(A)	(B)	(C)	(D)
Transmission & Distribution Plant					
28	340.000	Land and Land Rights	\$ 0	\$ 0	\$ 0
29	341.000	Structures and Improvements	0	0	0
30	342.000	Distribution Reservoirs and Standp.	6,840	(445) R-17	6,395
31	343.000	Transmission & Distribution Mains	8,511	5,016 R-18	13,527
32	344.000	Fire Mains	0	0	0
33	345.000	Services	0	0	0
34	346.000	Meters	771	3,202 R-20	3,973
35	348.000	Hydrants	0	0	0
36	349.000	Other Transmission & Distri. Plant	0	0	0
37		Total	\$ 16,122	\$ 7,773	\$ 23,895
General Plant					
38	389.000	Land and Land Rights	\$ 0	\$ 0	\$ 0
39		Total	\$ 0	\$ 0	\$ 0
40		Total Depreciation Reserve	\$ 61,363	\$ (11,814)	\$ 49,549

Suburban W & S
Case: QW-05-0001
Year ending Dec.31, 2004

Cash Working Capital

Line No	Acct Description	Test Year Expenses	Revenue Lag	Expense Lag	Net Lag (C) - (D)	Factor (Col E/365)	CWC Req (B) x (F)
	(A)	(B)	(C)	(D)	(E)	(F)	(G)
	Operation and Maintenance Expense						
1	Cash Vouchers	\$ 18,653	0.0000	0.0000	0.0000	0.000000	\$ 0
2	Total Operation and Maintenance Expense	\$ 18,653					\$ 0
3	Total Taxes	\$ 0					\$ 0
4	Total Cash Working Capital Req						\$ 0

Boateng

10:38 03/01/2005

Suburban W & S

Case: QW-05-0001

Year ending Dec.31, 2004

Adjustments to Depreciation Reserve

Adj No Description	Total Co Adjustment	Mo Juris Adjustment

Structures and Improvements R-2		\$ (14,904)

1. To adjust depreciation reserve. (Eaves)		\$ (14,904)

Wells and Springs R-5		\$ (11,498)

1. To adjust depreciation reserve (Eaves)		\$ (11,498)

Supply Mains R-7		

1.		

Other Water Source Plant R-8		

1. (Eaves)		
2.		

Boiler Plant Equipment R-11		

1.		

Other Power Production Equip. R-12		

1.		

Boateng

10:36 03/01/2005

Suburban W & S
Case: QW 05-0001
Year ending Dec.31, 2004

Adjustments to Depreciation Reserve

Adj No Description	Total Co Adjustment	Mo Juris Adjustment

Electric Pumping Equipment R-13		\$ 6,903

1. To adjust depreciation reserve. (Eaves)		\$ 6,903

Land and Land Rights R-14		

1.		

Structures and Improvements R-15		

1. To adjust depreciation reserve.		

Water Treatment Equipment R-16		\$ (88)

1. To adjust depreciation reserve. (Eaves)		\$ (88)

Distribution Reservoirs and Standp. R-17		\$ (445)

1. To adjust depreciation reserve. (Eaves)		\$ (445)

Transmission & Distribution Mains R-18		\$ 5,016

1. To adjust depreciation reserve. (Eaves)		\$ 5,016

Suburban W & S
 Case: QW-05-0001
 Year ending Dec.31, 2004

Adjustments to Depreciation Reserve

Adj		Total Co	Mo Juris
No. Description		Adjustment	Adjustment

Meters	R-20	\$	3,202

1. To adjust depreciation reserve.		\$	3,202
(Eaves)			

Boateng

10:36 03/01/2005

Suburban W & S
Case: GW-05-0001
Year ending Dec.31, 2004

Income Statement

Line No	Acct Description	Missouri Jurisdictional	Jurisdictional Adjustment	Adjusted Jurisdictional
	(A)	(B)	(C)	(D)
Operating Revenues				
1	521.100 Flat Rate Res. Revenues	\$ 15,230	\$ 2,593 S-1	\$ 18,823
2	522.100 Measured Res. Revenues	0	0 S-2	0
3	522.200 Measured Commercial Revenues	0	0 S-3	0
4	526.000 Miscellaneous Operating Revenues	0	0 S-4	0
5	Total	\$ 15,230	\$ 2,593	\$ 18,823
Operation & Maintenance Expense				
6	620.000 Electric Utilities Expenses-Water	\$ 3,014	\$ (603) S-10	\$ 2,411
7	625.100 Maintenance of Water Plant - Pump	0	0 S-5	0
8	625.200 Maintenance of Water Plant- Well	1,990	0 S-6	1,990
9	625.300 Maint. of Water Plant - Water Line	6,329	0 S-7	6,329
10	600.000 Labor	3,387	0 S-18	3,387
11	631.000 Chemicals	1,504	(319) S-8	1,275
12	635.000 Outside Services Employed	1,700	0 S-17	1,700
13	652.000 Meter Reading Expenses	620	0 S-12	620
14	902.000 Customer Records and Collection Exp	0	0 S-13	0
15	926.000 Employees Pension & Benefits	0	0 S-19	0
16	927.000 Franchise Requirement	0	0 S-20	0
17	928.000 Regulatory Commission Expense	327	0 S-21	327
18	929.000 Transportation	0	0 S-22	0
19	930.100 Miscellaneous Expenses	614	0 S-11	614
20	930.200 Misc General Expense	0	0 S-23	0
21	Total	\$ 19,575	\$ (922)	\$ 18,653
Depreciation Expense				
22	Depreciation Expense	\$ 0	\$ 2,792 S-60	\$ 2,792
23	Total	\$ 0	\$ 2,792	\$ 2,792
24	Other Operating Expenses	\$ 0	\$ 0	\$ 0
25	Total Operating Expenses	\$ 19,575	\$ 1,870	\$ 21,445

Suburban W & S
Case: QW 05-0001
Year ending Dec.31, 2004

Income Statement

Line No	Acct	Description	Missouri Jurisdictional	Jurisdictional Adjustment	Adjusted Jurisdictional
		(A)	(B)	(C)	(D)

26		Net Income before Taxes	\$ (3,345)	\$ 723	\$ (2,622)

Current Income Taxes					
27		Current Income Taxes	\$ 0	\$ 0	\$ 0

28		Total	\$ 0	\$ 0	\$ 0
Deferred Income Taxes					
29		Deferred Income Taxes	\$ 0	\$ 0	\$ 0

30		Total	\$ 0	\$ 0	\$ 0

31		Total Income Taxes	\$ 0	\$ 0	\$ 0

32		Net Operating Income	\$ (3,345)	\$ 723	\$ (2,622)

Suburban W & S
 Case: QW-05-0001
 Year ending Dec.31, 2004

Adjustments to Income Statement:

Adj No Description	Total Co Adjustment	Mo Juris Adjustment

Flat Rate Res. Revenues S-1		\$ 2,593

1. Revenue based upon 46 Single Family customers at 6000 gallons per month usage and 106 Rental customers at 4,600 gallons per month at \$1.53/1000 gallons plus \$2.42 minimum charge. (Saves)		\$ 2,593
2.		

Measured Res. Revenues S-2		

1.		

Measured Commercial Revenues S-3		

1.		

Miscellaneous Operating Revenues S-4		

1.		

Chemicals S-5		\$ (319)

1. To disallow 20% of expenses associated with the excessive water loss. (Saves)		\$ (319)

Suburban W & S
Case: QW-05-0001
Year ending Dec.31, 2004

Adjustments to Income Statement

Adj No Description	Total Co Adjustment	No Juris Adjustment

Electric Utilities Expenses-Water S-10		\$ (603)

1. To disallow 20% of expenses associated with the excessive water loss. (Saves)		\$ (603)

Miscellaneous Expenses S-11		

1.		

Meter Reading Expenses S-12		

1.		

Customer Records and Collection Exp S-13		

1.		
2.		

Franchise Requirement S-20		

1.		
2.		

Suburban W & S
Case: QW 05 0001
Year ending Dec.31, 2004

Adjustments To Income Statement

Adj No Description	Total Co Adjustment	Mo Juris Adjustment

Transportation	S-22	

1.		

Misc General Expense	S-23	

1.		

Depreciation Expense	S-60	\$ 2,792

1. Being depreciation expenses for the year 2004.		\$ 2,792
(Boateng)		

Suburban W & S
 Case: QW-05-0001
 Year ending Dec.31, 2004

Income Tax

Line		Test Year	11.00% Return
(A)		(B)	
1	Net Income Before Taxes (Sch 8)	\$ (2,622)	\$ 1,570
2	Add to Net Income Before Taxes Book Depreciation Expense	\$ 2,792	\$ 2,792
3	Total	\$ 2,792	\$ 2,792
4	Subtr from Net Income Before Taxes Interest Expense 0.0000 %	\$ 0	\$ 0
5	Book Depreciation	0	0
6	Total	\$ 0	\$ 0
7	Net Taxable Income	\$ 170	\$ 4,362
8	Provision for Federal Income Tax Net Taxable Income	\$ 170	\$ 4,362
9	Deduct Missouri Income Tax 100.0 %	\$ 0	\$ 0
10	Deduct City Income Tax	0	0
11	Federal Taxable Income	170	4,362
12	Total Federal Tax	\$ 0	\$ 0
13	Provision for Missouri Income Tax Net Taxable Income	\$ 170	\$ 4,362
14	Deduct Federal Income Tax 50.0 %	\$ 0	\$ 0
15	Deduct City Income Tax	0	0
16	Missouri Taxable Income	170	4,362
17	Total Missouri Tax	\$ 0	\$ 0

Suburban W & S
 Case: QM-05-0001
 Year ending Dec.31. 2004

Income Tax

Line		Test Year	11.00% Return
(A)		(B)	
Provision for City Income Tax			
18	Net Taxable Income	\$ 170	\$ 4,362
19	Deduct Federal Income Tax	\$ 0	\$ 0
20	Deduct Missouri Income Tax	0	0
21	City Taxable Income	170	4,362
<hr/>			
22	Total City Tax	\$ 0	\$ 0
Summary of Provision for Income Tax			
23	Federal Income Tax	\$ 0	\$ 0
24	Missouri Income Tax	0	0
25	City Income Tax	0	0
<hr/>			
26	Total	\$ 0	\$ 0
Deferred Income Taxes			
27	Deferred Investment Tax Credit	\$ 0	\$ 0
28	Deferred Repair Allowance	0	0
29	Deferred Tax Depreciation	0	0
30	Amort of Deferred Tax Depreciation	0	0
31	Amort of Repair Allowance	0	0
32	Amort of Deferred ITC	0	0
33	Deferred Unbilled	0	0
<hr/>			
34	Total	\$ 0	\$ 0
<hr/>			
35	Total Income Tax	\$ 0	\$ 0

Attachment 3 – Overview of Company and Customer Service Operations

SUBURBAN WATER AND SEWER COMPANY

CUSTOMER SERVICE OPERATIONS

The Engineering and Management Services Department (EMSD) staff initiated an informal review of the customer service processes, procedures and practices at Suburban Water and Sewer, Inc. (Suburban or Company) on February 16, 2005. Prior to the on-site interviews, the EMSD staff examined Company tariffs, annual reports, Missouri Public Service Commission (Commission) complaint records and other documentation related to the Company's customer service operations. The EMSD staff participated in two meetings with Company personnel in January and February of 2005.

The purpose of the Engineering and Management Services Department is to promote and encourage efficient and effective utility management. This purpose contributes to the Commission's overall mission to ensure that customers receive safe and adequate service at the lowest possible cost, while providing utilities the opportunity to earn a fair return on their investment.

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

The scope of this review focused on processes, procedures and practices related to:

- Customer Records
- Applications for Service
- Customer Deposits
- Meter Reading
- Customer Billing
- Credit and Collections

- Complaints/Inquiries Handling and Documentation

This report contains the results of the EMSD staff's review.

Overview

Suburban Water and Sewer Company was authorized by the Commission September 30, 1972, to provide regulated water service to customers in a certificated area in central Boone County, Missouri. The Company was originally granted a Certificate of Convenience and Necessity to supply water and wastewater collection and treatment to residents of Bon-Gor Lake Estates. Bon Gor Lake Estates was a real estate development undertaken by Gordon and Bonnie Burnam, who are still the owners of the water Company. In the mid-1980's, the Boone County Regional Sewer District assumed ownership and operation of the wastewater collection and treatment system.

The Company office is located at 1501 Vandiver #88 in Columbia, Missouri. The Company has no employees but operates the water system under a billing and maintenance informal agreement with Vista Home Management Company (Vista). Vista is a property management company solely owned by Gordon and Bonnie Burnam. Gordon Burnam is the President of Vista. The Executive Vice President and the Assistant Manager of Vista conduct the business functions necessary to keep Suburban running and respond to the customer. These two employees of Vista are salaried and a small portion of their time is allocated to the activities associated with Suburban Water Company. Four other employees assist with meter reading and maintenance duties as needed and their time is entered on a timesheet that is provided for payroll to the owners of Vista on a bi-monthly basis. In addition to the Suburban Water Company, these employees also take care of operations related to another small water company at Mobile Village Home Park.

Customer Records

Records going back approximately three years are kept on site at the Company office. These records include monthly summaries, meter readings, customer information sheets, any correspondence and complaint information. In addition, information is kept

on testing, inspections, public notices and security information. There is a fireproof safe at the Company offices for money or documents that need to be secured.

Financial information records are retained by Bonnie Burnam, one of the owners, and filed at her residence in Columbia, Missouri. This includes bank statements, annual reports, tax information, general ledgers and balance sheets.

Applications for Service

New customers must complete an application form when applying to have service put in their name at a location. The form includes information on address, phone, place of employment and emergency contact. If the customer calls and does not want to come in, the Company will agree to send or fax it to the customer to complete. Approximately two years ago, the Company mailed an update form to verify the current customer information that is on file. The form is anticipated to be used once a year to assure that the customer records remain current.

Customer Deposits

Deposits were first charged when the Company was established in the 1970s. However, deposits have not been required since those initial years. The Company has had very few problems with customers paying their bills and therefore believes the deposits are unnecessary. The Company is unsure of the original deposit amounts collected or if any have been refunded since that time. The owners have instructed the Executive Vice President to return a deposit to any customer who indicates they had submitted a deposit in the past and were not yet refunded. The Company has indicated that no customer has come forward to request a refund.

Meter Reading

The Company has forty-six residential water customer meters, which are read on a monthly basis. The Company also provides water service for 106 rental units, which are not metered. A flat rate of \$7.50 per unit per month is being charged to the three owners of these properties. However, this flat rate charge is not authorized by the

Company's tariff. The Auditing Department and Water Engineering staff of the Missouri Public Service Commission (MoPSC) will address the problems associated with this billing practice in its reports. Around the 10th of each month, two of the servicemen read all of the meters that day. Meter reading is normally done in conjunction with the collection of water samples for testing purposes.

Servicemen are given a sheet with the customer address, the old reading and a space for the new reading. If there is water in the meter well, it is pumped out or the meter is read with a long glass tube that allows the servicemen to see the meter numbers. When weather conditions are really hazardous, the office will produce an estimated bill and note this on the bill. The Company indicates that this has happened very seldom.

Customer Billing

The Company utilizes a computer based billing program for generating and printing customer bills. This computer program was written for the Company by an individual many years ago. (Company management was unsure of the age of the program but indicated it was quite dated.)

Meter readings are taken around the 10th of the month and these sheets are submitted to the office and the Assistant Manager develops the bill by the next day. The current meter readings are entered for each location and the program calculates the bill. Once the information for all of the locations has been entered, bills are printed on full sheets of paper, stuffed into envelopes and mailed.

The bill shows the service dates, number of gallons used and the current amount due. It also alerts the customer that their payment is due by the 5th of the month and provides a mailing address for customers to send their payment to. The bill includes office hours and a telephone number and notes that this number can also be used for emergencies .

In April 2004, the Company implemented and applied a water rate increase to customer bills without first seeking approval of the MoPSC. These increased rates were applied to customer bills from April through October 2004. The Company was directed to rescind this increase in November 2004 when the MoPSC Staff became aware of the

unauthorized rate change. These over-charges were to be refunded, however, at this time, this has not yet been done.

Credit and Collection

The Company maintains another sheet to record credit and payment information. This sheet shows the customer name, current charges due, a paid date with the amount and any balance due. If the customer has a credit balance, this will be noted on the sheet.

Customers can make their payments by mail or in person at the office. There is also a drop box outside the office to accept after-hours payments. Payments can be made by cash, check or money orders. Credit or debit cards are not accepted.

If a customer is delinquent on their bill, the Company will attempt to contact the customer by phone or by visiting the residence. They will also send or leave a notice indicating that their payment is overdue and they are in danger of their service being disrupted. A \$25 reconnection fee will be assessed if they have their service discontinued because of a delinquent payment.

Company management has indicated that it has had very few situations where they have had to discontinue service due to non-payment of a bill. The Assistant Manager recalled only two or three situations in the last three years where the Company was required to contact the customer for payment.

Complaints/Inquiries Handling and Documentation

The Company stated that customers are able to contact Company personnel at all times. The office is staffed from 9 a.m. to 5 p.m. on a daily basis from Monday through Friday. Customers can call or stop by the office to issue inquiries or pay bills. The Company receives very few calls from customers regarding their service or bills. The Company began keeping a log of customer inquiries after the Office Manager came on in September of 2002. There were a total of five calls documented on the log sheet. One call was received in January of 2005 in response to the rate increase letters sent to customers. The Consumer Services Department of the MoPSC has indicated that it has not received any complaints on the Company in the last three years.

After hours, the phones will roll over to a messaging service. The message gives the customer a telephone number if it is an emergency. Emergency calls go to the Executive Vice President who carries a cell phone to accept calls that need some immediate assistance. She and the Assistant Manager will take turns accepting these calls. Servicemen also take turns being on call over the weekends and on evenings in case of an emergency.

Findings, Conclusions and Recommendations

The following discussion presents a summary of the findings, conclusions and recommendations pertaining to the Company's customer service operations. The information presented in this section focuses on the following areas that require Company management's attention:

- Time Reporting
- Customer Records
- Customer Deposits
- Customer Billing
- Refund of Overcharges
- Utility Rights and Responsibilities Brochure

Time Reporting

The Company does not utilize a detailed timesheet to track the time attributable to activities related to water specific functions performed by the office personnel. As indicated previously, the Company operates with personnel provided under a verbal agreement with Vista Home Management Company and does not directly employ any personnel. The EMSD staff has reviewed the services being provided and finds it reasonable for the customer levels for which services are provided. However, it is still important that personnel keep some detail of work hours and what they are attributable to since these personnel conduct activities for more than one company. Maintenance personnel do keep detailed time records by project or work-order.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Institute time reporting by specific activity for the employees involved in functions associated with the water operations.

Customer Records

Customer records are maintained in different formats and the computer billing system does not correlate easily with these records. For example, billing and payment records are separate from usage records. One central record by premise would allow the office personnel to keep all types of updated information on the service location and customer in one place.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Review the present records to determine if there could be a consolidation of the various types of information kept.

The review of an alternative automated billing system should include an evaluation of record keeping capabilities.

Customer Deposits

The Company has not maintained the documentation required under Commission Rule 4 CSR 240-13.030(4)(E) relating to the receipt of customer deposits. The Company is unsure of which customers have deposits still in place and has not attempted to refund customer deposits originally placed with them to secure service. The Company should make an effort to review historical billing records and determine if there are present customers on the water system who have remitted a deposit in the past. If these customers have demonstrated a good payment record, these deposits should be refunded with the appropriate interest.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Make a reasonable effort to review customer records to determine if any of its present customers have paid a deposit. If so, these deposits should be refunded with the appropriate interest.

At the present time, there is \$1,400 classified as customer deposits. If these cannot be refunded to the original customers, the amount should be reclassified as Contributions in Aid of Construction (CIAC).

If in the future, the Company determines a necessity to charge deposits, the procedures to charge deposits and refund them should be in compliance with the Commission's Billing Rules. The appropriate documentation regarding deposits should also be issued and maintained.

Customer Billing

The Company is using a customer billing system that is quite dated and does not maintain the customer data and records in an easily accessible format. Office personnel do the best job possible with this limited software but the Company should evaluate other more current methods available to maintain records and produce customer bills.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Evaluate various alternatives available to maintain customer records and produce bills.

This evaluation should also include an evaluation of the possible costs and benefits associated with postcard billing. The EMSD Staff would recommend that the Company contact other small water companies as well as trade associations to determine what is appropriate for small water companies.

Refund of Overcharges

The Company has not yet refunded the unauthorized overcharges to the customers that were placed on the April 2004 through October 2004 bills. Commission Rule 4 CSR 240-13.025 on Billing Adjustments requires that these overcharges be refunded. These could be more easily undertaken and tracked within the implementation of a new customer billing system.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Examine the overcharges that occurred during the April through October 2004 timeframe and determine an effective method to refund the monies

owed to customers as recommended by the Auditing Department of the MoPSC.

Utility Rights and Responsibilities Brochure

The Company has not prepared a brochure detailing the rights and responsibilities of the Company and its customers. The development of such a brochure and its prominent display and availability to customers is required per Commission Rule 4 CSR 240-13.040(3). Since many of the Company's customers apply for service over the telephone, this brochure could be mailed to them after their service application form is received.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Develop and distribute to all current and future customers a brochure detailing the rights and responsibilities of the utility and its customers.