

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

In the Matter of the Request of Noel Water)
Company, Inc. for a Rate Increase Pursuant)
to the Commission's Small Company Rate)
Increase Procedure)

Case No. WR-2005-0452

Tariff I.D. No. YW-2005-1069

**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. Noel Water Company, Inc. ("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 March 14, 2005. 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

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

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.

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-2005-0452

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Official Case File Memorandum

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. WR-2005-0452 - - - Noel Water Company, Inc.

FROM: Dale W. Johansen – Project Coordinator
Water & Sewer Department
Dana Eaves – Auditing Department
Kofi Boateng – Auditing Department
Rosella Schad – Engineering & Management Services Department
Nila Hagemeyer – Engineering & Management Services Department
David Murray – Financial Analysis Department
James M. Russo – Water & Sewer Department
Bill Nickle – 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

Noel Water Company Inc. ("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 March 14, 2005*. 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 \$42,000 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: increases in salaries, electrical energy rates, chemical costs and general costs of operating supplies, and to provide an adequate return on capital investment.

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

The Company provides water service to approximately 660 customers, the majority of which are residential customers. The Company's current rates (those resulting from the Company's last rate case) went into effect on March 10, 1997.

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-2005-0002 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 April 4, 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.

The Water & Sewer Department and the Office of Public Counsel did not receive any responses to the Company's initial customer notice.

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 \$42,000 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 May 5, 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 \$42,000 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-2005-0452 as item number 3.)

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.)

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**

NOEL WATER COMPANY, INC.

Rate Making Income Statement

Operating Revenues at Current Rates

1	Tariffed Rate Revenues *	\$ 241,207
2	Other Operating Revenues *	\$ 8,214
3	Total Operating Revenues	\$ 249,421

* See "Revenues - Current Rates" for Details

Cost of Service

Item	Amount
1 Pumping Equipment-Purchased Power	\$ 60,717
2 Water Treatment Expense-Chemicals	\$ 5,176
3 Operation Supervision, Engineering and Labor	\$ 20,444
4 Maintenance of Pumping Plant	\$ 1,747
5 Miscellaneous Plant Repair	\$ 3,310
6 Mains	\$ 4,168
7 Customer Records and Collection Expense	\$ 8,387
8 Meter Reading Expense	\$ 29,626
9 Administration & General - Salaries	\$ 10,049
10 Medical	\$ 9,266
11 Postage and Office Supplies	\$ 3,425
12 Outside Services Employed	\$ 2,666
13 Regulatory Commission Expense	\$ 1,920
14 General Expense	\$ 4,244
15 Vehicle Expense	\$ 6,480
16 Interest Expense	\$ 5,000
17 Sub-Total Operating Expenses	\$ 176,625
18 Property Taxes	\$ 11,624
19 MO Franchise Taxes	\$ -
20 Employer FICA Taxes	\$ -
21 Federal Unemployment Taxes	\$ -
22 State Unemployment Taxes	\$ -
23 State & Federal Income Taxes	\$ -
24 Sub-Total Taxes	\$ 11,624
25 Depreciation Expense	\$ 36,797
26 Return on Rate Base	\$ 70,987
27 Total Cost of Service	\$ 296,033
28 Overall Revenue Increase Needed	\$ 46,612
29 Amount Over Company's Request	\$ 4,612
30 Overall Revenue Increase Recommended	\$ 42,000

NOEL WATER COMPANY, INC.

Development of Tariffed Rates

Agreement is to increase the 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	\$ 244,058
Agreed-Upon Overall Revenue Increase	\$ 42,000
Percentage Increase Needed	17.21%

Metered Customer Rates

Meter Size	Current Service Charge	Proposed Service Charge	Current Usage Rate	Proposed Usage Rate
5/8"	\$ 3.39	\$ 3.97	\$ 1.300	\$ 1.518
3/4"	\$ 4.50	\$ 5.27	\$ 1.300	\$ 1.518
1"	\$ 6.71	\$ 7.86	\$ 1.300	\$ 1.518
2"	\$ 18.90	\$ 22.15	\$ 1.300	\$ 1.518
4"	\$ 56.57	\$ 66.31	\$ 1.300	\$ 1.518
6" <1,000,000	\$ 96.80	\$ 113.46	\$ 1.810	\$ 2.121
6" +1,000,000	\$ 96.80	\$ 113.46	\$ 0.260	\$ 0.320

NOEL WATER COMPANY, INC.

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>
\$3.39	\$3.97	\$1.300	\$1.518

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	\$ 3.39
Usage Charge	\$ 6.50
Total Bill	\$ 9.89

Proposed Rates

Service Charge	\$ 3.97
Usage Charge	\$ 7.59
Total Bill	\$ 11.56

INCREASES

Service Charge

\$ Increase	\$0.58
% Increase	17.11%

Usage Charge

\$ Increase	\$1.09
% Increase	16.77%

Total Bill

\$ Increase	\$1.67
% Increase	16.89%

Attachment 2 – Revenue Requirement Audit Workpapers

Noel Water Company
Case: QW-05-0002
Year ending Dec. 31, 2004

Revenue Requirement

Line 9.09%
Return

(A)	(B)
1 Net Orig Cost Rate Base (Sch 2)	\$ 780,932
2 Rate of Return	9.09%

3 Net Operating Income Requirement	\$ 70,987
4 Net Income Available (Sch 8)	\$ 24,376

5 Additional NOIIBT Needed	\$ 46,611
6 Income Tax Requirement (Sch C)	
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	\$ 46,611

Noel Water Company
Case: QW-05-0002
Year ending Dec.31, 2004

Rate Base

Line Description		Amount	
(A)		(B)	
1	Total Plant in Service (Sch 3)	\$	1,231,907
Subtract from Total Plant			
2	Depreciation Reserve (Sch 6)	\$	435,332

3	Net Plant in Service	\$	796,575
Add to Net Plant in Service			
4	Cash Working Capital (Sch 1)	\$	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		9,976
13	STAC Depreciation		(298)
14	Customer Deposits		5,965

15	Total Rate Base	\$	780,932
=====			

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Neel Water Company
Case: QM-05-0002
Year ending Dec.31, 2004

Total Plant in Service

Line		Missouri	Jurisdictional	Adjusted
No	Acct Description	Jurisdictional	Adjustment	Jurisdictional
	(A)	(B)	(C)	(D)
Intangible Plant				
1	301.000 Organisation	\$ 0	\$ 0	\$ 0
2	302.000 Franchises	0	0	0
3	303.000 Miscellaneous Intangible Plant	8,202	0	8,202
4	Total	\$ 8,202	\$ 0	\$ 8,202
Source of Supply & Pumping Plant				
5	320.000 Land & Land Rights	\$ 6,734	\$ 0 P-1	\$ 6,734
6	321.000 Structures & Improvements	67,477	0 P-2	67,477
7	305.000 Collecting & Impounding Reservoirs	0	0 P-3	0
8	313.000 Lake, River & Other Intakes	0	0 P-4	0
9	314.000 Wells & Springs	153,676	0 P-5	153,676
10	315.000 Infiltration Galleries & Tunnels	0	0 P-6	0
11	316.000 Supply Mains	0	0 P-7	0
12	325.000 Electric Pumping Equipment	88,622	0 P-8	88,622
13	326.000 Other Plant & Miscellaneous Exp	0	0 P-9	0
14	Total	\$ 316,509	\$ 0	\$ 316,509
Water Treatment Plant				
15	303.100 Land & Land Rights	\$ 0	\$ 0 P-10	\$ 0
16	331.000 Structures & Improvements	0	0 P-11	0
17	332.000 Water Treatment Equipment	11,492	(11,492) P-12	0
18	Total	\$ 11,492	\$ (11,492)	\$ 0

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Noel Water Company
Case: QW-C5-0002
Year ending Dec.31, 2004

Total Plant in Service

Line No	Acct	Description	Missouri Jurisdictional	Jurisdictional Adjustment	Adjusted Jurisdictional
		(A)	(B)	(C)	(D)
Transmission & Distribution Plant					
19	340.000	Land & Land Rights	\$ 588	\$ 0 P-13	\$ 588
20	341.000	Structures & Improvements	0	0 P-14	0
21	342.000	Distribution Reservoirs & Standpipe	328,933	0 P-15	328,933
22	343.000	Transmission & Distribution Mains	451,074	(587) P-16	450,487
23	343.001	C.I	0	0 P-17	0
24	345.000	Services	3,347	(3,347) P-10	0
25	345.000	Meters	34,625	(34,625) P-19	0
26	347.000	Meter Installation	56,411	0 P-20	56,411
27	349.000	Hydrants	20,088	0 P-21	20,088
28	349.000	Other Plant & Miscellaneous Equip	0	0 P-22	0
29		Total	\$ 895,066	\$ (38,559)	\$ 856,507
General Plant					
30	389.000	Land & Land Rights	\$ 0	\$ 0 P-23	\$ 0
31	390.000	Structures & Improvements	0	0 P-24	0
32	392.000	Transportation Equipment	10,801	0 P-26	10,801
33	391.000	Office Furniture & Equipment	14,339	0 P-25	14,339
34	393.000	Stores Equipment	0	0 P-27	0
35	394.000	Tools, Shop & Garage Equipment	1,777	0 P-28	1,777
36	395.000	Laboratory Equipment	0	0 P-29	0
37	396.000	Power Operated Equipment	23,772	0 P-30	23,772
38	397.000	Communication Equipment	0	0 P-31	0
39	398.000	Miscellaneous Equipment	0	0 P-32	0
40	399.000	Other Tangible Plant	0	0 P-33	0
41		Total	\$ 50,689	\$ 0	\$ 50,689
42		Total Plant In Service	\$ 1,281,958	\$ (50,051)	\$ 1,231,907

Noel Water Company
Case: QW-05-0002
Year ending Dec.31, 2004

Adjustments to Total Plant

Adj No Description	Total Co Adjustment	No Juris Adjustment

Supply Mains P-7		

1.		

Electric Pumping Equipment P-8		

1.		

Water Treatment Equipment P-12		\$ (11,492)

1. To reflect fully depreciated plant (Baves)		\$ (11,492)

Distribution Reservoirs & Standpipe P-15		

1.		

Transmission & Distribution Mains P-16		\$ (587)

1. To reflect retirement in plant. (Baves)		\$ (587)

Services P-18		\$ (3,347)

1. To reflect fully depreciated plant. (Baves)		\$ (3,347)

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Noel Water Company
Case: QW-05-0002
Year ending Dec.31, 2004

Adjustments to Total Plant

Adj No Description	Total Co Adjustment	Mo Jurin Adjustment

Meters P-19		\$ (34,625)

1. To reflect fully depreciated plant. (Saves)		\$ (34,625)

Meter Installation P-20		

1.		

Structures & Improvements P-24		

1.		

Office Furniture & Equipment P-25		

1.		

Transportation Equipment P-26		

1.		

Other Tangible Plant P-33		

1.		

Noel Water Company
Case: OW-05-0002
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	\$ 0	0.0000	\$ 0
2	302.000	Franchises	0	0.0000	0
3	303.000	Miscellaneous Intangible Plant	0,202	0.0000	0
			-----		-----
4		Total	\$ 8,202		\$ 0
Source of Supply & Pumping Plant					
5	320.000	Land & Land Rights	\$ 6,734	0.0000	\$ 0
6	321.000	Structures & Improvements	67,477	2.5000	1,687
7	305.000	Collecting & Impounding Reservoirs	0	0.0000	0
8	313.000	Lake, River & Other Intakes	0	0.0000	0
9	314.000	Wells & Springs	153,676	2.0000	3,074
10	315.000	Infiltration Galleries & Tunnels	0	0.0000	0
11	316.000	Supply Mains	0	2.0000	0
12	325.000	Electric Pumping Equipment	98,622	10.0000	9,862
13	328.000	Other Plant & Miscellaneous Exp	0	0.0000	0
			-----		-----
14		Total	\$ 316,509		\$ 13,623
Water Treatment Plant					
15	303.100	Land & Land Rights	\$ 0	0.0000	\$ 0
16	331.000	Structures & Improvements	0	0.0000	0
17	332.000	Water Treatment Equipment	0	3.8300	0
			-----		-----
18		Total	\$ 0		\$ 0
Transmission & Distribution Plant					
19	340.000	Land & Land Rights	\$ 988	0.0000	\$ 0
20	341.000	Structures & Improvements	0	0.0000	0
21	342.000	Distribution Reservoirs & Standpipe	328,933	2.5000	8,223
22	343.000	Transmission & Distribution Mains	450,487	2.0000	9,010
23	343.001	C.T	0	2.0000	0
24	345.000	Services	0	2.0000	0
25	346.000	Meters	0	10.0000	0
26	347.000	Meter Installation	56,411	2.9000	1,636
27	348.000	Hydrants	20,088	2.5000	502
28	349.000	Other Plant & Miscellaneous Equip	0	0.0000	0
			-----		-----
29		Total	\$ 856,507		\$ 19,371

Noel Water Company
Case: QW-05-0002
Year ending Dec.31, 2004

Depreciation Expense

Line No	Acct	Description	Adjusted Jurisdictional	Depreciation Rate	Depreciation Expense
		(A)	(B)	(C)	(D)
		General Plant			
30	309.000	Land & Land Rights	\$ 0	0.0000	\$ 0
31	390.000	Structures & Improvements	0	2.5000	0
32	392.000	Transportation Equipment	10,601	13.0000	1,404
33	391.000	Office Furniture & Equipment	14,339	5.0000	717
34	393.000	Stores Equipment	0	0.0000	0
35	394.000	Tools, Shop & Garage Equipment	1,777	5.0000	89
36	395.000	Laboratory Equipment	0	0.0000	0
37	396.000	Power Operated Equipment	23,772	6.7000	1,593
38	397.000	Communication Equipment	0	5.0000	0
39	398.000	Miscellaneous Equipment	0	0.0000	0
40	399.000	Other Tangible Plant	0	2.5000	0
41		Total	\$ 50,689		\$ 3,803
42		Total Depreciation Expense	\$ 1,231,907		\$ 36,797

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Noel Water Company
Case: QW-05-0002
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 & Pumping Plant				
5	310.000 Land & Land Rights	\$ 0	\$ 0 R-1	\$ 0
6	321.000 Structures & Improvements	26,090	0 R-2	26,090
7	312.000 Collecting & Impounding Reservoirs	0	0 R-3	0
8	313.000 Lake, River & Other Intakes	0	0 R-4	0
9	314.000 Wells & Springs	60,701	0 R-5	60,701
10	315.000 Infiltration Galleries & Tunnels	0	0 R-6	0
11	316.000 Supply Mains	0	0 R-7	0
12	325.000 Electric Pumping Equipment	44,260	0 R-8	44,260
13	328.000 Other Supply & Pumping Plant	0	0 R-9	0
14	339.200 Other Plant & Miscellaneous Equip	0	0	0
15	Total	\$ 131,051	\$ 0	\$ 131,051
Water Treatment Plant				
16	331.000 Structures and Improvements	\$ 0	\$ 0 R-10	\$ 0
17	332.000 Water Treatment Equipment	13,521	(13,521) R-11	0
18	Total	\$ 13,521	\$ (13,521)	\$ 0
Transmission & Distribution Plant				
19	341.000 Structures and Improvements	\$ 0	\$ 0	\$ 0
20	342.000 Distribution Reservoirs & Standpipe	69,755	0 R-12	69,755
21	343.000 Transmission & Distribution Mains	181,117	0 R-13	181,117
22	345.000 Services	3,542	(3,542) R-14	0
23	344.000 Fire Meters	0	0	0
24	346.000 Meters	30,199	(30,199) R-15	0
25	348.000 Hydrants	9,847	0 R-16	9,847
26	347.000 Meter Installations	19,235	0 R-17	19,235
27	Total	\$ 319,695	\$ (39,731)	\$ 279,964

Noel Water Company
Case: QW-05-0002
Year ending Dec. 31, 2004

Depreciation Reserve

Line No	Acct	Description	Missouri Jurisdictional	Jurisdictional Adjustment	Adjusted Jurisdictional
		(A)	(B)	(C)	(D)
General Plant					
28	390.000	Structures & Improvements	\$ 0	\$ 0	\$ 0
29	389.000	Land & Land Rights	0	0	0
30	391.000	Office Furniture & Equipment	3,999	0 R-18	3,999
31	392.000	Transportation Equipment	2,686	0 R-19	2,686
32	393.000	Stores Equipment	0	0	0
33	394.000	Tools, Shop & Garage Equipment	641	0 R-20	641
34	395.000	Laboratory Equipment	0	0	0
35	396.000	Power Operated Equipment	17,001	0 R-21	17,001
36	397.000	Communication Equipment	0	0	0
37	398.000	Miscellaneous Equipment	0	0	0
38	399.000	Other Tangible Plant	0	0	0
39		Total	\$ 24,327	\$ 0	\$ 24,327

40		Total Depreciation Reserve	\$ 488,984	\$ (52,252)	\$ 435,332

Noel Water Company
Case: OW-05-0002
Year ending Dec.31, 2004

Adjustments to Depreciation Reserve

Adj No Description	Total Co Adjustment	Mo Juris Adjustment

Structures & Improvements	R-2	

1.		

Wells & Springs	R-5	

1.		

Supply Mains	R-7	

1.		

Electric Pumping Equipment	R-8	

1.		

Water Treatment Equipment	R-11	\$ (13,521)

1. To reflect fully depreciated plant. (Eaves)		\$ (13,521)

Distribution Reservoirs & Standpipe	R-12	

1.		

Transmission & Distribution Mains	R-13	

1.		

Keel Water Company
Case: QW-05-0002
Year ending Dec.31, 2004

Adjustments to Depreciation Reserve

Adj No Description	Total Co Adjustment	Mo Juris Adjustment

Services R-14		\$ (3,542)

1. To reflect fully depreciated plant. (Eaves)		\$ (3,542)

Meters R-15		\$ (36,189)

1. To reflect fully depreciated plant. (Eaves)		\$ (36,189)

Hydrants R-16		

1.		

Meter Installations R-17		

1.		

Office Furniture & Equipment R-18		

1.		

Noel Water Company
Case: QW-05-0002
Year ending Dec.31, 2004

Income Statement

Line		Missouri	Jurisdictional	Adjusted
No	Acct Description	Jurisdictional	Adjustment	Jurisdictional
	(A)	(B)	(C)	(D)
Operating Revenues				
1	460.100 Unmetered Sales to Customers	\$ 131	\$ 0	\$ 131
2	460.200 Unmetered Sales to Commercial Cust	72	0	72
3	460.300 Unmetered Sales to Industrial Cust	0	0	0
4	460.400 Unmetered Sales to Public Authority	0	0	0
5	461.100 Metered Sales to Residential Cust	71,615	(3,930) S-1	67,685
6	461.200 Metered Sales to Commercial Cust	129,040	(595) S-2	128,445
7	461.300 Metered Sales to Industrial Cust	36,114	(324) S-3	35,790
8	461.400 Metered Sales to Public Authorities	10,625	(1,337) S-4	9,288
9	462.000 Private Fire Protection Service	2,323	0 S-5	2,323
10	465.000 Sales to Irrigation Customers	325	0 S-8	325
11	471.000 Miscellaneous Service Revenues	1,364	0 S-9	1,364
12	474.000 Other Water Revenues	1,995	0 S-10	1,995
13	Interest and Dividend Income	2,004	0 S-11	2,004
14	Total	\$ 255,608	\$ (6,186)	\$ 249,422

Noel Water Company
Case: QW-04-0002
Year ending Dec.31, 2004

Income Statement

Line		Missouri	Jurisdictional	Adjusted
No	Acct Description	Jurisdictional	Adjustment	Jurisdictional
(A)		(B)	(C)	(D)
Operation & Maintenance Expense				
15	600.000 Operation Supervision & Engineering \$	19,911	\$ 0	\$ 19,911
16	602.000 Materials & Supplies	0	0	0
17	622.000 Purchase Power	55,197	5,520 S-13	60,717
18	625.000 Maintenance of Pumping Plant	1,747	0 S-50	1,747
19	630.000 Operation Labor and Expenses	503	0 S-14	503
20	631.000 Chemicals	4,913	263 S-12	5,176
21	635.100 Misc. Plant Repair	3,310	0 S-15	3,310
22	636.000 Outside Contracting	0	0 S-16	0
23	641.000 Testing	0	0	0
24	651.000 Mains	4,168	0 S-18	4,168
25	652.000 Maintenance of Water Treatment Plan	0	0 S-19	0
26	902.000 Customer Records and Collection Exp	8,387	0 S-20	8,387
27	675.100 Bank Charges	0	0 S-21	0
28	920.000 Administrative and General Salaries	10,049	0 S-22	10,049
29	921.000 Medical Insurance	9,266	0 S-23	9,266
30	921.100 Postage and Office Supplies	3,425	0 S-24	3,425
31	923.000 Outside Services Employed	2,666	0 S-25	2,666
32	930.100 Misc. Expense-Dues	0	0 S-26	0
33	930.150 Misc. Expense-Life Insurance	0	0 S-27	0
34	930.155 Misc. Vehicle Insurance	0	0 S-28	0
35	930.200 Misc. General Expense	4,244	0 S-29	4,244
36	930.300 Misc. Expense-MO DNR	0	0 S-30	0
37	928.000 Misc. Expense-PSC Assessment	0	1,920 S-31	1,920
38	930.320 Misc. Expense-Other State Fees	0	0 S-32	0
39	930.400 Misc. Expense-Trash Hauling	0	0 S-33	0
40	930.500 Misc. Expense-Property Taxes	11,624	0 S-34	11,624
41	930.700 Misc. Expense-Telephone	0	0 S-45	0
42	930.800 Misc. Expense-Uncollectibles	0	0 S-35	0
43	930.900 Misc. Expense-Rent	0	0 S-37	0
44	933.000 Vehicle Expense	6,460	0 S-56	6,460
45	901.000 Meter Reading Expense	29,626	0 S-39	29,626
46	903.000 Office Supplies and Expenses	0	0 S-40	0
47	924.000 Commercial General Insurance	0	0 S-41	0
48	931.250 Misc Remodeling Expense	0	0 S-42	0
49	930.950 Interest Expense	5,000	0 S-46	5,000
50	Total	\$ 180,546	\$ 7,703	\$ 188,249

Noel Water Company
Case: QW-05-0002
Year ending Dec.31, 2004

Income Statement

Line No	Acct	Description	Missouri Jurisdictional	Jurisdictional Adjustment	Adjusted Jurisdictional
		(A)	(B)	(C)	(D)
Depreciation Expense					
51		Depreciation Expense	\$ 0	\$ 36,797 S-60	\$ 36,797
52		Total	\$ 0	\$ 36,797	\$ 36,797

53		Other Operating Expenses	\$ 0	\$ 0	\$ 0

54		Total Operating Expenses	\$ 180,546	\$ 44,500	\$ 225,046

55		Net Income Before Taxes	\$ 75,062	\$ (50,606)	\$ 24,376

Current Income Taxes					
56		Current Income Taxes	\$ 0	\$ 0	\$ 0
57		Total	\$ 0	\$ 0	\$ 0
Deferred Income Taxes					
58		Deferred Income Taxes	\$ 0	\$ 0	\$ 0
59		Total	\$ 0	\$ 0	\$ 0

60		Total Income Taxes	\$ 0	\$ 0	\$ 0

61		Net Operating Income	\$ 75,062	\$ (50,606)	\$ 24,376

Noel Water Company
Case: QW-05-0002
Year ending Dec.31, 2004

Adjustments to Income Statement

Adj No Description	Total Co Adjustment	No Juris Adjustment

Metered Sales to Residential Cust S-1		\$ (3,930)

1. To adjust revenue to exclude amounts other than water revenue. (Boateng)		\$ (3,930)

Metered Sales to Commercial Cust S-2		\$ (595)

1. To adjust water revenue. (Boateng)		\$ (595)

Metered Sales to Industrial Cust S-3		\$ (324)

1. To adjust water revenue. (Boateng)		\$ (324)

Metered Sales to Public Authorities S-4		\$ (1,337)

1. To adjust water revenue. (Boateng)		\$ (1,337)

Interest and Dividend Income S-11		

1.		

Chemicals S-12		\$ 263

1. To reflect the increase in chlorine. (Eaves)		\$ 263

Noel Water Company
Case: QM-05-0002
Year ending Dec.31, 2004

Adjustments to Income Statement

Adj No Description	Total Co Adjustment	No Juris Adjustment

Purchase Power S-13		\$ 5,520

1. To reflect increase in purchased power. (Eaves)		\$ 5,520

Medical Insurance S-23		

1.		

Outsides Services Employed S-25		

1.		

Misc. Vehicle Insurance S-28		

1.		

Misc. General Expense S-29		

1.		

Misc. Expense-PSC Assessment S-31		\$ 1,920

1. To reflect the FY-2005 McPSC assessment. (Doateng)		\$ 1,920

Noel Water Company
Case: QW-05-0002
Year ending Dec.31, 2004

Adjustments to Income Statement

Adj No Description	Total Co Adjustment	Mo Juris Adjustment

Misc. Expense-Property Taxes	\$ 34	

1.		
2.		

Misc. Expense-Uncollectibles	\$ 35	

1.		

Commerical General Insurance	\$-41	

1.		

Misc Remodeling Expense	\$-42	

1.		

Misc. Expenses-Telephone	\$-45	

1.		

Interest Expense	\$-46	

1.		

Noel Water Company
Case: QM-05-0002
Year ending Dec.31, 2004

Adjustments to Income Statement

Adj		Total Co	No Juris
No	Description	Adjustment	Adjustment

	Vehicle Expense	\$-56	

1.			

	Depreciation Expense	\$-60	\$ 36,797

1.			\$ 36,797

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Noel Water Company
Case: QM-05-0002
Year ending Dec.31, 2004

Income Tax

Line	Test Year	9.09% Return
(A)	(B)	

1 Net Income Before Taxes (Sch B)	\$ 24,375	\$ 70,987

Add to Net Income Before Taxes		
2 Book Depreciation Expense	\$ 36,797	\$ 36,797
3 Total	\$ 36,797	\$ 36,797
Subtr from Net Income Before Taxes		
4 Interest Expense 0.0000 %	\$ 0	\$ 0
5 Book Depreciation	0	0
6 Total	\$ 0	\$ 0

7 Net Taxable Income	\$ 61,173	\$ 107,784

Provision for Federal Income Tax		
8 Net Taxable Income	\$ 61,173	\$ 107,784
9 Deduct Missouri Income Tax 100.0 %	\$ 0	\$ 0
10 Deduct City Income Tax	0	0
11 Federal Taxable Income	61,173	107,784
12 Total Federal Tax	\$ 0	\$ 0
Provision for Missouri Income Tax		
13 Net Taxable Income	\$ 61,173	\$ 107,784
14 Deduct Federal Income Tax 50.0 %	\$ 0	\$ 0
15 Deduct City Income Tax	0	0
16 Missouri Taxable Income	61,173	107,784
17 Total Missouri Tax	\$ 0	\$ 0

Noel Water Company
Case: QW-05-0002
Year ending Dec.31, 2004

Income Tax

Line	(A)	(B)	Test Year	9.09% Return
	Provision for City Income Tax			
18	Net Taxable Income	\$ 61,173	\$	107,704
19	Deduct Federal Income Tax	\$ 0	\$	0
20	Deduct Missouri Income Tax	0		0
21	City Taxable Income	61,173		107,784
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
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
34	Total	\$ 0	\$	0
35	Total Income Tax	\$ 0	\$	0

Attachment 3 – Overview of Company and Customer Service Operations

**Engineering and Management Services Department
Supplemental Report
Customer Service Operations for
Noel Water Company
QW-2005-0002**

Nila Hagemeyer – April 8, 2005

The Engineering and Management Services Department (EMSD) staff initiated an informal review of the customer service processes, procedures, and practices at Noel Water Company (Company) in Noel, Missouri on March 24, 2003. This review was performed in conjunction with a small company rate increase request submitted by Noel Water Company on February 14, 2003, and given Case No. QW-2003-0022. The Company's rate increase request was subsequently withdrawn by the Company on February 23, 2005, as recent improvements to Company's plant were not included in the request. The initial EMSD staff report, completed on April 7, 2003, is attached to this supplemental report and marked as Attachment 1.

On March 14, 2005, Noel Water Company resubmitted its small company rate increase request to the Missouri Public Service Commission (Commission). The request has been assigned Case No. QW-2005-0002. The EMSD staff initiated an informal review of customer service processes, procedures, and practices at Noel Water Company by conference call on March 29, 2005. In the course of its review, the EMSD staff examined Company tariffs, the 2003 and 2004 annual reports, Commission complaint records, and other documentation provided by the Company in relation to its customer service operations.

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 service provided to its customers. The findings of this supplemental review and update will also provide the Commission with information regarding the Company's customer service operations.

At the time of the 2003 review, the EMSD staff made the following three recommendations:

1. **Customer Billing:** *Ensure the customer has 21 days from the day the bill is mailed until payment is delinquent.*
2. **Complaint and Inquiry Handling and Recording:** *Document all customer complaints and inquiries.*
3. **Customer Deposits:** *Revise and implement practices related to collecting deposits from new customers who have been deemed to have established an acceptable credit rating consistent with the Commission's "Utility Billing Practices 4 CSR 240-13.030."*

From the EMSD staff's most recent review, processes at the Company have generally remained the same as they were during the Spring 2003 review. However, the Company has taken appropriate action with regard to the EMSD staff recommendations numbered 1 and 2, as noted above. In this update, the EMSD staff will discuss steps the Company has taken to address the previous EMSD staff recommendations, changes at the Company, the remaining recommendation made in the April 7, 2003, report, and one additional recommendation.

Overview

Noel Water Company currently has 706 service connections. The Company provides water service to an annual average of 644 customers in Noel and the surrounding area as follows:

Customer Type	# of Customers
Residential	528
Commercial	86
Large Industrial	1
Public Authorities (churches, schools, government entities)	24
Private Fire Protection Services	2
Flat rate (2 residential and 1 commercial)	3

All activities associated with Company operations are performed by the Chief Operating Officer/President (COO, President), an office manager, a temporary part-time secretary, a water superintendent and a part-time field employee. Subcontractors continue to be used on an as-needed basis. The part-time field employee works approximately 6-7 days each month reading meters and assisting the water superintendent with general maintenance of outside plant facilities and property.

Improvements made in the last two years include construction of a 140,000 gallon metal standpipe. The standpipe was put in service during July 2004 and replaced a leaking 50,000 gallon tank. The Company has also replaced two sections of galvanized pipe, one approximately 240 feet, and the other approximately 800 feet, with PVC pipe. The Company's short-term plans include continued upgrades to the existing plant.

Meter Reading

The water superintendent and part-time field employee read meters between the 17th and 23rd of each month. The COO stated that ideal read dates are the 19th and 20th of each month, unless those two dates fall on a weekend. It generally takes both employees two days to read the meters, as they also re-check any questionable reads and, on occasion, clean meter boxes.

Customer Billing

Since the EMSD staff's previous review and resulting billing recommendation, the Company has changed its billing date. In accordance with PSC Rule 4 CSR 240-13.020(7), bills are now mailed at least one day before the last working day of the month to ensure that customers have 21 days to pay after rendition of the bill. Payments are delinquent after the 20th day of each month.

Customers complete applications for service at the Company office, denoting their name, address, and social security or driver's license number. Customers are required to sign the application, signifying that they agree to abide by the Company's rules and regulations, a copy of which is offered to customers when they apply for service. The Company charges all new customers a \$5 connection fee as a condition of providing water service. Before connecting water service, the Company requires customers to have a heating source (electric or gas) so that pipes will not freeze.

The Company continues to charge all new residential and commercial customers deposits of \$25 and \$35, respectively. The Company is making no attempt to determine whether new customers meet any of the credit criteria cited in the PSC rules that would enable customers to avoid paying a deposit. The Company refunds deposits with 6% interest to customers who have paid on time for 12 consecutive months. The COO stated

that the Company is currently holding 245 customer deposits, as those customers have paid late at least once – and generally more than once – each year. During the past year, the Company has had approximately 120 move-ins and move-outs, due in large part to personnel changes at the Tyson plant.

The office manager reviews the meter books for any unusual entries before entering the readings into the Corel Paradox software billing system. The system is programmed so that the bills are automatically calculated according to the meter reading. The COO stated that the Corel Paradox software has been dependable, but the hard drive to the office computer was replaced approximately four months ago.

The computer has also been programmed to issue a warning for any readings posted that register usage of more than 50% over the previous month's usage. The Company previously had the warning point set at 10% over the previous month's usage, but determined that 50% was more appropriate. Once readings are entered into the Corel Paradox software, a "Suspects List" is generated that encompasses all computer warnings for the present month. The water superintendent or part-time field employee investigates readings from the "Suspects List."

Credit and Collections

As noted in the previous customer billing section, all new residential and commercial customers are charged deposits of \$25 and \$35, respectively. Customers are still not being asked questions to determine if, according to the PSC Deposits and Guarantees of Payment Rule, the deposit may be waived. As noted earlier, when customers pay on time for 12 consecutive months, their deposits are refunded with 6% interest.

The COO estimated that Noel Water Company receives approximately one insufficient funds check each month. When this occurs, the office manager sends a letter to the customer informing him/her that their check has been returned for insufficient funds. The letter informs the customer that there is a \$15 service fee on all returned checks and the total amount needed to rectify the problem. The letter also warns the customer that if payment is not made in seven days, the Company will discontinue water service. Although there is no provision for returned check fees in Company's existing

tariffs, a sign noting the \$15 charge for returned checks is posted in the Company's offices. Staff is currently reviewing all miscellaneous charges and will be recommending updates and additions to the tariffs.

The Company has a computerized delinquency listing for all customers whose accounts are 60 days in arrears. The account balance in arrears as of March 29, 2005 was \$1,509.15. The COO stated that approximately 30 customers have account balances in arrears over 60 days and that 75-100 customers are consistently late in paying each month. The Company's disconnect policy remains the same as in 2003. As shown in the table below, the number and amount of uncollectibles is trending upward.

2003	2004
\$693.71 on 16 accounts	\$800.71 on 26 accounts

Complaint and Inquiry Handling and Recording

The Company's office telephone number appears on every bill. Customers are able to contact the Company during working hours (Monday through Friday from 8:00 a.m. to 4:30 p.m. and on Saturday from 8:00 a.m. to 12:00 p.m.) An emergency number, however, does not appear on the bills. The COO stated that in the event of an emergency, customers could call the police or fire department, and those officials know how to reach the COO. The COO's home telephone number appears in the local telephone book.

Since the EMSD staff's review in 2003, the Company began keeping a complaint/inquiry log. The EMSD staff has reviewed a copy of the complaint/inquiry log and found it to contain information such as the date, customer name, nature of the problem, and action taken to rectify the problem.

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:

- Customer Deposits
- Complaint and Inquiry Handling and Recording

Customer Deposits

No attempt is made to determine whether new customers meet any of the credit criteria cited in the PSC rules that would enable customers to avoid paying a deposit. All new residential and commercial customers are charged deposits of \$25 and \$35, respectively. This is in violation of Commission rules. Deposits with 6% interest are returned after customers pay on time for 12 consecutive months.

Before automatically charging a new customer a deposit, Noel Water Company should make every attempt to determine if new customers have established an acceptable credit rating. PSC Rule 4 CSR 240-13.030(1)(C) states . . .

The customer shall be deemed *prima facie* to have established an acceptable credit rating if the customer meets any of the following criteria:

1. Owns or is purchasing a home;
2. Is and has been regularly employed on a full-time basis for at least one (1) year;
3. Has an adequate regular source of income; or
4. Can provide adequate credit references from a commercial credit source.

If the customer is deemed to have established an acceptable credit rating by meeting any of the above criteria, a deposit should not be charged.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Revise and implement practices related to collecting deposits from new customers who have been deemed to have established an acceptable credit rating consistent with the Commission's Utility Billing Practices 4 CSR 240-13.030.

Complaint and Inquiry Handling and Recording

Customers do not have an emergency contact for the Company outside of normal business hours. An answering machine is currently not available. The COO stated that in the event of an emergency, customers could contact the police or fire departments, and those officials know how to reach him.

According to Commission Rule 4 CSR 240-13.040(C) Inquiries, “Qualified personnel shall be available at all times to receive and initiate response to customer contacts regarding any discontinuance of service or emergency condition occurring within the utility’s service area; . . .” To be in compliance with the Commission rules, customers must be able to contact the Company in the event of an after-hours emergency. Options to enable customers to reach the Company outside of normal business hours may include installing an inexpensive answering machine with an after-hours message informing customers of an emergency contact number or contracting with an answering service to take after-hours calls.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Communicate to customers a method of contacting the Company outside of normal business hours in the event of an emergency.