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Missouri Public Service Commission

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April 22, 1994

DAVID L. RAUCH
Executive Secretary

SAM GOLDAMMER
Director, Utility Operations

GORDON L. PERSINGER
Director, Policy & Planning

KENNETH J. RADEMAN
Director, Utility Services

DANIEL S. ROSS
Director, Administration

CECIL I. WRIGHT
Chief Hearing Examiner

ROBERT J. HACK
General Counsel

Mr. David Rauch
Executive Secretary
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102

RE: Case No. WO-93-194 -- In the matter of a Management Audit of
The Raytown Water Company.

Dear Mr. Rauch:

Enclosed for filing in the above-captioned case are fifteen
(15) conformed copies of an IMPLEMENTATION PLAN prepared by The
Raytown Water Company.

The Commission Staff is not requesting an on-the-record
conference in this case. The Commission Staff understands that one
or more parties may address the Company's management in its pending
rate case.

This filing has been mailed or hand-delivered this date to all
parties of record.

Thank you for your attention to this matter.

Sincerely,

Wm K Haas

William K. Haas
Assistant General Counsel
314-751-7510

FILED

WKH:rsn

Enclosure

cc: Parties of Record

APR 22 1994

MISSOURI
PUBLIC SERVICE COMMISSION

Raytown Implementation Plan Introduction Section

The Raytown Water Company's Implementation Plan was received by the MSD staff on April 18, 1994. The MSD staff has summarized the major steps of each of the recommendations on to a one-page graph. The graphs include the Company's estimated starting and completion dates, as well as an estimate of costs to implement each recommendation. The graphs are listed as Exhibit A.

The Company's Implementation Plan is attached as Exhibit B. It is recommended that any one who wants a complete description of the Company's Implementation Plan should read Exhibit B.

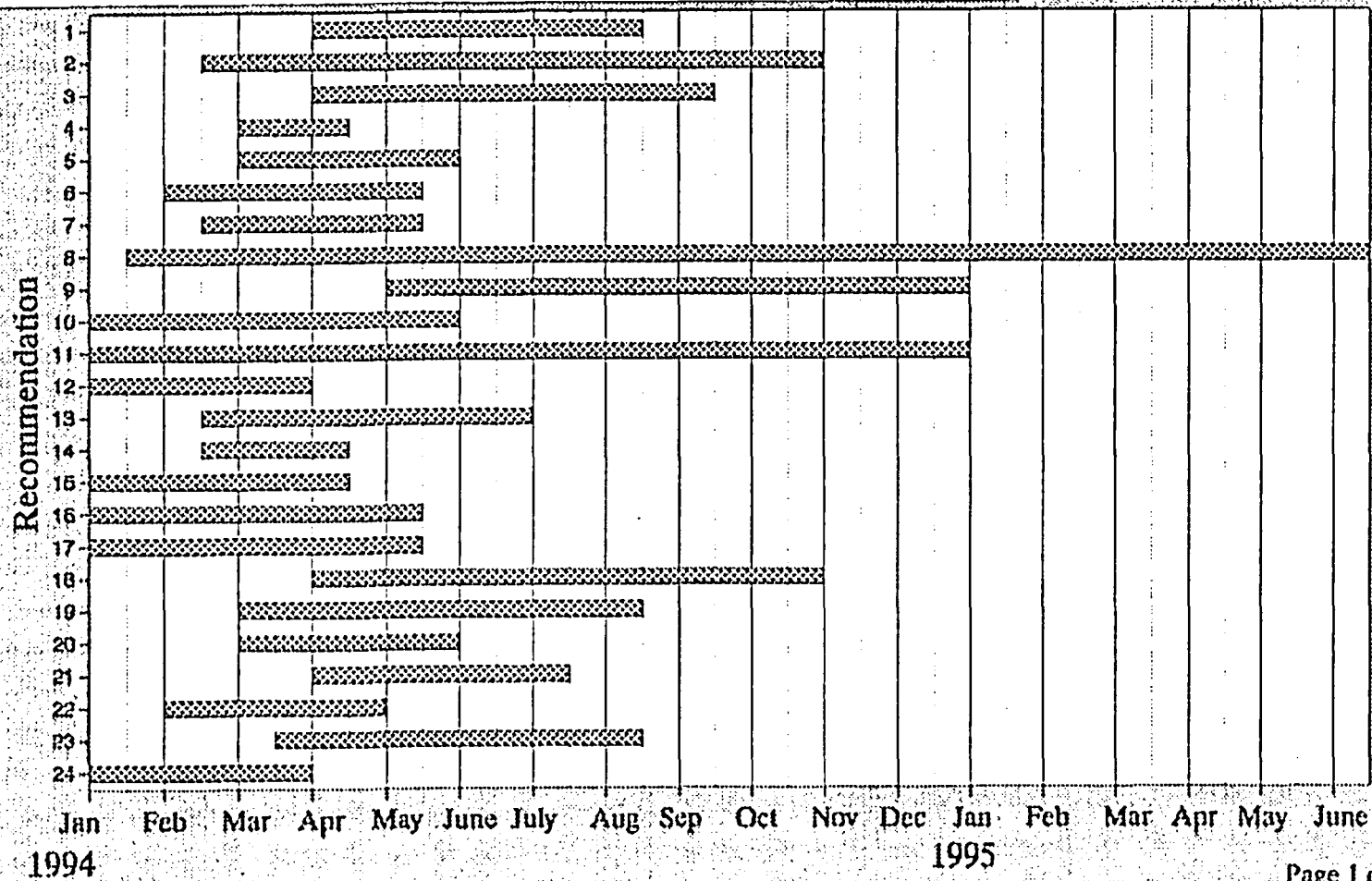
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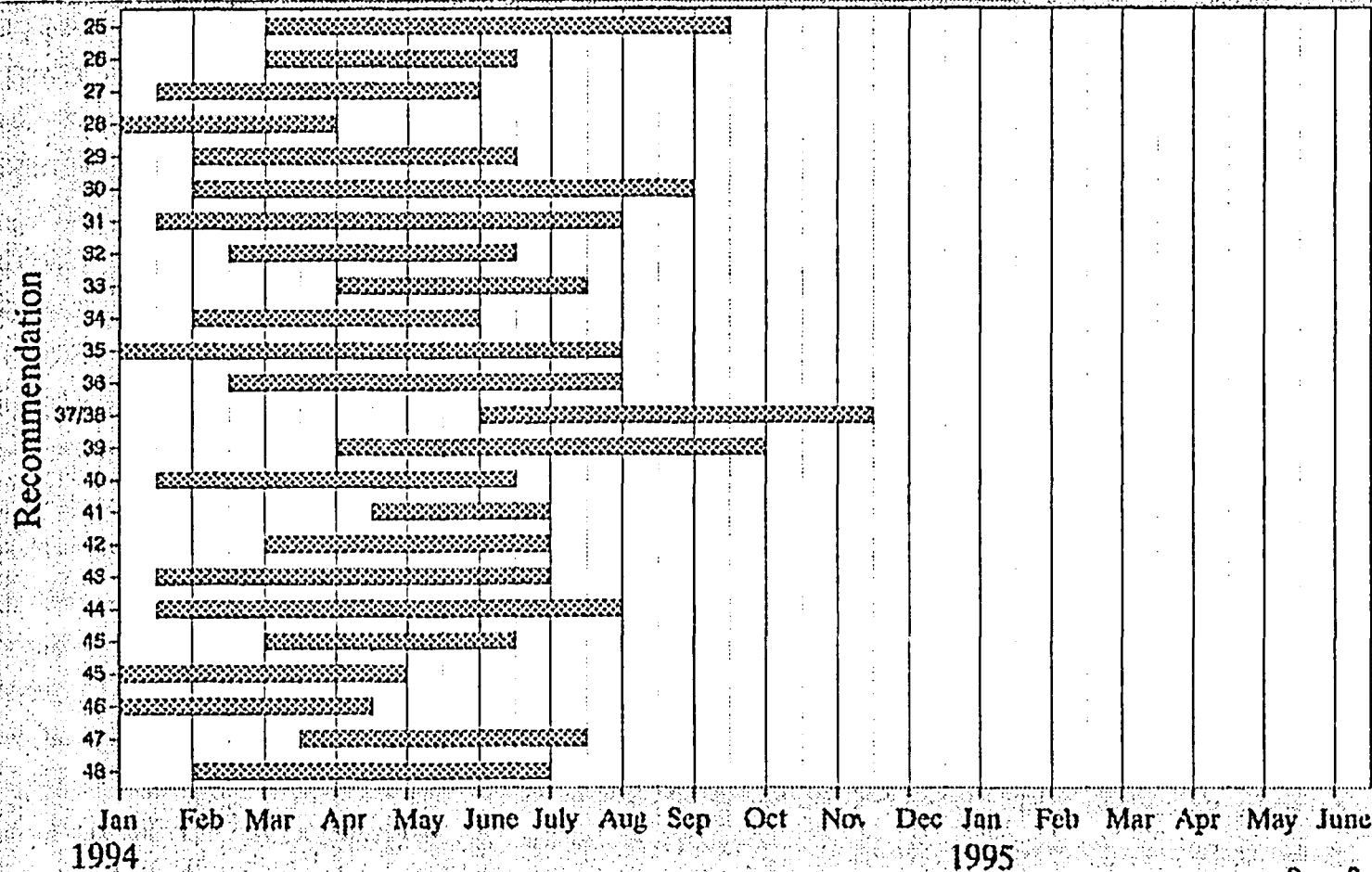
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Implementation Plan Time Line 1994-95

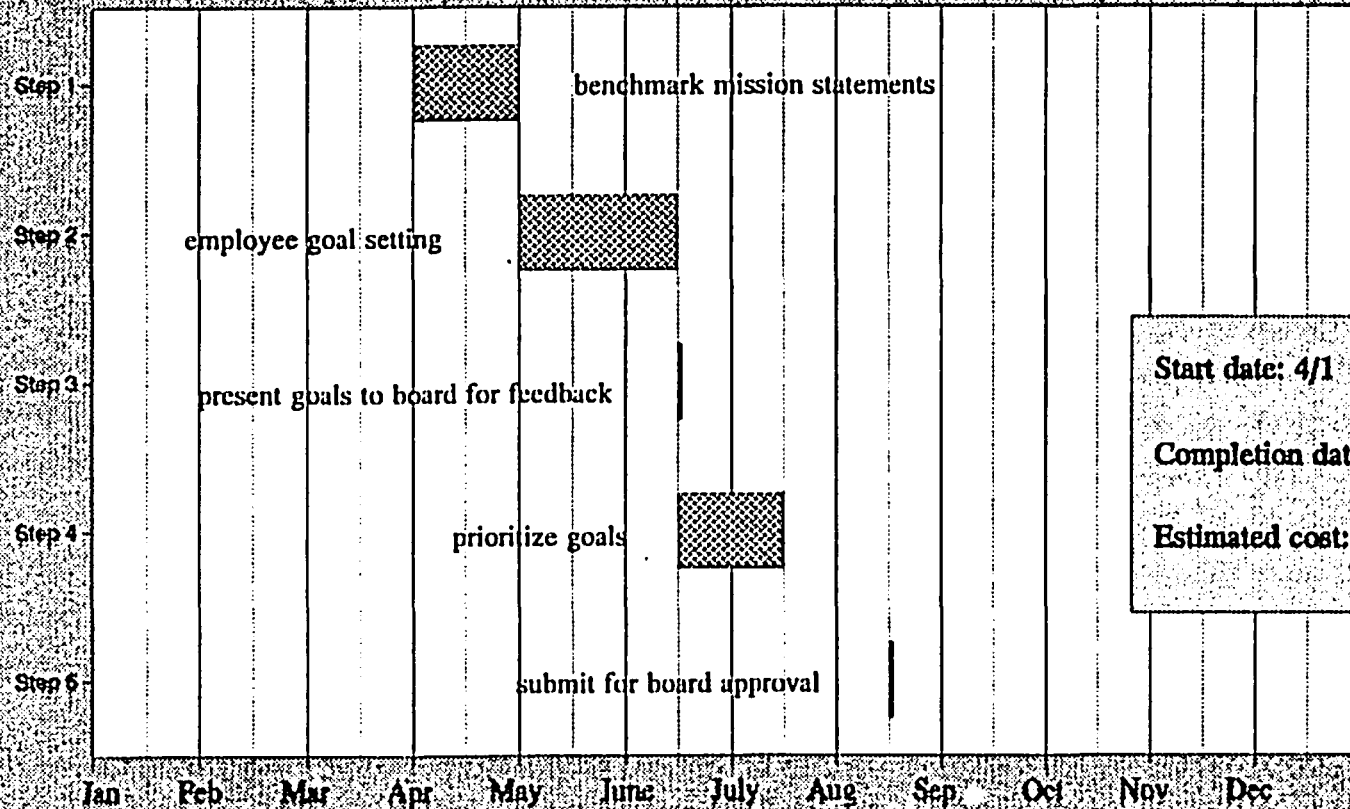


Implementation Plan Time Line 1994-95



Recommendation 1

Define the Company's mission statement and establish policies, procedures and practices necessary for developing and implementing an effective strategic planning process.



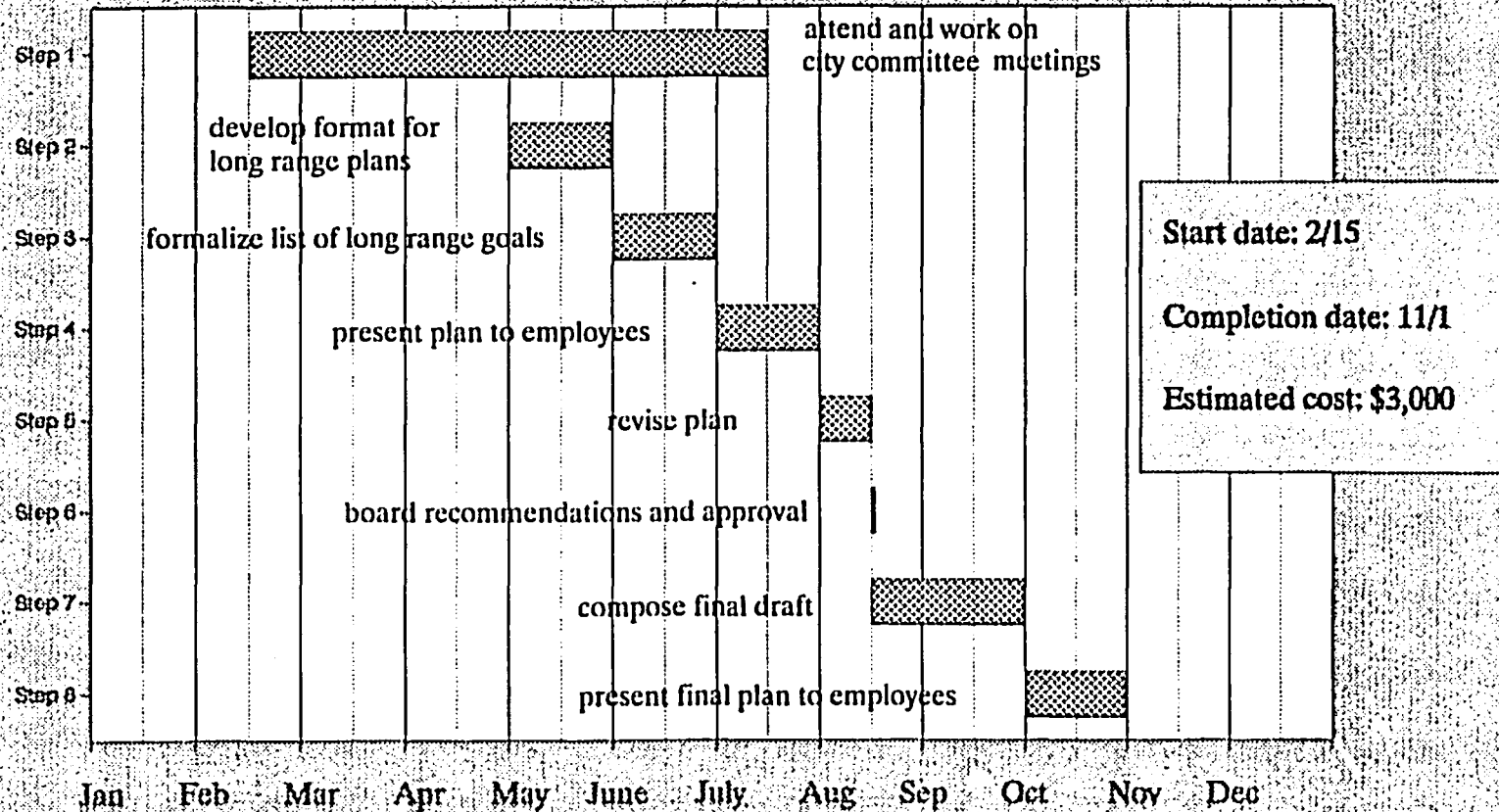
Start date: 4/1

Completion date: 8/15

Estimated cost: minimal

Recommendation 2

Develop, implement, and regularly revise a formal, documented, rolling three to five-year long-range plan. The plan should detail strategic goals, construction projects, marketing and public relations activities, technological changes, means for financing future projects under consideration, and anticipated completion dates.

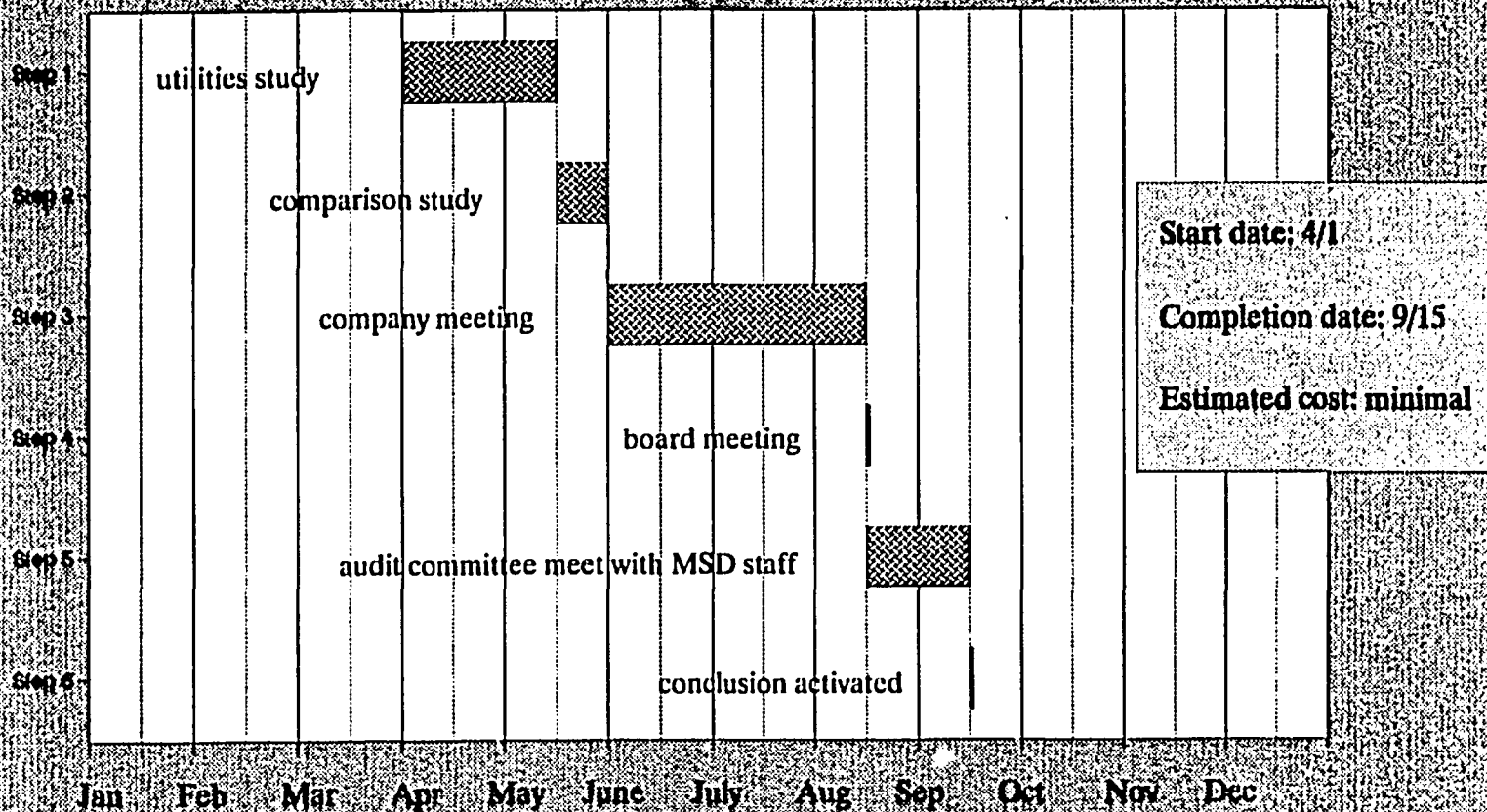


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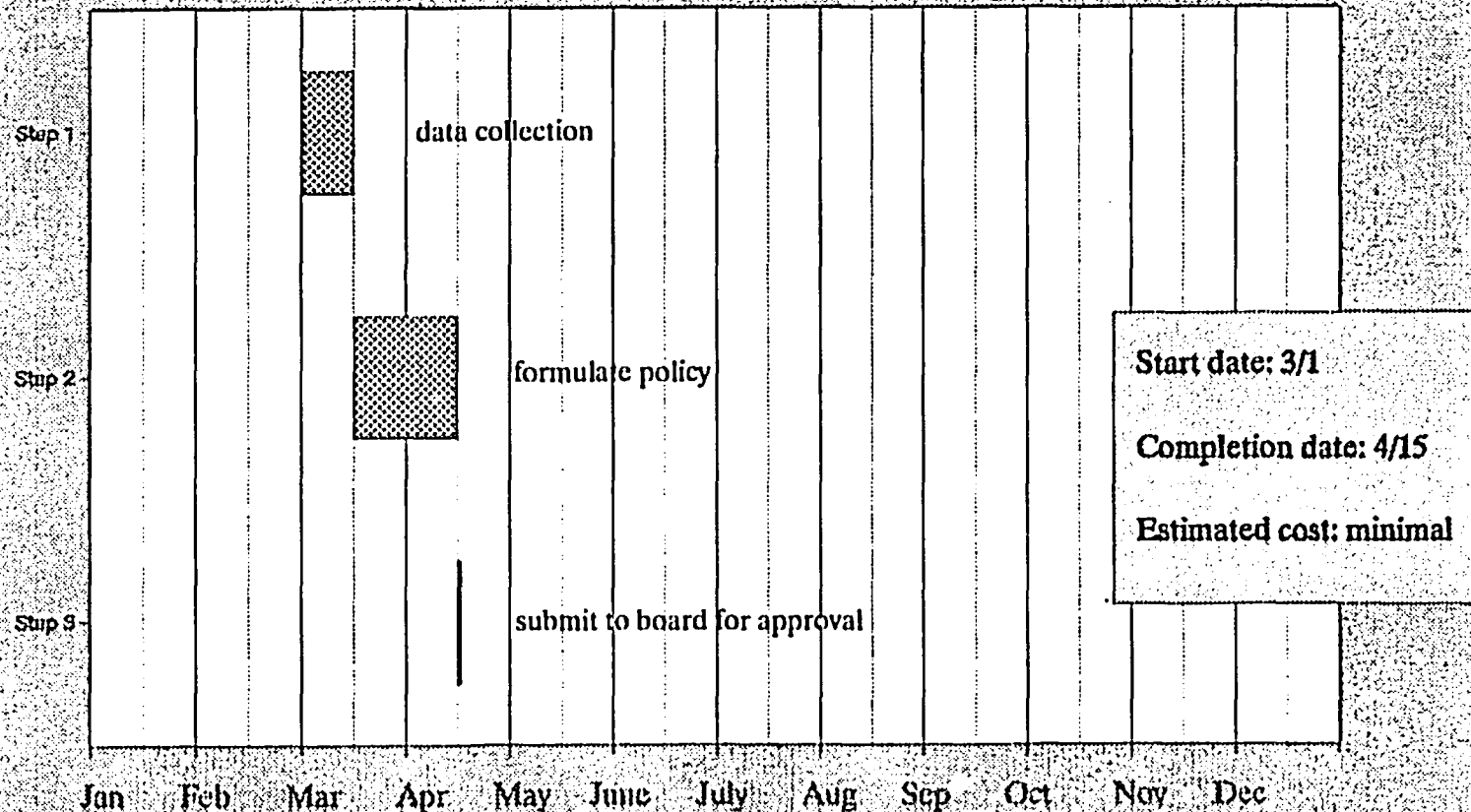
Recommendation 3

Eliminate the assistant manager position.



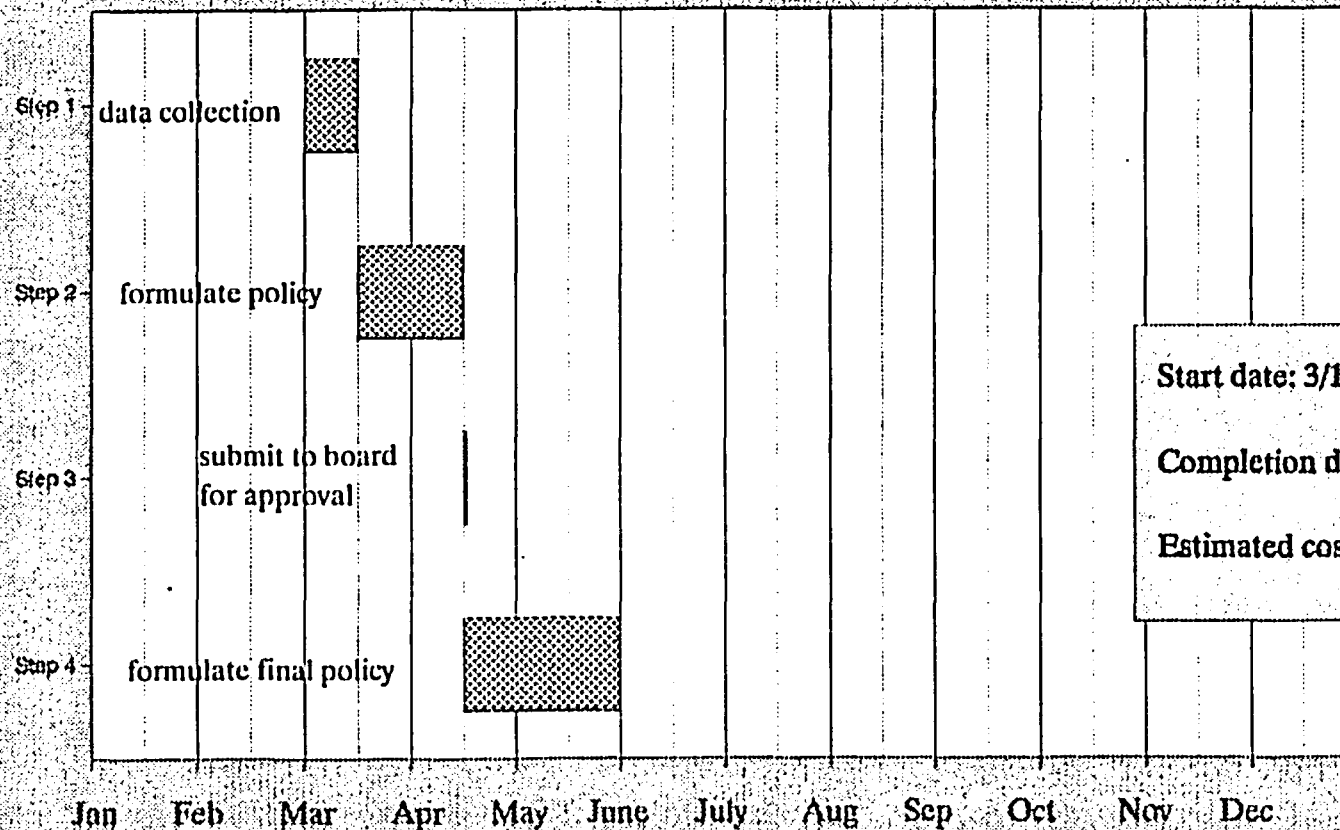
Recommendation 4

Develop and implement recruiting and hiring procedures which are designed to select applicants having the highest level of knowledge, skill, and experience necessary to improve the operational performance of the company.



Recommendation 5

Develop a formal succession plan for key management positions.



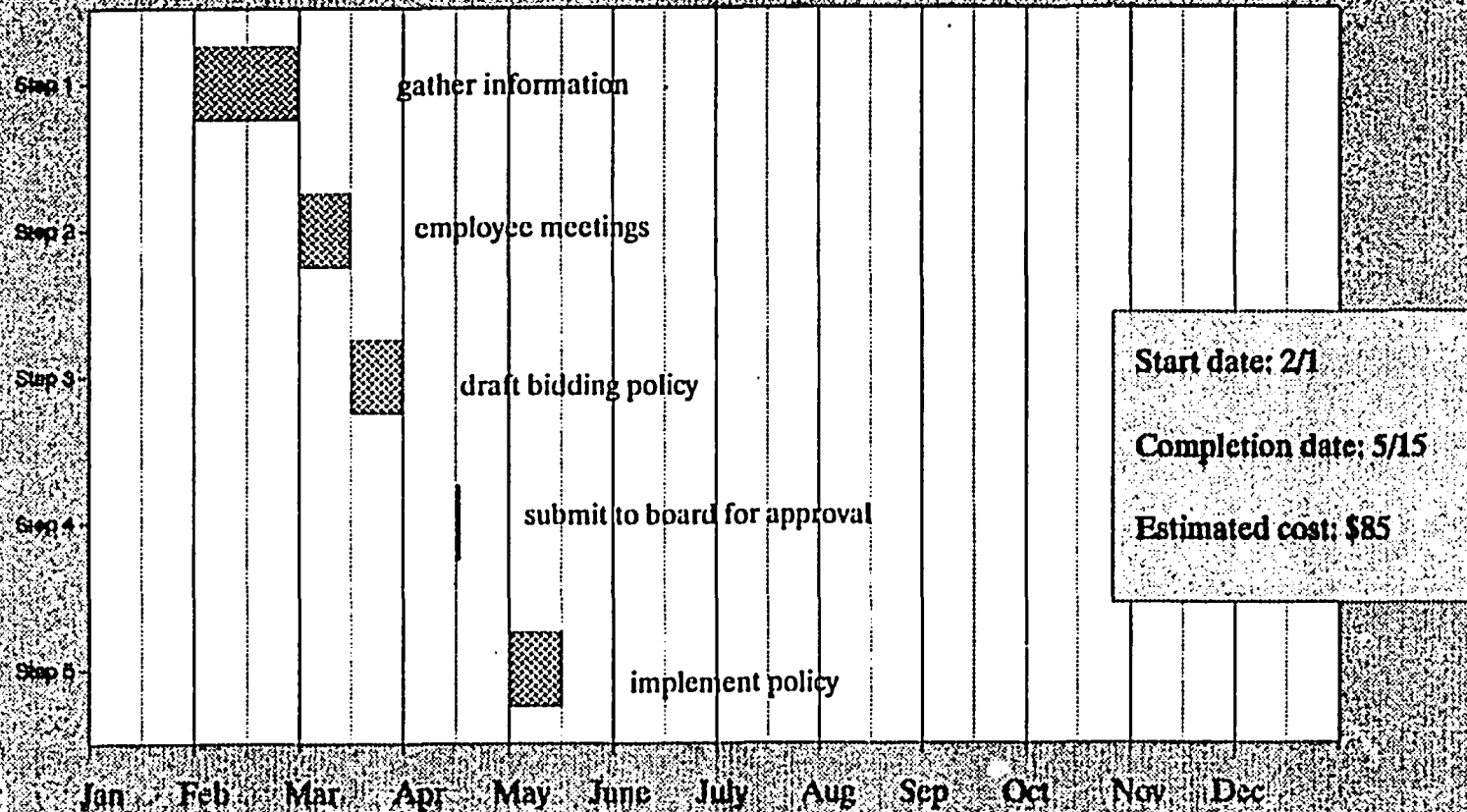
Start date: 3/1

Completion date: 6/1

Estimated cost: minimal

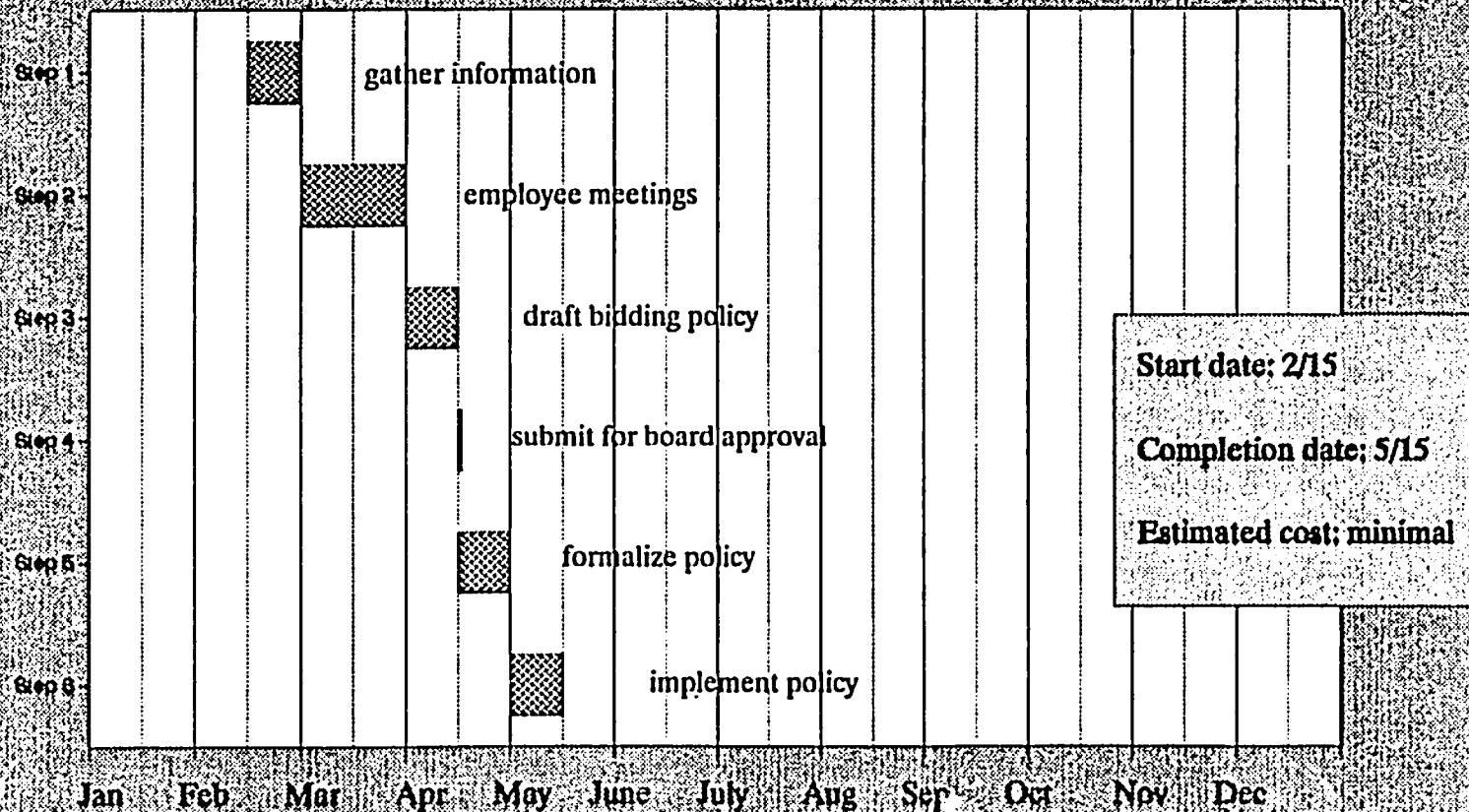
Recommendation 6

Develop and implement formal competitive bidding procedures for all major equipment purchases and contracts.



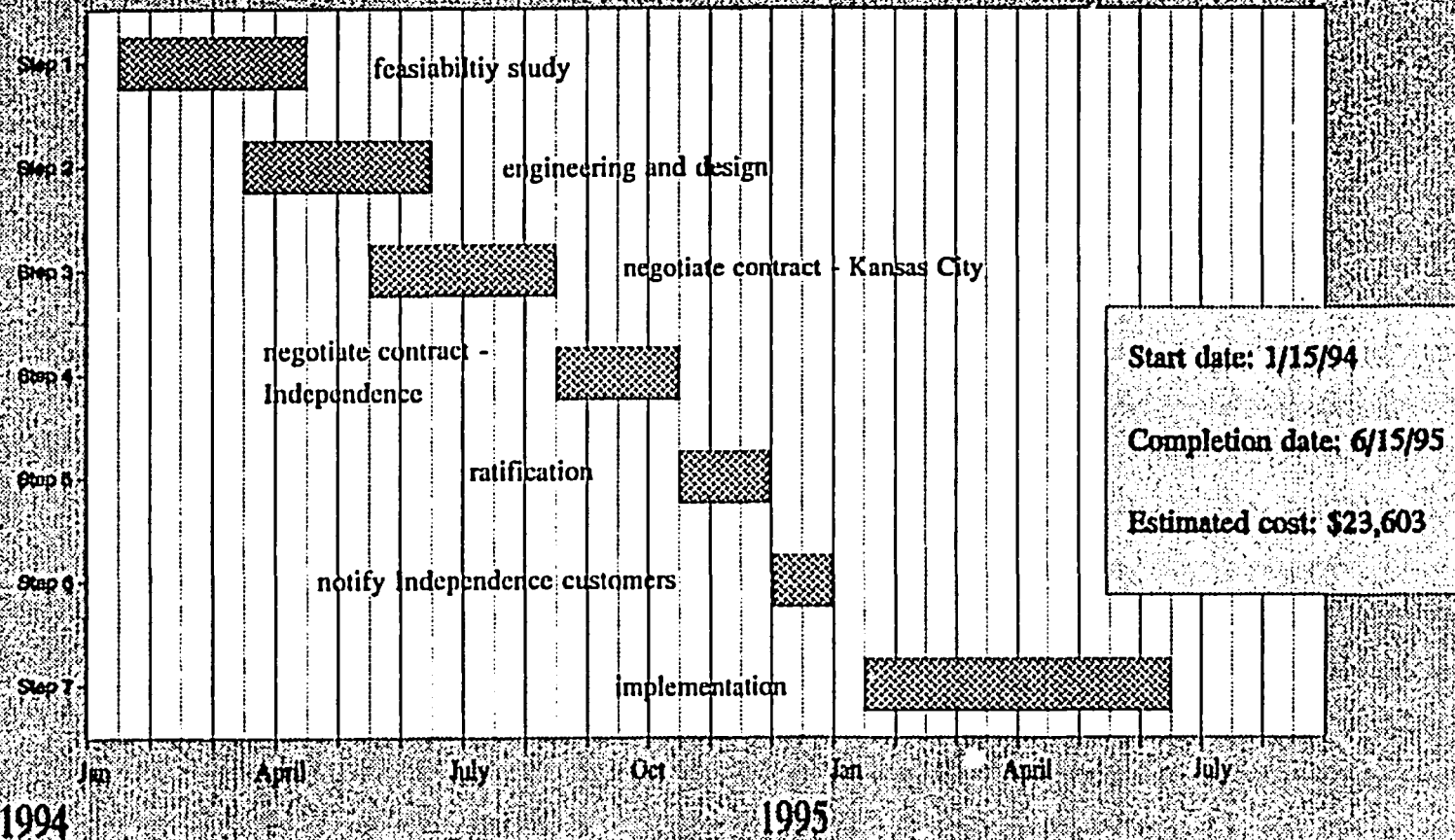
Recommendation 7

Develop and implement a formal policy for performing documented needs analysis prior to making major equipment purchases.



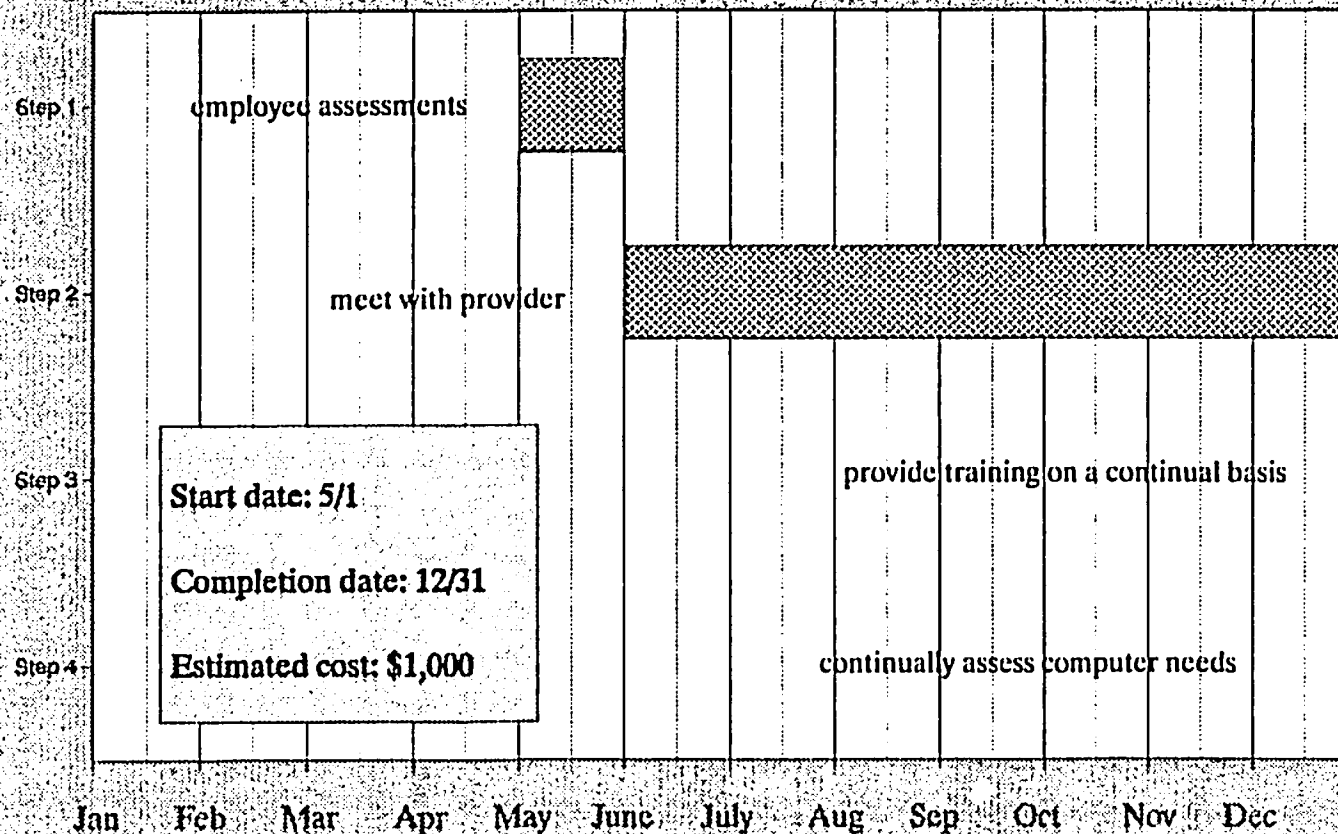
Recommendation 8

Continue to negotiate with the city of Independence to provide wholesale water to the Company for its Independence customers.



Recommendation 9

Develop and implement a plan for training employees in the use of the computer system and for regularly assessing data processing requirements for future software and hardware upgrades.

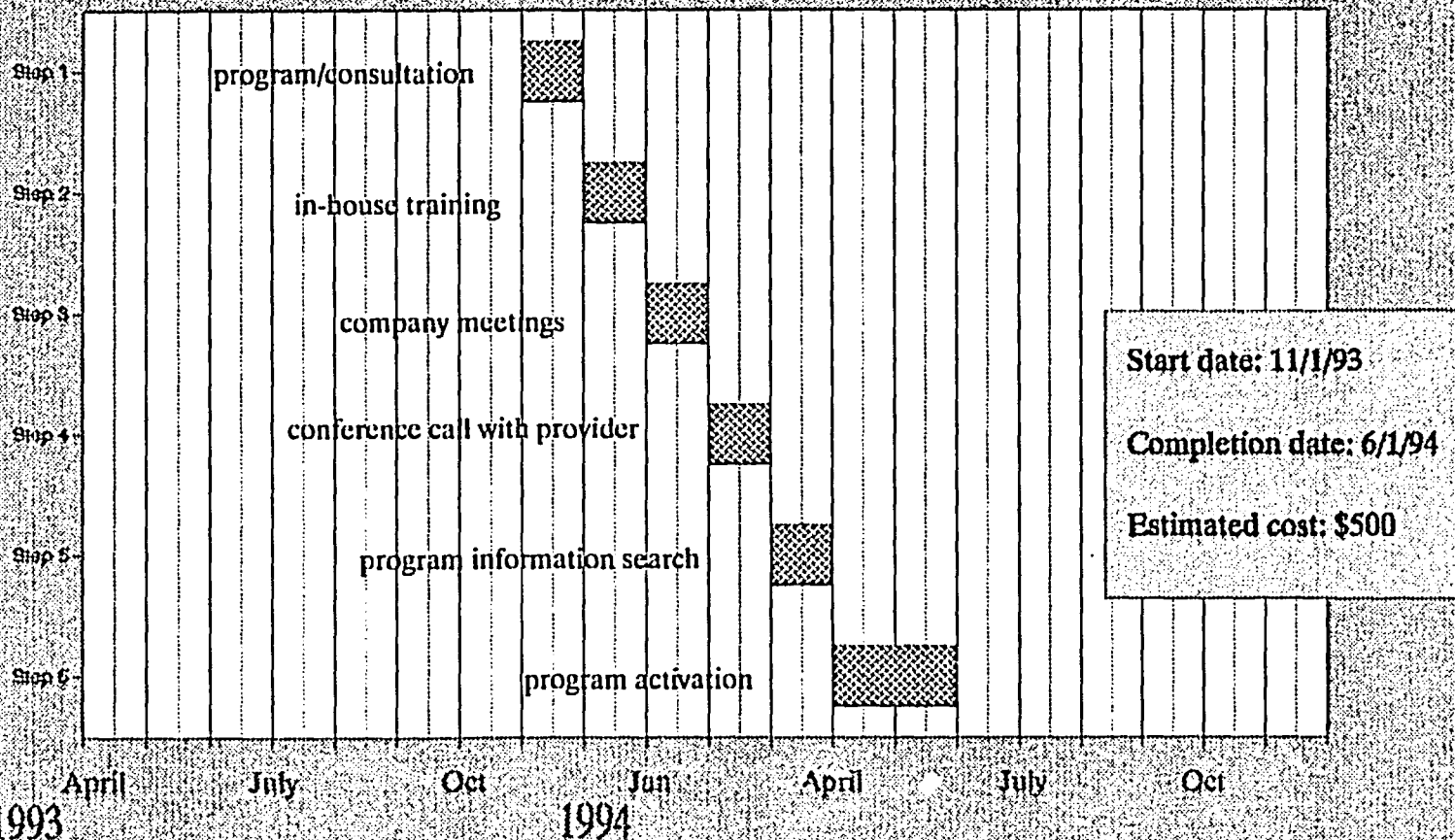


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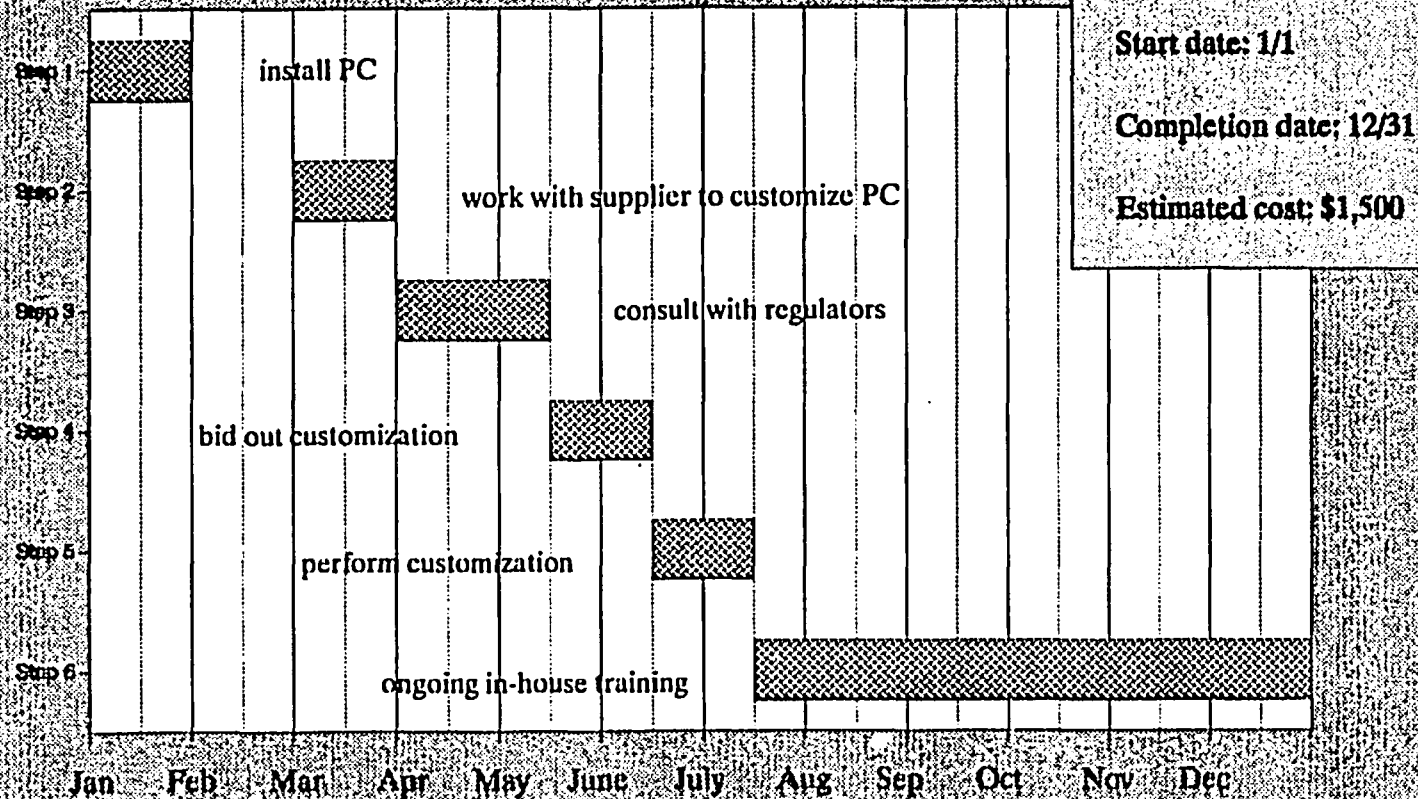
Recommendation 10

Determine and implement the most cost effective way to automate the remaining field related data.



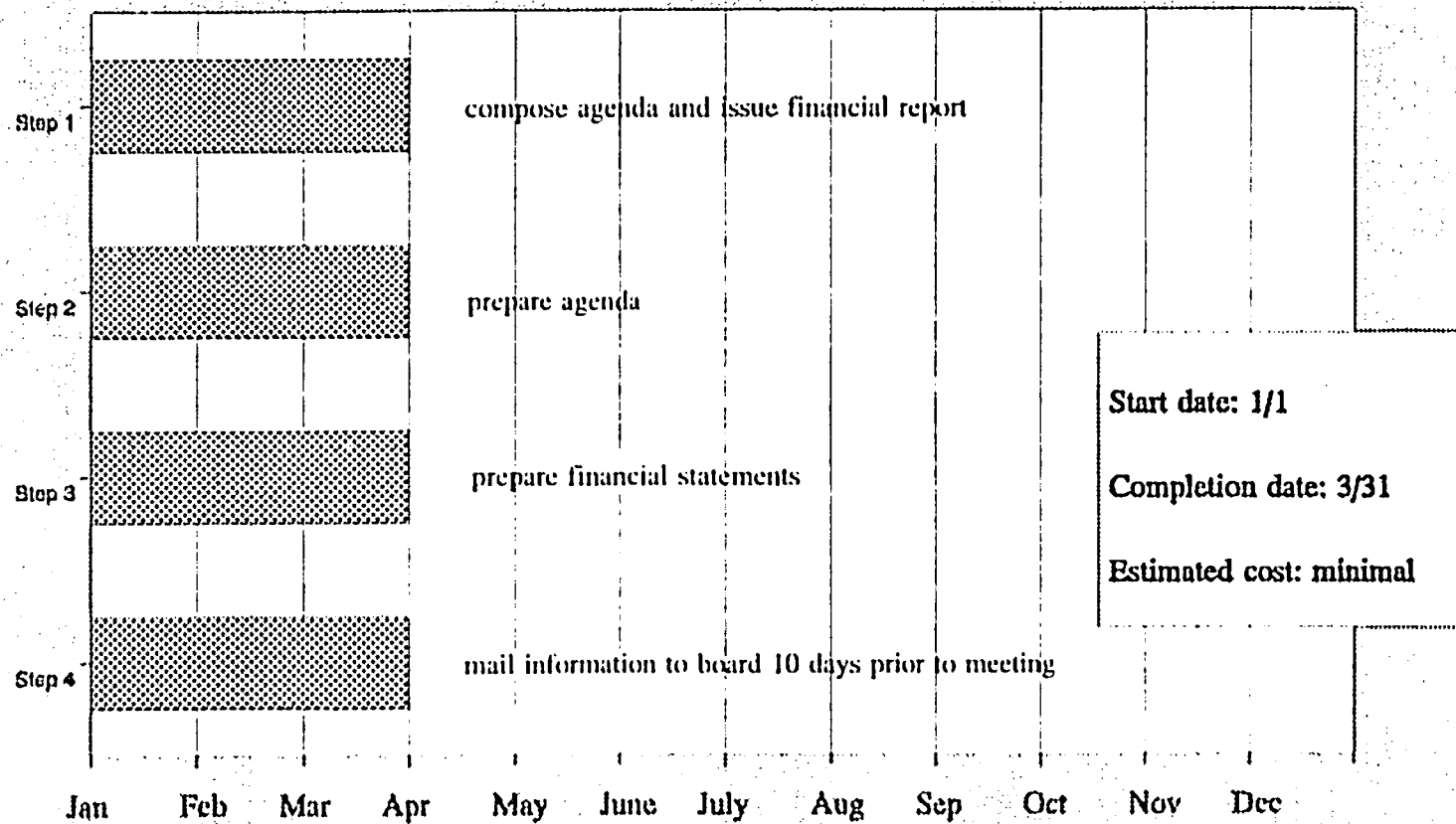
Recommendation 11

Install the unused PC in the President and General Manager's office and take action to implement the full capabilities of this technology to achieve operational efficiencies.



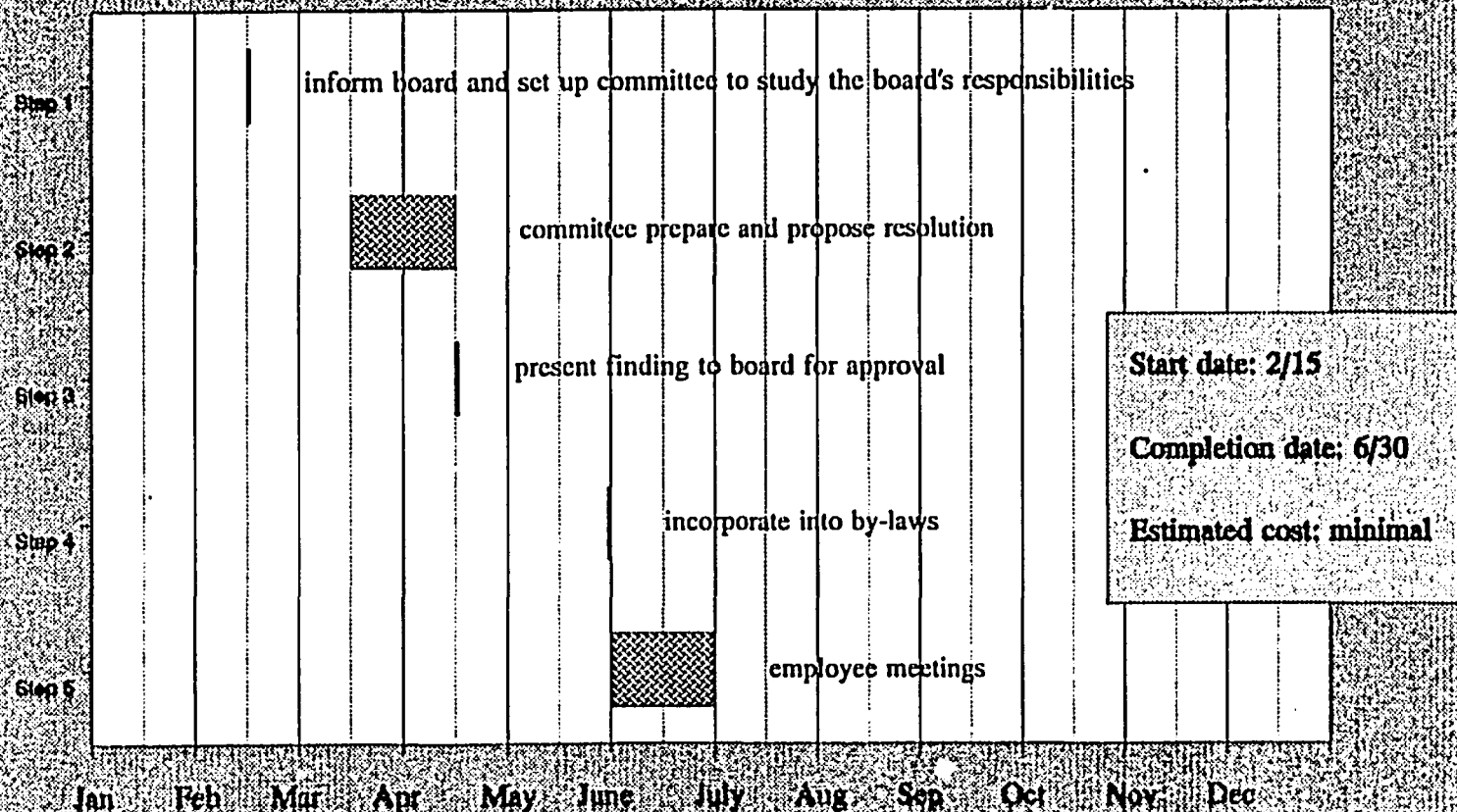
Recommendation 12

Provide all Board members with a written agenda and summarized financial information prior to all Board meetings.



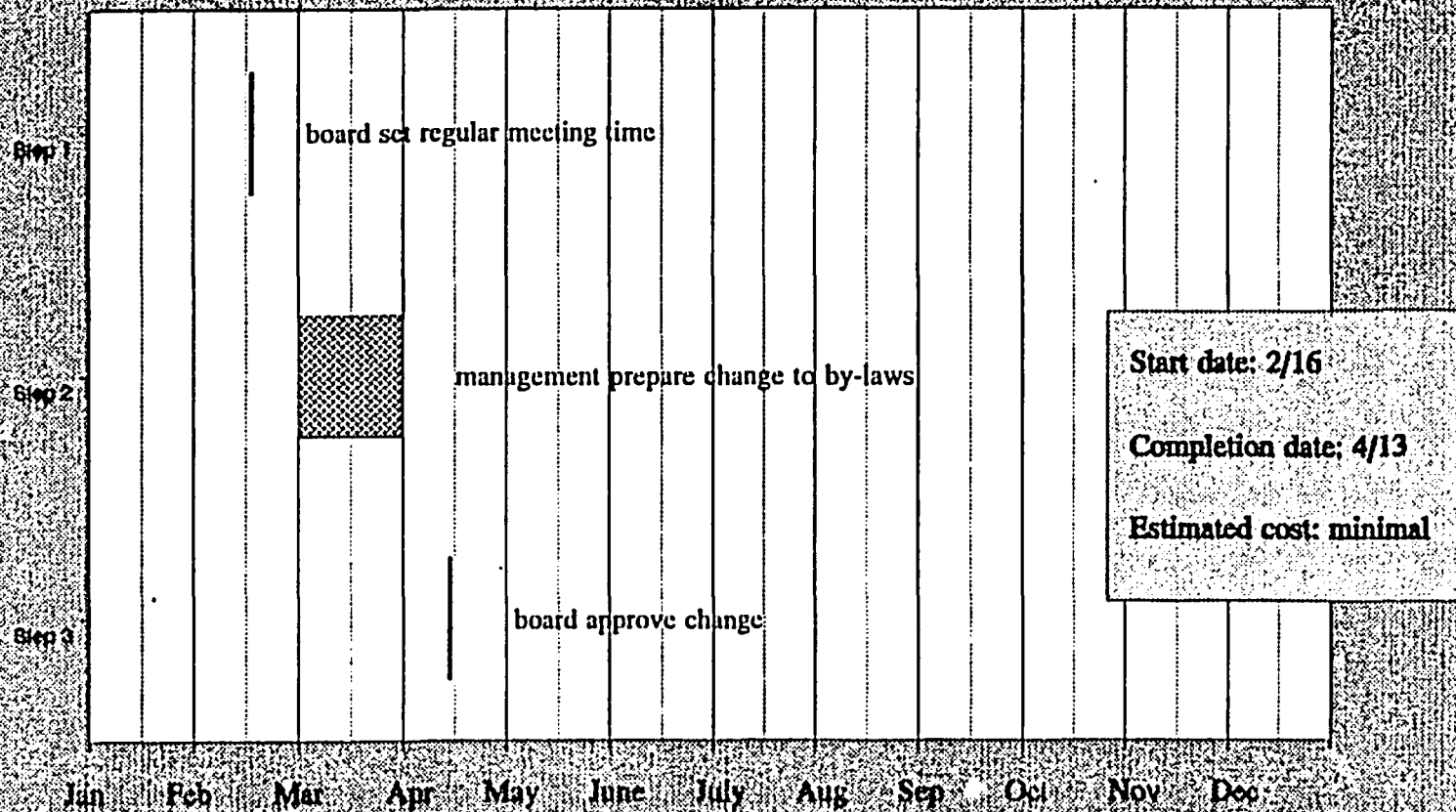
Recommendation 13

Require the Board of Directors to actively participate in all major decision making processes



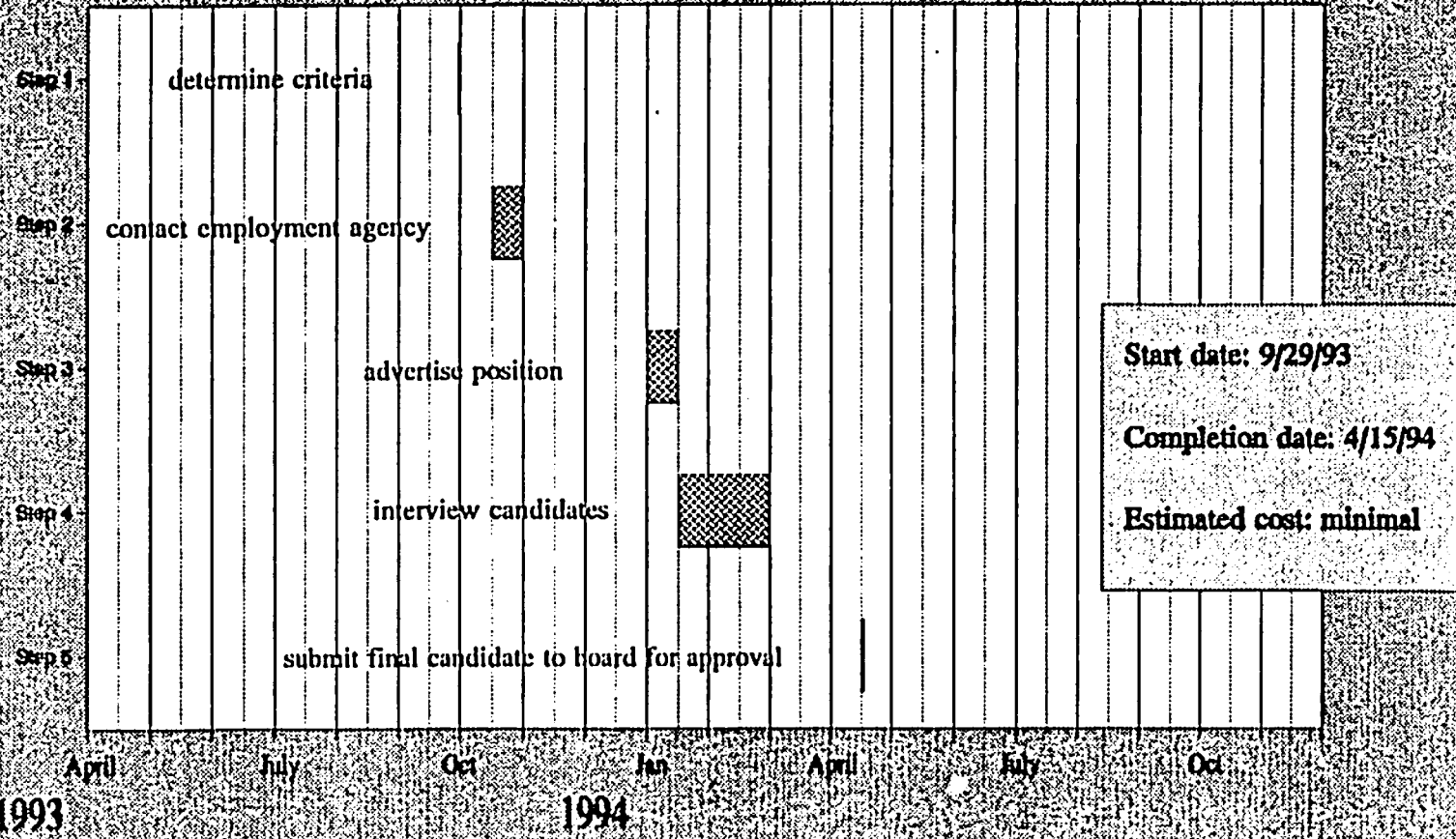
Recommendation 14

Formalize the schedule for Board of directors



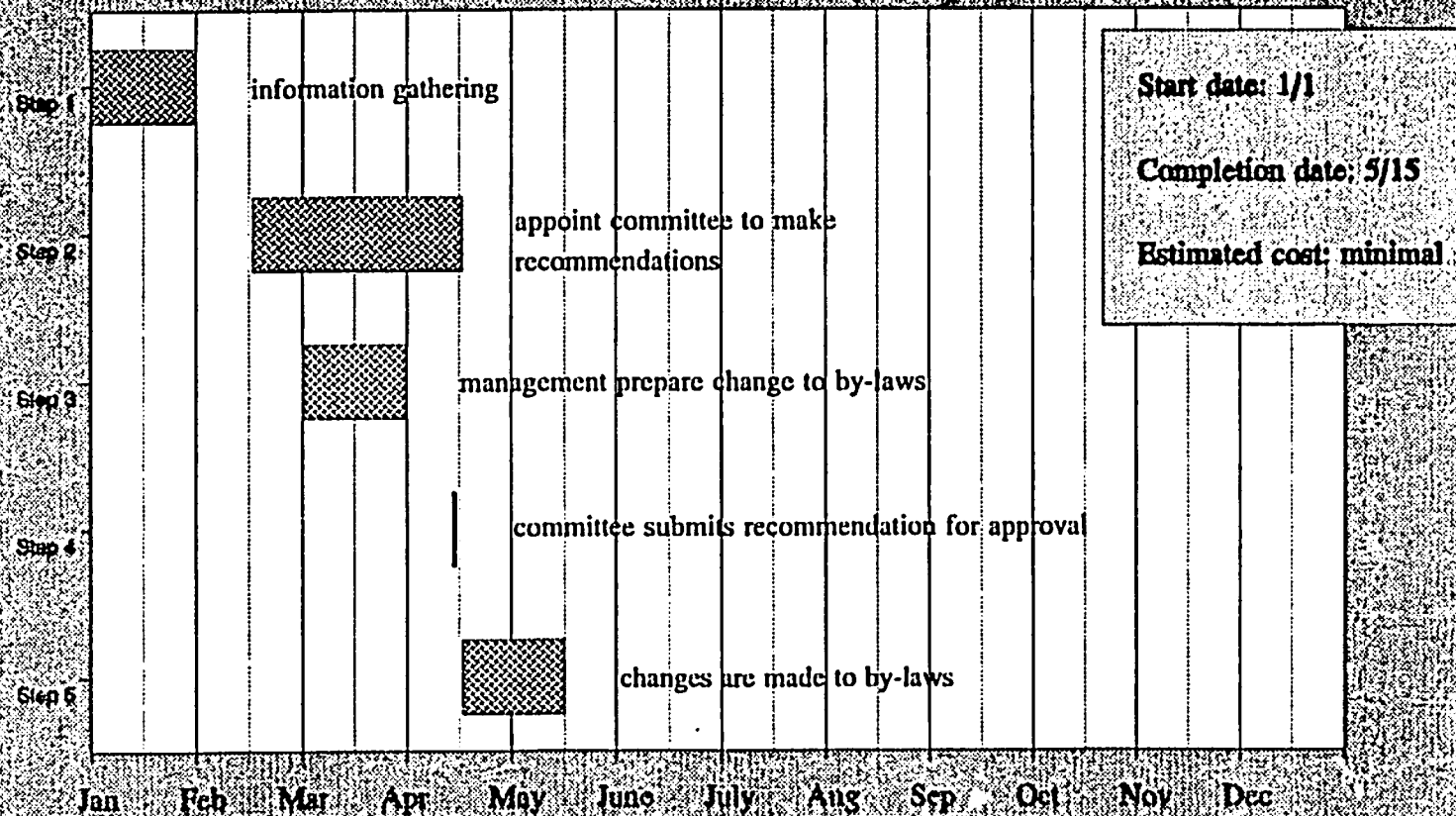
Recommendation 15

Continue to actively seek and elect an additional outside Board member



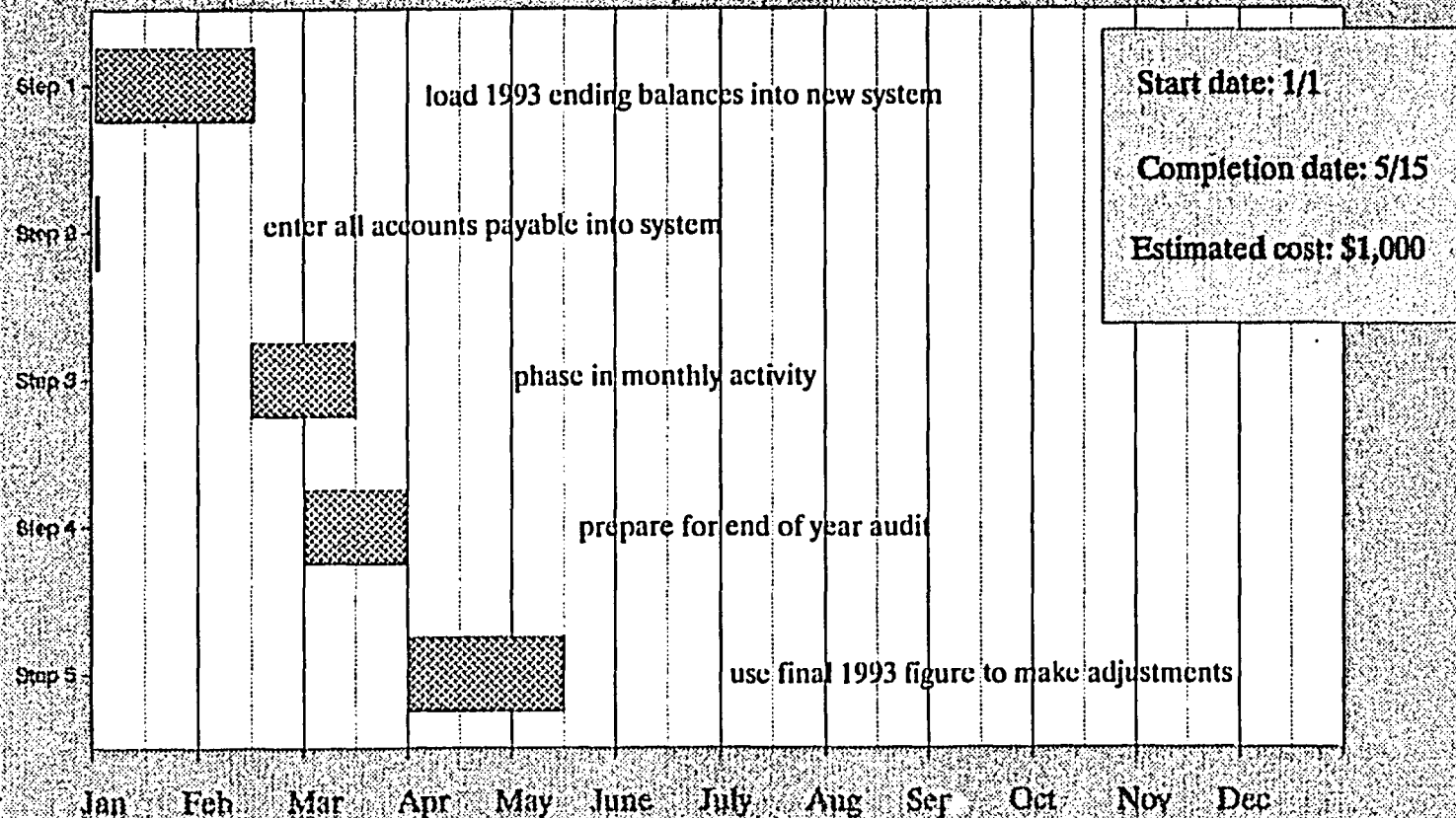
Recommendation 16

Formalize position descriptions for the Board of Directors



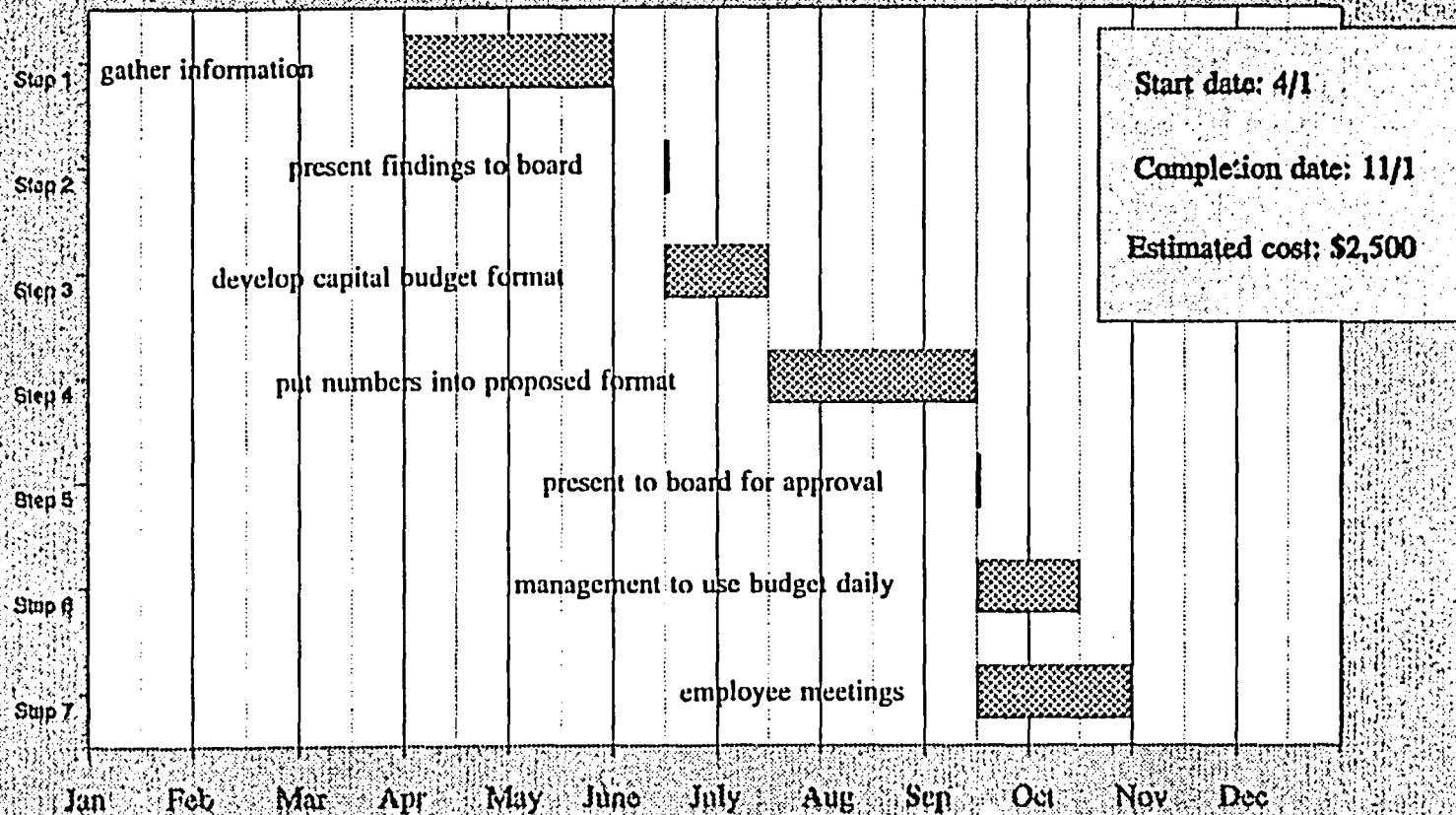
Recommendation 17

Automate the general ledger during 1993.



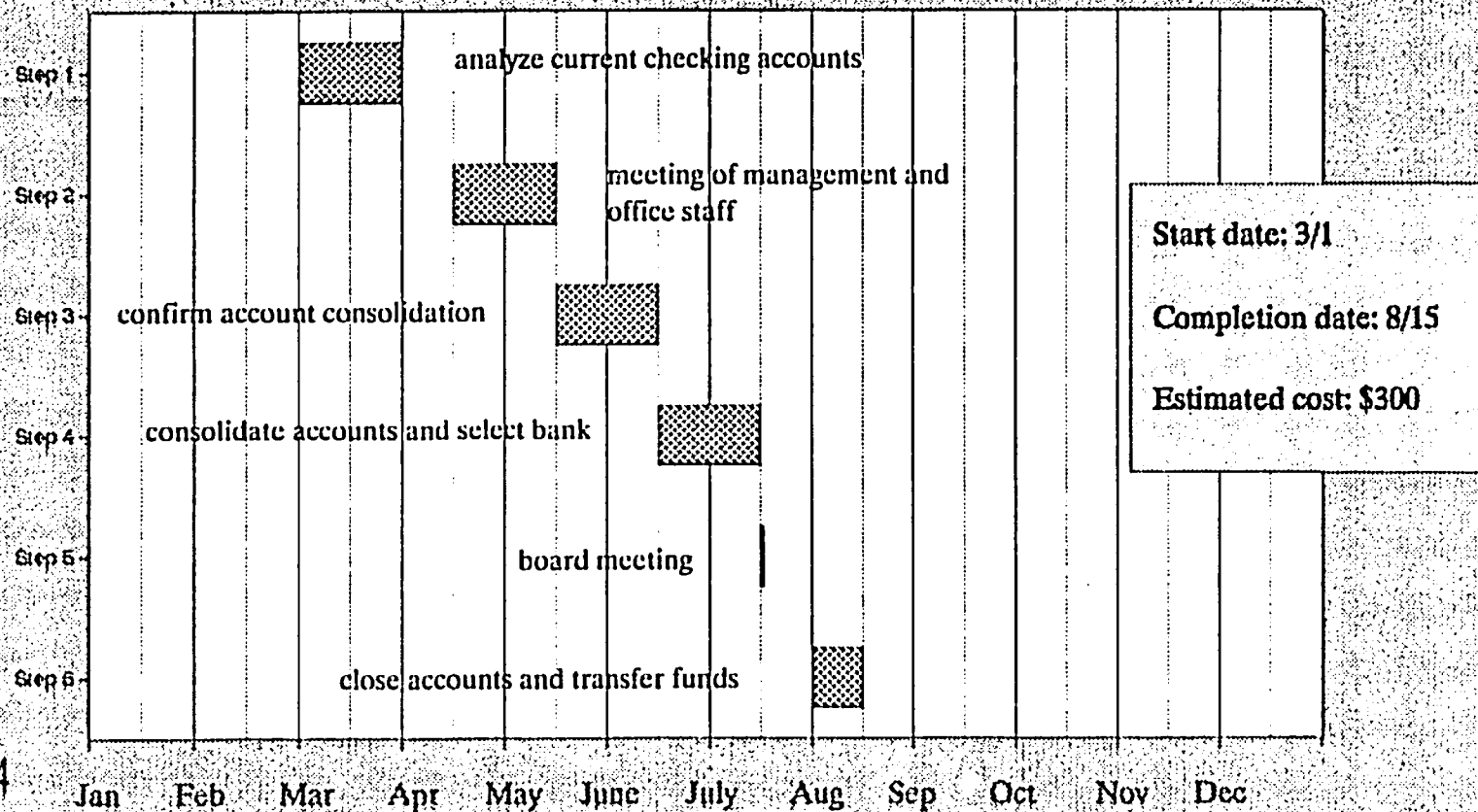
Recommendation 18

Develop a formal capital additions budget and a formal operations budget.



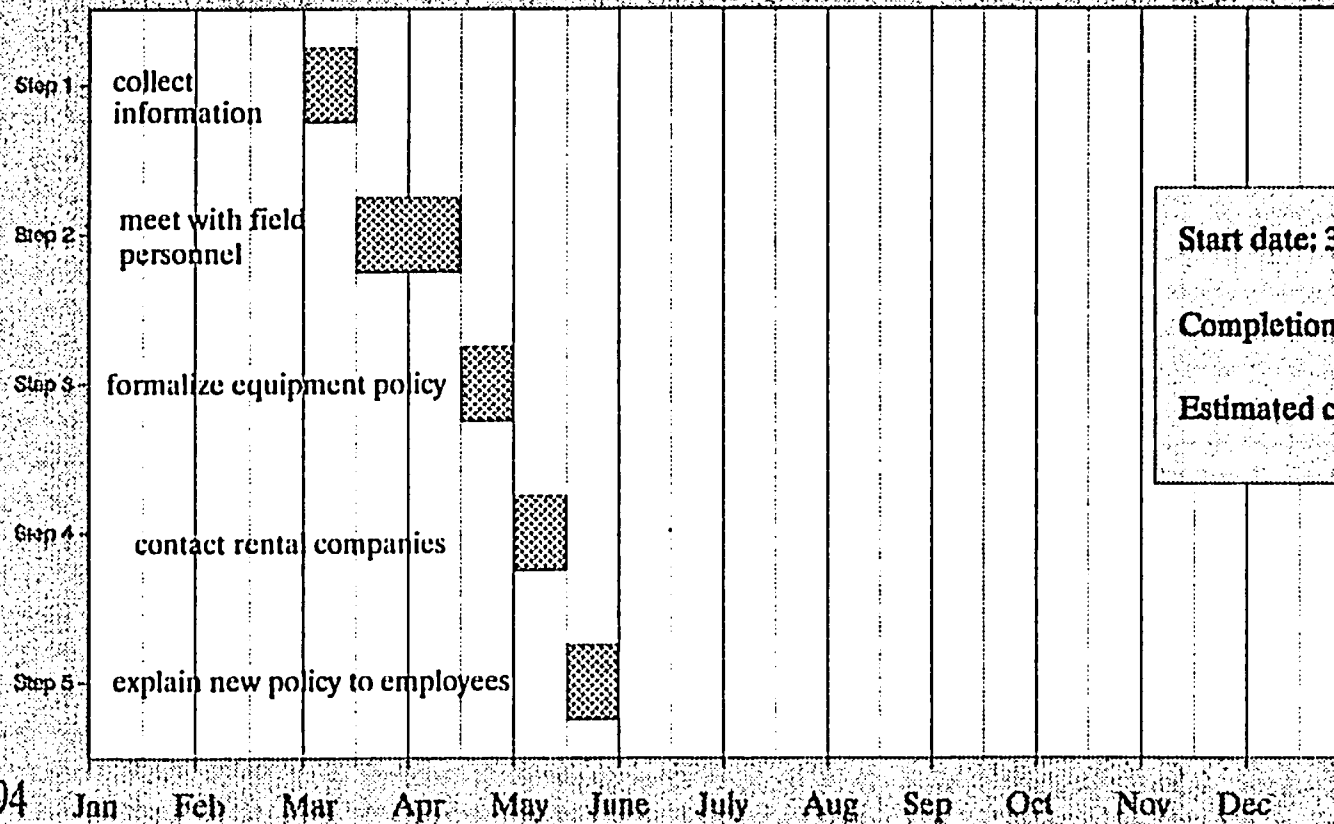
Recommendation 19

Determine the most cost-effective checking account services, and implement their usage.



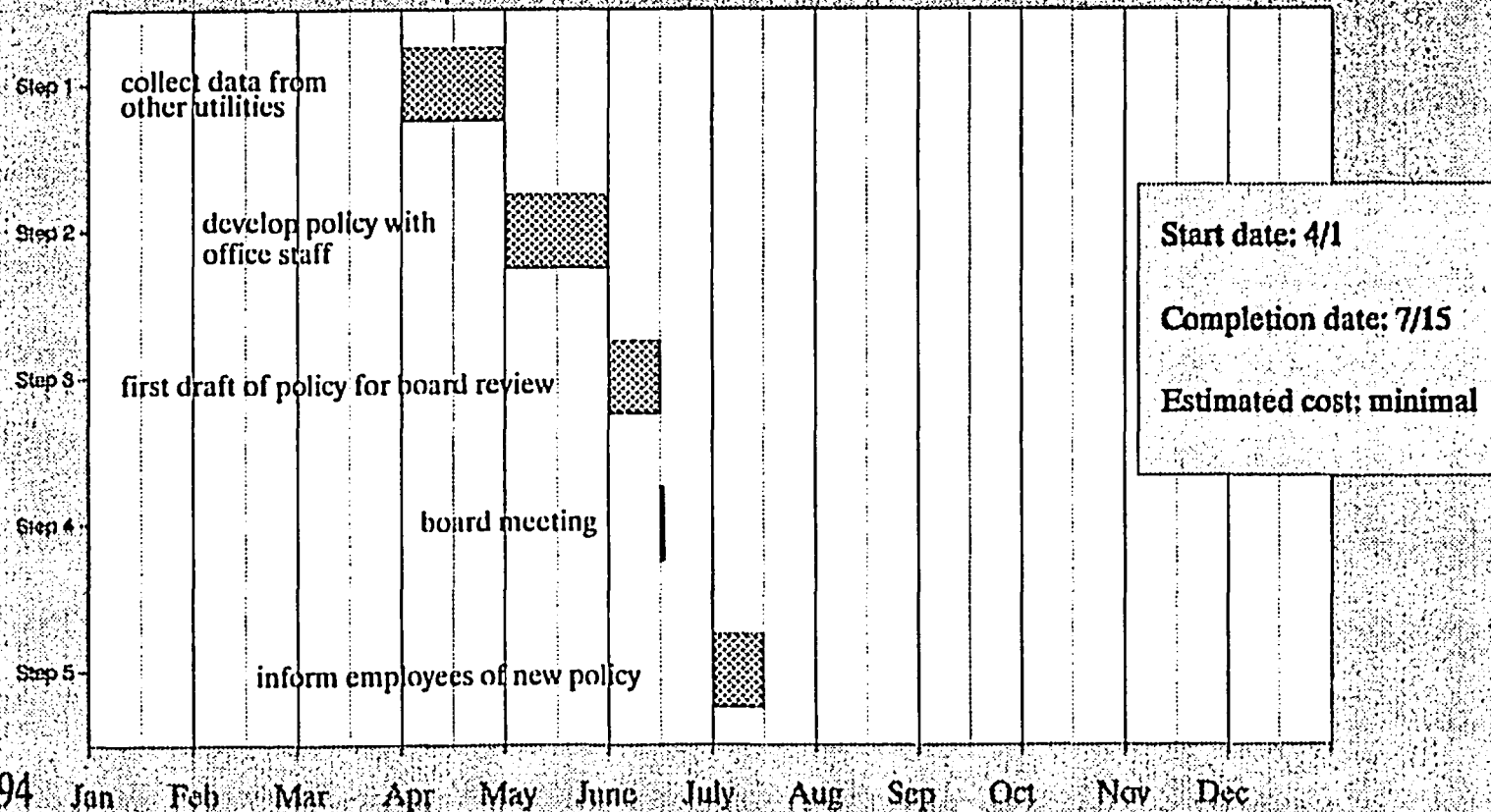
Recommendation 20

Require reimbursement to the Company on a monthly basis for personnel usage of Company business office labor and equipment.



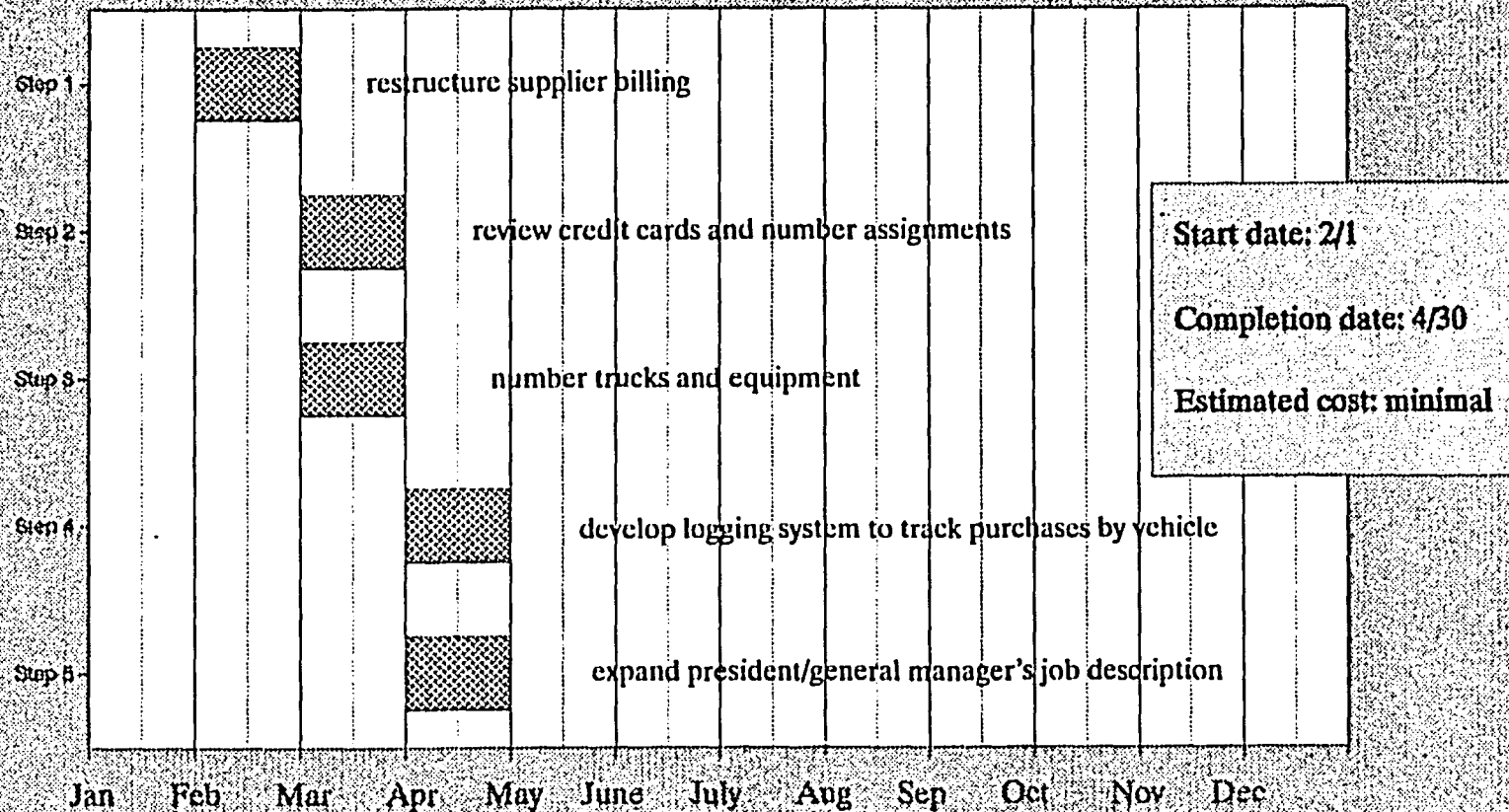
Recommendation 21

Implement cost accounting procedures and practices which require charging non-regulated businesses for the use of company resources.



Recommendation 22

Institute a formal policy for review of gasoline credit card purchases.

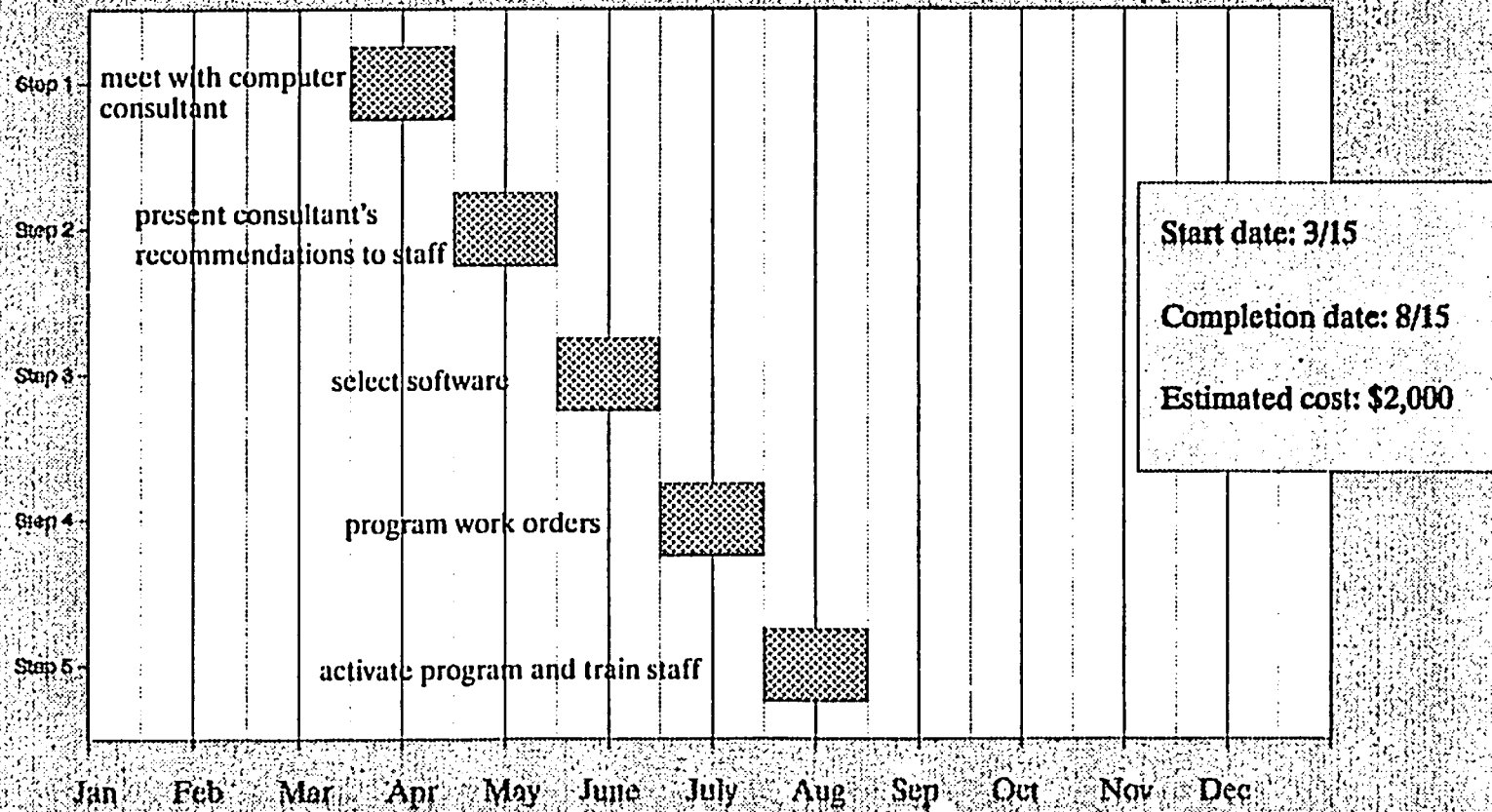


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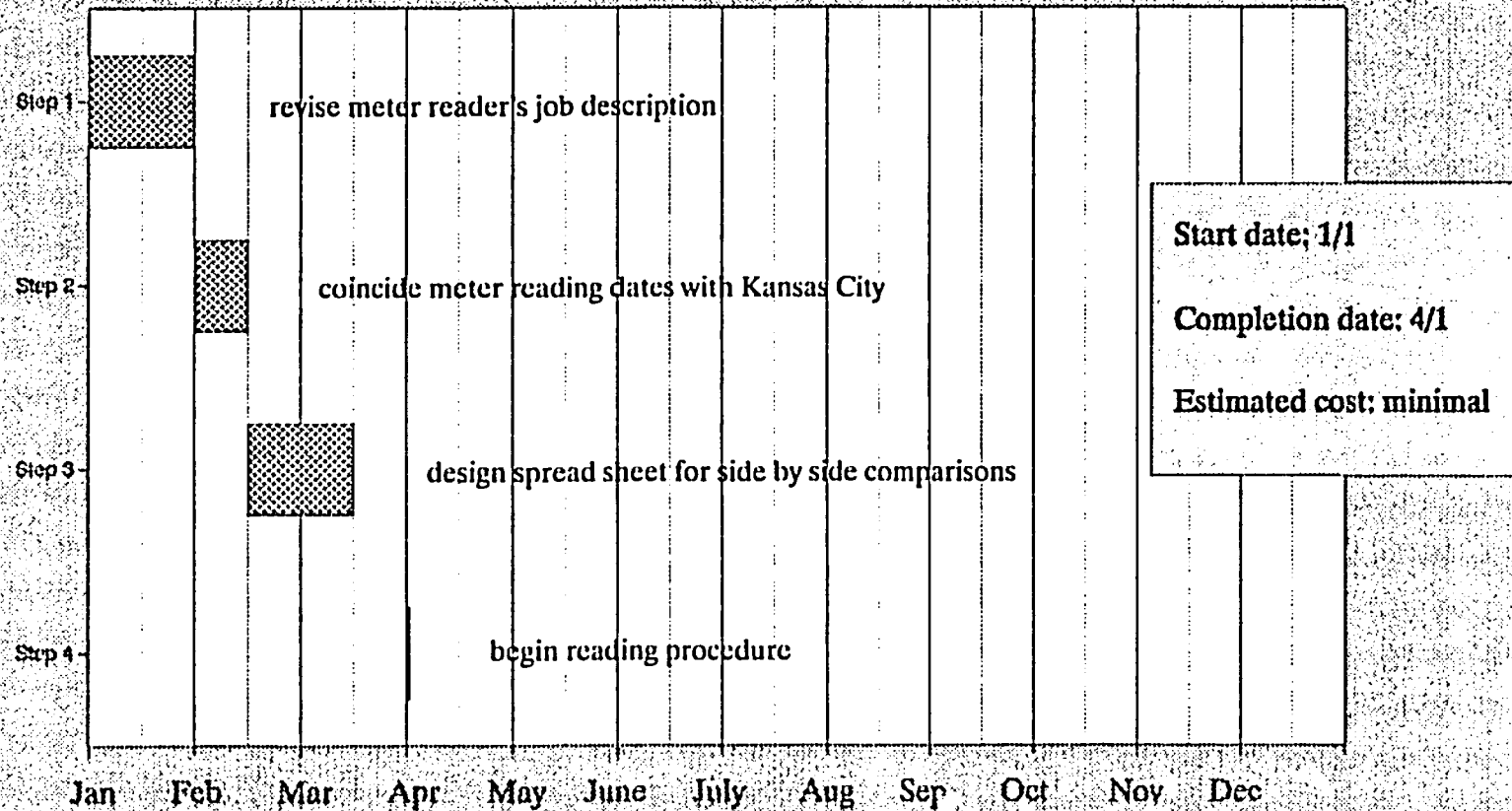
Recommendation 23

Incorporate pertinent accounting data into the work order system.



Recommendation 24

Read the City of Kansas City's water meter monthly to verify the accuracy of the bill received.

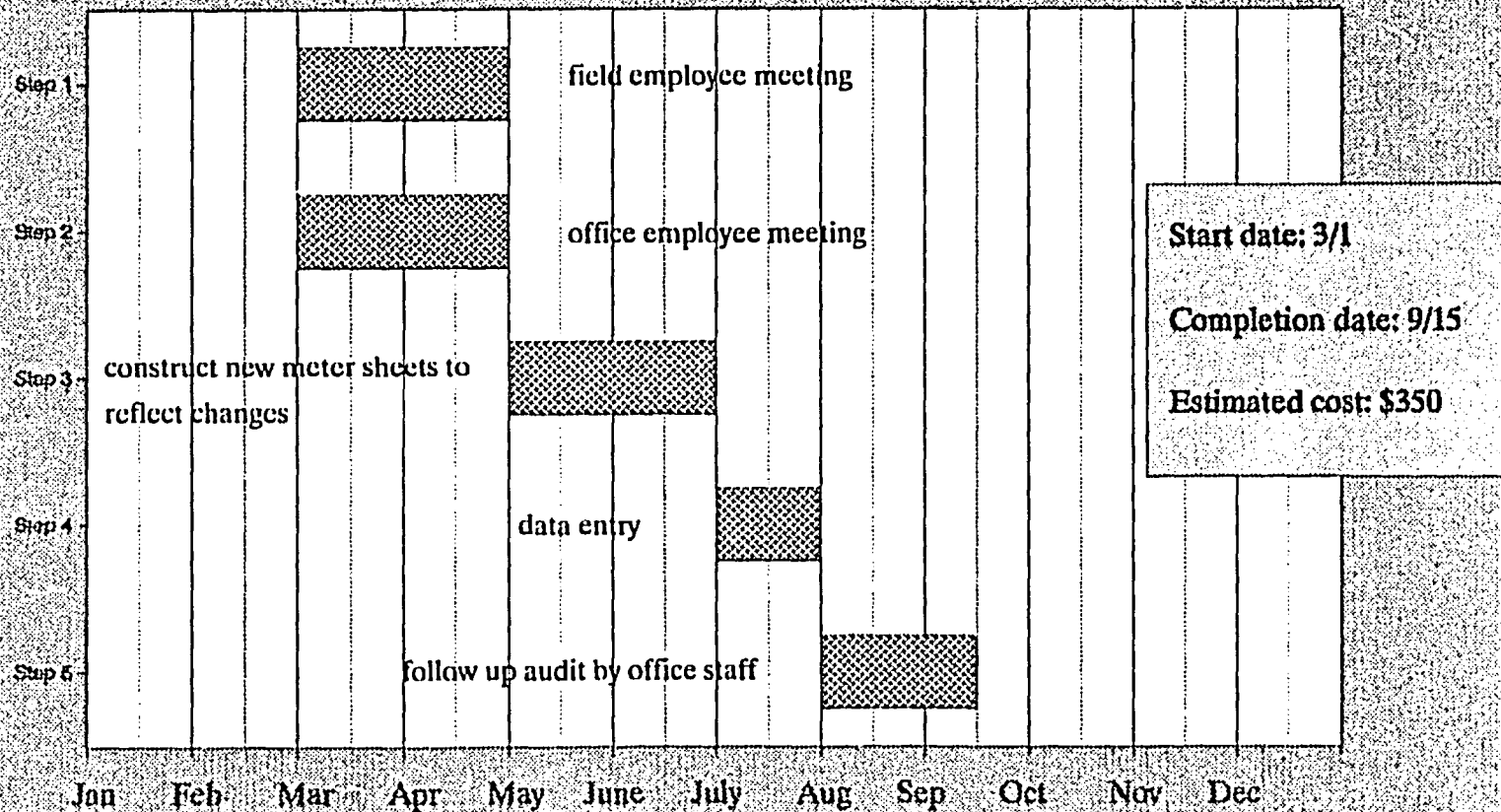


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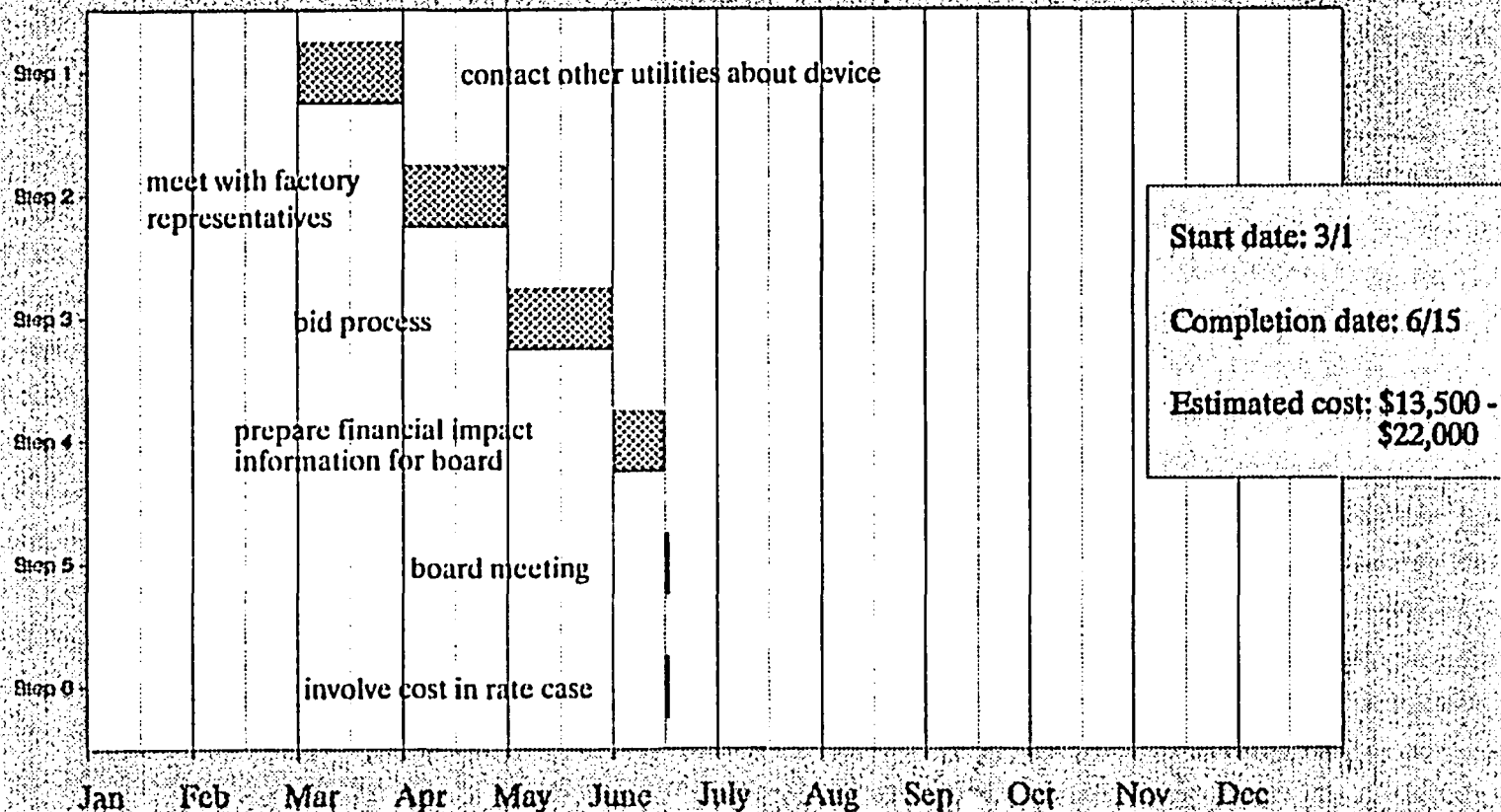
Recommendation 25

Perform a study to determine the efficiency of the existing meter reading routes and adjust the routes as determined appropriate.



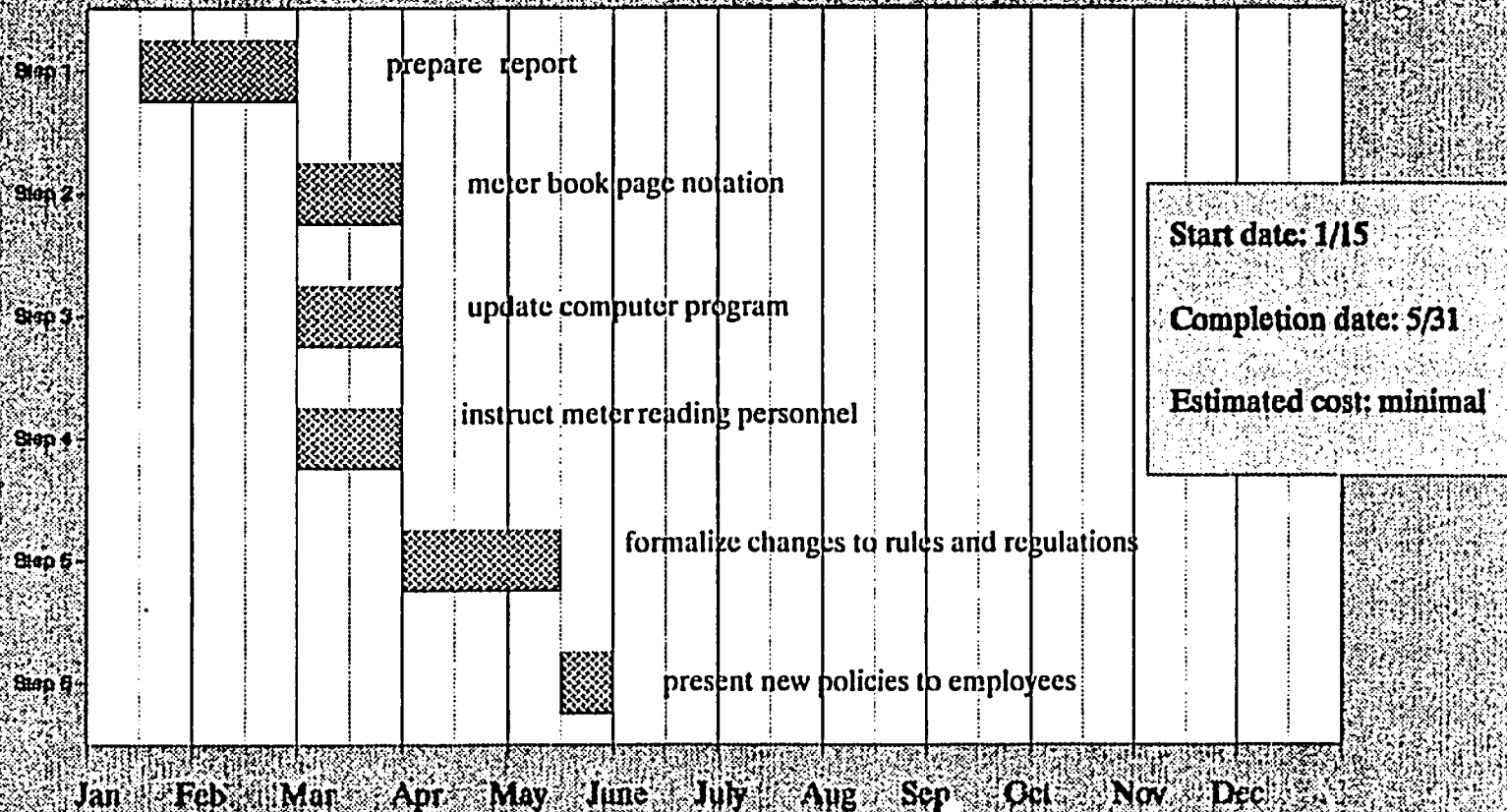
Recommendation 26

Investigate utilization of a hand-held meter reading device, with appropriate software to link the device with the existing computer billing system.



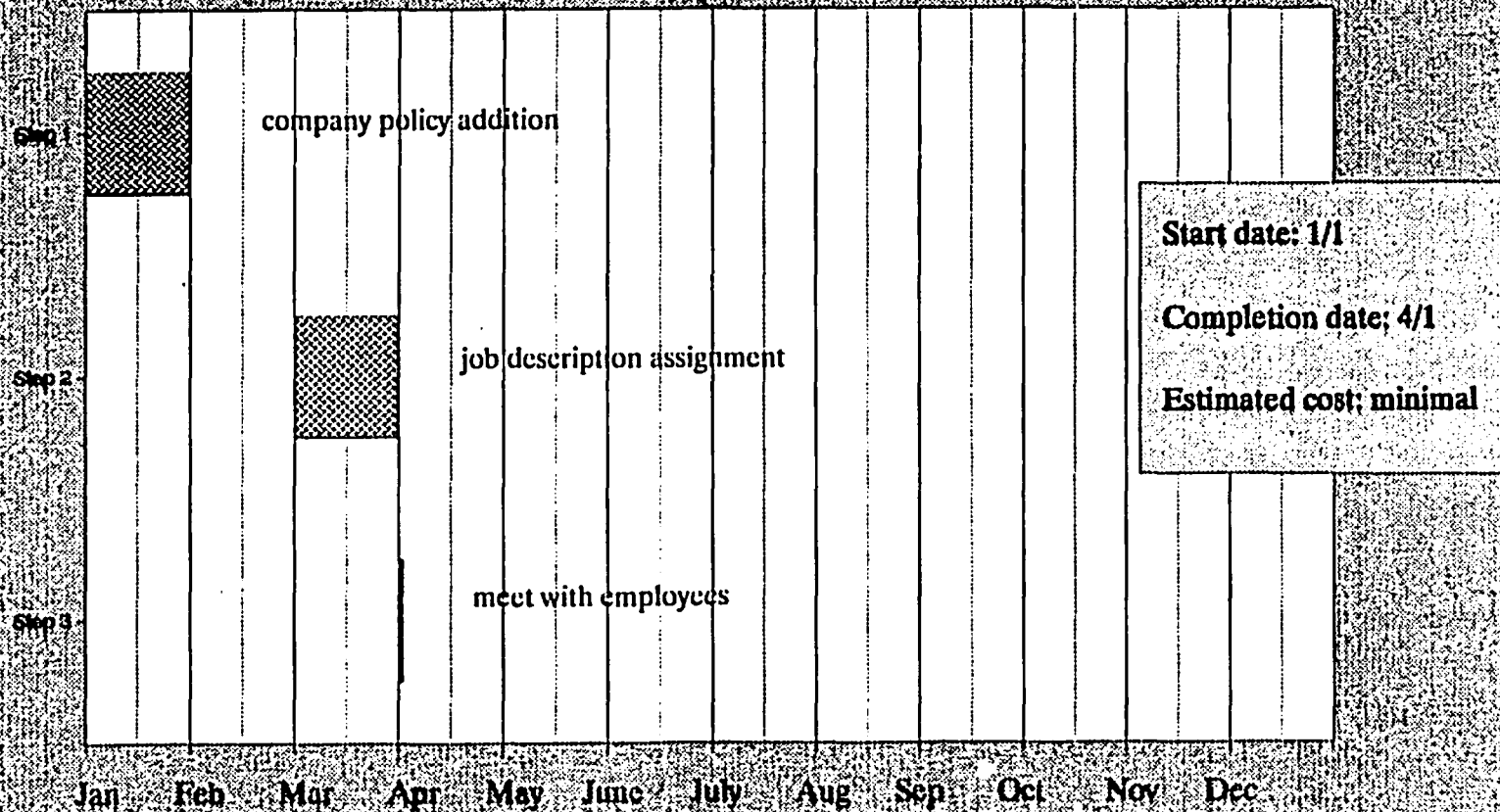
Recommendation 27

Develop a policy to periodically check inside remote meters to determine they are accurately recording water usage.



Recommendation 28

Ensure that meter books are placed in the vault or a similar fire proof location when not in use.

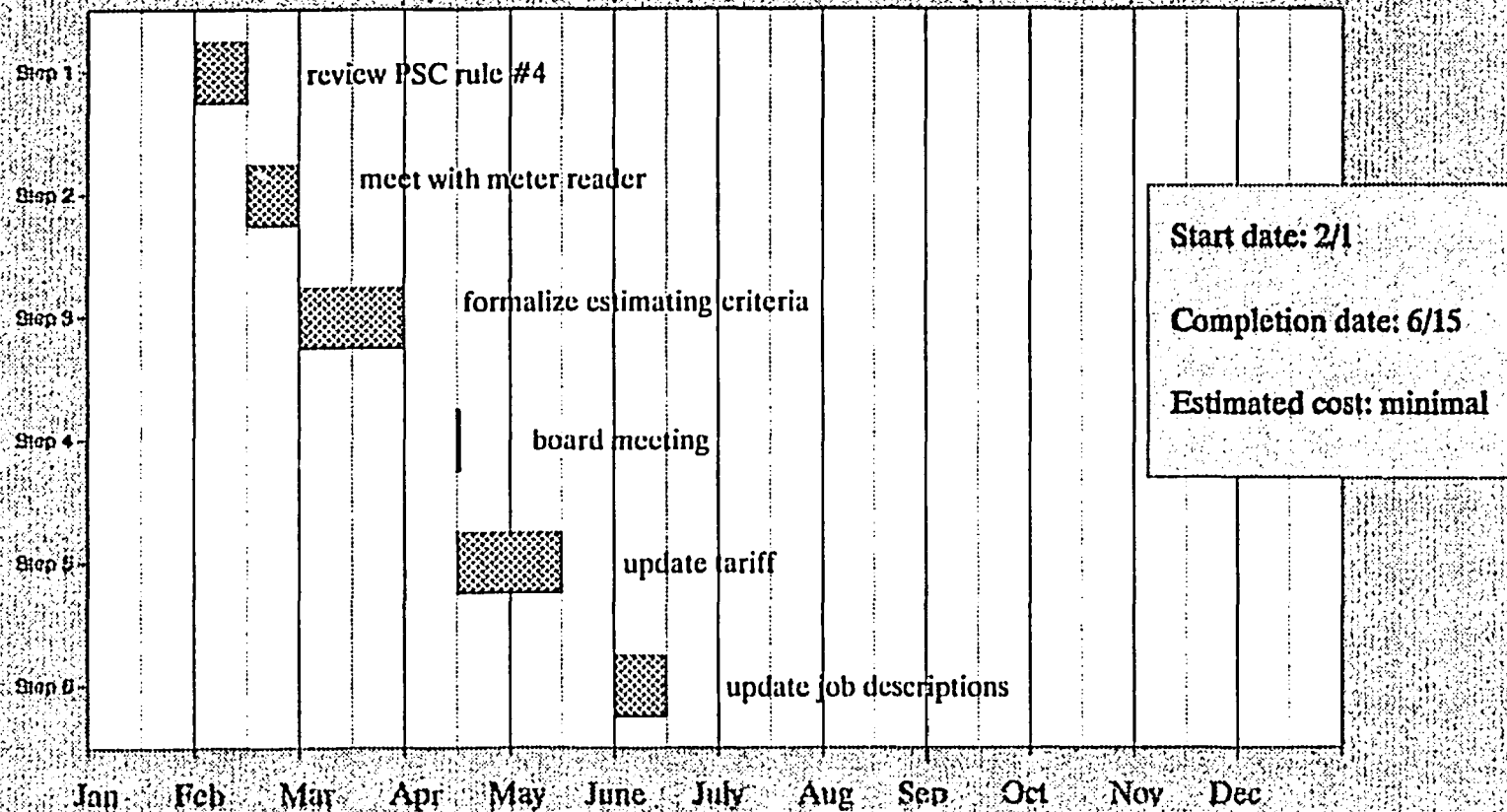


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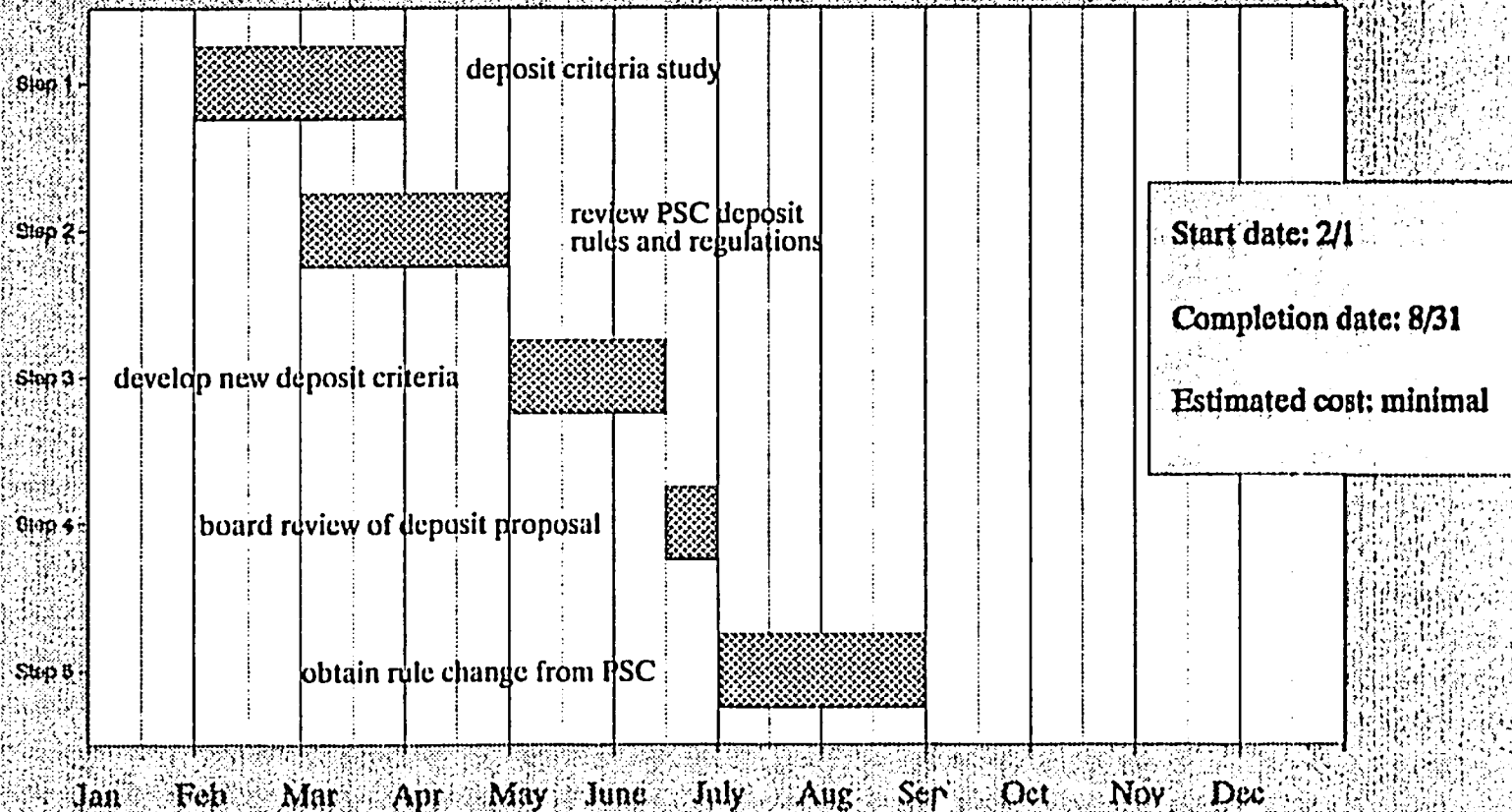
Recommendation 29

Develop, formalize and utilize consistent criteria for estimating customer water usage.



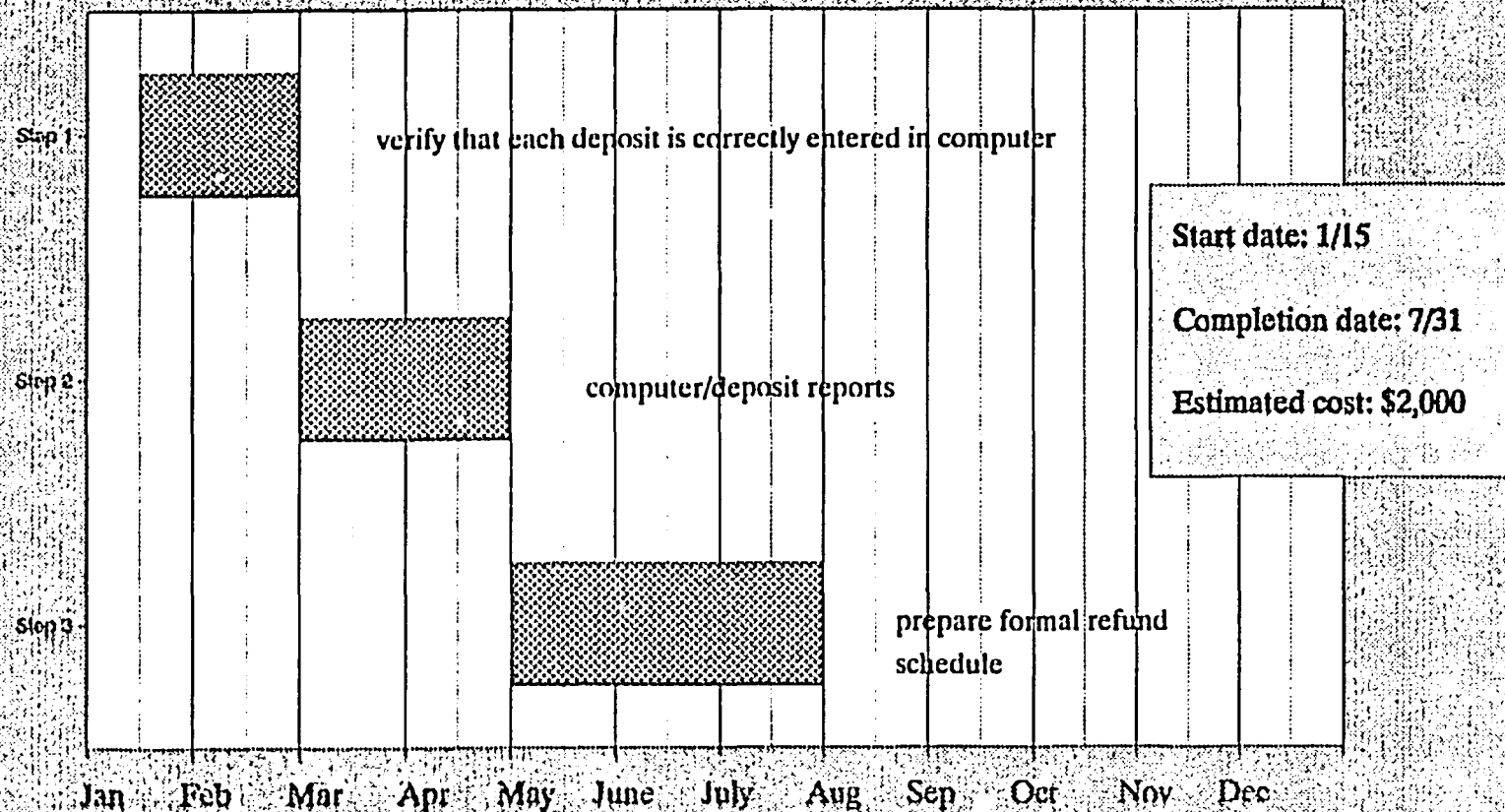
Recommendation 30

Develop customer deposit criteria consistent with Commission rules that is not based upon customer address or neighborhood.



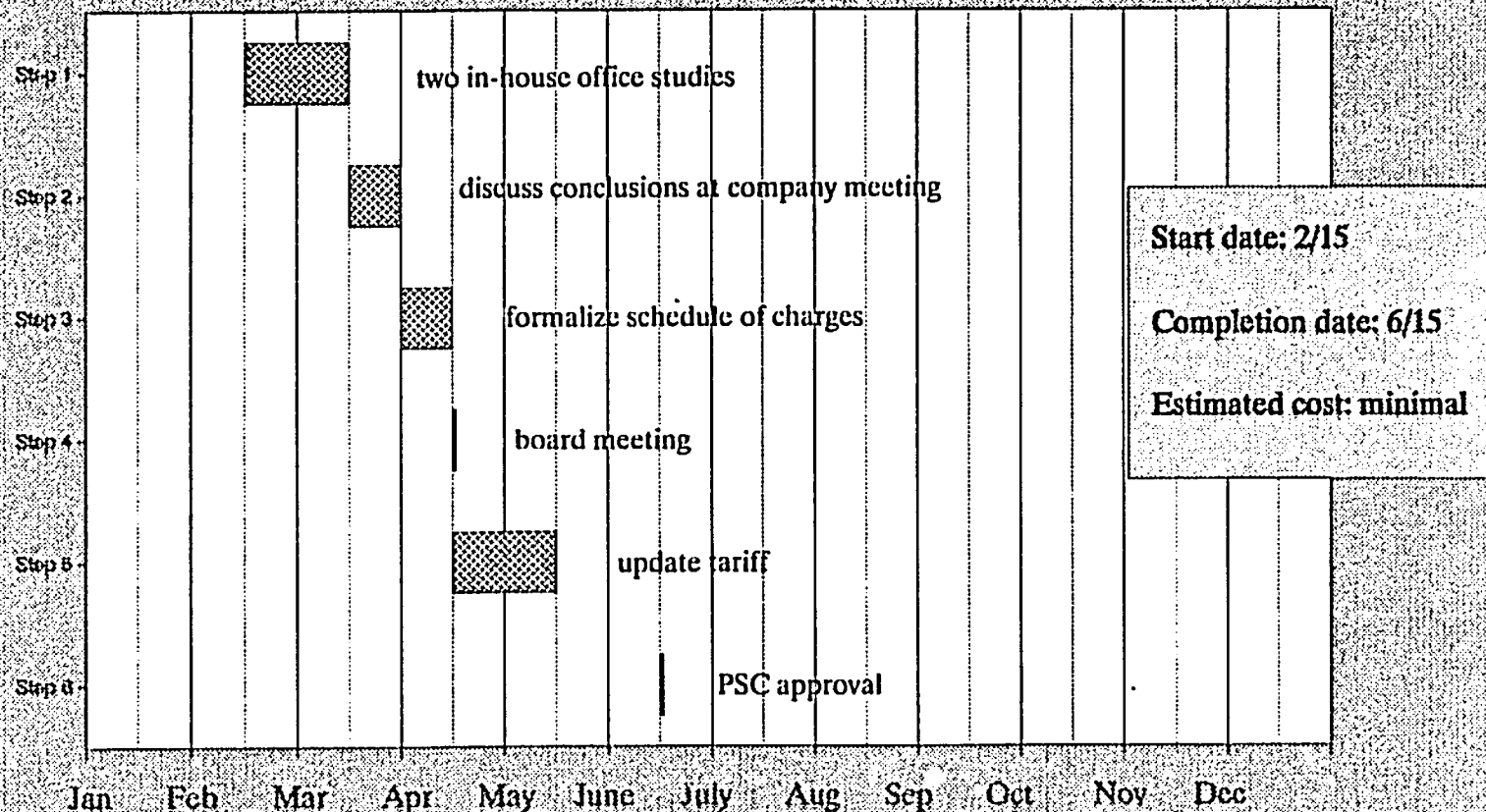
Recommendation 31

Refund customer deposits with interest on a timely basis according to the Company's tariff.



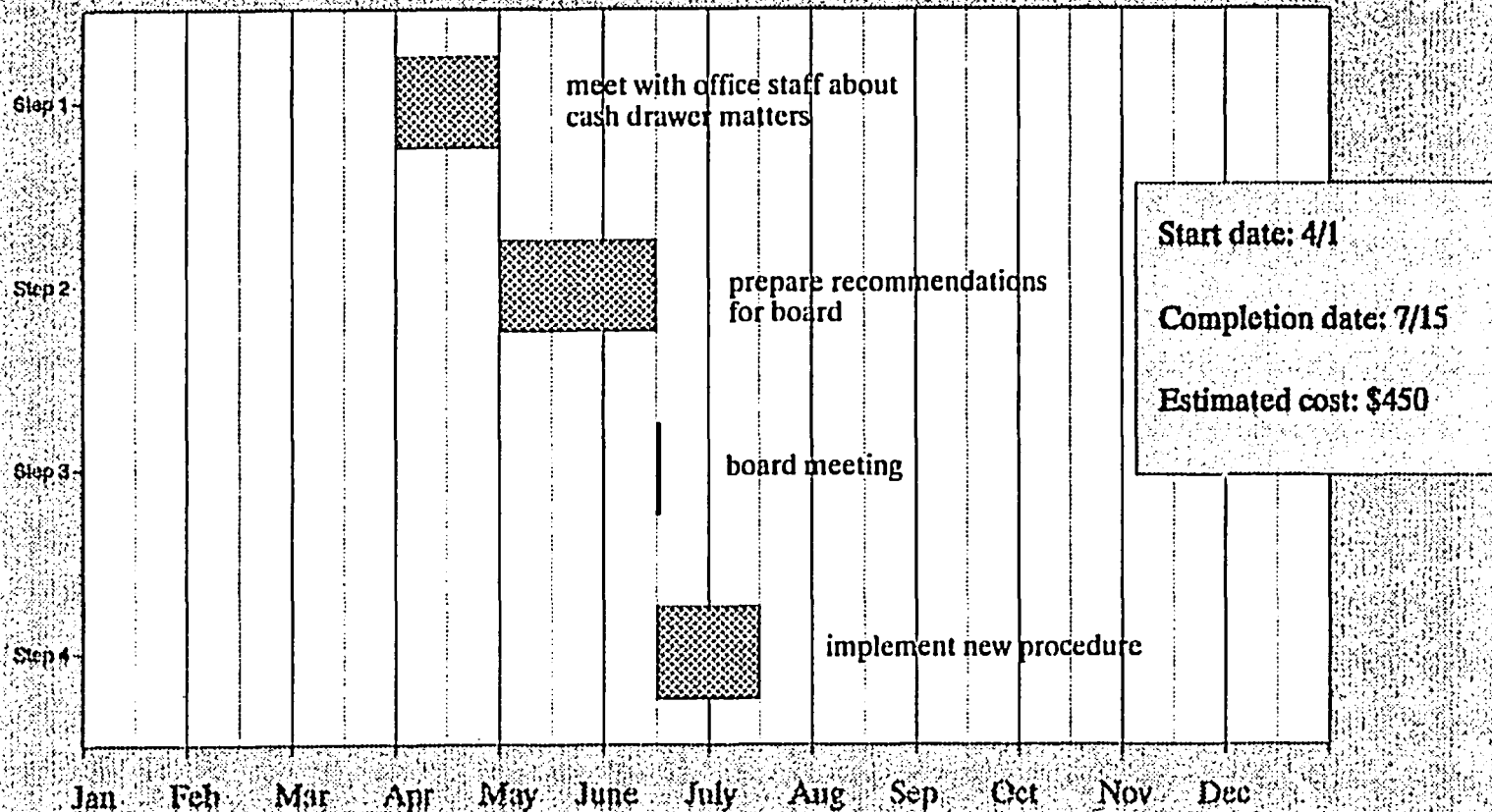
Recommendation 32

Determine the propriety of current charges for insufficient funds check handling (\$13) and after hours service turn-ons (\$10), and file appropriate market rates to recoup costs in the next rate filing.



Recommendation 33

Review the need for the third cash drawer and if found necessary, implement effective control procedures to ensure the security of these funds.

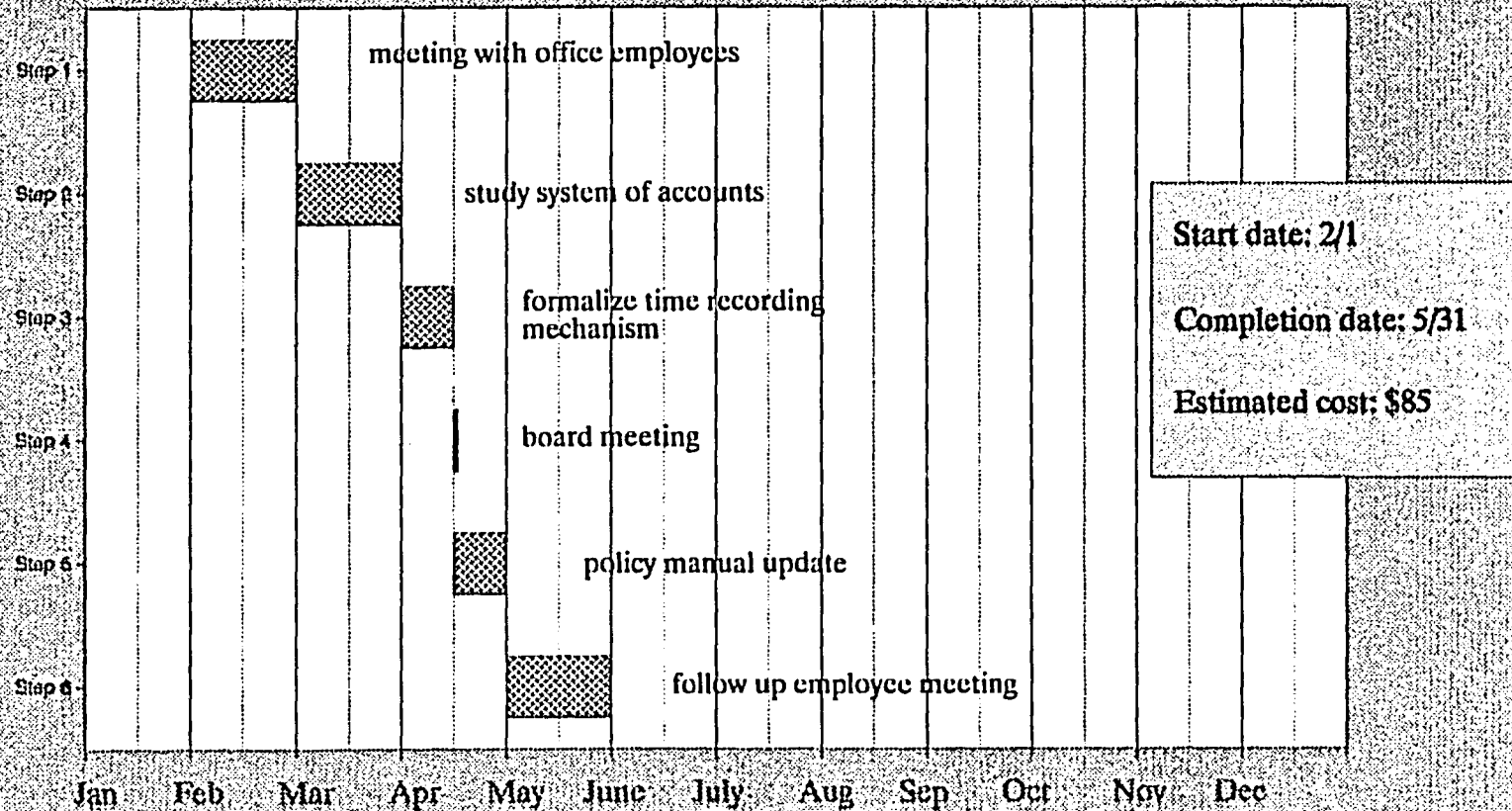


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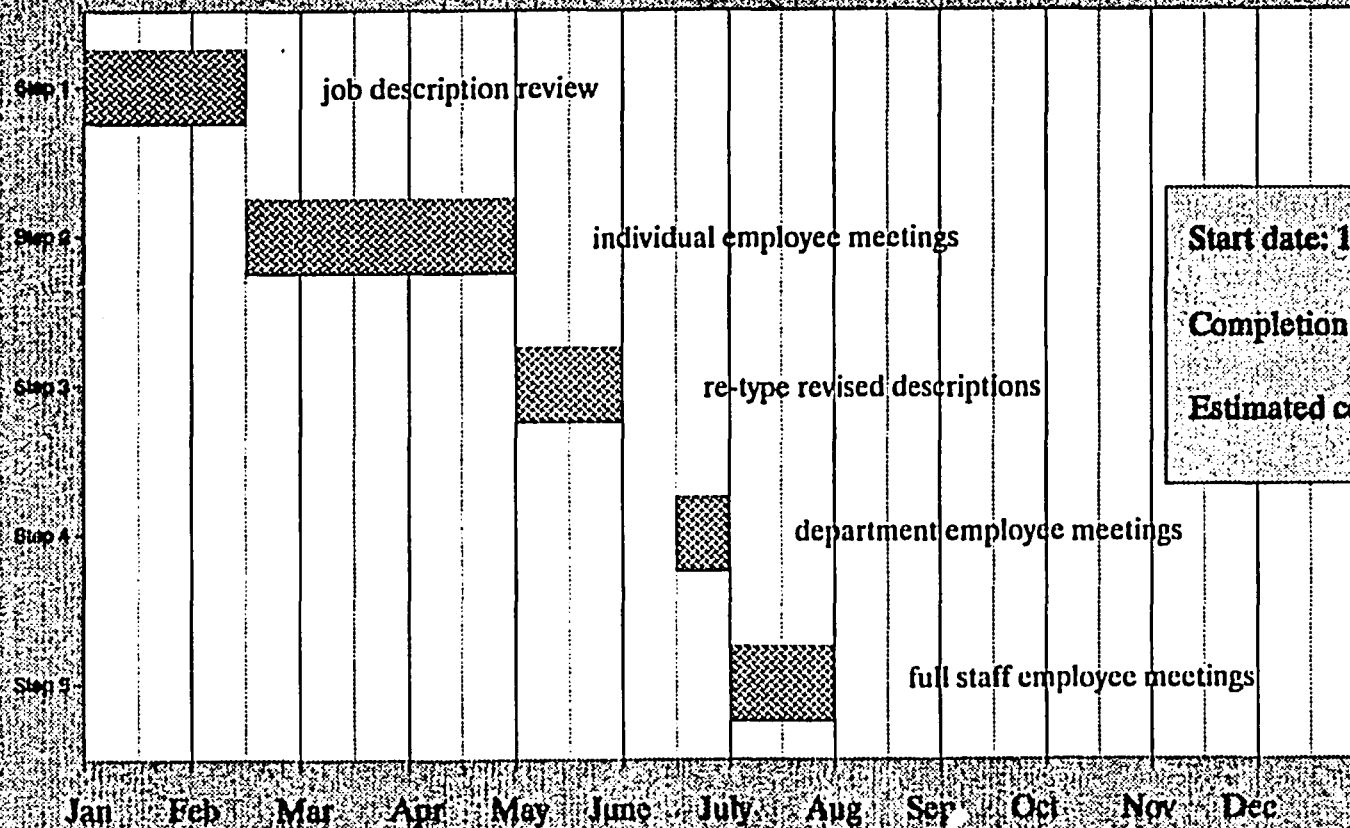
Recommendation 34

Develop and implement a time reporting sheet to be completed by all office and management personnel.



Recommendation 35

Distribute position descriptions to appropriate personnel.

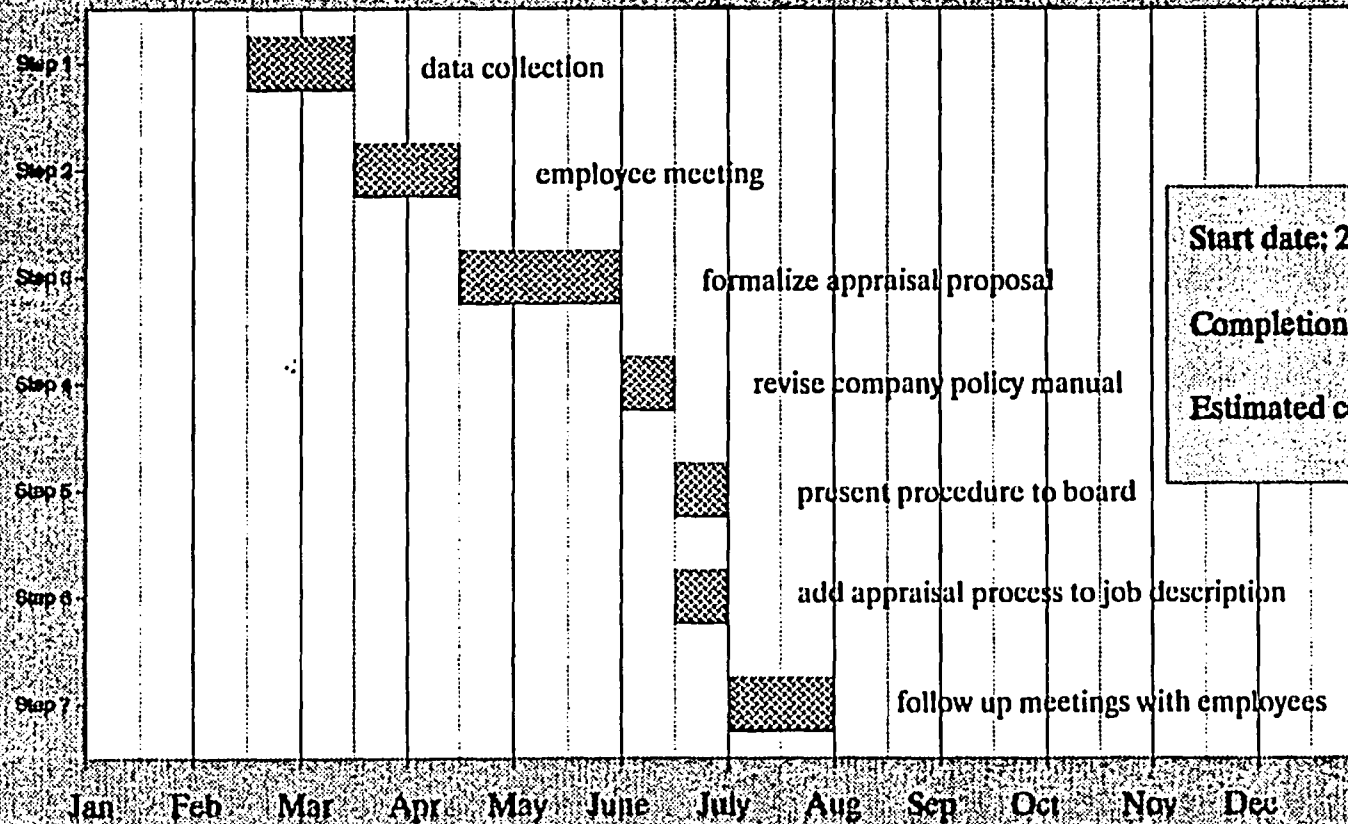


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Recommendation 36

Develop performance appraisal forms that provide realistic performance objectives for each employee and perform annual employee appraisals.



Start date: 2/15

Completion date: 7/31

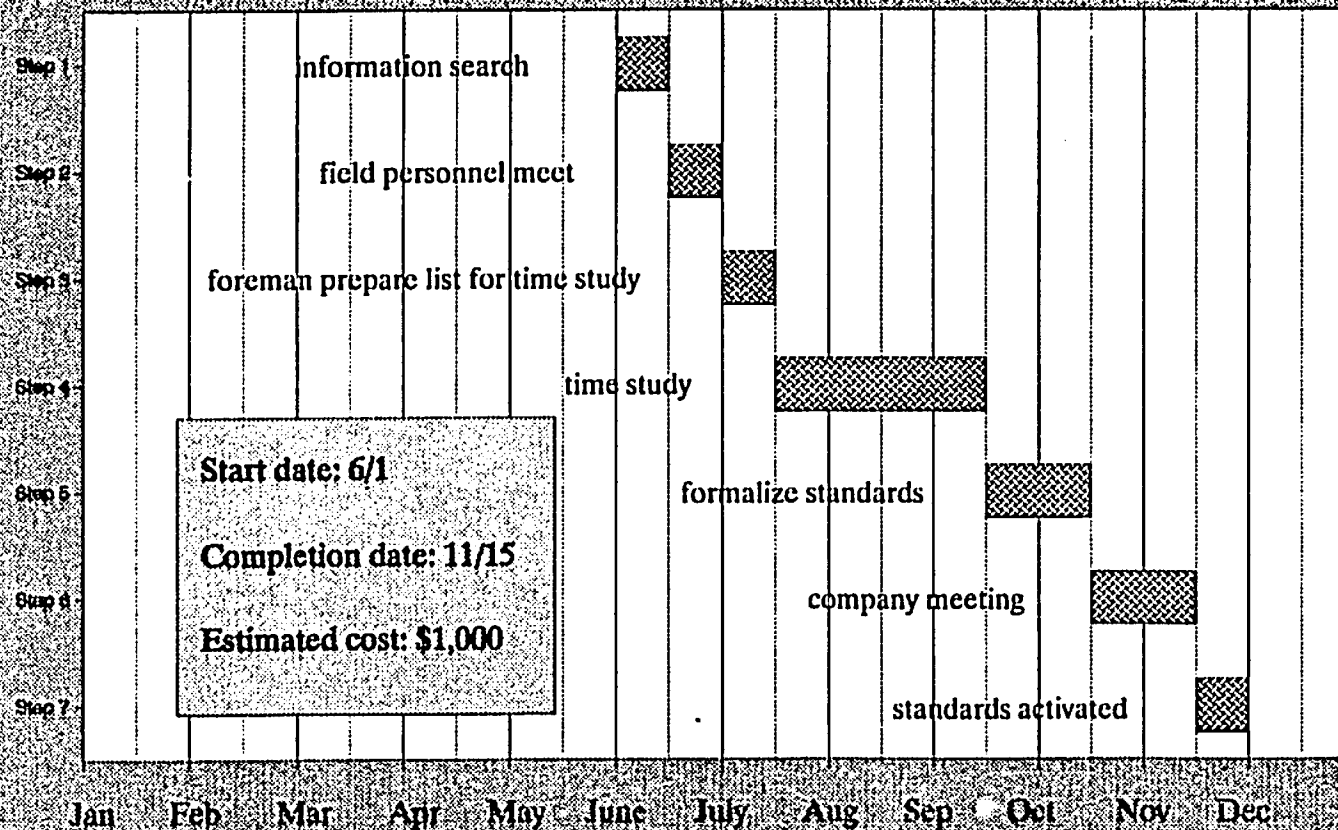
Estimated cost: \$85

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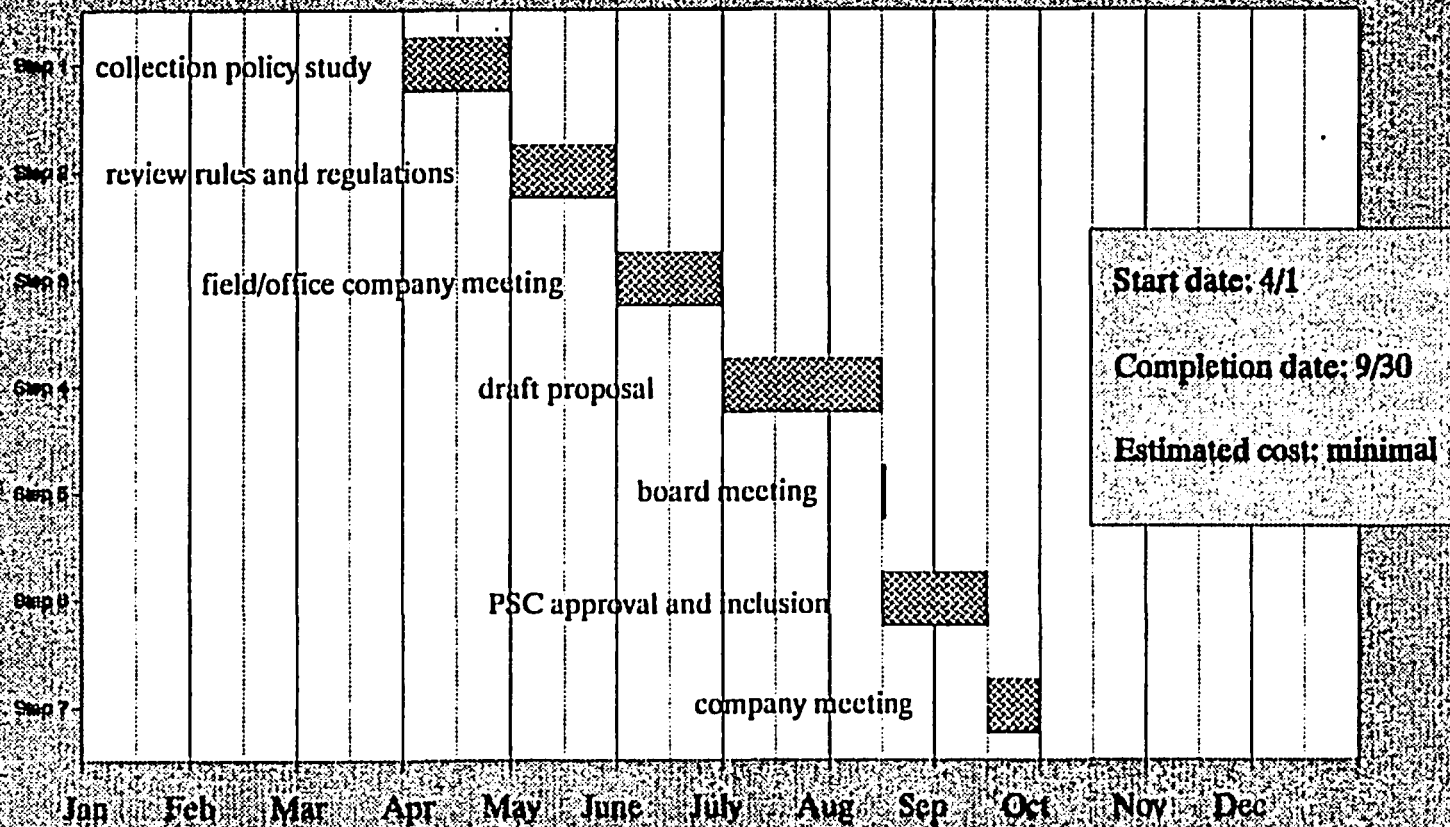
Recommendation 37/38

Develop standards for routine tasks and use them to more accurately plan, organize, direct and control maintenance and construction activities. Communicate work standards to all field employees and solicit employee input into their development.



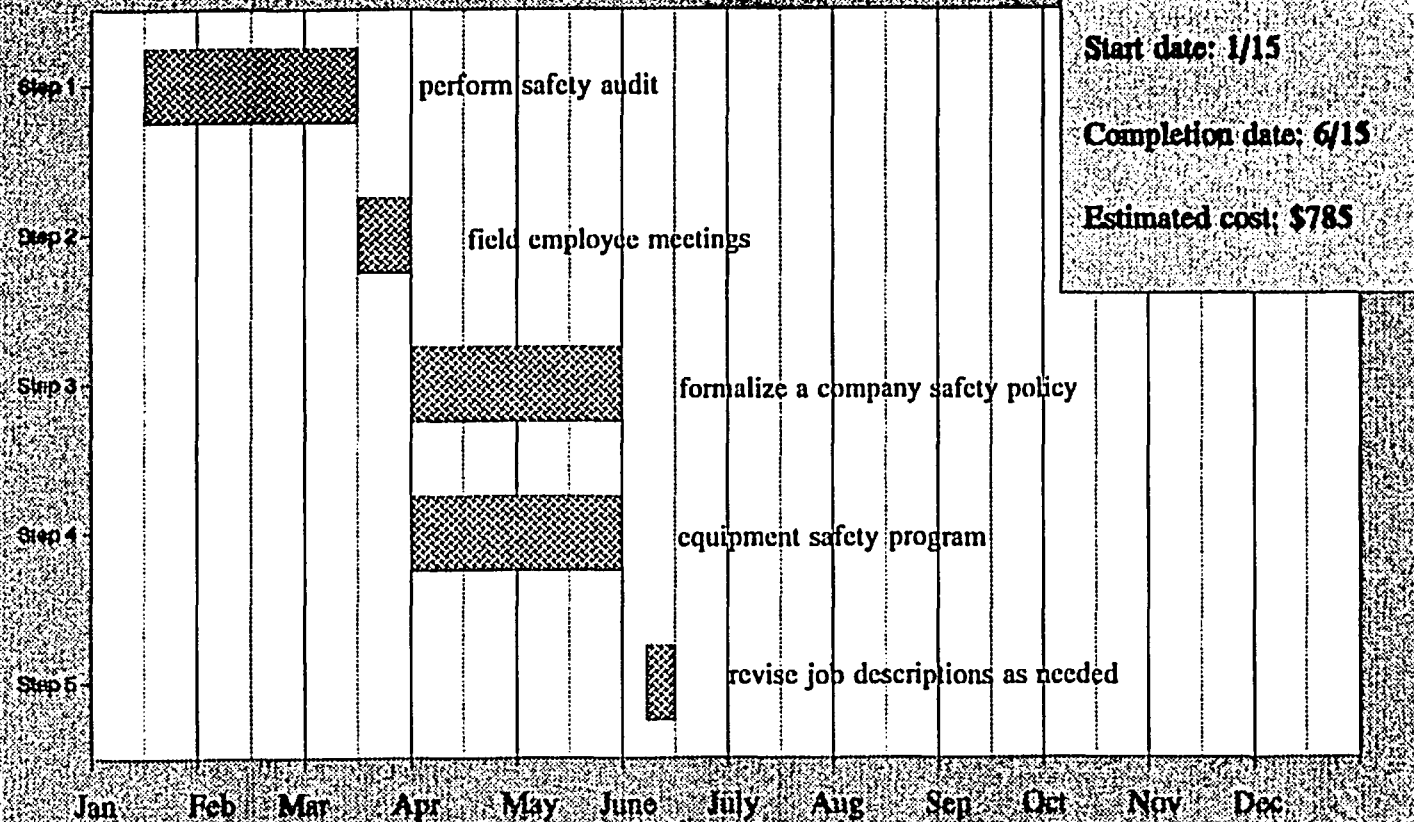
Recommendation 39

Consider authorizing field personnel to take payments from customers in the field when service is about to be turned off.



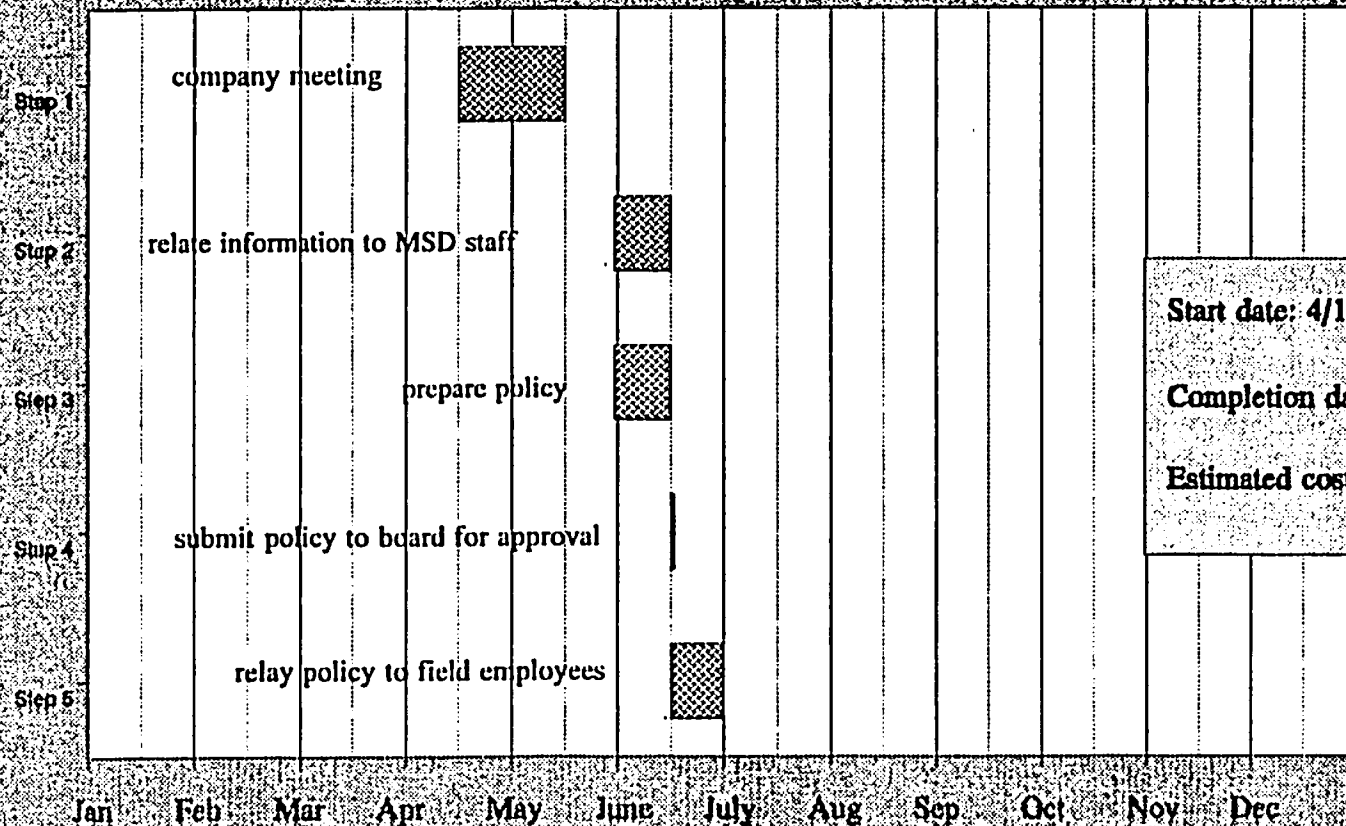
Recommendation 40

Place greater emphasis on safety issues, including formalizing safety training for all field personnel.



Recommendation 41

Ensure that vehicle and equipment logs are completed on a timely basis by all personnel, and that usage is regularly monitored to determine that resources are being appropriately utilized.

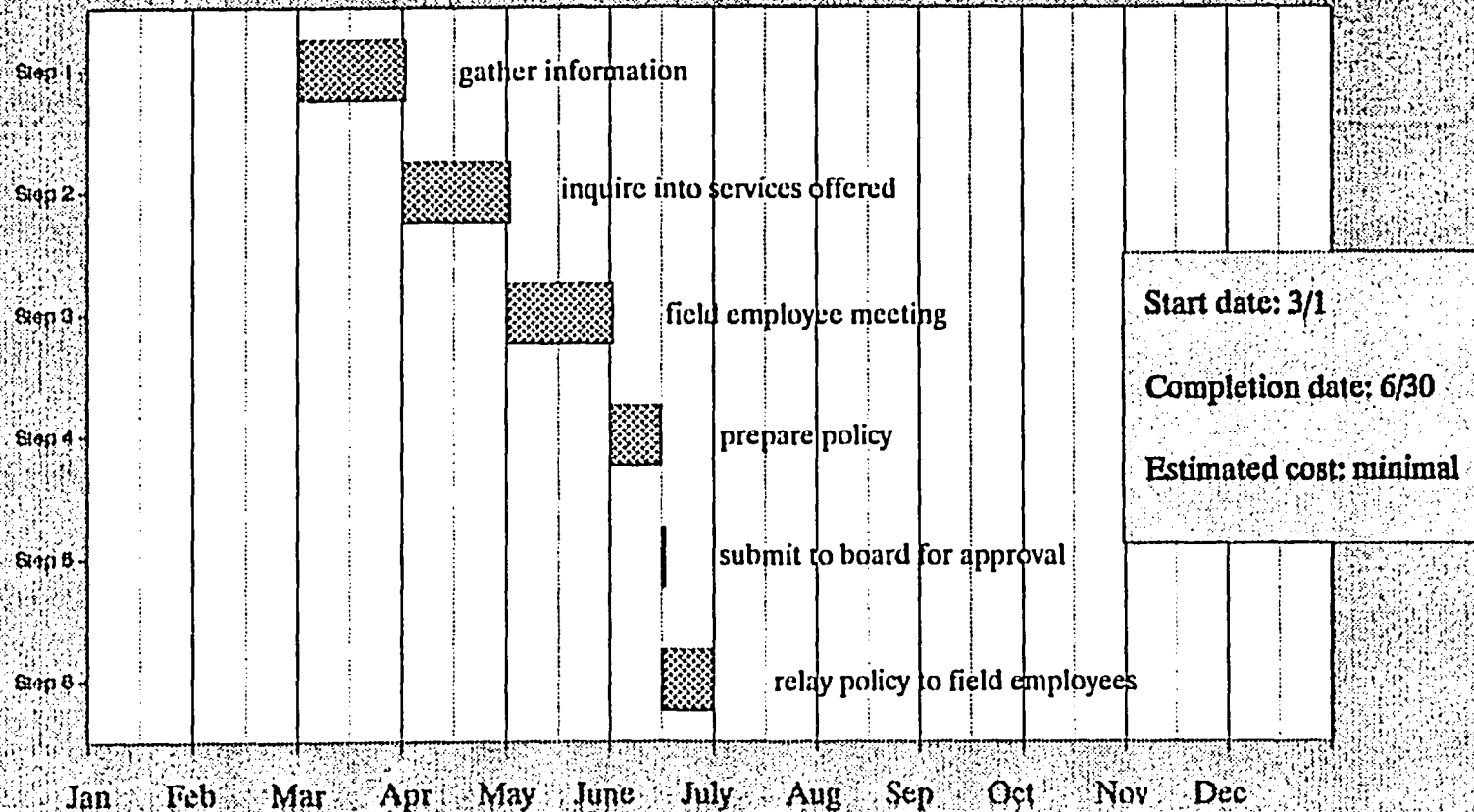


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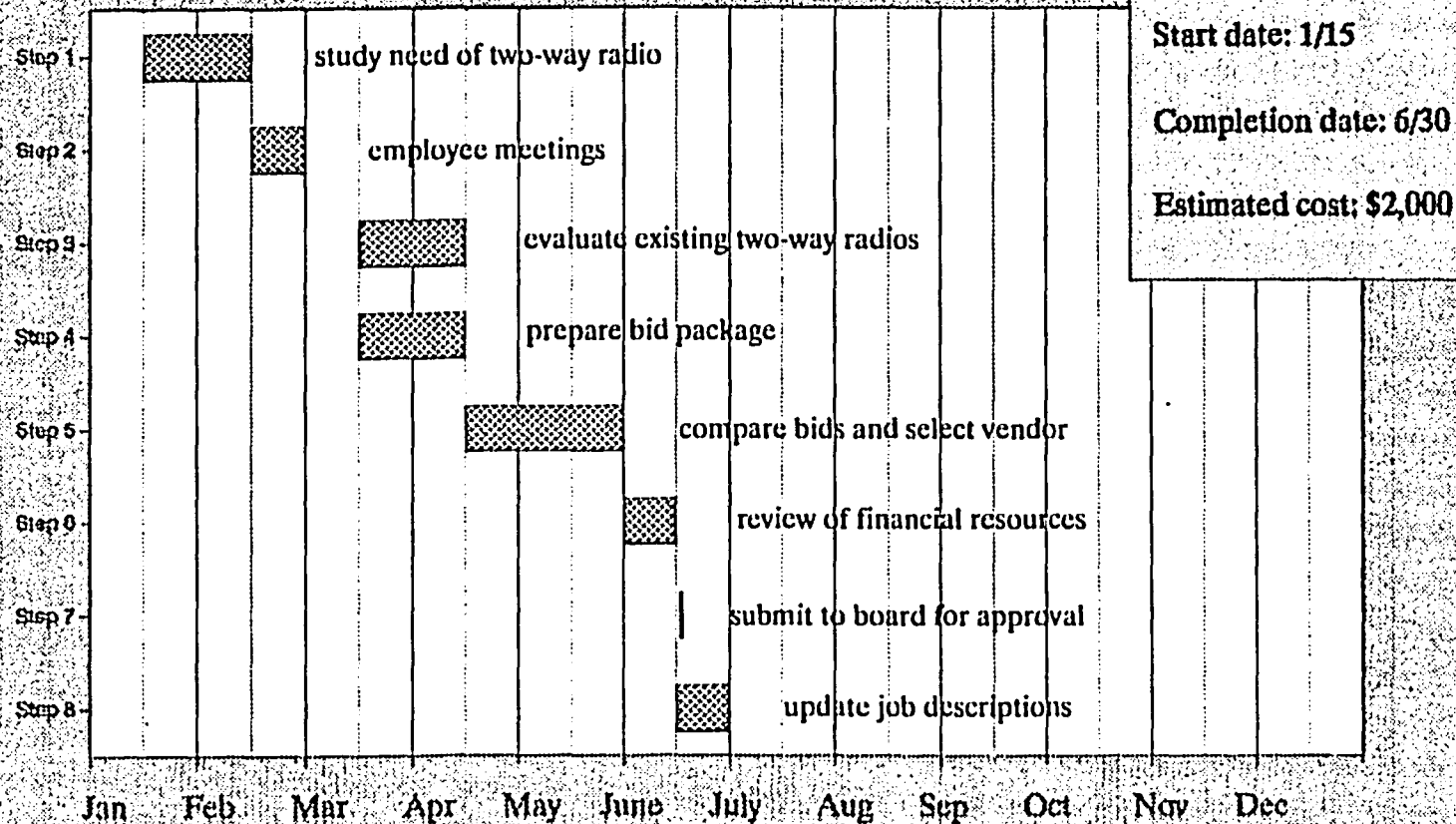
Recommendation 42

Develop and implement a formal vehicle replacement policy that includes elements such as vehicle purchasing justification, procedures for competitively bidding vehicles, and vehicle specifications.



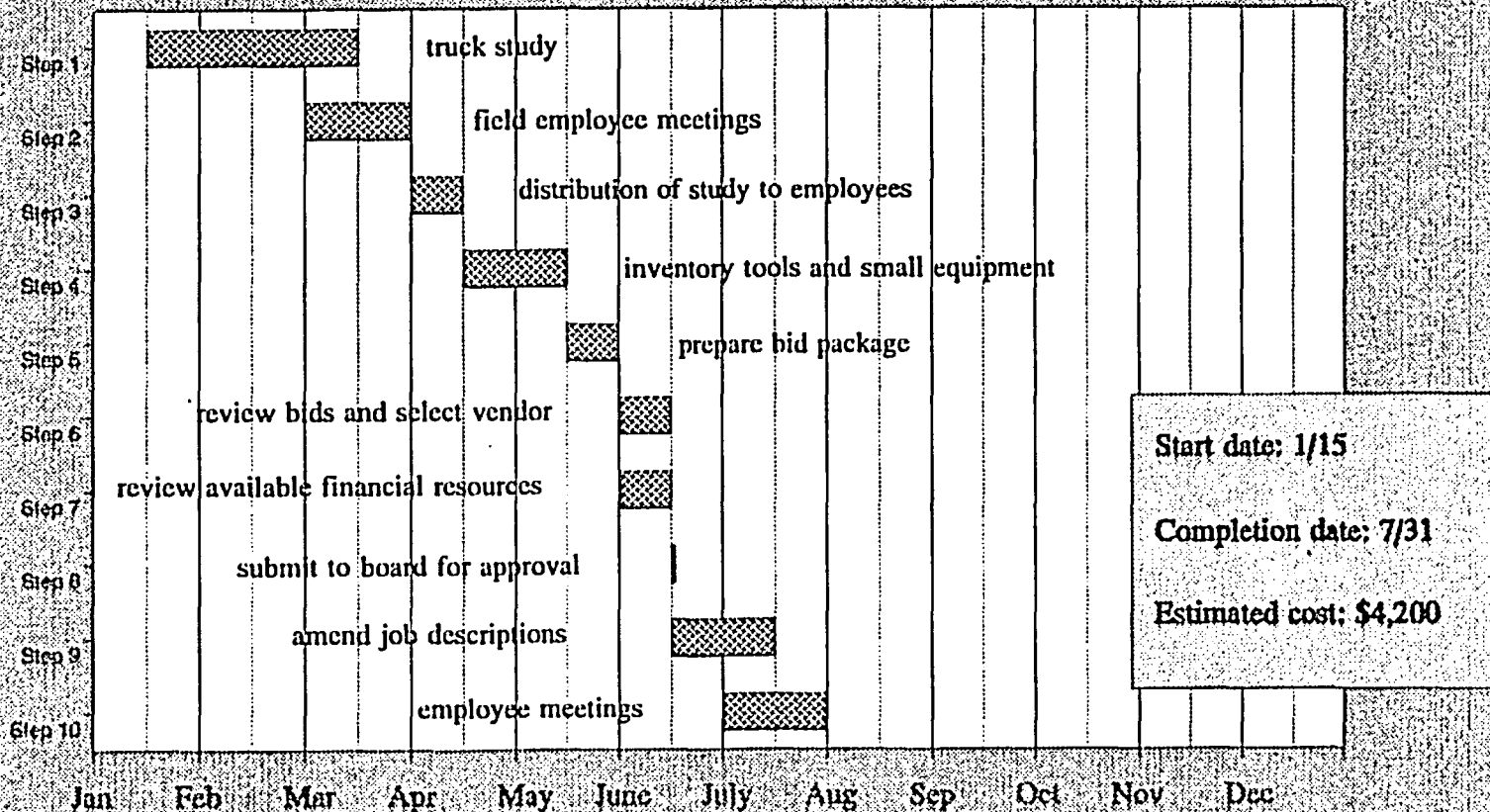
Recommendation 43

Evaluate the cost/benefit of installing two-way radios in all vehicles.



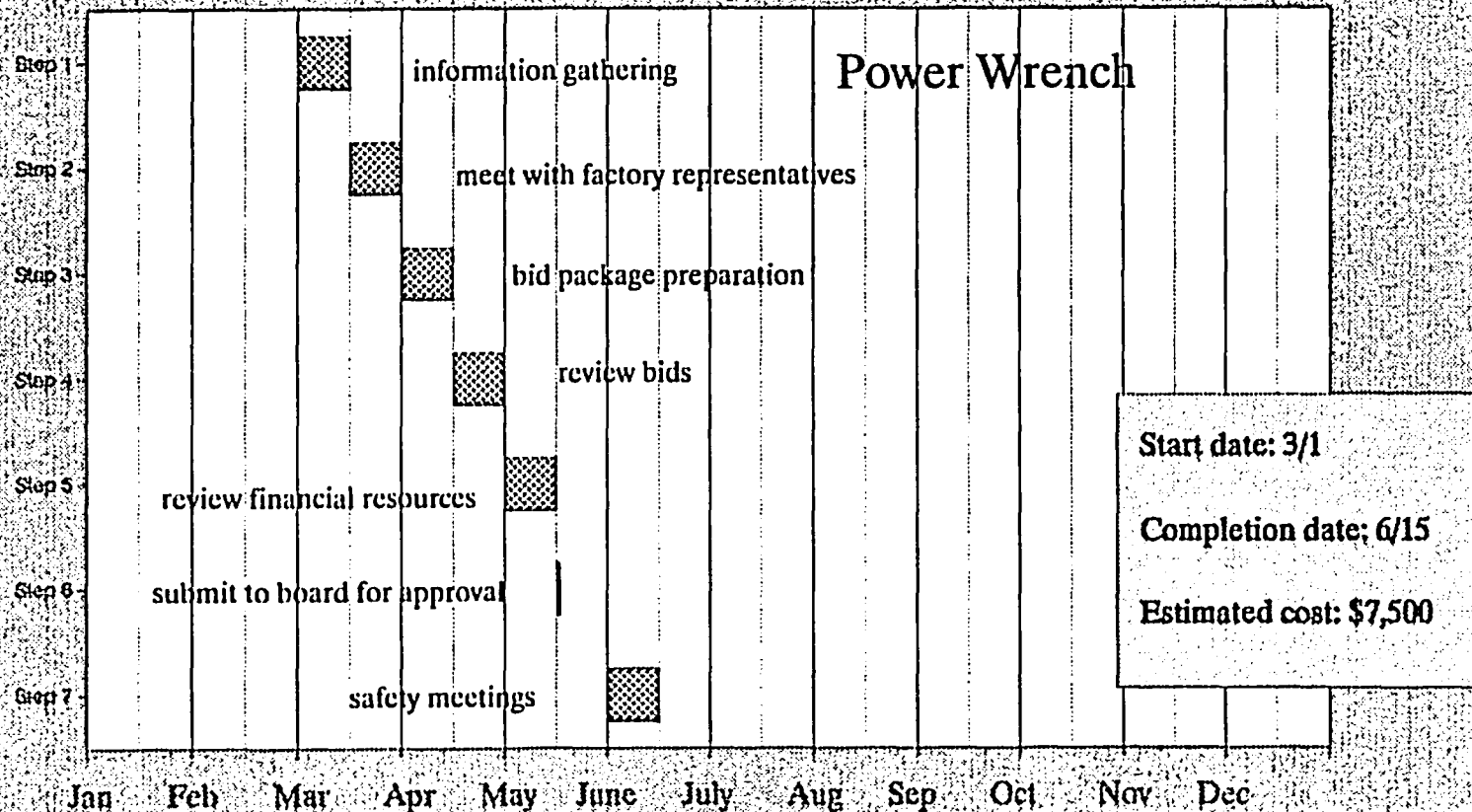
Recommendation 44

Provide field personnel with necessary hand tools and equipment to effectively perform their work.



Recommendation 45

Purchase the necessary inventory and equipment to complete valve exercising and meter testing programs.

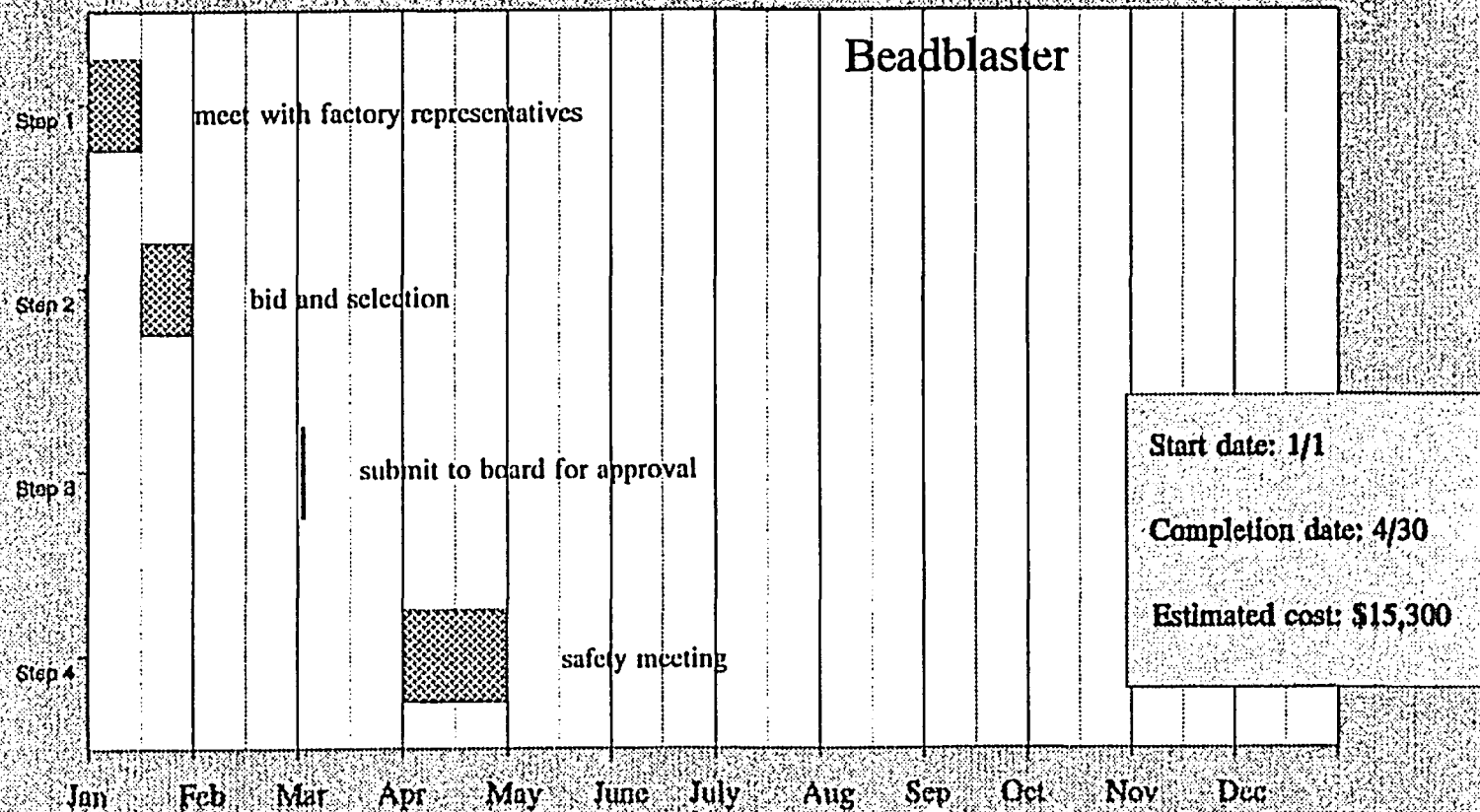


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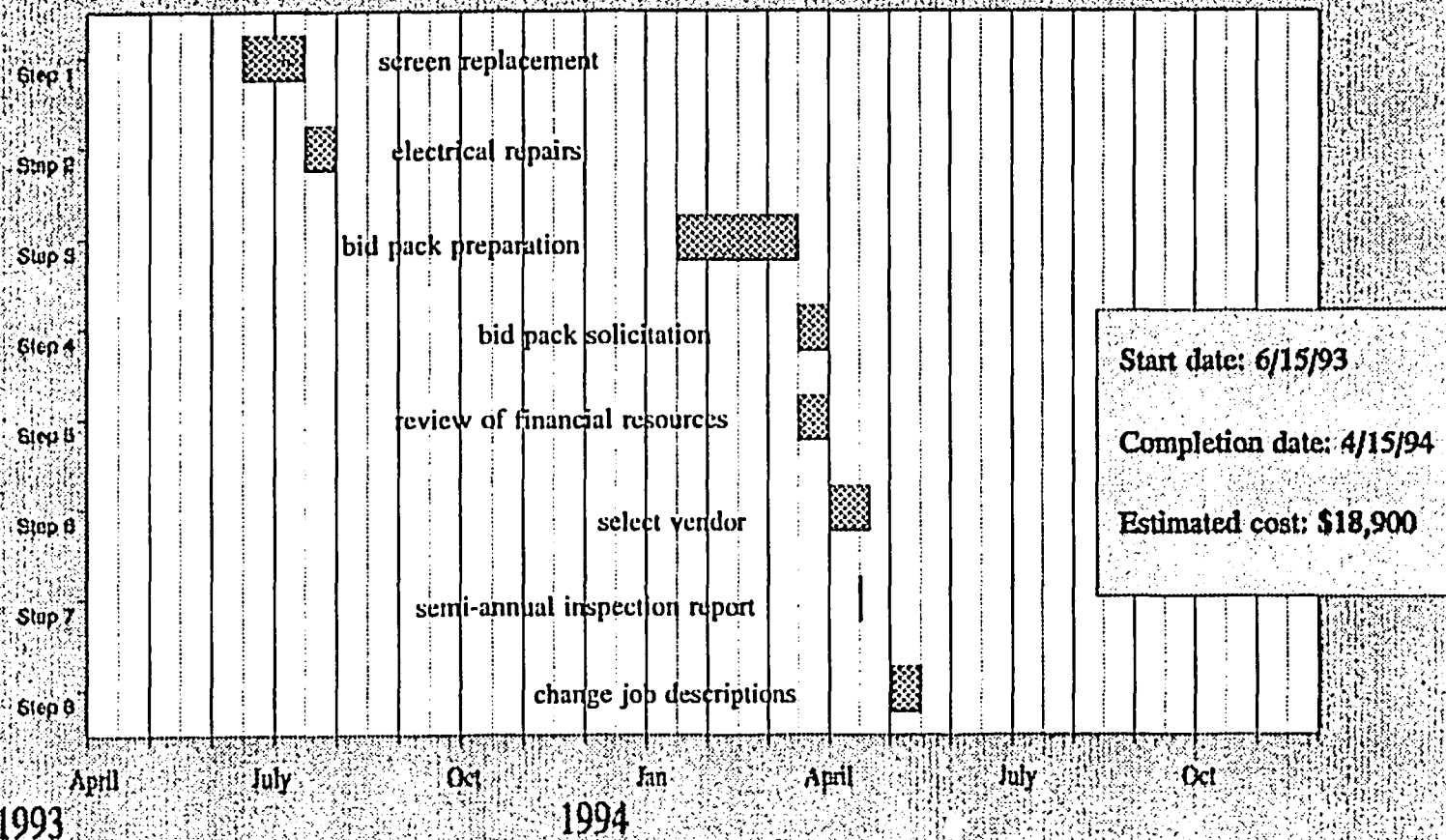
Recommendation 45

Purchase the necessary inventory and equipment to complete valve exercising and meter testing programs.



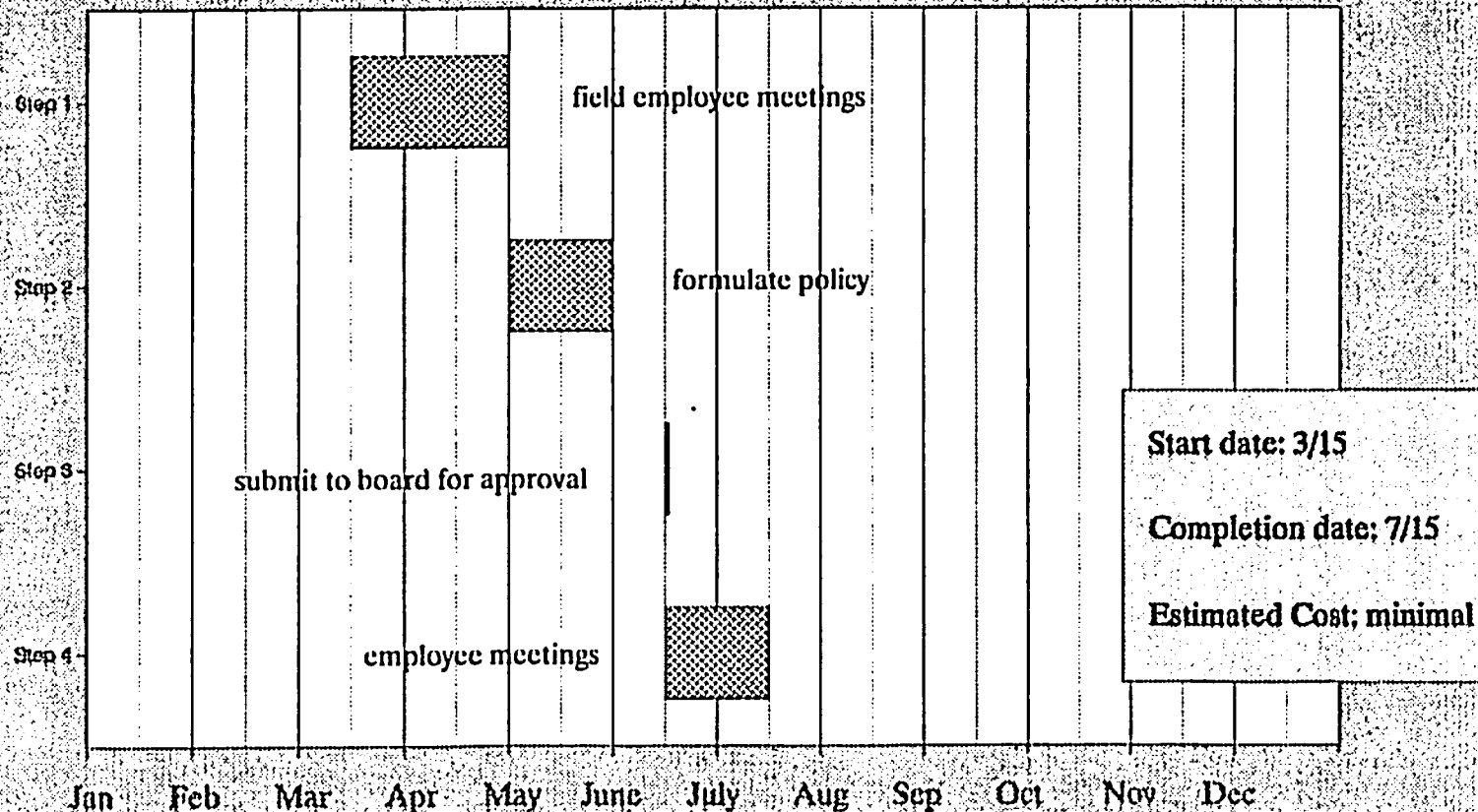
Recommendation 46

Correct all deficiencies cited in the 1993 PSC Water Department inspection report.



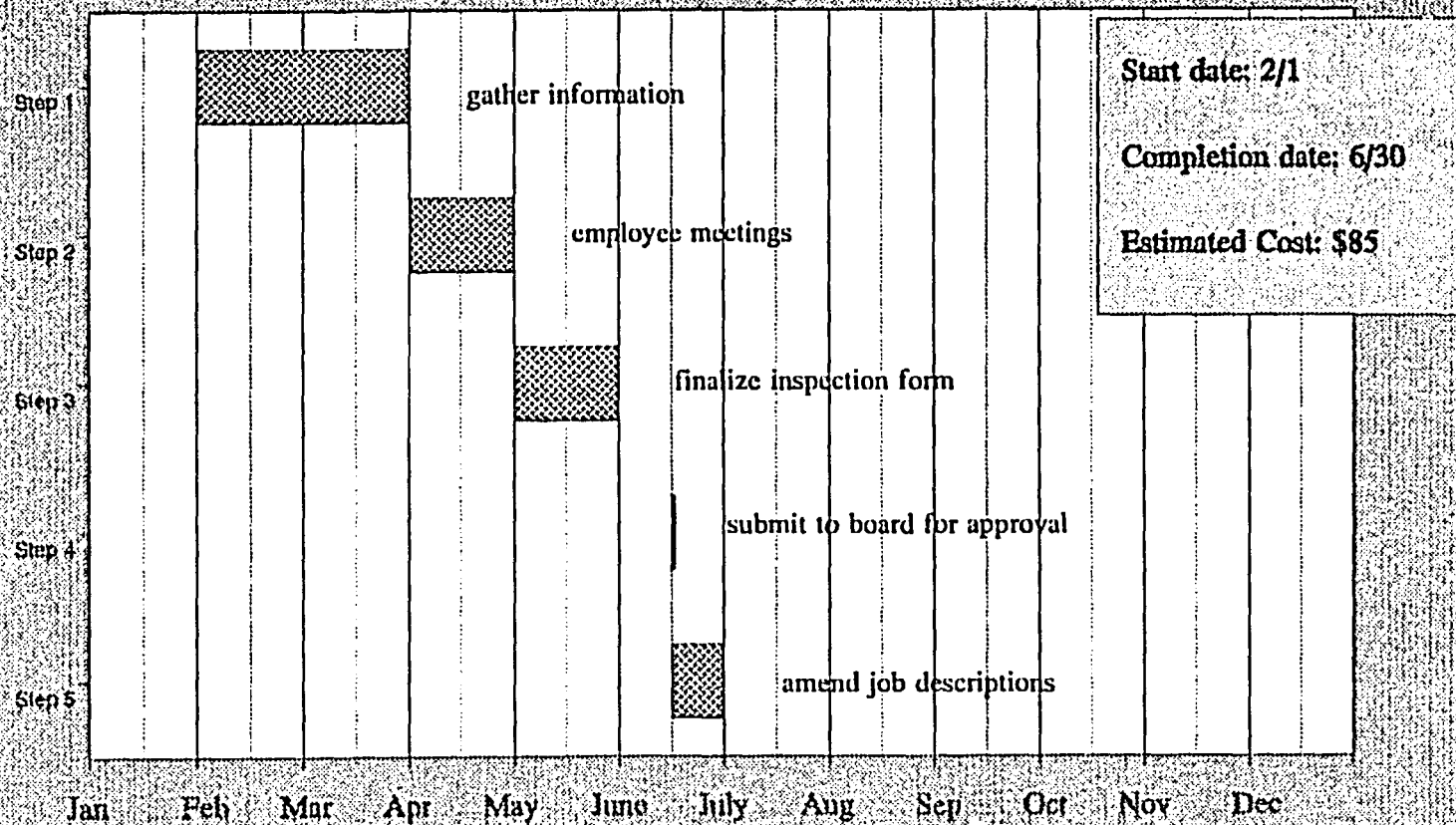
Recommendation 47

Determine when pipe replacement is more cost effective than repair and develop a policy to guide field personnel accordingly.



Recommendation 48

Document progress observed regarding work performed by outside contractors and utilize documentation for project scheduling and future contractor use.



MANAGEMENT AUDIT OF
RAYTOWN WATER COMPANY

CASE NO. WO-93-194

AUDIT RECOMMENDATION IMPLEMENTATION PLAN

Project Name: Co. Mission and Strategic Planning.

Function: Strategic Planning.

Department: Management.

Person Responsible for Implementation: Neal Clevenger.

Title: Pres./Gen'l Manager.

Audit Reference Chapter: II. Page: 24-25.

Project No.: 1. Project Priority: High.

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I. MSD STAFF RECOMMENDATION: Define the Company's mission statement and establish policies, procedures and practices necessary for developing and implementing an effective strategic planning process.

A. Estimated Cost: Minimal.

B. Estimated Benefits: Provide overall general corporate direction and philosophy. Should establish a strategy for attaining corporate objectives.

II. DESCRIPTION OF IMPLEMENTATION PLAN: Management understands that the present management audit to which the Company is responding is teaching in its own way the art of management. The techniques set forth in the audit are foundations upon which the Company must build. Hence, Management is resolved to involve the expertise of the Board more in the setting of goals and establishing the means to achieve them. The employees are found to be perhaps an even greater resource of management's information for planning and implementation of strategies. It remains that management make the best use of the many resources at its disposal.

III. COMPANY'S WORK PLAN AND SCHEDULE:

<u>Phase</u>	<u>Task</u>	<u>Start Date</u>	<u>Completion Date</u>
Information search.	Management will collect samples of mission statements from other water utilities &	4/1/94	5/1/94

businesses.

Company meeting.	<p>All employees will meet with management to:</p> <ol style="list-style-type: none"> 1. Review samples & offer suggestions for mission statement. 2. Consider management's list of Co. goals composed during the '92 rate case. 3. Think of a general procedure the Co. should follow to achieve, these goals such as the following: <ol style="list-style-type: none"> a. Information search from: <ol style="list-style-type: none"> 1. Other businesses. 2. Trade associations. 3. Seminars. 4. Customer surveys. 5. Employee meetings. 6. Co.'s accountant/lawyer. 7. Board meetings. 8. MPSC. b. Individualize the strategy to fit each goal. c. Assign a beginning & final date for goal achievement. d. Establish quantifiable measures of performance in goal attainment. e. Have a follow-up study to recognize mistakes & ways to improve strategy planning. 	5/1/94	6/15/94
Board meeting.	<p>Management will present samples & results of discussion about goals & strategies. Board will help prioritize goals, make its own recommendation about Co.'s general planning practice, & propose specific strategies for high priority goals.</p>	6/15/94	(same)
First draft.	<p>Management will draw up his list of prioritized goals with there specific ways to achieve them.</p>	6/15/94	7/15/94
Board meeting.	<p>Management will present his ordered list again for Board approval to activate the strategic process for each goal.</p>	8/15/94	-----

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- A. ESTIMATED COST: Minimal in-house cost.
- B. OTHER RESOURCES: No cost for information from other businesses/utilities.
- C. ESTIMATED SAVINGS: A clear mission and precision in ways to attain it unite all employees in a common effort for a successful meeting of those objectives/goals that fulfill the Company's mission. Such a program will utilize the Company's finances in the most effective way.
- D. OTHER BENEFITS: Achievement of the mission statement assures customers, employees, and the Company's business constituents that their own interests are also being met.

Neal S. Cleverger
FUNCTION HEAD OR OTHER APPROVING OFFICER

3-10-74
DATE

MANAGEMENT AUDIT OF
RAYTOWN WATER COMPANY

CASE NO. WD-93-194

AUDIT RECOMMENDATION IMPLEMENTATION PLAN

Project Name: Long Range Planning.

Function: Strategic Planning.

Department: Management.

Person Responsible for Implementation: Neal Clevenger.

Title: Pres./Gen'l Manager.

Audit Reference Chapter: II.

Page: 25.

Project No.: 2.

Project Priority: High.

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I. MSD STAFF RECOMMENDATION: Develop, implement, and regularly revise a formal, documented rolling three-to-five-year long-range plan. The plan should detail strategic goals, construction projects, marketing and public relations activities, technological changes (e.g., incorporating the use of plastic pipe in the system), means for financing future projects under consideration, and anticipated completion dates.

A. Estimated Cost: \$1,000.

B. Estimated Benefits: Consultant expertise may be necessary. Better scheduling and coordinating of projects.

C. Estimated Date of Completion:

II. DESCRIPTION OF IMPLEMENTATION PLAN: Management understands that long-term planning is a concrete implementation of the strategic planning process (project #1). Long-term planning should be guided by the Company mission. It should ensure that customers have a safe and adequate water supply, that stockholders receive a fair return, that employees' efforts are justly rewarded, and that the MPSC requirements are met.

III. COMPANY'S WORK PLAN AND SCHEDULE:

<u>Phase</u>	<u>Task</u>	<u>Start</u> <u>Date</u>	<u>Comple-</u> <u>tion Date</u>
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City plan- ning.	Management will continue to attend & work on City committee meetings & attend public forums on the City's master plan, in order that the Co. can fulfill its part of water distribution in the future infrastructure.	2/15/94	7/15/95
Format develop- ment.	Using the format of the MSD STAFF RECOMMENDATION (see page 1, #1.), management will develop a format for the Co.'s long-range plan.	5/1/94	6/1/94
Forma- lize Co. goals.	Management will review, prioritize, & formalize his list of long-range goals (developed since last rate case) with consultation of the following: 1. MPSC & DNR for regulatory requirements. 2. Co. counsel for legal needs. 3. Co. accountant to correlate with budget (Project #18).	6/1/94	7/1/94
Company meeting.	Management will present plan to employees for discussion & their recommendations.	7/1/94	8/1/94
First draft.	Management will revise plan in light of employee input.	8/1/94	8/15/94
Board meeting.	Board will make its recommendations, and give approval for final draft.	8/15/94	(same)
Final draft.	Management will compose final draft.	8/15/94	10/1/94
Company meeting.	All employees will be informed of the finalized long-range plan.	10/1/94	11/1/94
Regular review.	An ongoing long-range plan review & revision will be conducted every other Board meeting.	2/15/95	-----

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- A. ESTIMATED COST: Minimal in-house expenses.
- B. OTHER RESOURCES: No charge for contacts with MPSC or DNR. Company accountant: \$2,000. Company counsel: \$1,000.

- 3
- C. ESTIMATED SAVINGS: Foresight and planning will assure that the Company budget, and staff/equipment availability all work to accomplish the future goal in the desired time frame. There will be less chance for surprise expenditures to jeopardize goal achievement.
- D. OTHER BENEFITS: A sense of direction and hope of achievement should draw employees together more in their common effort to meet the goals they have helped to formulate. Goals that employees understand to mean better working conditions, employee/management relationships, and salaries/benefits should improve morale and incentive.

Neal S. Cleverger
FUNCTION HEAD OR OTHER APPROVING OFFICER

3/17/94
DATE

MANAGEMENT AUDIT OF
RAYTOWN WATER COMPANY

CASE NO. WO-73-174

AUDIT RECOMMENDATION IMPLEMENTATION PLAN

Project Name: Management Staffing.

Function: Strategic Planning.

Department: Management.

Person Responsible for Implementation: Neal Clevonger.

Title: Pres./Gen'l Manager.

Audit Reference Chapter: 11.

Page: 26.

Project No.: 3.

Project Priority: High.

=====

- I. MSD STAFF RECOMMENDATION: Eliminate the assistant manager position.

A. Estimated Cost: \$5,000.

B. Estimated Benefits: Costs reduced \$36,000 annually. Remaining work could be distributed to other employees, which MSD staff estimates to be up to \$5,000 annually in additional wages or outside contractor labor expenses.

C. Estimated Date of Completion: September 15, 1974

- II. DESCRIPTION OF IMPLEMENTATION PLAN: Management has felt the criticism of the authorities at the last rate case for the Company's use of expensive external resources. In this Project Management hopes to realize a favorable response from these same authorities in its effort to eventually do in house much of what it now requires from outside sources. Three alternatives are set forth in the tanks whereby a beginning may be made. Should the authorities think otherwise, management would ask them to supply a substitute realistic plan for work distribution within the Company.

III. COMPANY'S WORK PLAN AND SCHEDULE:

Phase	Task	Start Date	Complete Date
Utili ties	Management will seek the fol lowing information from other	4/1/74	6/15/74

study.	<p>comparably sized (to the Co.) water utilities, both regulated and non-regulated:</p> <ol style="list-style-type: none"> 1. Ratio of no. of management personnel to no. of employees. 2. Ratio of no. of customers to utility's personnel. 3. Management/employee job descriptions/duties. 4. Succession policies for critically important positions. 5. Hours/Day Dedicated to government reports/data entries. 6. No. and title of personnel responsible for reports/data entries. 		
Comparison study.	<p>Management, using the utility study and Public Counsel DR #101, will compare the utilities with the Co. for the purpose of substantiating (or not) the full-time need of a person responsible for government reports/data entries.</p>	5/15/94	4/1/94
Company meeting.	<p>Management will discuss comparison study with employees, & seek suggestions on rearranging job descriptions to distribute the following work loads:</p> <ol style="list-style-type: none"> 1. Office staff to do field data entries, so that field personnel may do needed work in the field. (Ongoing data entries are needed in back-flow, water testing, meter testing, fire hydrant flow, leak detector check valves, valve exercising). 2. Other office staff to take over reports/data entries once office supervisor begins work on general ledger & other routine accounting work. 3. The staff available for responsibility of implementing MBD's 98 management audit recommendations. 	6/1/94	8/15/94
Board meeting.	<p>Management will present summary of comparison study & employee suggestions for rearranged job assignments. In</p>	8/15/94	(same)

light of this presentation, management will propose the following alternative responses to MSD recommendation #3:

1. Expand the job description of the incumbent Assistant Manager to ensure a full-time work load. Require training in needed skills: report writing, accounting, personnel management, computer competence.
2. Accept applications for position of Comptroller (according to recruitment procedures noted in Project #4) having the following qualifications:
 - a. CPA degree.
 - b. 3 years public accounting experience.
 - c. Management experience necessary for succession (see Project #5).
 - d. Report writing skills.

The Comptroller would assume the position of Office Supervisor, allowing the present O.S. to attend to routine accounting work (general ledger entries, etc.). The Comptroller's job description would coordinate all office procedures. He/she would be responsible for all government data entries & report writing. In the 3-5 year long-range plan (MSD Project #2) the Comptroller would assume a significant part in the annual accounting review & consultations ordinarily done by an accounting agency. He/she would advise management in all financial matters, develop the Co. budget, & train office employees to use the computer computer. The Comptroller's salary would be comparable to the present Assistant Manager's position, & he/she would begin on probation for 3 months.

3. Reduction of Assistant Management position to an additional office staff person at an adjusted salary.

Without the high salary benefit, a highly qualified person would unlikely apply, but one skilled in report writing & data entry would render needed help to the staff.

Audit/MDB meeting. Audit Committee will meet with 8/15/94 9/15/94
 MDB staff to consider Board's choice of alternatives & reach a conclusion.

Conclusion Activated. The alternative decided upon 7/15/94 is immediately put into action so that any positive consequences of the alternative chosen can be presented at the current rate case.

=====

- A. ESTIMATED COST: Minimal in house expenses. No charge for staffing study. Audit committee meetings: \$12/hr. for 2 members + travelling expense. Activating the 1st alternative (training present Assistant Manager) would involve work time missed for classes (unless night school was attended) and cost of the classes if these were paid for by the Company. Training seminars usually involve missed work time. Activating the 2nd or 3rd alternative would involve minimal cost of advertising and time for interviews.
- B. OTHER RESOURCES: None.
- C. ESTIMATED SAVINGS: In the Company's long-range plan an Assistant Manager or a Comptroller, highly skilled by additional training or through existing qualifications, would bring about a pronounced savings for the Company not only through expert financial direction, but by making the Company less dependent on an expensive accounting firm. Although the 3rd alternative (less skilled office personnel) would not have the qualifications for a Comptroller's position, the needed help with reporting and data entry would free field and the present Office Supervisor to do their assigned jobs.
- D. OTHER BENEFITS: By choosing any one of the alternatives, the Company should much improve in the organization and accuracy of data entry and record keeping, and complete reports in a timely manner. As the recording and reporting workload is becoming more technical and demanding in its ever increasing amount, Management finds it imperative to find the qualified help to take on these tasks.

that others can carry out there already full job descriptions. When employees can carry out their work without getting so far behind as to bring about turmoil and frustration, they will do so more effectively to the profit of the Company and of customers alike, and for their own development.

MANAGEMENT AUDIT OF
RAYTOWN WATER COMPANY

CASE NO. WD-923-194

AUDIT RECOMMENDATION IMPLEMENTATION PLAN

Project Name: Recruitment

Function: Strategic Planning

Department: Management/Office/Field

Title: President/General Manager

Audit Reference Chapter: II Page: 27-28

Project No: 4 Project Priority: High

- I. MSD STAFF RECOMMENDATION: Develop and implement recruiting and hiring procedures which are designed to select applicants having the highest level of knowledge, skill and experience necessary to improve the operational performance of the Company.

A. Estimated Cost: Minimal

B. Estimated Benefits: Ensures senior management that most qualified candidate is selected.

C. Estimated Date of Completion: April 15, 1994

- II. DESCRIPTION OF IMPLEMENTATION PLAN: Management feels that recruitment of qualified personnel is of the highest importance as it is essential for the Co.'s productivity and morale. Hence, after canvassing the market through normal means, resume's and interviews should point to the candidate of choice. Probationary periods, in which both technical and social skills are evaluated, will either finalize the candidate's acceptance or prove his/her disqualification.

III. COMPANY'S WORK PLAN AND SCHEDULE:

<u>Phase</u>	<u>Task</u>	<u>Start Date</u>	<u>Complete Date</u>
Policy Data Collection	Management will solicit recruitment policies, for study, from other utilities and businesses.	03/01/94	03/15/94

<u>Phase</u>	<u>Task</u>	<u>Start Date</u>	<u>Complete Date</u>
Formulate Policy	<p>Management will use samples of these other business recruitment policies together with the following considerations to write a recruitment procedure adapted to Co. needs:</p> <ol style="list-style-type: none"> 1. Job descriptions & qualifications of newly formed positions be updated. 2. Job application forms should be brought into conformity with non-discrimination laws (Consult Missouri Job Service). 3. Resume's (Formal/trade education & work experience) and employer letters of recommendation should be required. 4. Interviews should be conducted by the head of the department applied to; however, President/General Mgr. must give final approval. 5. A probationary period should be agreed upon. 6. Personnel of the department may express their opinions because a candidates social skills are important for employee cooperation as well as public relations. 7. Advertising for candidates should make use of the following means: <ol style="list-style-type: none"> a. Classified ads. b. Trade magazines. c. Recruiting firms. d. Mo. Job Service. e. Labor pool of other utilities. f. In-house promotions. 	03/15/94	04/15/94

<u>Phase</u>	<u>Task</u>	<u>Start Date</u>	<u>Complete Date</u>
Board Review and Approval	After Board input, the approved policy shall be placed in a recruiting manual.	04/15/94	Same

- A. ESTIMATED COST: Minimal - in-house cost. Application forms will be typed and copied in house.
- B. OTHER RESOURCES: No cost for contacting Missouri Job Service and other businesses for samples of their recruiting policies and procedures.
- C. ESTIMATED SAVINGS: A smoother running Company will be achieved by qualified workers able to fulfill their job descriptions without burdening others. The more skills there are in-house, the less outside resources need to be purchased.
- D. OTHER BENEFITS: A worker chosen from among many applicants with a probationary period and feedback from the department personnel insures a spirit of fairness and feelings of respect among employees. Technically and socially qualified employees help build the same virtues they model in those with whom they work.

Neal S. Chenevix
Function Head or Other Approving Officer

2-15-94
Date

MANAGEMENT AUDIT OF
RAYTOWN WATER COMPANY

CASE NO. WO-93-194

AUDIT RECOMMENDATION IMPLEMENTATION PLAN

Project Name: Succession Planning
Function: Strategic Planning
Department: Management
Person Responsible For Implementation: Neal S. Clevenger
Title: President/General Manager
Audit Reference Chapter: II Page: 28
Project No.: 5 Project Priority: Medium

I. MDS STAFF RECOMMENDATION: Develop a formal succession plan for key management positions.

A. Estimated Cost; Minimal

B. Estimated Benefits: Provide orderly transition if management turnover occurs.

C. Estimated Date of Completion: June 1, 1994

II. DESCRIPTION OF IMPLEMENTATION PLAN: Although this project refers specifically to management succession, management realizes the need of cross training of all personnel who have jobs that are critical for the smooth operation of the Company. Management also feels that both temporary and permanent succession are events for which the Company must prepare itself. The matter is of such importance that the Board needs to seriously reflect on how to prepare for such an eventuality whether temporary or permanent.

III. COMPANY'S WORK PLAN AND SCHEDULE:

<u>Phase</u>	<u>Task</u>	<u>Start Date</u>	<u>Complete Date</u>
Data Collection	Management will seek out succession plans currently used in other businesses and utilities.	03/01/94	03/15/94

<u>Phase</u>	<u>Task</u>	<u>Start Date</u>	<u>Complete Date</u>
First Draft Succession Report	<p>Management will use information which is appropriate for the Company along with the following considerations:</p> <ol style="list-style-type: none"> 1. Temporary versus permanent succession, e.g., formally train manager successor for future permanence, or train only for temporary absences of manager. 2. Assistant manager position vs Board member as permanent successor. 3. Incorporating temporary an/or permanent succession into job description of successor. 4. Requiring permanent successor to attend Board meetings. 5. Possible re-defining of President/General Manager's and Assistant Manager's job descriptions so Assistant Manager can begin in-house workshop training under General Manager's guidance. 6. In-house cross training of temporary or permanent successor. 7. Qualifications of temporary &/or permanent successor, e.g., formal training & social skills. 8. Board involvement in permanent successor election. 	03/15/94	04/15/94
Board Meeting (regularly scheduled)	After ten day prior notice, Board will review report and present its views to management.	04/15/94	same

<u>Phase</u>	<u>Task</u>	<u>Start Date</u>	<u>Complete Date</u>
Policy Formulation	From the sample plans and Board recommendation, management will formulate a policy to be included in the policy manual.	04/15/94	06/0/93

- A. ESTIMATED COST: Minimal - in-house project.
- B. OTHER RESOURCES: No charge for other business and/or utilities succession plans.
- C. ESTIMATED SAVINGS: A well trained temporary/permanent managerial successor assures continued operational productivity which assures uninterrupted customer service.
- D. OTHER BENEFITS: A sudden and unexpected need to search for and train a manager may result in the wrong person being selected and his/her rushed and inferior training; therefore this plan will be a safeguard for the Company.

Neal Schenker
Function Head or Other Approving Officer

2-16-94
Date

MANAGEMENT AUDIT OF
RAYTOWN WATER COMPANY

CASE NO. WD-93-194

AUDIT RECOMMENDATION IMPLEMENTATION PLAN

Project Name: Competitive Bidding

Function: Strategic Planning

Department: Management/Field

Person Responsible for Implementation: Neal S. Clevenger & Melvin Acock

Title: President/General Manager & Foreman

Audit Reference Chapter: 11 Page: 29-30

Project No.: 6 Project Priority: High

I. MSD STAFF RECOMMENDATION: Develop and implement formal competitive bidding procedures for all major equipment purchases & contracts.

A. Estimated Cost: Minimal

B. Estimated Benefits: Helps ensure that best value is considered in purchasing from more than one company.

C. Estimated Date of Completion: May 15, 1994

II. DESCRIPTION OF IMPLEMENTATION PLAN: The Company will acquire purchasing forms and policies from other utilities that may be useful in developing a format. An employee meeting will be conducted for their suggestions and changes. Management will meet with its foreman and put a final bid form and policy together. In addition to a form for bidding documentation, management will extend formal record keeping to include information such as, financial review, cash flow vs loan, bid documentations and an evaluation determining if purchased truck/equipment/material met specifications or if buying policy needs revision.
Board members will be made aware of the new competitive bidding documentation. The Board will set the monetary limit requiring their approval. The final approved draft will be included in the Company's policy manual.

III. COMPANY'S WORK PLAN AND SCHEDULE:

<u>Phase</u>	<u>Task</u>	<u>Start Date</u>	<u>Complete Date</u>
Form/Policy Data Collection	Senior management will gather bidding policies and forms from other utilities. Company will use any samples acquired to assist in development of a bidding format.	02/01/94	03/01/94
Employee Meeting	Senior management will seek the views and suggestions from its employees on its proposed bidding policy.	03/01/94	03/15/94
Draft Preparation	Using the policies and forms from other utilities and employee input, management will put in final form the Company's competitive bidding policy and documentation record keeping. A number of sections will be included such as financial review, cash flow vs loan, number and reputation of vendors, specifications, emergency purchases and minimum limits requiring bidding. An ongoing written bid documentation & evaluation record keeping will be maintained by the Company to be used in determining if purchase specifications or if buying policy needs revision.	03/15/94	04/01/94

<u>Phase</u>	<u>Task</u>	<u>Start Date</u>	<u>Complete Date</u>
Board Meeting (regularly)	The managements final draft and recommendations will be sent to the Board ten days previous to the meeting. The Board will review, make any necessary changes and set the monetary limits requiring approval.	4/15/94	same
Policy Printing	Management will direct office staff to type the new, approved competitive bidding policy into the Company policy manual and print bid forms.	04/30/94	05/15/94

- A. Estimated Cost: In house project. \$85 for printing of forms.
- B. Other Resources: Acquiring other utility companies forms and policies would be at not cost to the Company.
- C. Estimated Savings: Significant savings should accrue by following approved purchasing criteria as the trucks/equipment/materials obtained will more likely be purchased at the best price. Expertise of Board members will give management guidance in evaluating the bid packages using weighted criteria assuring that a sound decision making process is being used on major purchases.
- D. Other Benefits: In time, the document bidding process can provide the Company a history to be used for evaluating, if purchased items have performed as planned, and allow our policy to be changed as needed.

Neal S. Clower 1-19-94
 Function Head or Other Approving Officer Date

MANAGEMENT AUDIT OF
RAYTOWN WATER COMPANY

CASE NO. WO-93-194

AUDIT RECOMMENDATION IMPLEMENTATION PLAN

Project Name: Needs Analysis

Function: Strategic Planning

Department: Management & Field

Person Responsible for Implementation: Neal S. Clevenger
and Melvin Aock

Title: President/General Manager & Foreman

Audit Reference Chapter: II Page: 30

Project No.: 7 Project Priority: High

I. MSD STAFF RECOMMENDATION: Develop and implement a formal policy for performing documented needs analysis prior to making major equipment purchases.

A. Estimated Cost: Minimal

B. Estimated Benefits: Documentation assures all needs are considered when purchases are made.

C. Estimated Date of Completion: May 15, 1994

II. DESCRIPTION OF IMPLEMENTATION PLAN: Needs analysis is often the responsibility of management in conjunction with the field, since expensive equipment is most frequently purchased for field work. A policy that expresses itself on a needs analysis form seems to be the best way to aid in keeping criteria in mind when proposing a purchase of costly equipment; therefore, management and field will research other businesses and take the ideas of their own employees to design a needs analysis policy and form for the Company. After the Board reviews, a final policy will be explained to all personnel.

III. COMPANY'S WORK PLAN AND SCHEDULE:

<u>Phase</u>	<u>Task</u>	<u>Start Date</u>	<u>Complete Date</u>
Contacting Other Businesses/ Utilities	Management will inquire into needs analysis policies and forms of other businesses and utilities to help formulate a format.	02/15/94	03/01/94
Employee Meetings	Employee meetings will be conducted for additional input of ideas & suggestions. Areas will be reviewed to formulate the criteria to be used in the Company's needs analysis policy, such as: a) Cost of purchase vs rental vs contracting the job. b) Frequency of use. c) Specifications of the equipment needed to meet job requirements. d) Criticalness and timeliness of the need, e.g., get by until financial stability is achieved by Company? e) Availability of personnel who are skilled or need training. f) Meetings with representatives on a proposed major purchase. g) Warranty	03/01/94	04/01/94

First Draft
of Policy

Manager S Foreman
will assess the
salient points of the
meeting, along with a
review of samplings,
and formulate a first
draft of a needs anal-
ysis policy. This will
be mailed to the Board
members ten days prior
to the regularly sche-
duled meeting

04/01/94 04/15/94

Board Meeting
(regularly
scheduled)

The first draft will
be reviewed and re-
vised by the Board.

04/15/94 same

Final Draft

Management will
formalize the Board
approved needs anal-
ysis policy and
accompanying forms.

04/15/94 04/30/94

Follow-up
Employee
Meeting

Management will re-
late to the employees
the finalized policy
and procedures in
completing forms.

04/30/94 05/15/94

- A. ESTIMATED COST: Minimal - In house project.
- B. OTHER RESOURCES: No cost in contacting other bus-
inesses/utilities/factory representatives.
- C. ESTIMATED SAVINGS: Equipment that meets job demands
is cost saving by its efficiency, e.g. it could save
down time, labor time and large initial and/or
maintenance costs with little return, etc.
- D. OTHER BENEFITS: Equipment that an employee can
depend on for fulfilling the customers needs lowers
his chances of frustration and is a better guarantee
of a quality job being done promptly.

Neal S. Cleverger
Function Head or Other Approving Officer

2/03/94
Date

Project 8

MANAGEMENT AUDIT OF
RAYTOWN WATER COMPANY

CASE NO. WO-93-194

AUDIT RECOMMENDATION IMPLEMENTATION PLAN

Project Name: ALTERNATE SOURCES OF WATER

Function: STRATEGIC PLANNING

Department: Senior Management

Person Responsible for Implementation: Neal Clevenger

Title: President/General Manager

Audit Reference Chapter: II Page: 30 & 31

Project No: 8 Project Priority: Medium

- I. MSO STAFF RECOMMENDATION: Continue to negotiate with the city of Independence to provide wholesale water to the Company for its Independence customers.
- A. Estimated Cost: Management auditors say minimal. The President/General Manager recognizes that the very preliminary negotiations may be of minimal cost; however, there will be considerable cost to actually implementing a plan of supplying our Independence customers with Independence water. See A. under III, "Company's work plan and schedule" for details.
- B. Estimated Benefits: President/General Manager concurs that the lower Independence wholesale water rates could give those customers a somewhat lower rate (with MPS approval). The company believes that the benefits of pursuing this goal outweighs any negative PR that might stem from our Raytown customers;
- 1) The Public Relations effect with our Independence customers will certainly be enhanced.
 - 2) The reaction of our Raytown service area customers to a double set of water rates will be somewhat curbed by the fact that Blue Ridge Blvd. separates our two cities and therefore the two hundred foot distance precludes neighbors from conversing. Also each city has its own local newspaper that is not distributed across city boundary lines.

C. Estimated Date of Completion: December 1994. This late date would allow for MPSC approval in late 1994 and then give the company six months for the physical change over of its distribution system.

II. DESCRIPTION OF IMPLEMENTATION PLAN: Senior management will continue its negotiations with Independence Water to strive to connect up its Independence service area only. This plan will entail future meetings between Raytown Water Company officials and Independence Water, as well as with both our engineers to determine disconnect and reconnect locations and adequate storage and the Independence city attorney and our attorney to negotiate provisions of a new contract. Along with pursuing negotiations with Independence Water Department, the Company will be required to renegotiate some of the provisions in our present long term wholesale water contract with the city of Kansas City, Missouri. The final phase of the plan will entail a presentation to the Independence board of aldermen to ratify the new negotiated wholesale water contract.

III. COMPANY'S WORK PLAN AND SCHEDULE:

<u>Phase</u>	<u>Task</u>	<u>Start Date</u>	<u>Complete Date</u>
Feasibility/ Acceptability Analysis	Continue meetings to persuade Independence Water department officials to allow our company's Independence customers to be supplied by Independence water. As these are Independence residents, special emphasis will be made that no up front cost of their future plant expansion should be borne by Raytown Water which is normally charged to all new wholesaler customers. A large up front plant expansion cost would offset any savings.	1/15/94	4/15/94

<u>Phase</u>	<u>Task</u>	<u>Start Date</u>	<u>Complete Date</u>
Engineering/ Designing	Develop engineering plans & possibly a hydraulic study to determine the following: a) Disconnection of existing supply points. b) Reconnection of new supply points. c. Storage requirement d. Effect on fire protection.	3/16/94	6/15/94
K.C Contract Negotiations	Renegotiate our long term wholesale water contract with K.C. Water Department officials to allow us to proceed with this alternate source of water for our Independence customers.	5/15/94	8/15/94
Indep Contract Negotiations	Negotiate new long term contract with the city of Independence to purchase wholesale water for our Independence customers with special concern for no up front plant cost inclusion.	8/15/94	10/15/94
Ratification	Company and Chapel 20 Neighborhood Council officials conduct a presentation at an Independence council meeting to update alderman and show our support for ratification of our request. The double rate structure would involve approval by the MPSC.	10/15/94	12/01/94
News Releases	Notification to our Independence customers of the approved lowered water rates through news releases and letters.	12/1/94	12/30/94

<u>Phase</u>	<u>Task</u>	<u>Start Date</u>	<u>Complete Date</u>
Implementation	a) Physical disconnect of our system along our Independence border. b) Depending on engineering study, existing storage may remain with Raytown system. c) Install 2-3 new meter pits, check valves and connect systems.	1/15/95	6/15/95

A. Estimated Cost:

<u>Feasibility/Availability Analysis</u>	\$.00
<u>Engineering Design</u>(initial est)...		3,800.00
<u>K.C. Contract Negotiations</u>(initial est)...		2,800.00
(Legal Fees)		
<u>Indep Contract Negotiations</u>(initial est)...		2,800.00
(Legal Fees)		
<u>Ratification</u>00
<u>MPSC Approval</u>00
<u>News Releases</u>00
<u>Customer Letters</u>700 x .29.....		203.00
<u>Implementation:</u>		
Physical Disconnect (initial est)....		2,000.00
Tower Connection		unknown
Install Pits & Check Valves...(est)...		12,000.00

B. Other Resources: The Company will need the expertise of the following professionals:

- 1) Lawyer for contracts
- 2) Engineers for study
- 3) Possible contractor - to assist field personnel to make necessary change overs & construction of new metering supply points.

C. Other Benefits: The most important benefit to all concerned may very well be that our block of Indep. customers will refrain from pursuing a complete severance from our system.

NOTE: A loss of over 10% of our customer base would most certainly result in a corresponding increase in rates to our remaining Raytown customers.

MANAGEMENT AUDIT OF
RAYTOWN WATER COMPANY

CASE NO. WQ-93-194

AUDIT RECOMMENDATION IMPLEMENTATION PLAN

Project Name : Computer Training
Function Strategic Planning
Department: Management/Office/Field
Person Responsible for Implementation: Mark Clevenger
Title: Office Manager
Audit Reference Chapter: II Page: 28-29
Project No.: 9 Project Priority: High

I. MSD STAFF RECOMMENDATION: Develop and implement a plan for training employees in the use of the computer system and for regularly assessing data processing requirements for future software and hardware upgrades.

A. Estimated Cost: \$1,000

B. Estimated Benefits: Improved training should result in greater computer utilization and increased efficiencies in overall operations. Efficiencies gained should reduce operating expenses by \$5,000. (eliminates time associated with manual calculations.)

C. Estimated Date of Completion: 12/31/94

II. DESCRIPTION OF IMPLEMENTATION PLAN: Becoming computer wise has not been easy for the Company. Three of the office staff continue to do some parallel manual book work along with the computerized portion. Management sees the parallel bookkeeping phasing out once the general ledger is on the computer. Some office staff find it somewhat difficult to use the provider's 800 number, not knowing what questions to ask. Management sees the need for some in house training, but from the K.T. area who would be readily available, rather than relying on the provider's firm located in Kentucky. Computer competence is one of management's highly prioritized goals.

III. COMPANY'S WORK PLAN AND SCHEDULE

<u>Phase</u>	<u>Task</u>	<u>Start Date</u>	<u>Complete Date</u>
Company Meetings (all depts)	<p>Management will conduct a field & office staff work session on the following and other related issues:</p> <ol style="list-style-type: none"> 1. The present computer programs. <ol style="list-style-type: none"> a. Utilization of all the program's capabilities b. Upgrades needed in some of the programs. c. Changes personnel would like to see in a particular program. d. Cross training of basic computer functions. e. Phasing out of parallel manual book-keeping. f. Areas in which training is desired. g. Producing of reports necessary for management's needs. h. Ramifications of changing programmers. 2. Regular assessment of data processing requirements for future software/hardware upgrades. <ol style="list-style-type: none"> a. Frequency of assessments. b. Mechanics of making the assessments. c. Associated cost. 	05/01/94	06/01/94
Meeting With Provider	Employees will express areas of training need, desired alterations in the programs and whether written instructions can be obtained on some of the field programs.	06/01/94	12/31/94
Ongoing Training	Management will see that training is provided when needed.	12/31/94	ongoing
Assessment	Management, with employee input, will assess needs to upgrade software/hardware.	12/31/94	-- -----

- A. ESTIMATED COST: Minimal cost for in house training plan development.
- B. OTHER RESOURCES: No cost for instructions through provider's 800 number or for provider's (from Kentucky) few visits to the Company for minimal on hands training. More extensive training over a long time period is estimated at \$25/hour minimally and may well exceed MSD staff's \$1,000 estimate.
- C. ESTIMATED SAVINGS: Phasing out all manual recording by fully utilizing computer potential should increase office staff time for other tasks. Computer competent employees should better the efficiencies of all the Company's operations.
- D. OTHER BENEFITS: Computer competence increases employees worth to Company. It should lower employee's frustrations and promote feelings of adequacy for the job, with consequent raising of Company morale.

Near S. Chavenger
FUNCTION HEAD OR OTHER APPROVING OFFICER

3/11/94
DATE

MANAGEMENT AUDIT OF
RAYTOWN WATER COMPANY

CASE NO. WO-93-194

AUDIT RECOMMENDATION IMPLEMENTATION PLAN

Project Name: Data Entry
Function: Strategic Planning
Department: Field
Person Responsible for Implementation: Melvin Acock
Title: Foreman
Audit Reference Chapter : II Page: 31-32
Project No.: 10 Project Priority: High

I. MSD STAFF RECOMMENDATION: Determine and implement the most cost effective way to automate the remaining field related data.

A. Estimated Cost: \$1,000

B. Estimated Benefits: Inclusion of all field data increases the efficiency of overall operations for analysis and testing purposes.

C. Estimated Date of Completion: June 1, 1994

II. DESCRIPTION OF IMPLEMENTATION PLAN: The Company began data entries of meter/hydrant testing and vehicle/equipment maintenance in November of '93. It is hoped that the valve wrench called for in Project 45 will soon be acquired so that the valve exercising program can be carried out safely, quickly and with less expense for the Company. Meanwhile, a number of valves have been exercised and brought to grade as a result of the main improvements. A software program suitable for valve data entries will be searched for, as explained below.

III. COMPANY'S WORK PLAN AND SCHEDULE

<u>Phase</u>	<u>Task</u>	<u>Start Date</u>	<u>Complete Date</u>
Program/ Consultation	Because of unfamiliarity with the Company's software	11/01/93	11/30/93

<u>Phase</u>	<u>Task</u>	<u>Start Date</u>	<u>Complete Date</u>
	program, Field personnel contacted their phone support provider to help speed up data entry.		
In House Training	On site training is occasionally given to field personnel by program provider.	12/01/93	12/31/93
Field Company Meetings	Field personnel meet to discern if the present software program supplied the needed parameters for hydrant/meter testing, vehicle/maintenance & valve exercising programs. Along with minor deficiencies, insufficient space for valve location data entries is a concern.	01/01/94.	02/01/94
Conference Calls	The provider will be phoned for help with the minor shortcomings of the data entry program. Inquiries will also be made to see if anything can be done to enlarge space for valve location data.	02/01/94	03/01/94
Program Information Search	If present (canned) valve exercising program can not be altered to enlarge the space for location information material (from 1 line to 2 paragraphs), it may have to be replaced.	03/01/94	04/01/94
Program Activation	Only the valve exercising program needs activation. All data entries for meter/hydrant testing and vehicle/equipment maintenance for 1993 have been completed and are on line.	04/01/94	06/01/94

- A. ESTIMATED COST: A new software program for valve exercising costs \$350 - \$500.
- B. OTHER RESOURCES: No charge for information from Company's software provider or other providers.
- C. ESTIMATED SAVINGS: Presently field data entry is being done by field personnel as inclement weather limits outside work. It is estimated this in house data entry will result in a \$3,300 savings per year. Retrieving information from a computer generated report rather than from notebooks is cost effective and saves staff time.
- D. OTHER BENEFITS: Data entries can help set trends important for management decisions, e.g., decreasing water flow at hydrants may indicate need for larger main or circulating feed, etc.

Neal S. Cleverger
FUNCTION HEAD OR OTHER APPROVING OFFICER

3-04-94
DATE

MANAGEMENT AUDIT OF
RAYTOWN WATER COMPANY

CASE NO. WO-93-194

AUDIT RECOMMENDATION IMPLEMENTATION PLAN

Project Name: Manager's Personal Computer
Function: Strategic Planning
Department: Management
Person Responsible for Implementation: Neal S. Clevenger
Title: President/General Manager
Audit Reference Chapter: 11 Page: 32
Project No.: 11 Project Priority: Medium

- I. MSD STAFF RECOMMENDATION: Install the unused PC in the President and General Manager's office and take action to implement the full capabilities of this technology to achieve operational efficiencies.

- A. Estimated Cost: \$1,000
B. Estimated Benefits: Software available to customize management reports, contractor inspections and other information to manage operations better.
C. Estimated Date of Completion: July 15, 1994

- II. DESCRIPTION OF IMPLEMENTATION PLAN: The original unused computer was purchased for the Chairperson of the Board. As soon as the General Manager's office is built, it will be installed there to be shared with the posting clerk. There remains the process of discovering what management related work (whether mandatory or recommended) should be programmed for the manager and what computer work will be delegated to office staff.

<u>Phase</u>	<u>Task</u>	<u>Start Date</u>	<u>Complete Date</u>
Ongoing In-house Training	Management will seek assistance in computerizing new management related projects as they develop.	07/15/94	-----

- A. ESTIMATED COST: Management auditors' estimate is \$1,000. The Company is unsure of cost of programmed software. Due to Company's tight budget, the manager will be required to share his PC with the Company's posting clerk who works from his office. Another terminal would cost \$1,500. Once pending rate case is concluded and the Company's financial stability is re-established, the Company will purchase an additional desk top PC for the General Manager.
- B. OTHER RESOURCES: Consultations with PC consultants are at no charge. Contacting MPSC staff and management auditors and/or their staff attorney or accountants for their recommendations will be at no cost.
- C. ESTIMATED SAVINGS: Manager would have more information at his fingertips to substantiate his decisions and work assignments, thus better utilizing his time and that of others to accomplish Company goals. Manually written reports would eventually be replaced with computer generated ones.
- D. OTHER BENEFITS: Voluminous notebooks needed for record keeping would be reduced. There would be greater security of the records as computer backup copies are kept in a fire proof safe, plus weekly backups are kept in a bank safety deposit box.

Neal S. Lawrence
Function Head of Other Approving Officer

5/17/94
Date

MANAGEMENT AUDIT OF
RAYTOWN WATER COMPANY

CASE NO. WO-93-194

AUDIT RECOMMENDATION IMPLEMENTATION PLAN

Project Name: Manager's Personal Computer

Function: Strategic Planning

Department: Management

Person Responsible for Implementation: Neal S. Clevenger

Title: President/General Manager

Audit Reference Chapter: 11 Page: 32

Project No.: 11 Project Priority: Medium

- I. MSD STAFF RECOMMENDATION: Install the unused PC in the President and General Manager's office and take action to implement the full capabilities of this technology to achieve operational efficiencies.

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- II. DESCRIPTION OF IMPLEMENTATION PLAN: The original unused computer was purchased for the Chairperson of the Board. As soon as the General Manager's office is built, it will be installed there to be shared with the posting clerk. There remains the process of discovering what management related work (whether mandatory or recommended) should be programmed for the manager and what computer work will be delegated to office staff.

III. COMPANY'S WORK PLAN AND SCHEDULE:

<u>Phase</u>	<u>Task</u>	<u>Start Date</u>	<u>Complete Date</u>
Install PC	Make idle PC operable in manager's new office which will be shared with the posting clerk.	01/01/94	01/31/94
Contact Computer Resources	Investigate with the Company's present computer service as to whether they have a program designed to meet the following management reports criteria: 1) After hours reports. 2) Work sheet assignments. 3) Field and contractor inspections. 4) Missouri Department of Natural Resources requirements. 5) Other management reports developed as needed.	03/01/94	03/31/94
Consultations/ Governmental and Legal	Develop the above list of proposed management computer maintained reports using recommendations from MPSC, management audit team, MPS staff attorney & accountants. Contact other utilities for their existing management programs.	03/31/94	05/15/94
Programmer Selection	Present item formats to several programmers and select the best bid.	05/15/94	06/15/94
Installation of Program	Programmer will install new program and instruct the General Manager, along with the Assistant Manager and Foreman in the uses of the new software.	06/15/94	07/15/94

<u>Phase</u>	<u>Task</u>	<u>Start Date</u>	<u>Complete Date</u>
Ongoing In-house Training	Management will seek assistance in computerizing new management related projects as they develop.	07/15/94	-----

- A. ESTIMATED COST: Management auditors' estimate is \$1,000. The Company is unsure of cost of programmed software. Due to Company's tight budget, the manager will be required to share his PC with the Company's posting clerk who works from his office. Another terminal would cost \$1,500. Once pending rate case is concluded and the Company's financial stability is re-established, the Company will purchase an additional desk top PC for the General Manager.
- B. OTHER RESOURCES: Consultations with PC consultants are at no charge. Contacting MPSC staff and management auditors and/or their staff attorney or accountants for their recommendations will be at no cost.
- C. ESTIMATED SAVINGS: Manager would have more information at his fingertips to substantiate his decisions and work assignments, thus better utilizing his time and that of others to accomplish Company goals. Manually written reports would eventually be replaced with computer generated ones.
- D. OTHER BENEFITS: Voluminous notebooks needed for record keeping would be reduced. There would be greater security of the records as computer backup copies are kept in a fire proof safe, plus weekly backups are kept in a bank safety deposit box.

Neal S. Green
Function Head of Othgr Approving Officer

7/17/94
Date

MANAGEMENT AUDIT OF
RAYTOWN WATER COMPANY

CASE NO. WU-93-194

AUDIT RECOMMENDATION IMPLEMENTATION PLAN

Project Name: Board Meeting Information

Function: Strategic Planning

Department: Management

Person Responsible for Implementation: Neal S. Clevenger

Title: President/General Manager

Audit Reference Chapter: 11

Page: 32-33

Project No.: 12

Project Priority: High

- I. MSD STAFF RECOMMENDATION: Provide all Board members with a written agenda and summarized financial information prior to all Board meetings.

A. Estimated Cost: Minimal

B. Estimated Benefits: Allow adequate time for all Board members to understand Company financial performance, and to ask pertinent questions.

C. Estimated Date of Completion: March 31, 1994

- II. DESCRIPTION OF IMPLEMENTATION PLAN: An agenda for the forthcoming Board meeting and a current profit/loss statement will be sent to each Board member at least 10 days prior to that meeting. The information furnished will be sufficiently extensive as to enable the Board members to focus their thinking before the meeting. The agenda will list the following in the order they will be presented at the meeting:

1. The complete minutes of the last meeting.
2. Current financial statement (enclosed separately). This is done presently long hand by the Chairperson of the Board, but will soon be computer generated by the Office Supervisor.
3. Business matters indicated in the minutes. These include follow-up reports or assignments.

4. New business matters. These will be pertinent to the duties of Board review listed below:

- a. Management's performance in reaching the Company's objectives or corporate mission.
- b. Long range planning and budgeting.
- c. Evaluating and approving alternatives (vendor data) or bids when making decisions on major purchases and contracts.

New business may be in the form of community involvement, new construction, significant purchases, vendor data, policy change, etc.

III. COMPANY'S WORK PLAN AND SCHEDULE:

Phase	Task	Start Date	Complete Date
Design form of agenda & issue pft/loss statement.	Manager will compose agenda sequence. Office Supervisor will issue financial report.	1/1/94	3/31/94
Job description #1.	Manager's preparation of agenda prior to Board meeting.	1/1/94	3/31/94
Job description #2.	Office Supervisor's preparation of financial report (computer generated), including outside vendor and other financial data as needed or requested by Board members.	1/1/94	3/31/94
Job description #3.	Mail the minutes, agenda, & financial report 10 days prior to meeting by Office Supervisor.	1/1/94	3/31/94

- A. Estimated Cost: Postage and copying for 7 Board members will be minimal. However, preparation may occupy 1 hour or more of both the manager's and Office Supervisor's time.
- B. Other Resources: All will be done by in-house staff.

- 3
- C. Estimated Savings: Meetings could be shortened especially when highly paid lawyers/accountants/engineers are present.
- D. Other Benefits: Board members will be prepared to make the Board meetings cost effective in yielding positive results for the management of the Company. They are enabled to ask pertinent questions and apply their expertise more readily.

Neal S. Clewinger
Function Head or Other
Approving Officer

12.20.93
Date

MANAGEMENT AUDIT OF
RAYTOWN WATER COMPANY

CASE NO. WO-93-194

AUDIT RECOMMENDATION IMPLEMENTATION PLAN

Project Name: Board Member Involvement

Function: Strategic Planning

Department: Management

Person Responsible for Implementation: Neal S. Clevanger

Title: President/General Manager

Audit Reference Chapter: IV Page: 33

Project No.: 13 Project Priority: High

- I. MDS STAFF RECOMMENDATION: Require the Board of Directors to actively participate in all major decision making processes.
- A. Estimated Cost: Minimal
- B. Estimated Benefits: Ensures all Board members carry out their fiduciary responsibility.
- C. Estimated Date of Completion: June 31, 1994
- II. DESCRIPTION OF IMPLEMENTATION PLAN: The Company faces new and difficult challenges now and in the years ahead; for example, the reduction of debt, the computerization of office procedures and the implementation of field projects, to name a few. Senior management understands that greater Board involvement in providing counseling and acting on major decisions is essential. In the next regularly scheduled board meeting, February, 1994, the involvement of Board members as well as their specific duties (confer Project #16) will be discussed at length. The results will be formulated by an appointed committee to be taken to the balance of the board members for their comments and approval at the next regularly scheduled board meeting in April 1994 and additions and changes will then be incorporated into the Company's by-laws.

III. COMPANY'S WORK PLAN AND SCHEDULE:

<u>Phase</u>	<u>Task</u>	<u>Start Date</u>	<u>Complete Date</u>
Board Meeting	Discern areas of Board involvement and how to better use the expertise of members. Appoint committee to study issue further.	2/94	same
Committee Meetings	Discuss in depth the recommendations raised at the board meeting. Propose a resolution & prepare.	3/94	4/15/94
2nd Board Meeting	Committee members will present the results and proposed resolution for Board approval.	4/94	4/94
Company By-law Update	Incorporate Board involvement into Company by-laws	5/31/94	5/31/94
Employee Meeting	Inform employees of the new Board duties and how they relate to the employees.	6/01/94	6/30/94

- A. Estimated Cost: There will not be additional costs for Board meetings as the issue will just be taken up at regularly scheduled meetings; however, one or two committee meetings cost \$12/hour/member plus \$.285/mile travel expense.
- B. Other Resources: Consultations with other small utility companies concerning their Board involvement will be sought; however, at no cost to the company.
- C. Estimated Savings: Savings are unknown at this time, but senior management expects significant savings through Board's input on planning, budgeting, overview of bids and in many other areas.

D. Other Benefits: Senior management understands the
importance of informed counsel for important
decisions, especially in these critical times of the
Company.

Neal J. (Ginger)
Function Head of other
Approving Officer

12-21-93
Date

MANAGEMENT AUDIT OF
RAYTOWN WATER COMPANY

CASE NO. WO-93-194

AUDIT RECOMMENDATION IMPLEMENTATION PLAN*

Project Name: Board Meeting Scheduling
Function: Strategic Planning
Department: Management
Person Responsible for Implementation: Neal S. Clevenger
Title: President/General Manager
Audit Reference Chapter: 11 Page: 33-34
Project No.: 14 Project Priority: High

I. MSD STAFF RECOMMENDATION: Formalize the schedule for Board of Directors' meetings.

- A. Estimated Cost: Minimal
B. Estimated Benefits: Ensures all Board members can adjust personal schedules to make all meetings.
C. Estimated Date of Completion: 4/30/93

II. DESCRIPTION OF IMPLEMENTATION PLAN: In view of re-structuring the Company's management operations, senior management desires to increase regular Board meetings from 4 to 6 times a year, every 2 months at a regularly specified time agreeable to the Board. To further ensure attendance, the Company will send notices to the members 10 days before each meeting and re-schedule a meeting should other duties of the members come in conflict. Times and places of committee meetings will be decided upon by the members involved. A set fee and mileage allowance for committee members will be determined by the Board. Senior management also desires to hear the Board's suggestions on improving accommodations of the Company's Board meeting room to safeguard their confidentiality and remove unnecessary distractions. The Board's decisions on Board meeting times, places, notifications and committee member fees will then be voted into the Company by-laws.

III. COMPANY'S WORK PLAN AND SCHEDULE:

<u>Phase</u>	<u>Task</u>	<u>Start Date</u>	<u>Complete Date</u>
Board Meeting (regularly scheduled)	A. Decide Board Meeting times & dates.	2/16/94	Same
	B. Approve ten day reminder meeting notice sent to all members.		
	C. Establish committees by expertise on the Board and set Compensation Schedule		
	D. Solicit suggestions to improve Company meeting room to curtail distractions and breaches of confidentiality.		
By-laws Additions	Senior management will prepare changes in the by-laws of the corporation to reflect the recommendations of the Board on scheduling.	03/01/94	03/31/94
Board Meeting (regularly scheduled)	The proposed revision of the company by-laws will be mailed to each Board member prior to this meeting. The Board will ratify the by-laws and each member will receive a copy.	4/13/94	Same

A. Estimated Cost: A total of 6 regular Board meetings per year with a Full 7 member Board at \$150 per member = \$1,050 per meeting, \$6,300 per year. Presently committee members receive \$12 an hour plus \$.285 a mile travel expense, which the Board may change. The average length of a committee meeting is 2 hours.

- B. Other Resources: The additional cost of an out of house expert (attorney, accountant, engineer) who may be requested to attend varies from \$100 to \$175 an hour. The average length of a Board meeting is 2 hours. Some experts also charge travel time.
- C. Estimated Savings: Assuming that the Company utilizes the Board's expertise in full, senior management hopes to realize significant savings by the Board's scrutiny of and hands on involvement in the Company's management.
- D. Other Benefits: An established meeting schedule will enable Board members to avoid conflicts with their own concerns. Ten day notifications will be a reminder and allow the Company to re-schedule to make for full Board attendance. Adequate committee member compensation will tend to motivate productive use of time. An appropriate meeting place will be conducive for a more productive meeting.

Neal S. Cleverger
Function Head or Other Approving Officer

12.28.93
Date

MANAGEMENT AUDIT OF
RAYTOWN WATER COMPANY

CASE NO. WO-93-194

AUDIT RECOMMENDATION IMPLEMENTATION PLAN

Project Name: Board Member Replacement

Function: Strategic Planning

Department: Management

Person Responsible for Implementation: Neal S. Clevenger

Title: President/General Manager

Audit Reference Chapter: II Page: 34

Project No: 15 Project Priority High

I. MSD STAFF RECOMMENDATION: Continue to actively seek and elect an additional outside Board member.

A. Estimated Cost: Minimal

B. Estimated Benefits: Obtain additional business expertise.

C. Estimated Date of Completion: 4/13/94

II. DESCRIPTION OF IMPLEMENTATION PLAN: Senior management first considered choosing the Board member replacement from the Independence area serviced by the Company; however, some Board members thought needed skills would be a better criteria for selection. Expertise in finance was voiced as a primary need. Managerial ability was a close second not only for counseling the Board, but in the interests of management succession, a concern, as well, of the MPSC staff. So far, a committee of three has interviewed and obtained resumes and references of two candidates, one with MBA credentials, the other with both CPA and MBA qualifications. Further search by the committee is pending so that the most qualified person may be selected.

<u>Phase</u>	<u>Task</u>	<u>Start Date</u>	<u>Complete Date</u>
Discern Criteria	Committee decided on Financial/managerial expertise (see IMPL'N PLAN).	09/29/93	Same
Employment Agencies	One employment agency was contacted resulting in two candidates who were interviewed & asked for references and resumes.	10/15/93	10/29/93
Advertisements	Run newspaper and journal ads, consult other employment agencies.	01/01/94	01/15/94
Interviews	Interview likely candidates & obtain resumes & references.	01/15/94	02/28/94
Stockholders' & Board Meeting	Committee recommends chosen candidate for election to Board & choice is ratified.	04/13/94	Same

A. Estimated Cost: A new Board member at \$150 per meeting = \$900 per year. 2 of the 3 member search committee for an average two hour meeting has been costing \$48 plus mileage. Interviews run from one to two hours. Some employment agencies charge the searching company. News paper/journal ads would be minimal expense.

B. Other Resources: None

C. Estimated Savings: It would be hoped that a financial expert could lead the Board into making prudent money management decisions, an urgent need of a company so much in debt. Another saving could result from less use of the Company's hired accounting firm.

D. Other Benefits: The new member's managerial ability will be understood as placing him/her in line of succession to the Company's general manager position. The chosen candidate must at least consider this as a possibility in his/her future.

Neal S. Clearinger

Function Head or Other Approving Officer

12 27-93

Date

MANAGEMENT AUDIT OF
RAYTOWN WATER COMPANY

CASE NO. WO-93-194

AUDIT RECOMMENDATION IMPLEMENTATION PLAN

Project Name: Board of Directors' Job Descriptions.

Function: Strategic Planning

Department: Management

Person Responsible for Implementation: Neal S. Clevenger

Title: President/General Manager

Audit Reference Chapter: II

Page: 35

Project No.: 16

Project Priority: High

I. MSD STAFF RECOMMENDATION: Formalize position descriptions for the Board of Directors.

A. Estimated Cost: Minimal

B. Estimated Benefits: Ensures all Board members have adequate understanding of their roles.

C. Estimated Date of Completion: April 16, 1994

II. Description of Implementation Plan: In the 10 day prior notification of the next regular Board meeting, Board members will be sent sample job descriptions of other small utility Boards for study. After discussion at the meeting, a committee will be appointed to draw up the recommendations for presentation at the next Board meeting for final approval and incorporation into Company By-laws.

III. COMPANY'S WORK PLAN AND SCHEDULE:

Phase	Task	Start Date	Completion Date
Board Agenda Preparation	Obtain utility co. Board job descriptions & mail to Board members.	1/1/94	1/30/94
Feb. 16 Board Meeting	Discuss descriptions, make recommendations, appoint committee.	2/16/94	4/16/94

<u>Phase</u>	<u>Task</u>	<u>Start Date</u>	<u>Complete Date</u>
Committee Meetings	Write up the recommendations & mail to Board members ten days prior to the next meeting.	03/01/94	03/31/94
Board Meeting (regularly scheduled)	Board amends & votes on Committee's draft of recommendations.	04/13/94	Same
By-laws update	Office staff writes draft into by-laws and mails to the Secretary of State.	04/16/94	05/15/94

- A. Estimated Cost: 1 or 2 Committee meetings, 2 hours each, at \$12/hr./member (Pres.Gen'l Manager receives regular salary only) plus \$.285/mile travel.
- B. Other Resources: Other small utility company Board member job descriptions at no cost to Company.
- C. Estimated Savings: Once clarity is given to the member responsibilities, the Company hopes to realize considerable savings by focusing in on debt reduction and other Company goals.
- D. Other Benefits: When Board members know what is expected of them they can ply their talents with purpose and effect. They are also given a criteria for needed talent in the replacement of Board members.

Neal S. Cleverger

Function Head or Other Approving Officer

1-03.94

Date

MANAGEMENT AUDIT OF
RAYTOWN WATER COMPANY

CASE NO. WO-93-194

AUDIT RECOMMENDATION IMPLEMENTATION PLAN

Project Name; General Ledger Automation
Function: FINANCIAL MANAGEMENT
Department: Office
Person Responsible for Implementation: Judy A. Beatie
Title: Accounting Supervisor
Audit Reference Chapter: III Page: 39
Project No.: 17 Project priority: High

I. MSO STAFF RECOMMENDATION : Automate the general ledger during 1993.

- A. Estimated Cost: \$1,000
- B. Estimated Benefits: Greater accuracy, timeliness of pertinent financial data. Quicker to respond to third-party information requests.
- C. Estimated Date of Completion: May 15, 1994

II. DESCRIPTION OF IMPLEMENTATION PLAN: General Ledger package received from "Computer Resources" in November of 1993. Chart of accounts loaded December 1993. The first procedure will be to load the 1992 year end balances with the aid of our accountant and "Computer Resources" to enable us to run a 1992 year end financial statement that agrees with our accounting firm, Arthur Andersen. Beginning January 1, 1994 we will use the account numbers established by our auditors using the MPS utility guidelines text and ordered in our last rate case. The next step will be to load all activity incurred during 1993 by months to prepare our records for the year end audit by our accountants. We will work with the auditors in preparing any year end adjustments to true our accounts to actual. At this time we will enlist the aid of the auditors in trouble shooting any

problems in our program. Accounts payable and the payroll are tied into the general ledger program. The accounts receivable information must be entered into the system using month end reports. The final step will be to prepare January, February, March and April financial statements using the auditors figures for 1993 year end.

III. COMPANY'S WORK PLAN AND SCHEDULE:

<u>Phase</u>	<u>Task</u>	<u>Start Date</u>	<u>Complete Date</u>
Load G/L 1992 Balances	Load 1992 ending balances with the aid of "Computer Resources: and our accountant.	01/01/94	02/15/94
A/P Chart of Accounts	All bills received will be entered into the system using the new chart of accounts set forth by our accounting firm using the MPS Utility text.	01/01/94
Phase in 1993 Information	With the aid of "Computer Resources" phase in the activity for each month into the general ledger.	02/15/94	03/15/94
1993 Year End Audit	Work with auditors in preparing 1993 year end adjustments for 12/31/93 Company financial report. Enter adjustments recommended by the auditors.	03/01/94	03/31/94
Finalize/update General Ledger	Using the 1993 year end figures, prepare a financial statement for each month using available reports and any monthly adjustments set up by auditors beginning with January, 1994 through April 1994.	04/01/94	05/15/94

A. Estimated Cost: \$1,000 plus

B. Other Resources: "Computer Resources", our soft ware consultants, costs are included with the general ledger soft ware package purchase, but any help from our accountants will be charged by the hour and could amount to charges from \$500 to \$1,500.

C. Estimated Savings: With the incorporation of the General Ledger automation the cost for the year end audit should be considerably less. Any and all of the information they need should be available from computer generated reports. This would definitely our year end audit and would product a savings each and every year.

D. Other Benefits: Any number of reports needed by our Company or any third party requests, for example staff auditors, will be at our fingertips. These reports may also be used by senior management and the Board of Directors for strategic planning.

Neal S. Cleverger
Function Head or Other Approving Officer

1/05/94
Date

MANAGEMENT AUDIT OF
KAYLOWN WATER COMPANY

CASE NO. WO-93-194

AUDIT RECOMMENDATION IMPLEMENTATION PLAN

Project Name: Budgeting.

Function: Financial Management.

Department: Management and Office.

Person Responsible for Implementation: Neal Clevenger, Judy
Beatie, Others.

Title: Pres./Gen'l Manager, Accountant Supervisor,
Assistants to Co. accountant firm.

Audit Reference Chapter: III. Page: 39-40.

Project No.: 18. Project Priority: High.

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I. MSD STAFF RECOMMENDATION: Develop a formal capital
additions budget and a formal operating budget.

A. Estimated Cost: Minimal.

B. Estimated Benefits: Schedule long term, short term
projects optimizing cash flow strategies.

C. Estimated Date of Completion: November 1, 1994.

II. DESCRIPTION OF IMPLEMENTATION PLAN: Management, realizing the Company's need for accounting and other financial expertise, desires a financial expert in-house or at least on the Board. Management seeks a CPA with public accounting experience for the last Board member position. One so qualified could head a budget committee to aid management in this seemingly formidable task, altogether new for the Company, of creating an operating and capital additions budget.

III. COMPANY'S WORK PLAN AND SCHEDULE:

<u>Phase</u>	<u>Task</u>	<u>Start Date</u>	<u>Completion Date</u>
Format search.	Management will inquire from other small water utilities, MPSC staff, & Co.'s own accounting firm about a budgeting format that meets Co. needs.	4/1/94	6/1/94

<u>Phase</u>	<u>Task</u>	<u>Start Date</u>	<u>Complete Date</u>
Board Meeting (regularly scheduled)	Management will pre- sent findings to Board to ascertain if a budget committee could be formed.	06/15/94	same
Format Development	Management budget committee along with accountant & sample formats will develop capital additions & operating budget format for Company.	06/15/94	07/15/94
Loading Budget	Accounting Supervisor along with Company's outside accountant will review and true up numbers to be in- serted into the oper- ation budget format. Management/Budget Committee will also supply capital add- itions to be made a part of the long range capital budget.	07/15/94	09/15/94
Board Meeting (regularly scheduled)	Management/Budget committee will pre- sent completed budgets to Board for examin- ation and approval.	09/15/94	same
Budget/On Line	Management will begin utilizing budgets in directing daily oper- ations and planning capital achievements.	09/15/94	10/15/94
Company Meeting All Departments	Employees will be in- formed of their responsibilities to provide inform- ation essential to the budgeting process.	09/15/94	11/01/94

- A. ESTIMATED COST: Accounting assistance: approximately \$2,500.
- B. OTHER RESOURCES: No cost for sample budgets retrieved from other utilities and MPSC staff assistance.
- C. ESTIMATED SAVINGS: Budgeting should enable cash flow to be available for daily operation., possibly decreasing dependence on bank loans. Also capital improvements could be planned for and attained in a more cost effective manner.
- D. OTHER BENEFITS: An accurate, viable budget would demonstrate the Company's Financial position in operations and goals attainments to the MPSC in future rate cases.

Neal S. Cleverger
FUNCTION HEAD OR OTHER APPROVING OFFICER

3/23/94
DATE

MANAGEMENT AUDIT OF
THE RAYTOWN WATER CO.

CASE WO-93-194

AUDIT RECOMMENDATION IMPLEMENTATION PLAN

Project Name: Bank Accounts Consolidation

Function: Financial Management

Department: Office

Person Responsible for Implementation: Neal Clevenger and
Mark Clevenger

Title: President/General Manager, Assistant Manager

Audit Reference Chapter: III Page: 40

Project No.: 19 Project Priority: Medium

I. MSD STAFF RECOMMENDATION: Determine the most cost-effective checking account services, and implement their usage.

A. Estimated Cost: Minimal

B. Estimated Benefits: Determine best value for check-ing account services received. Savings of \$500 annually.

C. Estimated Date of Completion: August 15, 1994

II. DESCRIPTION OF IMPLEMENTATION PLAN: Originally the company operated with three checking accounts. (1) General Checking, (2) Customer deposit transaction, (3) Salary disbursement. Presently the company operates with two checking accounts, one all manual, (customer deposits), the other partly computerized (General account). After choosing the bank offering the best services and financial savings and recommendation from Computer Consultants, the company will consider con-solidating both accounts into one.

III. COMPANY'S WORK PLAN AND SCHEDULE:

<u>Phase</u>	<u>Task</u>	<u>Start Date</u>	<u>Completion Date</u>
Checking Acc. Services/Banks:	<p>The following information on checking accounts at each of Raytown's 3 banks will be obtained & compared:</p> <ol style="list-style-type: none"> 1. Service charges (cost of checks, deposits and other transactions). 2. Minimum maintained balance required for interest earning accounts (if available). 3. Fees to company for a bad check. 4. Timetable for switching accounts to a new bank. 	3-1-94	4-1-94
Meeting of management & office staff.	Look for any difficulties in consolidating customer deposits/refund account with general checking account so that all checks can be computer generated and prepare questions for computer consultants.	4-15-94	5-15-94
Consulation/ computer representative	Confirm that all checking accounts will best be served by consolidation into one account which then will make best use of the computer software.	5-15-94	6-15-94
Selection/ process	Management will review the bank checking account service information and the computer consultants recommendation. Management will then consolidate and select bank accordingly.	6-15-94	7-15-94

Board Meeting The pending consolidat- 7-15-94 (same)
(regularly ion recommendation will be an
scheduled) agenda item at the meeting
for comments.

Bank/
selection Arrange with bank 7-30-94 8-15-94
managements recommendation,
which may be complete
consolidation. Close ac-
count (s) & transfer funds,
as needed.

- A. ESTIMATED COST: Minimal since it is done in-house. Printing of checks and deposit receipts would be \$300 if the Company does not have a current account with the chosen bank.
- B. OTHER RESOURCES: No charge for banks providing information on the terms and conditions of their checking account services.
- C. ESTIMATED SAVINGS: The balance maintained in a larger single account may reduce service charges and penalties to the company for a customers bad check. Additional savings would be realized if the account is interest bearing.
- D. OTHER BENEFITS: Manual check writing and corresponding check stubs would be eliminated with the full computerization and movement of the customer deposit/refund account into the general check account. Computerized checking will allow less chance for error and ease in check reconciliation.

MANAGEMENT AUDIT OF
RAYTOWN WATER COMPANY

CASE NO. WO-93-194

AUDIT RECOMMENDATION IMPLEMENTATION PLAN

Project Name: Reimbursement of Personal Usage.

Function: Financial Management

Department: Office and Field

Person Responsible for Implementation: Neal Clevenger and
Mel Acock

Title: President/General Manager and Foreman.

Audit Reference Chapter: III Page: 41

Project No.: 20 Project Priority: High

- I. MSD STAFF RECOMMENDATION: Require reimbursement to
the Company on a monthly basis for personal usage of
Company business office labor and equipment.

A. Estimated Cost: Minimal

B. Estimated Benefits: Eliminate appearance of cross-
subsidization - more accurate match of revenues
and expenses.

C. Estimated Date of Completion: May 15, 1994

- II. DESCRIPTION OF IMPLEMENTATION PLAN: This plan will treat only equipment usage, leaving usage of Office labor to project #21. The President/General Manager has been diminishing his use of Company equipment by increasing his own. In the near future only, the back hoe and one ton truck will be the principal rentals for after hours service line installations by Company personnel. Although rental fees should be comparable to those of rental agencies, management feels the Company fees should be somewhat less for employees as a benefit.

III. COMPANY'S WORK PLAN AND SCHEDULE:

<u>Phase</u>	<u>Task</u>	<u>Start Date</u>	<u>Complete Date</u>
Information Collection	Management will seek sample copies of log book pages from rental and trucking agencies.	03/01/94	03/15/94
Field Meeting	<p>Management will discuss the following issues with field personnel for their ideas and suggestions:</p> <ol style="list-style-type: none"> 1. Solutions to any difficulties in moving from quarterly to monthly reimbursement. 2. More spacious logging books & the best arrangement of data. (Refer to sample log books). 3. Ways of securing log books to equipment and trucks to prevent loss. 4. Company's repair policy for equipment damaged during rental. 5. Late charges for delinquent rental payments. 	03/15/94	04/15/94
Formalize Decisions	Management will formalize a more detailed equipment policy in the Personnel Policy Manual.	04/15/94	05/01/94
Rental Table Update	Foreman will contact rental companies to see if present rates need to be adjusted.	05/01/94	05/15/94
Employee Meeting	A Company meeting will be conducted to explain the new updated personal equipment/truck rental policy to all employees.	05/15/94	06/01/94

- A. ESTIMATED COST: Larger, stronger log books - \$250
- B. OTHER RESOURCES: Minimal - in-house. No cost for sample logging pages.
- C. ESTIMATED SAVINGS: Company's cash flow is helped by monthly instead of quarterly payments. Preventing loss of log books assures that payments are on record to be paid. A late charge is a further incentive for paying on time.
- D. OTHER BENEFITS: Reducing the appearance of cross-subsidizing promotes trust of customers and of MPSC.

Neal S. Clewinger
Function Head or Other Approving Officer

2/18/94
Date

MANAGEMENT AUDIT OF
RAYTOWN WATER COMPANY

CASE NO. WO-93-194

AUDIT RECOMMENDATION IMPLEMENTATION PLAN

Project Name: Work Performed For Non-Utility Businesses
Function: Financial Management
Department: Management and Office
Person Responsible for Implementation: Neal Clevenger
Title: President/General Manager
Audit Reference Chapter: III. Page: 41-42
Project NO.: 21 Project Priority: High

I. MSD STAFF RECOMMENDATION: Implement cost accounting procedures and practices which require charging non-regulated businesses for the use of Company resources.

II. DESCRIPTION OF IMPLEMENTATION PLAN: Insofar as the field does no work for the Gen'l Manager's businesses except after hours, the project concerns only the time of the Gen'l Manager and certain members of the office staff. There seems to be three intrusions of non-regulated business into the Company's business: Unsolicited, solicited by the manager and emergencies. Each needs to be treated in different ways.

III. COMPANY'S WORK PLAN AND SCHEDULE:

<u>Phase</u>	<u>Task</u>	<u>Start Date</u>	<u>Complete Date</u>
Policy Data Collection	Management will ask other regulated utilities how they cost account the use of Company resources by non-regulated businesses.	04/01/94	05/01/94

<u>Phase</u>	<u>Task</u>	<u>Start Date</u>	<u>Complete Date</u>
Office Meeting	<p>Management will meet with office staff to develop a policy of recording and reimbursing Company for time General Manager and office staff use in promoting General Manager's non-regulated businesses. The following areas will be reviewed:</p> <p>A. <u>Unsolicited visits & calls for President/General Manager:</u> How to courteously dismiss or redirect calls or visitors who do not have business with the Company to the managers of the Presidents other businesses. Possible use of posted non-solicitation signs.</p> <p>B. <u>Solicited visits, calls or staff work:</u> Determine the minimal time standards which require logging. Determine where the time is to be logged and by whom. Set up hourly personnel reimbursement rate table. Decide frequency of reimbursement (monthly, quarterly, etc.) and personnel to prepare billings. Also, morning and afternoon breaks (15 minutes each) will be discussed as possible credits.</p> <p>C. <u>Emergency visits or calls:</u> Determine if visits or calls concerning injury to persons or properties are to be exempt from reimbursement for all employees.</p>	05/01/94	06/01/94

<u>Phase</u>	<u>Task</u>	<u>Start Date</u>	<u>Complete Date</u>
First Draft	From sample policies and staff discussion, management will put together the criteria and make up a policy for Board review.	06/01/94	06/15/94
Board Meeting (regularly scheduled)	Along with first draft presentation, the Board should weigh Gen'l Manager's freely given time conducting Company business in the evening, weekends and holidays, e.g., phone calls, customer visits, turn on collections and emergencies. After hours log will be looked into as a possible credit against any visitor calls and staff work and accounting procedures requirements that would need to be implemented.	06/15/94	Same
Company Meeting	All employees are to be made aware of the new policy. It is to be incorporated into the Company personnel manual.	07/01/94	07/15/94

- A. ESTIMATED COST: Minimal, in-house project.
- B. OTHER RESOURCES: No cost for policies of other regulated businesses.
- C. ESTIMATED SAVINGS: Time of General Manager and office staff would be more available to Company by discouraging visits and calls that are not Co. related. Company would be properly reimbursed for non-related business work.

D. OTHER BENEFITS: Directing Company related calls of
minor importance away from General Manager to office
staff may develop staff's business expertise and free
manager for the major concerns of the Company.
Customer service is enhanced by the undivided purpose
of the Company. The implementation of cost account-
ing procedures will reduce the appearance of cross
subsidization, even if it is only minimal.

Neal S. Cleverger
FUNCTION HEAD OR OTHER APPROVING OFFICER

2/25/94
DATE

MANAGEMENT AUDIT OF
RAYTOWN WATER COMPANY

CASE NO. WO-93-194

AUDIT RECOMMENDATION IMPLEMENTATION PLAN

Project Name: GASOLINE CREDIT CARD TRACKING

Function: FINANCIAL MANAGEMENT

Department: FIELD

Person Responsible For Implementation: NEAL S. CLEVENGER

Title: PRESIDENT /GENERAL MANAGER

Audit Reference Chapter: III Page: 42

Project No.: 22 Project Priority: High

I. MSD STAFF RECOMMENDATION: Institute a formal policy for review of gasoline credit card purchases.

A. Estimated Cost: Minimal

B. Estimated Benefits: Prevent potential unauthorized use of gasoline credit card purchases.

C. Estimated Date of Completion: April 31, 1994

D. Description of Implementation Plan: Senior management will contact their petroleum supply company to arrange that the license and vehicle number be recorded on each sales ticket. In addition, we will request that a copy of these individual sales tickets accompany our monthly billing, because not all tickets are turned in after purchases. All credit cards will also be reviewed to assure that a separate card number is assigned to each employee who drives a company truck. Senior management will direct that a check be made to see that each truck and or piece of equipment has a consecutive number placed in it in the most visible location. A two-fold record keeping log will be established to record gasoline used in each vehicle/equipment and by each employee.

The log will be maintained by our foreman through the petroleum company's invoices and will be reviewed each month by him and the President/General Manager. The log will have a section for recording our review comments and follow up action taken. An employee information meeting will be conducted to relate the new procedures for gasoline purchases.

<u>Phase</u>	<u>Task</u>	<u>Start Date</u>	<u>Complete Date</u>
Petroleum Supplier Invoicing	Re-structure our billing from our supplier to require the following: a) License and assign vehicle/equipment no. for each sales receipt. b) Individual receipts to accompany our monthly billing.	2/01/94	2/28/94
Credit Card Review	Review all existing cards to assure that a separate card no. is assigned to each employee who drives a company vehicle/eqpmt.	3/01/94	3/31/94
Truck/Equipment Numbering	Verify that every truck and mobile equipment has a consecutive number placed outside on it in the most visible location.	3/01/94	3/31/94
Record Keeping	Develop a logging system to track all purchases by vehicle/equipment and by each employee, including a monthly follow up section and review.	4/01/94	4/30/94
Job Description	Expand our Foreman and President/General Manager's job description to include a "Fuel Purchases Review" section.	4/01/94	4/30/94

- A. Estimated Cost: Minimal cost; however, it is estimated that the foreman will need to allow an additional 3/4 hour per week and his time to maintain the log and the President/General Manager approximately 1/2 hour per month for his review.
- B. Other Resources: None - In house project.
- C. Estimated Savings: Actual monetary savings if any is not known; however, the new procedure will put in place safeguards and controls on gas purchases.
- D. Other Benefits: The gasoline record keeping can be useful in conjunction with our vehicle/equipment maintenance records.

Neal Stevenson
Function Head or Other
Approving Officer

12-20-93
Date

MANAGEMENT AUDIT OF
RAYTOWN WATER COMPANY

CASE NO. WO-93-194

AUDIT RECOMMENDATION IMPLEMENTATION PLAN

Project Name: Computerized Work Orders

Function: Financial Management

Department Office

Person Responsible For Implementation: Neal Clevenger and Mark Clevenger

Title: Pres./Gen'l Manager & Assistant Manager

Audit Reference Chapter: III Page: 42-43

Project No.: 23 Project Priority: High

I. MSD STAFF RECOMMENDATION: Incorporate pertinent accounting data into the work order system.

A. Estimated Cost: \$2,000

B. Estimated Benefits: Provide centralized summary of project costs. Also allows for a better tie in of accounting data.

C. Estimated Date of Completion: August 1, 1994

II. DESCRIPTION OF IMPLEMENTATION PLAN: Both maintenance, investment and retirement work orders are important facets of the Company's record keeping. The presently manually maintained orders (which do not interface with the general ledger) are time consuming. The process of incorporating the two in a computerized program will require information from the suppliers of the programmed software in use and from the needs of the office staff. Once the desired program is spelled out, a programmer will make it computer worthy.

III. COMPANY'S WORK PLAN AND SCHEDULE:

<u>Phase</u>	<u>Task</u>	<u>Start Date</u>	<u>Complete Date</u>
Computer/ Consultant	<p>Meet with Company's computer consultant to evaluate capability of present software to see if it can include all work order data so that general ledger interfaces with work orders. If no capability, find software that meets the following specifications:</p> <ol style="list-style-type: none"> 1. Work order may be generated from general ledger and vice versa. 2. All work order data may be computerized, e.g.: <ol style="list-style-type: none"> a) Data b) Project description c) Materials d) Equipment & vehicle costs e) Labor f) Rentals g) Overhead h) Totals 	03/15/94	04/15/94
Office Staff Meeting	Lay out consultant's recommendations & reformulate with staff input.	04/15/94	05/15/94
Software Program Selection	Management will search for a bid on a software program that meets requirements of consultant and staff.	05/15/94	06/15/94
Programming Work Orders	Selected programmer will be issued the specifications of consultant and staff for programming.	06/15/94	07/15/94
Program Activation	After installation, staff will be instructed in the new operation of the work orders by the programmer.	07/15/94	08/15/94

- A. ESTIMATED COST: Management auditor estimated \$2,000 for new software and program changes. The Company is unsure of the cost.
- B. OTHER RESOURCES: The initial meeting with Computer Resources (Co.'s present supplier) will be at no cost to the Company as this service is provided as part of the program already purchased.
- C. ESTIMATED SAVINGS: By the elimination of manual work orders (parallel bookkeeping), the Company's bookkeeper may conserve time to devote to other needed office duties.
- D. OTHER BENEFITS: The interface of work orders with the general ledger will enable comparative cost studies and a variety of other information to be done through computer generated reports. The accuracy of work order compositions should also improve as work order information will be tied and retrieved through a computer generated report. Time savings will be realized by one when research is needed at a later date.

Neal S. Clevenger
Function Head or Other Approving Officer

2/08/94
Date

MANAGEMENT AUDIT OF
RAYTOWN WATER COMPANY

CASE NO. WO-93-194

AUDIT RECOMMENDATION IMPLEMENTATION PLAN

Project Name: MASTER METER VERIFICATIONS
Function: OPERATIONS & MAINTENANCE
Department: Field/Meter Reader
Person Responsible for Implementation: Neal S. Clevenger
Title: President/General Manager
Audit Reference Chapter: IV Page: 46
Project No.: 24 Project Priority: High

- I. MSD STAFF RECOMMENDATION: Read the City of Kansas City's water meter monthly to verify the accuracy of the bill received.
- A. Estimated Cost: Minimal
- B. Estimated Benefits: Ensure Company is billed properly for its largest monthly expense.
- C. Estimated Date of Completion: March 15, 1994

II. DESCRIPTION OF IMPLEMENTATION PLAN: The job description of the meter reader will be expanded to include a monthly read of all our eight master meters. Record keeping will be maintained on a spread type report form by the meter reader. Our working foreman and President/General Manager will conduct a review of the figures after each read to look trends, high/low usage and comparison with our billing from the Kansas City Water Department.

III. COMPANY'S WORK PLAN AND SCHEDULE:

<u>Phase</u>	<u>Task</u>	<u>Start Date</u>	<u>Complete Date</u>
Job Description Assignment	Revise meter reader's job description to include a monthly reading of all master meters.	1/01/94	1/31/94
Time Correlation w/K.C.'s read'	Establish the day that K.C. reads our master meters so our timetable can coincide to allow for meaningful comparisons.	2/01/94	2/15/94
Record keeping Report	Design a spread sheet to allow for side by side comparisons. Include review, comments & follow up sections.	2/16/94	3/15/94
Commence	Reading procedure to begin.	4/01/94	

- A. Estimated Cost: Minimal Cost. These eight master meter reads will require three additional hours of meter readers monthly schedule each month due to the pumping and gas sniffing requirements before entering a well.
- B. Other Resources: None in these projects.
- C. Estimated Savings: There could be monetary savings realized in three areas: (a) Incorrect readings will be trued up with notification to our supplier for a re-read. (b) A high reading will alert us to a possible leak in the vicinity. (c) Observations will made in the pit itself which will allow us to detect any leaks or other problems.
- D. Other benefits: Usage trends in our distribution system will be available for engineering design work, etc.

MANAGEMENT AUDIT OF
RAYTOWN WATER COMPANY

CASE NO. WO-93-194

AUDIT RECOMMENDATION IMPLEMENTATION PLAN

Project Name: Meter Routing & Reading Device

Function: Operations & Maintenance

Department: Office & Field

Person Responsible for Implementation: Neal Clevenger, Judy Beatie and Melvin Acock

Audit Reference Chapter: IV Page: 47-48

Project No.: 25 & 26 Project Priority: High

- I. MSD STAFF RECOMMENDATION: Perform a study to determine the efficiency of the existing meter reading routes and adjust the routes as determined appropriate.

A. Estimated Cost: \$1,000

B. Estimated Benefits: Ensure that routes are optimally scheduled.

C. Estimated Date of Completion: June 15, 1994

- II. DESCRIPTION OF IMPLEMENTATION PLAN: There are two components in the project: The re-routing of meter reading (Part I), and the possible purchase of a hand held meter reading device (Part II). The actual re-routing will most likely be a project for the meter reader who knows the routes. After he inscribes the account numbers in the new meter books to correspond with the time saving re-routing, the office staff will enter the data into their computers using cross checks for accuracy.

Various hand held meter reading devices with their software systems will be appraised in utilities that now use them. After extensive inquiries, the matter will be brought before the Board to determine if the Company will profit from the purchase and if it has sufficient cash flow and financial stability to warrant the expenditures. Due to the effort and time to complete this project, the Company's known and measurable expense may not be timely for an adjustment in pending rate case.

III. COMPANY'S WORK PLAN AND SCHEDULE:

-----PART I: Re-routing-----

<u>Phase</u>	<u>Task</u>	<u>Start Date</u>	<u>Complete Date</u>
Field Employee Meeting	<p>Select appropriate personnel and work assignment adjustments, for instance, if the meter reader is chosen, decide who replaces him while he works on the re-routing project.</p> <p>Devise criteria for efficient routing, i.e., keep meters that are located on both sides of the road in the same book, keep books & routes in sequence so that only one book is used for each area & see that routes do not stop in the middle of the block, etc.</p>	03/01/94	05/01/94
Office Employee Meeting	<p>Consider incorporating addresses into account numbers. Estimate time & staff needed to enter the changes into the computer. Pre-meetings indicate this could be a major undertaking for office staff to change all account numbers. It would widen the margin for error. Posting payments to the proper account could pose a problem if account numbers were changed while payment was in transit.</p> <p>A review of billing & posting problems during the transition should be studied thoroughly.</p>	03/01/94	05/01/94

<u>Phase</u>	<u>Task</u>	<u>Start Date</u>	<u>Complete Date</u>
Formalized Re-routing	Construct new meter sheets for 64 books according to the changed routes, including a new sequence of account numbers, and when finished, deliver these to the office for computer entry.	05/01/94	07/01/94

Data Entry	The office staff may have to stop billing & posting for several days until all entries are made.	07/01/94	08/01/94
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Verification	Office staff will have a follow up audit to ensure that no customer is overlooked.	08/01/94	09/15/94
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-----PART II: Hand Held Device-----

Data Collection	Ascertain from several utilities who use hand held meter reading devices any problems with their use, the most suitable software programs, whether the software will interface with the Company's present system, costs, etc.	03/01/94	04/01/94
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Meeting/Factory Representative	Field and Office personnel meetings with factory representatives for any questions in the use of the devices and the pertinent software.	04/01/94	05/01/94
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Bid Process	Prepare spec sheets and put out for lowest and best bid to several suppliers.	05/01/94	06/01/94
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<u>Phase</u>	<u>Task</u>	<u>Start Date</u>	<u>Complete Date</u>
Cash Flow Analysis	Management will supply Board 10 days prior to regular board meeting the Company's current financial status and the costs and advantage of the proposed hand held reading device.	06/01/94	06/15/94
Board Meeting (regularly scheduled)	Board will review and determine if the Company will benefit from purchasing the system at this time.	06/15/94	Same
Rate Case Inclusion	Consequent to the Board approval, the cost of the new hand held system will be recovered through the pending rate case, if enough time remains for a known & measurable expenses adjustment.	06/15/94	Same

- A. ESTIMATED COST: \$350 for 64 new books and the printing of the meter readout pages. \$13,500 - \$22,000 for two hand held devices and the accompanying software.
- B. OTHER RESOURCES:: Contacts with other utilities and other factory representatives will be at no cost to the Company.
- C. ESTIMATED SAVINGS: Re-routing should allow the meter reader time for other pressing tasks. Vehicle related expenses should decrease. When substitute readers are filling in for the regular reader's sick or vacation time, there should be less chance for error or call backs for re-reads. In the event that the hand held device system is purchased, meter books, which need replacing every four years, would be eliminated. The billing clerk's job is simplified and made less subject to error, allowing time for other needed work. Only one reader is needed instead of two for reading during rainy weather, as the hand held unit is water proof. As it is now, during rains, the driver records readings from the on foot person who walks the route.

D. OTHER BENEFITS: A re-routing would cut down on the
number of books carried by the meter reader and reduce
trips to the same areas.

The hand held reading system alerts one to high and
low readings which indicates trouble such as a leak or
a stuck meter. Also, there is a comment space for the
reader to make note of special circumstances, such as,
house for sale, etc. Since the system tracks the
reader's time, it can assist management to the sched-
uling his work. The device should also improve the
accuracy of the readings.

Neal S. Cleverger
Function Head or Other Approving Officer

2/02/94
Date

MANAGEMENT AUDIT OF
DAYTOWN WATER COMPANY

CASE NO. WO--93-194

AUDIT RECOMMENDATION IMPLEMENTATION PLAN

Project Name: Remote Meter/Readout Testing

Function: OPERATIONS & MAINTENANCE

Department: Field

Person Responsible for Implementation: Neal Clevenger

Title: President/General Manager

Audit Reference Chapter: IV Page: 48-49

Project No.: 27 Project Priority: Low

I. MSD STAFF RECOMMENDATION: Develop a policy to periodically check inside remote meters to determine they are accurately recording water usage.

A. Estimated Cost: Minimal

B. Estimated Benefits: Assure accurate readings are being taken.

C. Estimated Date of Completion: July 15, 1994

II. DESCRIPTION OF IMPLEMENTATION PLAN: The foreman will conduct a review of all meter books to ascertain which residences/businesses have inside meters. A report will be compiled on these inside meters including account #, address, meter size and meter #. During inclement weather the foreman will supervise the field personnel in clearly marking each meter page to note that this address has an inside meter. Field personnel will enter these inside meters with special identification into our computerized meter testing program. In addition to testing a schedule will be incorporated to verify that the actual inside meter reading corresponds with the outside readout because broken or disconnected wires will cause the readout to not register.

Also, the office personnel who check each meter book before billing will be instructed to pay special attention to pages marked "inside meter" to notice any sudden consumption changes, as this may signal that a problem exists. Our meter reader will also be instructed to watch for any outside broken wires off the readout. The Company will include as a part of our upcoming rate case rules and regulations package a requirement that when a new service line is put in at a residence which has an inside meter, the meter will be moved out to the property line. The Company will furnish, excluding labor, a complete meter well set-up at no charge to the customer. Most all inside meters are on old galvanized service lines and as these lines are replaced, this is the time to move inside meters to an outside location. The Company has informally followed this practice for a number of years. Senior management will call an employee meeting to present Company proposed rules and updates regarding inside meters. The Company's final rule change will be a part of our rate case which concludes in November, 1994.

III. COMPANY'S WORK PLAN & SCHEDULE:

<u>Phase</u>	<u>Task</u>	<u>Start Date</u>	<u>Complete Date</u>
Compiling Information	Review all 64 Meter books to prepare a report on inside meters denoting the account #, address, meter size & number.	01/15/94	02/28/94
Meter Book Page Notation	Clearly mark each designating and inside meter.	03/01/94	03/31/94
Meter Testing/Computer Program Update	Enter all inside meter information into our computer meter testing program.	03/01/94	03/31/94

Meter Reader/
Billing Clerk
Instruction

Inform the office
personnel who
review the meter
books before billing
to especially note
dramatic consumption
variances on inside
meters, as this may
be a sign that the
wire is off. Also
instruct the meter
reader to do a
visual inspection
of wires to make
sure not broken or
disconnected.

03/01/94 03/31/94

Rules and
Regulations
Changes

Prepare a formal
addition to our rules
and regulations to
require that inside
meters are to be
moved outside to a
new well provided at
no cost to customers
when their galvanized
line is replaced with
K-Copper.

04/01/94 05/15/94

Employee
Meeting

Conduct an employee
meeting to present
new Company policy
and rule changes on
inside meters.

05/15/94 05/31/94

A. Estimated Cost: Minimal - In house project

B. Estimated Savings: The number of inside meters is 175. The Company may realize some savings on these inside meters in two ways: 1) Meters not registering correctly would traditionally run slower, reducing the Company's income. 2) A broken or disconnected wire will cause the readout to register improperly and until the trued up reading can be obtained from the inside meter, correct billings will be delayed.

C. Other Benefits: The Company's proposed rule change requiring meters to be moved outside when a new copper service is installed will benefit the Company and the customer several ways: 1) Meter testing will not be hampered by appointments with customers to gain access to their basement. 2) Tampering with basement meter and/or wires to readout will be eliminated. 3) Inside meters have old curb stops at property line which can be broken or corroded preventing operation in case of an in house emergency or turn off for non-payment.

Neal S. Cleenger
Function Head or Other Approving Officer

12.28.93
Date

MANAGEMENT AUDIT OF
RAYTOWN WATER COMPANY

CASE NO. WO-93-194

AUDIT RECOMMENDATION IMPLEMENTATION PLAN

Project Name: Meter Book Security
Function: OPERATIONS & MAINTENANCE
Department: OFFICE
Person Responsible for Implementation: Neal S. Clevenger
Title: President/General Manager
Audit Reference Chapter: IV Page: 49
Project No.: 28 Project Priority: Medium

I. MSD STAFF RECOMMENDATION: Ensure that meter books are placed in the vault or a similar fire proof location when not in use.

A. Estimated Cost: Minimal

B. Estimated Benefits: Ensure safety overnight in the event of fire or tornado.

C. Estimated Date of Completion: February 28, 1994

II. DESCRIPTION OF IMPLEMENTATION PLAN: An addendum to the Company personal policy will be made to include a section on meter book security. An initial employee meeting will be conducted to inform all personnel that a meter book security measure has been made a part of our company policy requiring all employees to return meter books to the safe at the close of every day. The job description of our billing clerk will be expanded to include a verification that all the meter books are in the safe at the close of each day. A report form will be maintained to record each days check. In the event an employee has left a book out, the billing clerk will locate and place in the safe along with notification of same to that person.

III. COMPANY'S WORK PLAN AND SCHEDULE:

<u>Phase</u>	<u>Task</u>	<u>Start Date</u>	<u>Completion Date</u>
Company Policy Addition	Meter book security will be added to our Company policy.	1/01/94	2/01/94
Job Description Assignment	Revise Billing Clerks job description to include written verification of the return of all books to the safe at the close of day.	3/01/94	3/31/94
Employee	Informational meeting in regards to meter book security.	4 2/01/94	

- A. Estimated Cost: Minimal cost; however, the billing clerk will need to allow her work to stop seven or eight minutes before closing to allow for this additional assignment.
- B. Other Resources: In house personnel project
- C. Estimated Savings: There are 64 separate meter books and if a book were misplaced or lost, it would cost about \$50.00 in materials and 16 hours of personnel time to duplicate.
- D. Other Benefits: Meter book security would ensure overnight safety of these important records from fire, tornado or possible theft. Also duplication efforts that would be required to replace a lost book would be diminished.

MANAGEMENT AUDIT OF
RAYTOWN WATER COMPANY

CASE NO. WO-93-194

AUDIT RECOMMENDATION IMPLEMENTATION PLAN

Project Name: ESTIMATING CUSTOMER WATER USAGE

Function: Financial Management

Department: Field

Person Responsible for Implementation: Neal Clevenger & Mel Acock

Title: President/General Manager & Foreman

Audit Reference Chapter: III Page: 49-50

Project No.: 29 Project Priority: Medium

I. MSD STAFF RECOMMENDATION: Develop, formalize and utilize consistent criteria for estimating customer water usage.

A. Estimated Cost: Minimal

B. Estimated Benefits: Minimize complaints/inquiries to the business office.

C. Estimated Date of Completion: May 15, 1994

II. DESCRIPTION OF IMPLEMENTATION PLAN: After informing themselves about Rule #4 (CSR 240-13.020(3) (c) 1., the manager and foreman will work with the meter reader to formulate criteria for determining when and how to estimate, and who might best perform this task to ensure a more consistent procedure. As tariffs are involved, the Board needs to approve the criteria which will be made a part of the Company's "tariff package" at the pending rate case.

III. COMPANY'S WORK PLAN AND SCHEDULE:

<u>Phase</u>	<u>Task</u>	<u>Start Date</u>	<u>Complete Date</u>
Review Rule Rule #4	Manager & Foreman will discern what is applicable to the needs of the Company in Rule 4 CSR 240-13.020(3)(c)1.	02/01/94	02/15/94
Meeting with Meter Reader	Manager & Foreman will consult with meter reader to formulate when and how to estimate and select the person responsible. The following areas will be reviewed: A. When: This will be determined by how cold a snow cover, and if there is construction in the area. B. How: History of water consumption, weather conditions during the billing cycle, and special circumstances; for instance, as noted on the comment section of the meter page, i.e., house for sale, owner deceased etc. will be considered in the process of estimating. C. Person Responsible: The best person to perform estimations will be discussed and selected.	02-15-94	02/28/94
Formalize Estimating Criteria	Manager & Foreman will formalize the estimating criteria as part of Company policy using their conclusions on Rule # 4 and from their consultation with the meter reader.	03/01/94	03/31/94

<u>Phase</u>	<u>Task</u>	<u>Start Date</u>	<u>Complete Date</u>
Regular Board Meeting	After a 10 day prior mailing, the Board members will convene to evaluate and approve the policy.	04/15/94	Same
Tariff Update	Manager will include the approved customer usage estimation policy recommended in the tariff update package.	04/15/94	05/15/94
Update Job Descriptions	Responsibilities of the new estimation policy will be added to the job description of the person selected.	05/30/94	06/15/94

- A. Estimated Cost: Minimal - In House Project
- B. Other Resources: None
- C. Estimated Savings: Because of a more fair and consistent estimation, savings may be realized on less time taken in answering complaint calls. If the meter reader is selected to perform estimates, for instance, his time will be well spent on days when weather prevents meter reading.
- D. Other Benefits: Sound, consistent criteria in estimating will improve customer relations. Also, having one person responsible will make questions or problems about estimations easier to track.

Neal S Clewinger
 Function Head or Other Approving Officer

1/27/94
 Date

MANAGEMENT AUDIT OF
RAYTOWN WATER COMPANY

CASE NO. WO-93-194

AUDIT RECOMMENDATION IMPLEMENTATION PLAN

Project Name: _____
Function: OPERATIONS & MAINTENANCE
Department: Office
Person Responsible for Implementation: Neal S. Clevenger
Title: President/General Manager
Audit Reference Chapter: IV Page 50
Project No: 30 Project Priority: Medium

I. MSD STAFF RECOMMENDATION: Develop customer deposit criteria consistent with Commission rules that is not based upon customer address or neighborhood.

A. Estimated Cost: Minimal

B. Estimated Benefits: Treat all customers fairly regardless of residence.

C. Estimated Date of Completion: August 31, 1993

II. DESCRIPTION OF IMPLEMENTATION PLAN: Company officials will conduct a study to assemble information from other regulated Missouri water utilities on the criteria they use in establishing their customer deposit policy. In conjunction a thorough review will be made of the section of the M.P.S.C. rules regarding customer deposits. With the assembled info, senior management will evaluate and design a new Company deposit criteria policy consistent with the commission rules. Other areas to be included for review and incorporation will be amount of deposit, interest earned, deposit refunds, special deposit requirements, i.e. for habitual late payers, waiver of deposits and customer credit application forms. The final draft proposal will be presented to our Board of Directors for review and adoption. The new deposit policy will then become a part of a larger package of proposed rules and regulations to be submitted to the M.P.S.C. for approval.

III. COMPANY'S WORK PLAN AND SCHEDULE:

<u>Phase</u>	<u>Task</u>	<u>Start Date</u>	<u>Complete Date</u>
Deposit Criteria Study	Conduct a study of several other Missouri regulated water utilities deposit criteria. Expand inquiries to include other related areas, i.e. refunds, special deposits, waivers, and customer credit info.	02/01/94	03/31/94
M.P.S.C. Deposit Regulations	Make a comprehensive review of the M.P.S.C rules and regulations regarding all facets of their customer deposit requirements.	03/01/94	04/30/94
Develop New Deposit Criteria	Evaluate the study and incorporate the commission rules into anew deposit criteria policy	05/01/94	0515/94
Board Approval	Mail out proposed deposit policy to each board member two weeks in advance for their review and comments. Final draft to be presented at regularly scheduled board meeting for approval.	6/15/94	6/30/94
Rules/	Obtain a rule change from the M.P.S.C.	07/01/94	08/31/94

A. Estimated Cost: Minimal - In House Project

- B. Other Resources: The deposit information retrieved from other regulated water utilities will be at no charge to the Company; however, there may be some time cost spent by our accountant and attorney at the upcoming rate case where the company's proposed rates and regulations changes will be at issue.
- C. Estimated Savings: The Company could realize some savings in the area of payment of interest on ones deposit with the reduction of the \$50.00 deposit to the \$35.00 standard deposit. The same could be said if the deposit waivers were more readily accessible along with deletion of the notary signature requirement.; however, bad debts could therefore increase offsetting any savings.
- D. Other Benefits: The Company will have a sound defensible deposit policy criteria consistent with the commission rules that is not discriminatory and will be fair to all customers.

Neal S. Cleverger
Function Head or Other Approving Officer

12-27-93
Date

MANAGEMENT AUDIT OF
RAYTOWN WATER COMPANY

CASE NO. WO-93-194

AUDIT RECOMMENDATION IMPLEMENTATION PLAN

Project Name: DEPOSIT REFUNDING

Function: OPERATIONS & MAINTENANCE

Department: Office

Person Responsible for Implementation: Neal S. Clavenger

Title: President/General Manager

Audit Reference Chapter: IV Page: 50-51

Project No.: 31 Project Priority: High

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- I. MSD STAFF RECOMMENDATION: Refund customer deposits with interest on a timely basis according to the company's tariff.
- A. Estimated Cost: \$2,000. The company presently has approx \$63,000 in customer deposits.
- B. Estimated Benefits: Ensure compliance with Commission tariff, prevent paying customers 6% interest while earning 3 % in the bank.
- C. Estimated Date of Completion: July 31, 1994
- II. DESCRIPTION OF IMPLEMENTATION PLAN: The Company office staff will perform a true up of its current deposits on hand to verify all are entered correctly in the computer on customers accounts. Consultation will be sought from our computer provider to explain in detail the deposit reports our computer is capable of providing. Once a full understanding of our computer deposit reporting capabilities are accessed, a bi-monthly schedule will be maintained whereby deposits outstanding are reviewed from credit history and returned accordingly. Senior management will make every effort to refund deposits in a timely manner; however, the Company cash flow to cover refunds have been and still are very limited at this time.

III. COMPANY'S WORK PLAN AND SCHEDULE:

<u>Phase</u>	<u>Task</u>	<u>Start Date</u>	<u>Complete Date</u>
Computer Verification	The Finals clerk will verify that each deposit on hand (evidenced by written deposit slips) are correctly entered in computer on each customer account.	1/15/94	2/28/94
Computer/Deposit Reports	Office staff will initiate an in house counseling session with Computer Resources to provide the Company personnel with the full capability of our computer/reports in the following areas: <ol style="list-style-type: none"> 1. Date of deposit 2. Flagging 1'year old deposits (every 2 months/billing cycle) 3. Accrued interest due 4. Late notice record review 5. Interest computations - simple/versus compound 6. Computer generated refund checks 7. Bank account consolidation requirement 	3/01/94	4/30/94
Formal/ Scheduling	Office staff personnel will prepare a formal schedule for refunding deposits, thru computer generated reports and record keeping. It will be consistent to meet the requirements of Company's tariff.	5/01/94	7/31/94

- A. Estimated Cost: Minimal Cost. In house project
The Company currently has approximately \$67,000 in
outstanding customer deposits.
- B. Other Resources: Company will solicit the expertise
of its computer provider, "Computer Resources", at no
charge to the Company.
- C. Estimated Savings: Due to todays low interest rates
(3-4%), it appears that the 6% the Company is
paying to its depositors is a substantial cost to
the company; therefore, returning deposits to our
customers in a timely manner will prove to be a
savings to the company.
- D. Other benefits: The company will be following a
policy consistent with its tariffs and fair to its
customers.
Return of ones deposit who has maintained good credit
history is certainly a PR plus for the Company.

Neal S. Clewinger
Function Head or Other Approving Officer

12/29/93
Date

MANAGEMENT AUDIT OF
RAYTOWN WATER COMPANY

CASE NO. WO-93-194

AUDIT RECOMMENDATION IMPLEMENTATION PLAN

Project Name: RETURNED CHECKS/AFTER HOURS SERVICE CHARGES

Function: : Operations & Maintenance

Department: Management, Office & Field

Person Responsible for Implementation: Neal Clavenger for management, Judy Beatie for Office, Malvin Acock for Field.

Title: President/General Manager, Accounting Supervisor, Foreman.

Audit Reference Chapter: IV Page: 51-52

Project No: 32 Project Priority: Medium

- I. MSD STAFF RECOMMENDATION: Determine the propriety of current charges for insufficient funds check handling (\$13) and after hours service turn ons (\$10), and file appropriate market rates to recoup costs in the next Company's rate filing.

A. Estimate Cost: Minimal

B. Estimated Benefits: Customers causing the expense will pay a fairer share of the expense incurred, as opposed to the general body of rate payers paying more.

C. Estimated Date of Completion: 6/15/94 (or as soon as MPSC approves Company's proposal.

- II. DESCRIPTION OF IMPLEMENTATION PLAN: The Company will effect a cost analysis study of both after hours field service and office expenses in handling non-payments and bad checks. Personnel input will be retrieve through meetings and a formalized draft will be developed. The Board of Directors will review and approve the final draft. The support and the Company's new proposed after hours/returned check charges schedule will be included in the pending rate case, and put into effect as soon as MPSC concedes to the request.

III. COMPANY'S WORK PLAN AND SCHEDULE:

<u>Phase</u>	<u>Task</u>	<u>Start Date</u>	<u>Complete Date</u>
Two in-house studies	A field study will be conducted by the foreman to average the costs of time and one half labor, vehicle related expenses and overhead per service call. In addition, an office study by the Office Supervisor will also be performed to examine time costs in retrieving bad checks from the bank, making data entries and notifying customers about turn offs for non-payment. She will also check the bank for any proposed increase in bad check charges.	02/15/94	03/15/94
Company Meeting	Conclusions of the studies will be the subject of personnel meeting to obtain their feedback and suggestions.	03/15/94	04/01/94
Formalization/ Schedule of Charges	Manager will formalize the revised draft and mail copies to the Board Members ten days before regular Board meeting.	04/01/94	04/15/94
Board Meeting (regularly scheduled)	After discussion and any additional changes, the Board members will finalize the draft to be sent to MPSC.	04/15/94	Same

<u>Phase</u>	<u>Task</u>	<u>Start Date</u>	<u>Complete Date</u>
Tariff Update	Manager will include the Company's proposed return check and after hours service charge schedule in the pending rate case.	04/15/94	05/15/94
Company Rules & Regulations	As soon as MPSC approves the changes, they will immediately to into practice as part of Company Rules and Regulations.	06/15/94 (or before)	

- A. ESTIMATED COST: Minimal - in-house project
- B. OTHER RESOURCES: None
- C. ESTIMATED SAVINGS: Increased service charges may help the Company's cash flow by deterring some bad checks and non-payments. The Company will recoup, at least, it's expenses for after hours calls and bad checks instead of running a deficit as it is currently.
- D. OTHER BENEFITS: The cost of failing to pay one's bills will fall more fairly on those causing that burden rather than on the body of rate payers who pay their bills on time.

Neal S. Cleverger
Function Head or Other Approving Officer

2/01/94
Date

MANAGEMENT AUDIT OF
RAYTOWN WATER COMPANY

CASE NO. WD-93-194

AUDIT RECOMMENDATION IMPLEMENTATION PLAN

Project Name: Cash Drawer Control.

Function: Operations and Maintenance.

Department: Office.

Person Responsible for Implementation: Neal Clevenger.

Title: Pres./Gen'l Manager.

Audit Reference Chapter: IV.

Page: 52-53.

Project No.: 33.

Project Priority: Medium.

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I. MSD STAFF RECOMMENDATION: Review the need for the third cash drawer and if found necessary, implement effective control procedures to ensure the security of these funds.

A. Estimated Cost: Minimal.

B. Estimated Benefits: Potential control problems if there is a third cash drawer, which is unnecessary for an entity the size of Raytown.

C. Estimated Date of Completion: July 15, 1994.

II. DESCRIPTION OF IMPLEMENTATION PLAN: In the fall of '93 the Assistant Manager turned over the 3rd drawer and its keys to the billing clerk, who maintains the drawer to this day. Overnight the regular (2) cash drawers are secured in the walk-in safe, which has recently been fitted with a new combination. The 3rd drawer usually holds about \$250 cash for bad check buy-backs and changing large bills. The Chairperson of the Board (instead of crediting the bank's account) feels that buy-backs eliminate the need to make changes in Company's accounts receivable. However, management hopes to find if the reasons for a 3rd drawer are necessary, and, if so, how best to control it.

III. COMPANY'S WORK PLAN AND SCHEDULE:

Phase	Task	Start Date	Completion Date
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Office staff meeting.	Management will solicit suggestions from staff about the following cash drawer related matters:	4/1/94	5/1/94
	<ol style="list-style-type: none"> 1. Replacement of all cash drawers with automated counter top cash register. 2. Financial control of all cash drawers by: <ol style="list-style-type: none"> a. Daily balance/reconciliations. b. Record keeping. c. Security measures (v.g. keeping regular drawers locked by those responsible). 3. Elimination of 3rd drawer by: <ol style="list-style-type: none"> a. Finding alternative to buying back bad checks from the bank. b. Simplifying the changes to be made in the accounts receivable should checks not be bought back. b. Keeping sufficient money in regular cash drawers to change large bills of cash customers. c. Replacing drawer with small safe. 4. Multiple keys for 3rd drawer in case of sickness, vacation, etc. 		
Proposal preparation.	Management will prepare staff recommendations to submit to Board.	5/1/94	6/15/94
Board meeting.	Seek Board suggestions especially on bad check buy-backs, purchase of cash register or small safe.	6/15/94	(same)
Company meeting.	Management will relate & implement new procedure.	6/15/94	7/15/94

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- A. ESTIMATED COST: Minimal in-house expenses, but cash register: \$350, and small safe: \$100.
- B. OTHER RESOURCES: None.
- C. ESTIMATED SAVINGS: Approximately 1 hour/day/1 staff member in their trips to the bank could be saved by not buying back bad checks. Financial control and

3.

security measures could prevent possible theft of embezzlement.

- D. OTHER BENEFITS: Keeping funds secure and accounted for prevents any mistrust.

Neal S. Clevenger
FUNCTION HEAD OR OTHER APPROVING OFFICER

3-08-94
DATE

MANAGEMENT AUDIT OF
RAYTOWN WATER COMPANY

CASE NO. WO-93-194

AUDIT RECOMMENDATION IMPLEMENTATION PLAN

Project Name: Time Records

Function: OPERATIONS & MAINTENANCE

Department: Office/Management

Person Responsible for Implementation: Neal S. Clevenger/
Judy Beatie

Title: President/General Manager & Accounting Supervisor

Audit Reference Chapter: IV Page: 53

Project No.: 34 Project Priority: High

I. MSD STAFF RECOMMENDATION: Develop and implement a time reporting sheet to be completed by all office and management personnel.

A. Estimated Cost: Minimal

B. Estimated Benefits: Ensure proper allocating of time to specific project or category. Allows more timely senior management review and follow-up.

C. Estimated Date of Completion: May 15, 1994

II. DESCRIPTION OF IMPLEMENTATION PLAN: Management will meet with office personnel to conduct a work session on the proposed time reporting for the Company. In addition, an in house study will be made on the system of accounts to determine the appropriate account number applicable for each department along with a brief description, which will be made a part of time reporting sheets. Company officials using accumulated information will develop a format and formalize the new time recording procedure. The Board of Directors will be made aware of the new time record keeping. The Company's policy manual will be revised to reflect the time recording requirement for office and management personnel. Follow up employee meetings will be held to explain the Company's new policy.

III. COMPANY'S WORK PLAN AND SCHEDULE:

<u>Phase</u>	<u>Task</u>	<u>Start Date</u>	<u>Complete Date</u>
Management/ Office Employee meetings	The office and management personnel will meet in a work session for ideas & suggestions to be in the Company's pro- posed time keeping procedures.	02/01/94	02/28/94
Study/System of Accounts	Management will conduct a study of the system of ac- counts. Appropriate account numbers will be selected with a brief description of each. The Company will use the revised descriptions from management audit #35 in assisting in the identification of account numbers for both the office and management personnel.	03/01/94	03/31/94
Formalize Time Recording Mechanism	Senior management will develop the new Company time recording policy and put the time activity sheets in final form.	04/01/94	04/15/94
Board Meeting (regularly scheduled)	Company's new time keeping policy will be brought to the attention of the Board of Directors. The directors may use the time record keeping sheets to assist them in their review of managements performance.	04/15/94	same
Policy Manual Update	Office personnel will make the new time record mechanism a part of the Company policy manual.	04/15/94	04/30/94

Follow up
Employee
Meeting

Senior management 05/01/94 05/31/94
will explain the time
sheets & policy to all
employees including
management. Employees
will be made aware of
the purpose of time
keeping, covering areas
such as employee ac-
countability in planning
ones work load etc.

- A. Estimated Cost: Minimal - In house project. The Company would incur some cost for printing time sheets at approximately \$85.00.
- B. Other Resources: None
- C. Estimated Savings: The Company should realize a more efficient and productive work force. Daily time sheets would also provide a means whereby personnel can indicate any significant activities for non-regulated business so proper reimbursement to the Company can be ascertained.
- D. Other Benefits: By addressing the system of accounts, all completed jobs will be matched with the appropriate account number. Tracking of an employees daily work load would show management if the employee is using his or her time to good advantage. Furthermore, it would support areas where an employee may need more training. It should encourage an employee to be more accountable for his or her utilization of time. Time sheets would serve as a documentation of employee work activities as a tool for senior management as well as review by the Board of Directors or external auditors.

Neal S. Clewinger
Function Head or Other Approving Officer

1-25-94
Date

MANAGEMENT AUDIT OF
RAYTOWN WATER COMPANY

CASE NO. WO-93-194

AUDIT RECOMMENDATION IMPLEMENTATION PLAN

Project Name: Position Descriptions
Function: OPERATIONS & MAINTENANCE
Department: Management
Person Responsible for Implementation: Neal Clevenger
Title: President/General Manger
Audit Reference Chapter: IV Page: 53
Project No.: 35 Project Priority: Minimal

I. MSD STAFF RECOMMENDATION: Distribute position descriptions to appropriate personnel.

- A. Estimated Cost: Minimal
B. Estimated Benefits: Assist in employee understanding of job expectations.
C. Estimated Date of Completion: April 30, 1993

II. DESCRIPTION OF IMPLEMENTATION PLAN: Senior management will review all job descriptions and note corrections. "Individual" meetings will be conducted with each employee for any additions/deletions as needed. Office staff will re-type all the revised job descriptions and make copies available to each employee for their review. Follow up separate department employee meetings will be conducted to make all employees aware of each others position descriptions and job responsibilities. The Company will conclude with a meeting of all employees to relate that since job descriptions have clarified their position and responsibilities, senior management will use these objectives to develop employee appraisals.

III. COMPANY'S WORK PLAN AND SCHEDULE:

<u>Phase</u>	<u>Task</u>	<u>Start Date</u>	<u>Complete Date</u>
Job Description Review	Senior management will carefully review each job description and note possible changes.	01/01/94	02/15/94
Individual Employee Meetings	Senior management will conduct in depth individual meetings to obtain their input into final draft.	02/15/94	04/30/94
Typing/Copying	Office staff will re-type/copy all revised descriptions and make available to each employee.	05/01/94	05/31/94
Department Employee Meetings	Senior management will conduct separate employee meetings with each of its three depts: office, field and management. Emphasis will be placed on making all employees aware of each others position descriptions, job responsibilities and accountability for work performance.	06/15/94	06/30/94
Full staff Employee Meetings	Senior management will conclude with a full personnel meeting to discuss employee accountability and work performance and how it will be a tool in their evaluation appraisals.	7/01/94	7/31/94

- A. Estimated Cost: Minimal - In house project
- B. Other Resources: None
- C. Estimated Savings: 1) Well informed employees will be more productive. 2) Scheduling work requirements should prove to be more effective.
- D. Other Benefits: Employees will have a goal if informed that performance and responsibility within their job description may be the basis for a raise consideration.

Neal S. Clevenger
Function Head or Other Approving Officer

12/30/93
Date

MANAGEMENT AUDIT OF
RAYTOWN WATER COMPANY

CASE NO. WO-93-194

AUDIT RECOMMENDATION IMPLEMENTATION PLAN

Project Name: Performance Appraisals

Function: OPERATIONS AND MAINTENANCE

Department: Management/Foreman

Person Responsible for Implementation: Neal Clevenger and
Mel Acock

Title: President/General Manager and Foreman

Audit Reference Chapter: IV Page: 54

Project No.: 36 Project Priority: Medium

I. MSD STAFF RECOMMENDATION: Develop performance appraisal forms that provide realistic performance objectives for each employee and perform annual employee appraisals.

- A. Estimated Cost: Minimal
- B. Estimated Benefits: Involve employee in the
appraisal process documented justification for
salary increases.
- C. Estimated Date of Completion: _____

II. DESCRIPTION OF IMPLEMENTATION PLAN: Company officials
will acquire data from other utilities to assist them
in developing appraisal procedures. In addition to
this research, employer meetings will be conducted
giving all the personnel the opportunity to provide
their input and suggestions. Senior management will
then review the data retrieved from the other
utilities and the input from the employees and will
develop a company form and policy. It will then be
presented to the Board to make them familiar with the
new procedure. Management will formally change the
Company personnel manual to include the new appraisal
procedures. Follow up employee meetings will be
conducted by management to discuss new performance
appraisals in depth.

III. COMPANY'S WORK PLAN AND SCHEDULE:

<u>Phase</u>	<u>Task</u>	<u>Start Date</u>	<u>Complete Date</u>
Data Collection	Obtain appraisal policy and forms from other utilities and reveiw.	02/15/94	03/15/94
Employee Meeting	Have employee meeting with all three departments (office, field and management) to obtain their ideas and suggestions in regards to appraisal procedure.	03/15/94	04/15/94
Formalize appraisal proposal	<p>Senior management will formalize a new form and Company policy, including the following sections:</p> <ol style="list-style-type: none"> 1. Identify key work activities which will correlate to each employees job description. 2. Establish a quantitative measurement criteria for evaluations. 3. Develop performance objectives. 4. Accountability on each employee's work assignments, including a past performance review. 5. Establish incentives which include promotions and merit raises. 6. Evaluation of employees public relations practices. 7. Field employees awareness of public emergency assistance. 	04/15/94	05/31/94

<u>Phase</u>	<u>Task</u>	<u>Start Date</u>	<u>Complete Date</u>
Appraisal Process	Revise Company policy manual to reflect the addition.	06/01/94	06/15/94
Board Meeting (Regularly Scheduled)	Present procedure to Board as an agenda item to advise them of the new policy. Inquire if the Board would want to participate in the appraisal process in some way.	06/15/94	06/30/94
Job Description	An appraisal process section will be included in each job description.	06/15/94	06/30/94
Employee/ Meeting	Follow up employee meetings will be conducted with each employee to relate expectations of position and provide them meaningful and realistic objectives.	07/01/94	07/31/94

- A. Estimated Costs: In house project. The Company would incur a cost of approximately \$85 for printing of the appraisal forms.
- B. Other Resources: The appraisal sampling data retrieved from other utilities will be at no charge to the Company.
- C. Estimated Savings: Personnel appraisals can show if an employee needs further training; therefore, minimizing inefficiencies. Employees will work to their fullest potential if they know they have a possibility of an increase in compensation or a promotion.
- D. Other Benefits: Each employee will become more of a team player if she or he knows there is a standard appraisal process. Moreover, an employee will have more consideration for the Company's goals and plans. The appraisal process will be established and the procedure will be fair to all employees.

Neal S. Connerger
Function Head or Other Approving Officer

1/31/94
Date

MANAGEMENT AUDIT OF
HAYTOWN WATER COMPANY

CASE NO. WO-93-194

AUDIT RECOMMENDATION IMPLEMENTATION PLAN

Project Name: Work Standards

Function: Operations and Maintenance

Department: Field

Person Responsible for Implementation: Melvin Acock and
Neal Clevenger

Title: President/General Manager & Foreman

Audit Reference Chapter: IV Page: 56-57

Project No.: 37 & 38 Project Priority: High

I. MSD STAFF RECOMMENDATION: Develop standards for rou-
tine tasks and use them to more accurately plan, or-
ganize, direct and control maintenance and construct-
ion activities. Communicate work standards to all
field employees and solicit employee input into their
development.

A. Estimated Cost: \$1000.00, Minimal

B. Estimated Benefits: Guide employee development in
areas where above average time is needed to com-
plete projects. Employee involvement in standards
development may elicit greater employee acceptance

C. Estimated Date of Completion: November 15, 1994

II. DESCRIPTION OF IMPLEMENTATION PLAN: Since Project #
38 is intrinsic to the task performance of Project #
37, both are treated together in this response.
Management realizes that reasonable achievement
standards are goals of performance that could improve
field work and develop the competence of its
personnel; hence, as competence develops, new stand-
ards could be set for the Company's and employee's
greater profit.

III. COMPANY'S WORK PLAN AND SCHEDULE:

<u>Phase</u>	<u>Task</u>	<u>Start Date</u>	<u>Complete Date</u>
Information Search	Foreman will ask other utilities for their work standards of routine field jobs.	06/01/94	06/15/94
Company Meetings	Field personnel will meet to list routine jobs that could be done within a consistent time frame. Among such jobs are the following: a. Main taps b. Meter sets c. Fire hydrant flushing and flow tests. d. Meter tests e. Truck/equipment maintenance f. Line locations g. Valve exercising h. Turn ons & turn offs i. Roving water samples j. Reading of master meters k. Tower & valve inspections. Also, the number of personnel needed to do each task should be cited.	06/15/94	07/01/94
List/Development	Foreman will prepare a complete list for time study.	07/01/94	07/15/94
Time Study	Foreman & field employees will perform a time study on each routine task to arrive at an acceptable standard.	07/15/94	09/15/94
Formalized Standards	Foreman will write up the routine standards using results from the field personnel study.	09/15/94	10/15/94

Company Meeting	Finalized work standards will be presented to field personnel.	10/15/94	11/15/94
Standards Activated	Foreman and Senior Management will begin to use standards in planning & scheduling of the field work.	11/15/94	ongoing

- A. ESTIMATED COT: Minimal, in house cost
- B. OTHER RESOURCES: No charges for calling other utilities for information sampling.
- C. ESTIMATED SAVINGS: Established routine standards may give increased productivity by reason of incentives to an employee to meet or surpass them so as to do well in the annual appraisal review (See Project #36: Performance Appraisal Process). Each day can be more accurately planned to fully utilize available man hours.
- D. OTHER BENEFITS: The Foreman can expect routine tasks to be done in the scheduled time frame and have a basis to judge performance of field personnel. His assignment of a reasonable time for each job can also prevent his overworking field personnel. Personnel may feel more confident in that they have earned their pay by meeting or surpassing the standards. In addition, field personnel's involvement in setting the standards may enhance their acceptance of them.

Neal S. Clewinger
 FUNCTION HEAD OR OTHER APPROVING OFFICE

3-10-94
 DATE

MANAGEMENT AUDIT OF
RAYTOWN WATER COMPANY

CASE NO. WO-93-194

AUDIT RECOMMENDATION IMPLEMENTATION PLAN

Project Name: Field Payment Collections For Turn-offs.

Function: Operations and Maintenance.

Department: Office and Field.

Person Responsible For Implementation: Mark Clevenger

Title: Office Manager.

Audit Reference Chapter: IV Page: 57-58

Project NO.: 39 Project Priority: Medium.

I. MSD STAFF RECOMMENDATION: Consider authorizing field personnel to take payments from customers in the field when service is about to be turned off.

A. Estimated Cost: Minimal

B. Estimated Benefits: Reduce duplicative trips to subsequently reconnect customers.

C. Estimated Date of Completion: September 30, 1994

II. DESCRIPTION OF IMPLEMENTATION PLAN: Management understands that water is essential for customer health and cleanliness and so wishes to keep their water service uninterrupted for as long as possible, or turned back on in a timely manner. Field collection of late payments to prevent a turn-off would support the attainment of this standard. Charging the customer a collection fee at the same time would be an incentive for prompter payments as well as offset the expense of the field trip. Should field collections with fee be judged desirable by the Company, management realizes a study should be made of the field collection cost so assessment of collection charges can be ascertained for MPSC's approval.

III. COMPANY'S WORK PLAN AND SCHEDULE:

<u>Phase</u>	<u>Task</u>	<u>Start Date</u>	<u>Complete Date</u>
Collection Policy	Management will check other water utilities about Field collection policies on turn-off trips including the fees for collecting payments. Also a bonding company will be contacted to see if there are requirements for field personnel who collect payments at the door.	04/01/94	05/01/94
Review Rules & Regulations	Management will re-view MPSC & DNR rules regarding water turn-offs, etc.	05/01/94	06/01/94
Field/Office Company Meeting	Management will present above information & the following to field and office staff for their ideas and suggestions: 1. How collections would be recorded by driver. 2. Payment Form: Cash versus check, or both. 3. To whom the collections would be given in the office. 4. Whether all delinquent payers or only those with reasonable cause for delinquency, e.g., handicapped elderly, etc. should have option of field collection. 5. Pros and Cons of adding a collection fee at the door. 6. The effect of field collections on public relations.	06/01/94	07/01/94

<u>Phase</u>	<u>Task</u>	<u>Start Date</u>	<u>Complete Date</u>
First Draft	From the sample policies and employee input, management will develop a proposal for Board review & approval.	07/0/94	08/15/94
Board Meeting (regularly scheduled)	Since tariff rules are affected, Board needs to vote on changes.	08/15/94	Same
Final approval and inclusion	After MPSC approval, management will insert new policy into Company Rules and Regulations.	08/15/94	09/15/94
Company Meeting (All Depts.)	Management will relay new policy to all employees.	09/15/94	09/30/94

A. ESTIMATED COST: Minimum, in-house expense.

B. OTHER RESOURCES: No cost for consulting other water utilities, DNR, MPSC and bonding company.

C. ESTIMATED SAVINGS: Cash flow may improve. "A bird in the hand is better than two in the bush!" Reducing turn-off trips reduces vehicle expense and frees up drivers time. Less actual turn-offs may prevent turn on's from dragging over into the evening, saving the Company overtime expenses.

D. OTHER BENEFITS: The Company's public relations may be improved even with a field collection fee, because the customer would have another chance to enjoy uninterrupted water service and be spared a trip to the Company. Such a collection policy would demonstrate that the Company is considerate and cares for the well-being of its customers.

Neal S. Clewinger
FUNCTION HEAD OR OTHER APPROVING OFFICER

2/25/94
DATE

MANAGEMENT AUDIT OF
RAYTOWN WATER COMPANY

CASE NO. WO-93-194

AUDIT RECOMMENDATION IMPLEMENTATION PLAN

Project Name: Safety Training

Function: OPERATIONS & MAINTENANCE

Department: Management - Field

Person Responsible for Implementation: Neal S. Clevenger

Title: President/General Manager

Audit Reference Chapter: IV Page: 58-59

Project NO.: 40 Project Priority: High

I. MSD STAFF RECOMMENDATION: Place greater emphasis on safety issues, including formalizing safety training for all field personnel.

A. Estimated Cost: \$2,000

B. Estimated Benefits: Safety issues should be top priority.

C. Estimated Date of Completion: June 15, 1994

II. DESCRIPTION OF IMPLEMENTATION PLAN: Management will contact the Central Missouri State University to schedule a safety audit of the Company. Senior management & field personnel will provide assistance to their auditors to make them aware of all facets of the Company's operation. CMSU's final draft will be distributed to personnel for their review. Employee meetings will be conducted where changes or additions will be discussed. Through the assistance provided by CMSU and employees, Senior management will develop an ongoing Company safety training policy. In addition, the Company will develop an equipment/truck safety program whereby unsafe conditions are logged by our foreman and repaired in a timely manner. Corresponding job descriptions will be added where applicable. If significant cost is incurred the Company may seek an adjustment of known and measured expenses at upcoming rate case.

III. COMPANY'S WORK PLAN AND SCHEDULE

<u>Phase</u>	<u>Task</u>	<u>Start Date</u>	<u>Complete Date</u>
CMSU Safety Audit	Senior management will contact CMSU to perform a safety audit of the Company. We will also seek their assistance on a formalized safety training format, including videos and personnel attendance to Osha and other related seminars.	01/15/94	3/15/94
Field Employee Meetings	Senior management will conduct follow up employee meetings to discuss the draft and make any additions or changes as needed.	03/15/94	03/31/94
Final Company Safety/Training Policy	Senior management will compile formal- ized safety/training policy.	04/01/94	05/31/94
Equipment/Truck Safety Program	Senior management will also establish an ongoing truck/ equipment safety analysis. Foreman will supervise an in depth inventory of each company truck and mobile equipment, logging any unsafe conditions, especially on small dump truck. The repairs will be made as funds are available and safety allows. This program will be run parallel with our maintenance computer program.	04/01/94	05/31/94

<u>Phase</u>	<u>Task</u>	<u>Start Date</u>	<u>Complete Date</u>
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Job Description Addition	General Manager and Foreman will have the duties of maintaining a truck and equipment safety program added to their job descriptions.	06/06/94	06/15/94
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- A. Estimated Cost: Combination TV/VCR in house training
1) TV/VCR Training \$485
2) VCR Tapes (10) \$300
Equipment/Truck Safety program; Company officials conducting their evaluation of existing unsafe conditions could generate a significant cost to the Company, especially when replacement of the small dump truck is under consideration.
- B. Other Resources: The professional experience of CMSU in conducting a safety audit for our Company will be at no charge. When evaluating costs on Company's proposed equipment/trucks safety analysis, repair garages & dealerships estimates would be no charge.
- C. Estimated Savings: Employees working in a safe environment could result in significant savings to the Company. Injuries cause loss of work, workmen's compensation claims and therefore higher insurance premiums. Accidents resulting in injuries to others due to faulty Company equipment/trucks will result in deductibles to be paid, perhaps settlements and may result in a higher liability insurance premium. Finally, breakdowns cause work slow down which could result in more overtime cost to the Company.
- D. Other Benefits: Trucks in good repair results in aiding personnel in arriving safely and on time to a job site and could result in less down time for the customer. Equipment in good working order will allow repairs to be made in a more productive manner.

Neal S. Cleaver
 Function Head or Other Approving Officer

1-11-94
 Date

MANAGEMENT AUDIT OF
RAYTOWN WATER COMPANY

CASE NO. WO-93-194

AUDIT RECOMMENDATION IMPLEMENTATION PLAN

Project Name: Vehicle and Equipment Logs

Function: Operations and Maintenance

Department: Field

Person Responsible for Implementation: Melvin Acock

Title: Foreman

Audit Reference Chapter: IV Page: 59

Project No: 41 Project Priority: High

I. MSD STAFF RECOMMENDATION: Ensure that vehicle and equipment logs are completed on a timely basis by all personnel, and that usage is regularly monitored to determine that resources are being appropriately utilized.

A. Estimate Cost: Minimal

B. Estimated Benefits: Ensure vehicle and equipment condition is being maintained and serviced on a timely basis, and that it is used as originally intended.

II. DESCRIPTION OF IMPLEMENTATION PLAN: Insofar as field workers have understood the rationale behind their logging personal usage of vehicles and equipment, they have accurately accomplished this task since the MPSC Report and Order from the last rate case. Logging all Company usage is presenting difficulties which need discussion and solutions, perhaps through other options. The following tasks are attempts to work through the difficulties to a reasonable logging policy.

III. COMPANY'S WORK PLAN AND SCHEDULE:

<u>Phase</u>	<u>Task</u>	<u>Start Date</u>	<u>Complete Date</u>
Company Meeting	Management will meet with field personnel for their suggestions and ideas on the following options:	04/15/94	05/15/94

Phase

Task

Start
Date

Complete
Date

- 1) More spacious and secured log books.
- 2) Logging Options:
 - a. Log only personal non-company related usage. Reasons:
This seems to be main reason for MSD recommendation as Company already has a working computerized truck & equipment maintenance program, which provides the timing of all maintenance and service of filters, lubes etc. Workers have accurately logged all personal usage since Report & Order of last rate case.
 - b. Log in at beginning and log out at end of day for Company usage. Reasons: Logging for each trip throughout the day has been found to be very time consuming for drivers and operators. Workers understand MSD recommendations to refer to personal usage, which they log accurately, but they are careless in logging Company usage. Foreman needs 1/2 day to separate personal from Company usage each month for personal use reimbursement billing preparation.
 - c. Log both personal & Company usage. Reasons:
This procedure is now in practice , but logs of Company usage are poorly kept because workers see no need for them. Management will investigate to see how logged Company usage can be a "control tool". Results will be weighed against worker frustration & inefficiency.

<u>Phase</u>	<u>Task</u>	<u>Start Date</u>	<u>Complete Date</u>
Conference Call/MSD	Foreman & Manager will relate discussion outcome and conclusions to MSD staff.	05/30/94	06/15/94
Policy Formulation	Management will prepare a MSD approved policy for Board review.	05/30/94	06/15/94
Board Meeting (regularly scheduled)	Board may wish to respond to MSD recommendations.,	06/15/94	same
Field Employee Meeting	Management will announce new policy with its rationale to field personnel.	06/15/94	07/01/94

- A. ESTIMATED COST: \$100 for larger log books.
- B. OTHER RESOURCES: Minimal cost for conference call with MSD staff.
- C. ESTIMATED SAVINGS: Logging personal usage assures correct record for Company reimbursement. Company may find a means to cross reference to the computerized vehicle and equipment maintenance program.
- D. OTHER BENEFITS: Logging personal usage eliminates the possibility of cross-subsidizing and promotes the trust of customers and MPSC.

Neal S. Chappell
 FUNCTION HEAD OR OTHER APPROVING OFFICER

5/31/94
 DATE

MANAGEMENT AUDIT OF
RAYTOWN WATER COMPANY

CASE NO. WO-93-194

AUDIT RECOMMENDATION IMPLEMENTATION PLAN

Project Name: Vehicle Replacement
Function: Operations and Maintenance
Department: Management and Field
Person Responsible For Implementation: Neal S. Clevenger and Mel Acock
Title: President/General Manager and Foreman
Audit Reference Chapter: IV Page: 59-60
Project NO.: 42 Project Priority: Medium

- I. MSD STAFF RECOMMENDATION: Develop and implement a formal vehicle replacement policy that includes elements such as vehicle purchasing justification, procedures for competitively bidding vehicles and vehicle specifications.

- A. Estimated cost: Minimal
B. Estimated Benefits: Ensure all needs of a vehicle are incorporated into the purchasing decision.
C. Estimated Date of Completion: 6/30/94

- II. DESCRIPTION OF IMPLEMENTATION PLAN: The vehicle replacement recommendation is in reality a particular application of management audit projects #6, #7 and #13, namely competitive bidding procedures, needs analysis, and Board approval for major equipment purchases. Insofar as the fleet of trucks is a large and regularly periodic purchase, special emphasis is placed on the application of the three named projects, although they are not yet implemented. Some of the criteria for a fleet purchase is proposed in the WORK PLAN to stimulate discussion in formulating a specific fleet purchasing policy. The Company already has in its computer a fleet history of costs, repair, maintenance, etc. to help in the next Fleet purchase.

<u>Phase</u>	<u>Task</u>	<u>Start Date</u>	<u>Complete Date</u>
Final Draft	Manager and Foreman will develop a vehicle replacement policy from the above information.	06/01/94	06/15/94
Board Meeting (regularly scheduled)	The Formulated policy will appear as an agenda item for comments by the Board.	06/15/94	Same
Follow-up Employee Meeting	Field and office personnel will be made aware of the new policy.	06/15/94	06/30/94

- A. ESTIMATED COST: Minimal - in-house project.
- B. OTHER RESOURCES: There would be no charge for sampling of other business/utility companies' policies. Also, fleet purchasing information from dealers would be at no charge. Cost of needs analysis forms have been accounted for in project #7.
- C. ESTIMATED SAVINGS: Undersized, oversized, worn-out, etc. trucks run up both equipment and labor costs which foresightful buying could eliminate.
- D. OTHER BENEFITS: The customers as well as the Company will benefit from the dependable and orderly operation of vehicles properly selected.

Neal S. Clevenger
Function Head or Other Approving Officer

2/04/94
Date

MANAGEMENT AUDIT OF
RAYTOWN WATER COMPANY

CASE NO. WO-93-194

AUDIT RECOMMENDATION IMPLEMENTATION PLAN

Project Name: Vehicle Replacement

Function: Operations and Maintenance

Department: Management and Field

Person Responsible for Implementation: Neal S. Clevenger and
Mel Acock

Title: President/General Manager and Foreman

Audit Reference Chapter: IV Page: 59-60

Project NO.: 42 Project Priority: Medium

- I. MSD STAFF RECOMMENDATION: Develop and implement a formal vehicle replacement policy that includes elements such as vehicle purchasing justification, procedures for competitively bidding vehicles and vehicle specifications.

A. Estimated cost: Minimal

B. Estimated Benefits: Ensure all needs of a vehicle
are incorporated into the purchasing decision.

C. Estimated Date of Completion: 6/30/94

- II. DESCRIPTION OF IMPLEMENTATION PLAN: The vehicle replacement recommendation is in reality a particular application of management audit projects #6, #7 and #13, namely competitive bidding procedures, needs analysis, and Board approval for major equipment purchases. Insofar as the fleet of trucks is a large and regularly periodic purchase, special emphasis is placed on the application of the three named projects, although they are not yet implemented. Some of the criteria for a fleet purchase is proposed in the WORK PLAN to stimulate discussion in formulating a specific fleet purchasing policy. The Company already has in its computer a fleet history of costs, repair, maintenance, etc. to help in the next fleet purchase.

III. COMPANY'S WORK PLAN AND SCHEDULE:

<u>Phase</u>	<u>Task</u>	<u>Start Date</u>	<u>Complete Date</u>
Policy/Data Collection	Manager & Foreman will contact other businesses & utilities for their fleet purchasing policies and the discounts offered.	03/01/94	04/01/94
Dealer/Fleet Sales	Manager & Foreman will check to see if dealers themselves have special fleet selling policies & the discounts offered.	04/01/94	05/01/94
Field Employees Meeting	<p>Manager & Foreman will present the Fleet policies of other businesses and dealers, along with the following criteria to the field personnel for comments and suggestions.</p> <p>a. <u>Time interval for Fleet trade-in and purchase.</u></p> <ol style="list-style-type: none"> 1. Model, mileage, year purchased. 2. MPSC depreciation schedule. 3. Maintenance/repair assessment. 4. Money budgeted for fleet purchasing. 5. Warranties. <p>b. <u>Specifications & competitive bidding.</u></p> <ol style="list-style-type: none"> 1. 4-wheel vs 2-wheel drive. 2. Automatic vs standard transmission. 3. Full size vs small truck. 4. Accessories. 5. Preparing spec. sheet to solicit bids by mail outs. 	05/01/94	06/01/94

<u>Phase</u>	<u>Task</u>	<u>Start Date</u>	<u>Complete Date</u>
Final Draft	Manager and Foreman will develop a vehicle replacement policy from the above information.	06/01/94	06/15/94
Board Meeting (regularly scheduled)	The Formulated policy will appear as an agenda item for comments by the Board.	06/15/94	Same
Follow-up Employee Meeting	Field and office personnel will be made aware of the new policy.	06/15/94	06/30/94

- A. ESTIMATED COST: Minimal - in-house project.
- B. OTHER RESOURCES: There would be no charge for sampling of other business/utility companies' policies. Also, Fleet purchasing information from dealers would be at no charge. Cost of needs analysis forms have been accounted for in project #7.
- C. ESTIMATED SAVINGS: Undersized, oversized, worn-out, etc. trucks run up both equipment and labor costs which foresightful buying could eliminate.
- D. OTHER BENEFITS: The customers as well as the Company will benefit from the dependable and orderly operation of vehicles properly selected.

Neil S. Clevenger
Function Head or Other Approving Officer

2/6/94
Date

MANAGEMENT AUDIT OF
RAYTOWN WATER COMPANY

CASE NO. WO-93-194

AUDIT RECOMMENDATION IMPLEMENTATION PLAN

Project Name: Two-way Radio Evaluation
Function: OPERATIONS & MAINTENANCE
Department: Field
Person Responsible for Implementation: Neal S. Clevenger
Title: President/General Manager
Audit Reference Chapter: IV Page: 60
Project No: 43 Project Priority: High

I. MSD RECOMMENDATION: Evaluate the cost/benefits of installing two-way radios in all vehicles.

A. Estimated Cost: \$2,000

B. Estimated Benefits: Improved field communications, eliminate downtime considerably, obtain current status of all employees away from office.

C. Estimated Date of Completion: June 30, 1994

II. DESCRIPTION OF IMPLEMENTATION PLAN: A study will be conducted to ascertain the scope and establish the extent of our two-way radio needs. An evaluation will also be conducted by the Foreman to determine the "working performance" of each of our existing two-way radios. An itemized master list will be compiled to be bid out to three electronics supply companies. The best bid will be selected and given, along with the Company's financial status, to the Board of Directors for their review and direction. An on going two-way radio inspection report and log will be maintained to assure all radios are kept in good working order. If the expense of Company's two-way radios is significant, it may look for an adjustment in the pending rate case.

III. COMPANY'S WORK PLAN & SCHEDULE

<u>Phase</u>	<u>Task</u>	<u>Start Date</u>	<u>Complete Date</u>
Two-way Radio Study	Senior Management will oversee a study to be conducted by the foremen to evaluate the extent of Company vehicle/ equipment need radios.	01/15/94	02/15/94
Employee Meeting/Radio Analysis	Employee input will be sought to finalize the radio report, in particular the discussions will center on the extent that two-way radios are needed in all trucks and the tractor. The Company also has a small dump, large dump and a back hoe.	02/15/94	02/28/94
Evaluation Report/Existing Radios	Foreman will conduct a survey on each of our existing two-way radios' performance. This will include receiving/sending, microphone/cord, proper mounting & antennae.	03/15/94	04/15/94
Bid Pack Preparation	Foreman will compile an itemized two-way radio bid list and have it and the other report & survey typed up by office staff.	03/15/94	04/15/94
Solicit Bids	Bids will be secured from three electronic radio supply companies. An "apples to apples" approach will be maintained to spec out manufacturers of same or similar equipment.	04/15/94	05/31/94

<u>Phase</u>	<u>Task</u>	<u>Start Date</u>	<u>Complete Date</u>
Financial Review	Senior management will review the Company's cash flow status and make every effort to purchase the needed two-way radio package.	06/01/94	06/15/94
Board Meeting (regularly scheduled)	Senior management will mail the two-way radio package, i.e. reports, surveys, & bids to Board members ten days prior to meeting for their review. Management will provide the Board with its Company cash flow status & its recommendations. Approval will result in a prompt purchase.	06/16	Same
Job Description Addition	The maintenance of the Company's ongoing two-way radio inspection log will be made a part of the Foreman's written job description.	06/15/94	06/30/94
Known/ Measurable Expense	Company anticipates the costs could prove to be significant and therefore will provide receipts to MPSC staff for an adjustment.	As Soon As Available	

- A. Estimated Cost: Possible three two-way radio repairs - \$ 900, Possible three new two-way radios to install - \$2550 with a total cost of \$3450.
- B. Other Resources: Company will seek quality and performance guidance from 3 bidding companies at no charge.
- C. Estimated Savings: Communication with office and field personnel will certainly allow one to be more productive. Trips back to the office or locating other personnel in the field impairs efficiency. Quick communication for assignments and questions will allow more work to be completed possibly lessening overtime.

D. Other Benefits: Proper communication by radio will
result in more time spent on the job site. More
production lets employees finish up their work in a
more timely manner, which will result in less down time
when restoring customer service. Quick two-way
communication will also allow personnel to be more
prompt in response to water breaks and trouble calls.
In addition, a public service is provided whereby
personnel can call in for 911 assistance for motorist
accidents, medical emergencies, fires etc. observed in
the field.

Neal Clewinger
Function Head or Other Approving Officer

1-06-94
Date

MANAGEMENT AUDIT OF
RAYTOWN WATER COMPANY

CASE NO. WO-93-194

AUDIT RECOMMENDATION IMPLEMENTATION PLAN

Project Name: Field Hand Tools/Small Equipment
Function: OPERATIONS & MAINTENANCE
Department: Field
Person Responsible for Implementation: Neal S. Clevenger
Title: President/General Manager
Audit Reference Chapter: IV Page: 61
Project No.: 44 Project Priority: High

I. MSD STAFF RECOMMENDATION: Provide field personnel with necessary hand tools and equipment to effectively perform their work.

A. Estimated Cost: \$1,500

B. Estimated Benefits: Reduce unnecessary trips to meter shop for locating tools, ensure more timely completion of projects.

C. Estimated Date of Completion: July 31, 1994

II. DESCRIPTION OF IMPLEMENTATION PLAN: A study will be conducted to determine the primary use of each of the Company's trucks. A list of appropriate hand tools/small equipment that should be with each of the trucks will be compiled. Portable water pump needs will also be assessed. Employee meetings will be held to solicit their suggestions. A final report will be distributed to each field employee. A complete inventory of present tools/equipment on hand will be ascertained. An itemized master list will be compiled to be bid out to three contractor supply companies. The best bid will be selected and given, along with financial information, to the Board of Directors for their review and direction. A follow up field employee meeting will be held to explain the new tool policy to each employee. An ongoing weekly inspection of tools on each truck will be maintained, noting shortages, broken and lost tools. The foreman will use this as a guide for tool/equipment replacement needs. The Company will look for an adjustment in the pending rate case.

III. COMPANY'S WORK PLAN AND SCHEDULE:

<u>Phase</u>	<u>Task</u>	<u>Start Date</u>	<u>Complete Date</u>
Truck Use/ Study	Senior management will oversee a study conducted by our foreman to ascertain the primary use for each vehicle and the hand tools/small equipment needed to accomplish that use.	01/15/94	3/15/94
Field/Employee Meetings	Employee input will be sought to finalize the truck use/tool report. The agenda will also include a thorough review of our portable water pump needs.	03/01/94	03/31/94
Office/Typing	The report will be typed up and made available to all field personnel.	04/01/94	04/15/94
Tool/Equipment Inventory	Our foreman will oversee an inventory of present hand tools and small equipment.	04/15/94	05/15/94
Bid List/ Preparations	Foreman will compile an itemized master small tool/equipment list of items needed and have typed up by office staff.	05/15/94	05/31/94
Solicit Bids	Bids will be sought from area contractor supply companies. Trips may be required for hands on inspection of tools/equipment for evaluating lowest bid.	06/01/94	06/15/94

<u>Phase</u>	<u>Task</u>	<u>Start Date</u>	<u>Complete Date</u>
Financial Review	Senior Management will review the Company's cash flow to make every effort to purchase the small tool/equipment package.	06/01/94	06/15/94
Board Meeting (regularly scheduled)	Senior management will mail the tool/equipment package to Board members ten days prior to meeting for their review. Senior management will provide the Board members with Company financial condition & its recommendations. Approval will result in a prompt purchase turn around.	06/15/94	Same
Job Description Addition	The Company's truck inventory record keeping will contain a spread sheet for weekly verification, etc. The foreman's job description will be extended to include the additional function.	06/15/94	07/15/94
Follow up field/ employee meeting	An employee meeting will be called to explain the new truck hand tool/small equipment weekly verification policy.	07/01/94	07/31/94
Known and Measurable Expense	Provide receipts to MPSC staff for adjustment.	As soon as available	

A. Estimated Cost: Small hand tools/equipment - \$2,500.
(2) 2" portable pumps - \$1,700. Approval of expenses
will be taken up at regularly scheduled board meetings
so no additional directors fees will be incurred.

B. Other Resources: None

C. Estimated Savings: Employees with appropriate tools
on the job will certainly allow one to be more produc-
tive. Return trips to the office or locating another
truck for necessary tools out in the field impairs
one's efficiency. Quick purchases of tools at local
retail hardware stores costs more than the less
accessible wholesalers. In addition, inefficient pumps
on water breaks causes delays which could result in
overtime.

D. Other Benefits: Productive work on the job site lets
employees finish up the work in a more timely manner;
a P.R. plus for the Company when restoring customer's
water service. A properly equipped truck lends an air
of professionalism to employees allowing the work to
progress in an efficient manner.

Neal S. Cummings
Function Head or Other Approving Officer

1-04-93
Date

**MANAGEMENT AUDIT OF
RAYTOWN WATER COMPANY**

CASE NO. WO-93-194

AUDIT RECOMMENDATION IMPLEMENTATION PLAN

Project Name: Inventory and Equipment Requirements

Function: Operations and Maintenance

Department: Field

Person Responsible for Implementation: Neal S. Clevenger and
Mel Acock

Title: President/General Manager & Foreman

Audit Reference Chapter: IV Page: 61-62

Project No.: 45 Project Priority: Medium

- I. MSD STAFF RECOMMENDATION: Purchase the necessary inventory and equipment to complete valve exercising and meter testing programs.

A. Estimated Cost: \$22,400

B. Estimated Benefits: Complete required exercising and testing on a timely basis. Assists in the scheduling of work. Eliminates \$1,000 expense associated with 5 gallon drums of acid.

C. Estimated Date of Completion: June 15, 1994

- II. DESCRIPTION OF IMPLEMENTATION PLAN: The WORK PLAN AND SCHEDULE is divided into two segments: PART A (Power wrench) & PART B (Beadblaster & meter inventory). The power wrench offers many advantages in time and ease of operation of the Company's underground valves. The only concern is its major initial cost for a Company that is currently burdened with debt. The beadblaster proves its superiority to acid cleaning (1/4 the time), and the increased meter inventory will keep the meter testing program on schedule.

III. COMPANY'S WORK PLAN AND SCHEDULE:

-----PART A: POWER WRENCH-----

<u>Phase</u>	<u>Task</u>	<u>Start Date</u>	<u>Complete Date</u>
Contact Utility Companies	Find out strengths and weaknesses of different wrench types and brands now in use by other utilities.	03/01/94	03/15/94
Field/Factory Rep. Meetings	Representatives would demonstrate the merits of their wrenches. Field would decide on the basis of the following: 1. Type of power, (electric, hydraulic, air). 2. Portable vs affixed to truck. 3. Safety features. 4. Weight. 5. Horse power rating. 6. Cost. 7. Other specs. Field personnel wants.	03/15/94	04/01/94
Bidding	Foreman will compose a bid sheet with the desired specifications and send to three suppliers.	04/01/94	04/15/94
Selection	Management will review bids & choose the one best meeting specs.	04/15/94	05/01/94
Financial Review	Management will ex- plore possibilities of in-house funding, loans and direct financing through the supplier.	05/01/94	05/15/94

<u>Phase</u>	<u>Task</u>	<u>Start Date</u>	<u>Complete Date</u>
Board Meeting (regularly scheduled)	Through a ten day mail out, the Board will consider the needs analysis of wrench and decide whether to purchase.	05/15/94	same
Demonstration/ Safety Meeting	Because of danger in operating a power- ful wrench which can cause damage to self or valve, factory rep. of best bid will de- monstrate its safe use.	05/30/94	06/15/94
Rate Case Adjustment	Management would hope to include the major expense of the wrench in the pending rate case.	ASAP	

-----PART 8: BEADBLASTER & METER INVENTORY-----

Field/Factory Rep. Meeting	Factory reps will be met with to determine size, air compressor requirement and type of bead, etc. Company will use the same manufactured type of meter to be compatible with meter parts on hand.	01/01/94	01/15/94
Bidding and Selection	Beadblaster to be selected and meter inventory increased by 400, through best bid.	01/15/94	01/31/94
Board Meeting (postponed meeting)	The beadblaster will be an informational agenda item. Since the meter inventory is necessary for compliance with the MPSC Report and Order mandating meter testing, management will proceed with best bid.	03/02/94	same

Rate Case
Adjustment

Management will sub- ASAP
mit the cost of both
purchases for an ad-
justment in the pending
rate case.

Safety
Demonstration

This will be supplied 04/01/94 04/30/94
by the factory rep
for the beadblaster.

- A. ESTIMATED COST: The valve power wrench is estimated to cost \$7,500. The approximate cost of beadblaster is \$900. Approximate cost of meter inventory is \$14,400.
- B. OTHER RESOURCES: No cost for contacts with other utilities or for factory rep. demonstrations.
- C. ESTIMATED SAVINGS: A power wrench requires only one operator instead of two in manually working the older valves. The speed and dependability of the wrench could lower water loss of a main break. The prevention of serious back or muscle strains could prevent increased worker compensation rates and makes for better attendance for productive work rather than light make-do work because of an injury. The time saving wrench would also free personnel for other jobs.
- The beadblaster takes 1/4 the time of muratic acid & does a better job in cleaning meters. Worker's Comp. rates should not be increased because removal of acid from the cleaning process will prevent burns on eyes or skin. Meter repair would increase revenue as faulty meters run slower.
- D. OTHER BENEFITS: Prompt shut-offs/turn ons for main breaks would increase customer satisfaction. Company field personnel's increased safety shows Company's care for employees and raises morale. The wrench makes valve working a routine task that can be scheduled accurately into a timetable according to project #37.

The fast efficiency of the beadblaster enables the Company to keep up with its meter testing program. The environmental issue of acid disposal is eliminated. The inventory of new meters allows a worker to test, clean & repairs meters inside during inclement weather, so that he is free for outside work better done in warm weather.

Neal S. Schenker
Function Head or Other Approving Officer

2-16-94
Date

MANAGEMENT AUDIT OF
RAYTOWN WATER COMPANY

CASE NO. WO-93-194

AUDIT RECOMMENDATION IMPLEMENTATION PLAN

Project Name: PSC Inspection Reports

Function: OPERATION & MAINTENANCE

Department: Management

Person Responsible for Implementation: Neal S. Clevenger

Title: President/General Manager

Audit Reference Chapter: IV Page: 62-63

Project No.: 46 Project Priority: Medium

I. MSD STAFF RECOMMENDATION: Correct all deficiencies cited in the 1993 PSC Water Department inspection report.

A. Estimated Cost: \$5,000

B. Estimated Benefits: Correct several deficiencies that are unappealing to look at, as well as a physical hazard.

C. Estimated Date of Completion: February 28, 1994

II. DESCRIPTION OF IMPLEMENTATION PLAN: During our annual plant inspection by PSC, several deficiencies were noted at the Gregory & Chapel towers. Company personnel will replace the existing "rabbit wire" with insect screens on the tower overflow lines. A local electrician will be contacted and accompanied by Company officials to prepare a punch list for electrical repairs at both tower sites. Upon completion a follow up inspection will be conducted by management. In regards to the paint fading defects, the Company will prepare a bid pack with assistance of Tnemec, a paint manufacturer. The Company will contact three tower painting companies to obtain bids for an external re-coat of Gregory and a mini touch up on the lower part of legs at Chapel tower. We understand from our investigation into tower painting at the last rate case, the Gregory tower's external and faded coating is nearing a condition where painting alone won't be applicable and sandblasting will be required near tripling ones cost.

A Company cash flow analysis will be made along with the three bids and sent for Board review ten days prior to the next meeting. Board approval will result in the contract let and painting to proceed. A formal semi-annual inspection report will be developed and maintained on all towers. Job descriptions will be changed accordingly. Company will seek a rate relief adjustment at the upcoming rate case for a known/measurable expense.

<u>Phase</u>	<u>Task</u>	<u>Start Date</u>	<u>Complete Date</u>
Screen Replacement	Company Foreman will oversee the replacement of the towers existing rabbit wire screens with insect screens on both overflow pipes. The Chapel tower overflow will be altered to have an air gap and screen at the leg of the tower in order for it to be more accessible and visible for inspection as opposed to its present screen location in street ditch.	06/15/93	07/15/93
Electrical Repairs	Senior management will accompany a local electrician to prepare a punch list for electrical repairs at both tower sites. As the scope of the work is minor, electrician will work on a time and material basis. Senior management will make follow up inspection once the work is completed.	07/15/93	08/01/93

Bid Pack
Preparation

Senior management
will accompany Tnemec,
a specialty paint
manufacturer, to each
tower for a paint
analysis. Tnemec will
submit a written pro-
posal for proper sur-
face preparation and
paint product.

01/15/94 03/15/94

Bid
Solicitation

Senior management
will finalize a bid
pack and submit it
to three tower
companies. Follow-
up calls and field
appointments will
be scheduled.

03/15/94 03/31/94

Financial
Review

Senior management
will perform an
analysis of the
Companies cash flow
status and make
every effort to
provide funds for
the project.

03/15/94 03/31/94

Board Meeting
(regularly
scheduled)

Senior management
will mail to each of
the Board members the
three bids on tower
painting, 10 days prior
to their meeting.
Management will pro-
vide the board with
a Company cash flow
status report and its
recommendations.
Approval will result
in a contract being
let.

04/01/94 04/20/94

Semi-annual
Inspection
Report

Senior management
will develop a writ-
ten report format for
monitoring tower
maintenance & safety.

04/15/94 Ongoing

Job Description The maintenance of 05/01/94 05/15/94
Addition the Company's semi-
annual ongoing tower
inspection report
will be made a part
of the foreman's writ-
ten job description.

Known/
Measurable Company anticipates As soon as Available
Expense a significant cost to
paint the Gregory
tower and therefore
will provide receipts
to MPSC staff for an
adjustment.

A. Estimated Cost: Electrical corrections \$ 300
Chapel Tower Leg Touch-up 600
Gregory Tower external coating..... 18000
Board review and approval at regularly scheduled
meeting only.

B. Other Resources: Three tower painting contractor bids
proposals will be at no charge to Company. Paint
coating specs for tower bid pack provided by consult-
ants from Tnemec will be at no cost to the Company.

C. Estimated Savings: Safe tower site may prevent injuries
to employees, work comp claims and lessen chances for
higher insurance premiums. Accidents resulting in
injuries to others due to faulty electrical could
result in deductibles to be paid, perhaps settlements
and a higher liability premium. External painting of
the Gregory tower in a timely manner before sandblast-
ing is required can be a significant savings to the
Company.

D. Other Benefits: A properly maintained site promotes
good will among the surrounding neighbors, resulting in
reduced complaints to the Company. An attractive tower
appearance which displays the Company's name projects a
professional image for the Company.

Neal S. Chavira
Function Head or Other Approving Officer

1.11.94
Date

MANAGEMENT AUDIT OF
RAYTOWN WATER COMPANY

CASE NO. WO-93-194

AUDIT RECOMMENDATION IMPLEMENTATION PLAN

Project Name: Pipe Repair/Pipe Replacement

Function: Operations and Maintenance

Department: Field

Person Responsible For Implementation: Neal Clevenger and
Melvin Acock

Title: President/General Manager & Foreman

Audit Reference Chapter: IV Page: 64-55

Project No.: 47 Project Priority: High

- I. MSD STAFF RECOMMENDATION: Determine when pipe replacement is more cost effective than repair and develop a policy to guide field personnel accordingly

A. Estimated Cost: Minimal

B. Estimated Benefits: Reduce duplicative repairs in a given area and improved scheduling efficiency of work.

C. Estimated Date of Completion: July 15, 1994

- II. DESCRIPTION OF IMPLEMENTATION PLAN: About one third of the 2" galvanized mains have been replaced with the balance of the bond money. In the future, the Company may elect to schedule additional segments taking into consideration available personnel, financial status and other considerations. It may not always be wise to re-schedule the project simply on the chance of a leak, but rather repair the antiquated pipe. It must also be noted that on the spot decisions to replace an entire line could leave some customers without water for a considerable longer time than a planned replacement. Nevertheless, guidelines would help the Foreman come to a decision in certain cases. In several field meetings the remaining galvanized pipe could be ranked in order of most need of replacement, and guidelines drawn up.

III. COMPANY'S WORK PLAN AND SCHEDULE:

<u>PHase</u>	<u>Task</u>	<u>Start Date</u>	<u>Complete Date</u>
Meetings/ Field Personnel	Prioritize remaining 2" galvanized mains needing replacement according to frequency of repair & time since installation. Set up other criteria for repair, e.g., the number of customers served by the line, difficulty of excavation, particularly under a concrete road or parking lot, etc., the personnel available for the job, & the Company's readiness to finance or seek a loan or bond.	03/15/94	04/30/94
Policy/ Formulation	Manager & Foreman will review field personnel's study and write up guidelines to help Foreman choose between repair versus replacement.	04/30/94	06/01/94
Board Meeting (regularly scheduled)	Since pipe replacement is a major capital outlay, the Board should examine the decision making criteria. Hence, the proposed criteria will be mailed to Board members ten days prior to their meeting for comments, changes and approval.	06/15/94	same
Company Staff Meeting	Management will make office staff as well as field personnel aware of the new approved guidelines.	06/15/94	07/15/94

ESTIMATED COST: Minimal since pipe repair versus pipe replacement is to be done in-house; however, an actual pipe replacement project would be a major expense to the Company.

OTHER RESOURCES: None

ESTIMATED SAVINGS: With timely replacement, the expense of multiple repairs could be avoided, e.g., equipment usage, labor, asphalt, clamps etc. Company liability is less when open trenches are less frequent.

OTHER BENEFITS: Customer service, public roads, parking lots and private drives would be less disrupted. Public safety would be enhanced.

Noel S. Cleverges
Function Head or Other Approving Officer

2/10/94
Date

MANAGEMENT AUDIT OF
RAYTOWN WATER COMPANY

CASE NO. WO-93-194

AUDIT RECOMMENDATION IMPLEMENTATION PLAN

Project Name: Contractor Inspection Reporting

Function: OPERATIONS & MAINTENANCE

Department Field

Person Responsible for Implementation: Neal S. Clevenger

Title: President/General Manager

Audit Reference Chapter: IV Page: 65

Project NO.: 48 Project Priority: High

I. MSD STAFF RECOMMENDATION: Document progress observed regarding work performed by outside contractors and utilize documentation for project scheduling and future contractor use.

A. Estimated Cost: Minimal

B. Estimated Benefits: Ensure contractor is meeting schedule and all project specifications, and provide room for documentation of overall performance.

C. Estimated Date of Completion: June 15, 1994

II. DESCRIPTION OF IMPLEMENTATION PLAN: The Company will secure a sampling from other utility companies outside contractors's policy and inspection reports which will aid in developing a format. Employee meetings will be conducted for review and field personnel input. Management will meet with its foreman and put a final report form draft together. In addition to a form for field documentation of outside contracting work, management will extend formal record keeping to include sections for scheduling future jobs, job time studies and rating and evaluating contractors. Board members will be made aware of the new contractor inspection documentation. In addition, the job descriptions of our foreman and general manager will be changed accordingly.

III. COMPANY'S WORK PLAN AND SCHEDULE:

<u>Phase</u>	<u>Task</u>	<u>Start Date</u>	<u>Complete Date</u>
Form/Policy Data Collection	Management will contact a number of other utilities to see if they have an "outside contractors" inspection policy & accompanying report forms. Company will use any samples acquired to assist in developing a record keeping format.	02/01/94	03/31/94
Employee Meeting	Management will meet with employees to obtain their views and suggestions of what should be contained in a field inspection report.	04/01/94	04/30/94
Final Inspection Form/Record Keeping	<p>Senior Management with assistance from Company foreman will put in final form the Company's field inspection form and documentation record keeping. A number of sections will be included such as:</p> <ol style="list-style-type: none"> 1) Scheduling 2) Progress Section 3) Quality of Work 4) Overall performance 5) Rating Contractors <p>As data accumulates, possible correlations will be obtained to help further No. 33, i.e. Develop standards for routine task.</p>	05/01/94	05/31/94

Board Meeting
(regularly
scheduled)

Company's new outside 06/15/94 same
contractor inspection
policy will be an
informational item on
the agenda of the
next Board meeting.

Job Description
Addition

Performing Inspection 06/15/94 06/30/94
on outside contractors
and documentation
record keeping will be
made a part of our
foreman's and general
manager's written job
description.

- A. Estimated Cost: In house project
Required outside printing services would cost approx-
imately \$85.00.
- B. Other Resources: Securing other companies outside
contractors inspection forms/policies would be at no
cost to the company.
- C. Estimated Savings: Inspectors will assure the Company
is getting what it contracted for in an acceptable time
frame. a) Quality checks will see that the specifi-
cations set out in the contract are being adhered to.
b) Progress reports provide project is meeting its
deadlines. c) Routine inspections of work still in
open trenches allows Company personnel to know the
locations of the mains, fittings and valves, etc.
- D. Other Benefits: As information accumulates in our out-
side contractors documentation, the Company will have a
source of information to draw upon for making sound
future contractor selections.

Neal S. Clewinger
Function Head or Other Approving Officer

1-14-94
Date