

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

In the Matter of Aqua RU, Inc. d/b/a Aqua Missouri	)	
Request for Increase in Annual Water System	)	<u>Case No. WR-2010-0025</u>
Operating Revenues MPSC Water Utility Small	)	
Company Rate Increase.	)	

**NOTICE OF AGREEMENT REGARDING DISPOSITION
OF SMALL COMPANY REVENUE INCREASE REQUEST**

COMES NOW the Staff of the Missouri Public Service Commission (Staff), by and through counsel, and for its Notice of Agreement Regarding Disposition of Small Company Revenue Increase Request (Notice of Agreement) states the following:

1. On July 15, 2009, the Missouri Public Service Commission (the Commission) received a Rate Increase Request Letter from Aqua RU, Inc. d/b/a Aqua Missouri, Inc. (Aqua RU or the Company), requesting that the Commission allow an increase of \$187,400 in its annual water service operating revenues pursuant to Commission Rule 4 CSR 240-3.050 (Small Utility Rate Case Procedure).

2. Upon completion of its investigation of the Company's request, Staff provided Aqua RU and the Office of the Public Counsel (OPC) with the results of such investigation, as well as with Staff's initial recommendations for the resolution of the Company's revenue increase request.

3. Pursuant to negotiations conducted after the receipt by the Company and OPC of the above-referenced information and recommendations, Staff and Aqua RU were able to reach a Company/Staff Agreement Regarding Disposition of Small Water Company Revenue Increase Request (Company/Staff Disposition Agreement) regarding the resolution of the Company's revenue increase request.

4. As agreed-upon by Aqua RU and Staff, the Company/Staff Disposition Agreement provides for an increase of \$125,325 in the Company's annual operating revenues.

5. Included in Appendix A, attached hereto, is a copy of the above-referenced Company/Staff Disposition Agreement, as well as various attachments related thereto. Additionally, Appendix A contains affidavits from Staff members that participated in the investigation of the Company's request.

6. Pursuant to Rule 4 CSR 240-3.050, governing disposition agreements executed between Staff and small utility companies utilizing the Small Utility Rate Case Procedure, Aqua RU will file tariff sheets seeking to implement the terms of the Company/Staff Disposition Agreement. The tariff sheets will be filed on or before December 17, 2009, and as required will bear the minimum 45-day effective date of February 1, 2010.

7. Aqua RU is current on its payment of Commission assessments and on its filings of annual reports and statements of revenue. Aqua RU currently has one formal complaint case¹ pending before the Commission.

WHEREFORE, Staff respectfully submits this Notice of Agreement and the attached Appendix for the Commission's information and consideration in this case and requests that the Commission enter an Order adopting the terms agreed upon by Staff and the Company.

¹ Case No. WC-2010-0153. Additionally, Aqua Missouri, Inc. currently has two formal complaint cases pending before the Commission in Case Nos. and WC-2010-0151 and SC-2010-0152, and Aqua Development Company d/b/a/ Aqua Missouri, Inc. has an additional formal complaint pending in Case No. WC-2010-0150.

Respectfully submitted,

/s/ Eric Dearmont

Eric Dearmont
Assistant General Counsel
Missouri Bar No. 60892

Attorney for the Staff of the
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102
(573) 751-5472 (Telephone)
(573) 751-9285 (Fax)
eric.dearmont@psc.mo.gov

Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 16th day of December, 2009.

/s/ Eric Dearmont

APPENDIX A

STAFF PARTICIPANT AFFIDAVITS AND COMPANY/STAFF DISPOSITION AGREEMENT & ATTACHMENTS

CASE NO. WR-2010-0025

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Staff Participant Affidavits

James M. Russo – Water & Sewer Department

Gary Bangert – Engineering & Management Services Department

BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

AFFIDAVIT OF JAMES M. RUSSO

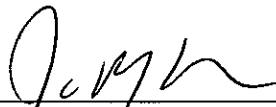
STATE OF MISSOURI)

) SS

CASE NO. WR-2010-0025

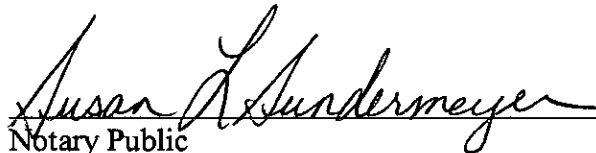
COUNTY OF COLE)

COMES NOW James M. Russo, being of lawful age, and on his oath states the following: (1) that he is the Rate and Tariff Examination Supervisor of the Missouri Public Service Commission's Water & Sewer Department; (2) that he participated in the Staff's investigation of the small company rate increase request that is the subject of the instant case; (3) that he was responsible for the preparation of the following *Company/Staff Agreement Regarding Disposition of Small Water Company Revenue Increase Request ("Disposition Agreement")*; (4) that he was responsible for the preparation of Attachments A, B, C, and E to the Disposition Agreement; (5) that he has knowledge of the matters set forth in the Disposition Agreement and the above-referenced attachments thereto; and (6) that the matters set forth in the Disposition Agreement and the above-referenced attachments thereto are true and correct to the best of his knowledge, information and belief.



James M. Russo
Rate & Tariff Examination Supervisor
Water and Sewer Department

Subscribed and sworn to before me this 14th day of December, 2009.


Notary Public

SUSAN L. SUNDERMEYER
My Commission Expires
September 21, 2010
Callaway County
Commission #06942086

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

AFFIDAVIT OF GARY R. BANGERT

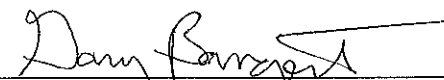
STATE OF MISSOURI

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COUNTY OF COLE

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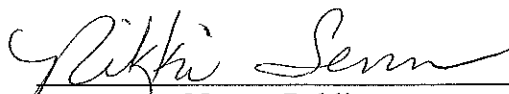
COMES NOW Gary R. Bangert, being of lawful age, and on his oath states the following: (1) that he is a(n) Utility Management Analyst III in the Missouri Public Service Commission's Engineering & Management Services Department; (2) that he participated in the Staff's investigation of the small company rate increase request that is the subject of the instant case; (3) that he has knowledge of the foregoing *Company/Staff Agreement Regarding Disposition of Small Water Company Revenue Increase Request* ("Disposition Agreement"); (4) that he was responsible for the preparation of Attachment D to the Disposition Agreement; (5) that he has knowledge of the matters set forth in Attachment D to the Disposition Agreement; and (6) that the matters set forth in Attachment D to the Disposition Agreement are true and correct to the best of his knowledge, information, and belief.



Gary R. Bangert
Utility Management Analyst III
Engineering & Management
Services Department

Subscribed and sworn to before me this 14th day of December, 2009.

NIKKI SENN
Notary Public - Notary Seal
State of Missouri
Commissioned for Osage County
My Commission Expires: October 01, 2011
Commission Number: 07287016



Notary Public

Company/Staff Disposition Agreement

**COMPANY/STAFF AGREEMENT REGARDING DISPOSITION
OF SMALL WATER COMPANY REVENUE INCREASE REQUEST**

AQUA RU, INC. D/B/A AQUA MISSOURI, INC.

MO PSC CASE NO. WR-2010-0025

BACKGROUND

Aqua RU, Inc. d/b/a Aqua Missouri, Inc. ("Company") initiated the small company revenue increase request ("Request") that is the subject of the above-referenced Missouri Public Service Commission ("Commission") Case Number by submitting a letter to the Secretary of the Commission in accordance with the provisions of Commission Rule 4 CSR 240-3.050, Small Utility Rate Case Procedure ("Small Company Procedure"). In its request letter, which was received at the Commission's offices on July 15, 2009, the Company set forth its request for an increase of \$187,400 in its total annual water service operating revenues. In its request letter, the Company also acknowledged that the design of its customer rates, its service charges, its customer service practices, its general business practices and its general tariff provisions would be reviewed during the Commission Staff's ("Staff") review of the revenue increase request, and could thus be the subject of Staff recommendations. The Company provides service to approximately 1,165 customers, the vast majority of which are residential customers.

Pursuant to the provisions of the Small Company Procedure and related internal operating procedures, Staff initiated an audit of the Company's books and records, a review of the Company's customer service and general business practices, a review of the Company's existing tariff, an inspection of the Company's facilities and a review of the Company's operation of its facilities. (Hereafter, these activities are collectively referred to as Staff's "investigation" of the Company's Request.)

Upon completion of Staff's investigation of the Company's Request, Staff provided the Company and the Office of the Public Counsel ("OPC") with the results of the investigation, with Staff's initial recommendations for the resolution of the Company's Request and with other information regarding Staff's investigation.

RESOLUTION OF THE COMPANY'S RATE INCREASE REQUEST

Pursuant to negotiations held subsequent to the Company's and OPC's receipt of the above-referenced information regarding Staff's investigation of the Company's Request, Staff and the Company hereby state the following agreements:

- (1) That for the purpose of implementing the agreements set out herein, the Company shall file proposed tariff revisions with the Commission containing the rates, charges and language set out in the example tariff sheets attached hereto as Attachment A and incorporated by reference herein, with those proposed tariff revisions bearing an effective date of February 1, 2010.
- (2) That the Company shall file an adoption notice and a revised tariff title page reflecting the Company's legal and fictitious name(s) as currently recognized by the Office of the Missouri Secretary of State. Both the adoption notice and the revised tariff title page shall bear effective dates of February 1, 2010.
- (3) That the agreed-upon rates set out in the example tariff sheets, attached hereto as Attachment A and incorporated by reference herein, are just and reasonable and result in an agreed-upon annualized operating revenue increase of \$125,325, designed to recover the Company's cost of service.
- (4) That the rates set out in the attached example tariff sheets, the development of which are shown on the rate design worksheets attached hereto as Attachment B and incorporated by reference herein, are designed to generate revenues sufficient to recover the agreed-upon total annualized cost of service for the Company.
- (5) That the rates included in the attached example tariff sheets will result in the residential customer impacts shown on the billing comparison worksheets attached hereto as Attachment C and incorporated by reference herein.
- (6) That the rates included in the attached example tariff sheets are just and reasonable, and that the provisions of the attached example tariff sheets also properly reflect all other agreements set out herein, where necessary.
- (7) That the Company shall not file a rate case or otherwise initiate any action to increase its rates or annual operating revenues in the State of Missouri prior to September 1, 2011.
- (8) That within thirty (30) days of the effective date of an order approving this Disposition Agreement, the Company shall implement the following provisions and provide proof of such implementation to the Manager of the Commission's Auditing Department:
 - a. The Company shall report time spent on capital improvement projects separately from time spent performing operations and maintenance functions. Employees shall also report and segregate their time by system and function (e.g. repairs, construction, operations, meter

reads, etc.). This time reporting requirement will assist with the determination of a capitalization ratio on a going forward basis.

- b. The Company shall continue to develop Continuing Property Records (CPR) for all of its Missouri utility plant-in-service and maintain records regarding contribution in aid of construction (CIAC). These records shall identify the entity who made the contribution, the amount of the contribution, the date of the contribution, and a description and location of each contribution.
- c. The Company shall maintain detailed time records for all large construction equipment outfitted with hourly meters. The time records shall include all supporting documentation including but not limited to, the identity of the operator of the equipment, the hours spent using the equipment, the dates of use of the equipment, the project worked on with the equipment, and the utility system where the project was undertaken.
- d. The Company shall maintain an inventory log for all items placed in inventory. This inventory log shall identify each item purchased, the name of the supplier of the item, the amount paid for the item and the date upon which the item was purchased. For each item removed from inventory, the Company shall identify where each item was installed. Such identification shall include service address, customer name and date of installation. If the inventory item installed is a water meter the Company shall also record the meter serial or identification number.
- e. The Company shall modify its accounts payable procedures at the local and corporate levels in order to avoid incurring late fees or charges from its vendors.

(9) That within thirty (30) days of the effective date of an order approving this Disposition Agreement, the Company shall implement the following recommendations contained in the Engineering & Management Services Department (“EMSD”) Report, attached hereto as Attachment D and incorporated by reference herein:

- a. The Company shall ensure that the Call Center personnel notify the appropriate Company personnel when a customer requires additional information and shall verify that the necessary follow-up communication with the customer actually occurs by noting such communication in the customer’s account within the Company’s database.
- b. The Company shall document all customer contacts with the Company’s Jefferson City office that require follow-up actions and/or

communications from the Company, shall ensure that all customers expecting follow-up actions and/or communications from the Company receive appropriate responses to their requests and shall make certain that customers are referred to the Company's Call Center when necessary.

- c. The Company shall distribute to current and future customers an informational brochure detailing the rights and responsibilities of the utility and its customers. The informational brochure shall adhere to Commission Rule 4 CSR 240-13.040(3).
- d. The Company shall document on the Company's report of customer bills outside of the 26-35 day billing period the reasons for producing bills that fall outside of the 26-35 day billing period.

(10) That within three (3) months of the effective date of an order approving this Disposition Agreement, the Company shall implement the following recommendations contained in the EMSD Report, attached hereto as Attachment D and incorporated by reference herein:

- a. Ensure adherence to Commission Rule 4 CSR 240-13.020(1) regarding the production of bills within a 26-35 day billing period.
- b. The Company shall provide to all new customer service representatives adequate formal training prior to responding to customer calls. This training shall include at a minimum, knowledge of state statutes, knowledge of Company tariffs, knowledge of the Company's computer system and knowledge of the Company's structure.

(11) That within six (6) months of the effective date of an order approving this Disposition Agreement, the Company shall implement the following recommendations contained in the EMSD Report, attached hereto as Attachment D and incorporated by reference herein:

- a. Prepare a monthly report summarizing all Call Center complaints received from customers located in the Missouri service territory and denoting the Company's interpretation as to the reason for each individual complaint. This report shall be designed to facilitate Company management's ability to identify recurring issues, significant trends and corrective actions and shall be provided to the EMSD staff on a quarterly basis.
- b. The Company shall conduct a comprehensive evaluation of the Company's customer service representatives' training program and the customer service representatives' performance evaluation tools. Such evaluations shall include at a minimum, an evaluation of the customer service representatives' knowledge of MO PSC rules and

regulations, proper documentation of calls received, responsiveness to customer inquiries and complaints and customer service representatives' tone and demeanor. The Company shall use this evaluation to decrease the number of dissatisfied customers from current levels according to the Company's Customer Service Satisfaction Survey.

- c. The Company shall create performance benchmarks for the customer responses to each question on the quarterly customer satisfaction surveys and shall use this information to identify and implement corrective actions that can improve customer satisfaction.

(12) That within nine (9) months of the effective date of an order approving this Disposition Agreement, the Company shall implement the following recommendation contained in the EMSD Report, attached hereto as Attachment D and incorporated by reference herein:

- a. Include a message on the printed bill of any residential customer receiving a bill for more than thirty-five (35) days of service indicating that such bill is for a greater number of days than the customer's normal bill, informing the customer of the ability to call the Company to establish a payment arrangement, and providing the telephone number of the Company's call center.

(13) That the Company shall have the ability to file a pleading in response to the factual findings and conclusions contained in the EMSD Report, attached hereto as Attachment D and incorporated by reference herein. This provision shall have no effect on any obligation established under the terms of this Disposition Agreement regarding compliance with the EMSD recommendations.

(14) The Company shall continue to install meters in the Rankin Acres Service Territory. The Company agrees to complete this project by August 1, 2012, one year earlier than ordered in MO PSC Case No. WR-2008-0269, provided that the Company may defer installation of the majority of the remaining meters until 2011 in order to maximize the possibility of recovery in proceeding cases.

(15) The Company shall read the meters installed in the Rankin Acres Service Territory on a monthly basis and shall provide the water usage data by meter to the manager of the Commission's Water and Sewer Department on a quarterly basis commencing with the quarter beginning January 1, 2010 and ending March 31, 2010.

(16) The Company shall investigate and, if possible, determine the cause of the lost water in the Spring Valley, Lakewood Manor, and Ozark Mountains water systems. The Company shall provide the results of this investigation and the Company's plans to eliminate these significant water losses to the manager of the Commission's Water and Sewer Department by August 31, 2010.

(17) The Company shall mail its customers a final written notice of the rates and charges included in its proposed tariff revisions prior to or with its next billing cycle after issuance of the Commission Order approving the terms of this Company/Staff Disposition Agreement. The notice shall include a summary of the impact of the proposed rates on an average residential customer's bill. When the Company mails the notice to its customers, it shall also send a copy to the Staff Case Coordinator who will file a copy in the subject case file.

(18) That Staff will conduct follow-up reviews of the Company's operations to ensure that the Company has complied with the provisions of this Disposition Agreement.

(19) That Staff may file a formal complaint against the Company, if the Company does not comply with the provisions of this Disposition Agreement.

(20) That the Company agrees that it has read the foregoing Company/Staff Agreement Regarding Disposition of Small Water Company Revenue Increase Request; that upon the Company's best knowledge and belief the facts stated therein are true; that the foregoing conditions accurately reflect the agreement reached between the Company and Staff; and that the Company freely and voluntarily enters into this agreement.

(21) That the above agreements satisfactorily resolve all issues identified by the Staff and the Company regarding the Company's Request, except as otherwise specifically stated herein.

ADDITIONAL MATTERS

Other than the specific conditions agreed upon and expressly set out herein, the terms of this Company/Staff Disposition Agreement reflect compromises between Staff and the Company. In arriving at the amount of the annual operating revenue increase specified herein neither party has agreed to any particular ratemaking principle.

Staff has completed a Summary of Case Events and has included that summary as Attachment E to this Company/Staff Disposition Agreement.

The Company acknowledges that the Staff will be filing this Company/Staff Disposition Agreement and the attachments hereto, in the existing case after the Company files the proposed tariff revisions mandated by this agreement. The Company also acknowledges that Staff may make other filings in this case.

Additionally the Company agrees that Staff shall have the right to provide whatever oral explanation the Commission may request regarding this Company/Staff Disposition Agreement at

any agenda meeting at which that case is noticed to be considered by the Commission. Staff will be available to answer Commission questions regarding this Company/Staff Disposition Agreement. To the extent reasonably practicable, Staff shall provide the Company with advanced notice of any such agenda meeting so that they may have the opportunity to also be represented at the meeting.

EFFECTIVE DATE AND SIGNATURES

This Disposition Agreement shall be considered effective as of the date that the Company files the proposed tariff revisions required herein with the Commission.

Agreement Signed and Dated:



Terry J. Rakocy
President
Aqua Missouri, Inc.

12-16-09

Date



James Busch
Manager
Water & Sewer Department
Missouri Public Service Commission Staff

12-16-09

Date

List of Attachments

- Attachment A – Example Tariff Sheets
- Attachment B – Rate Design Worksheets
- Attachment C – Billing Comparison Worksheets
- Attachment D – BMSD Report
- Attachment E – Summary of Events

Agreement Attachment A

Example Tariff Sheets

FORM NO. 13 P.S.C. MO No. 2

4th Revised Sheet No. WR1

Canceling P.S.C. MO No. 2

3rd Revised Sheet No. WR1

AQUA/RU, INC d/b/a AQUA MISSOURI, INC.

For: Taney County, Missouri

Name of Issuing Company

Certificated Service Area

**Rules & Regulations
Governing Rendering of Water Service**

SCHEDULE OF RATES

A. Application – The following monthly sewer service charges will be in effect for Customers of Aqua Missouri – **Riverside Estate Service Area and surrounding area**, located within the Company's Taney County, Missouri service areas.

Monthly Customer Charge and Allowance – The following monthly minimum monthly service charge must be paid. This charge is applicable whether there is any usage or not.

<u>Meter Size</u>	<u>Customer Charge</u>	<u>Minimum Allowance</u>
5/8"	\$20.80 +	2,000 gallons +
1"	\$39.91 +	2,000 gallons +

Commodity Charge:

Residential \$4.03 / 1,000 gallons of usage +

Commercial/
Industrial \$4.03 / 1,000 gallons of water +

Taxes Any applicable taxes shall be added as a separate item to the service billing.

* Indicates New Rate or Text

+ Indicates Changed Rate or Text

Issue Date: December 17, 2009
Month/Day/Year

Effective Date: February 1, 2010
Month/Day/Year

Issued By: Terry Rakocy, President
Name & Title of Issuing Officer

5400 Business Highway 50, Jefferson City, MO
Company Mailing Address

FORM NO. 13 P.S.C. MO No. 2

5th Revised Sheet No. WR2

Canceling P.S.C. MO No. 2

4th Revised Sheet No. WR2

AQUA/RU, INC d/b/a AQUA MISSOURI, INC.

For: Benton County, Missouri

Name of Issuing Company

Certificated Service Area

Rules & Regulations
Governing Rendering of Water Service

SCHEDULE OF RATES

B. Application – The following monthly sewer service charges will be in effect for Customers of Aqua RU, Inc. – **White Branch Service Area**, located within the Company's Benton County, Missouri service areas.

Monthly Customer Charge and Allowance – The following monthly minimum monthly service charge must be paid. This charge is applicable whether there is any usage or not.

Monthly Rates and Charges

Single Family Residential Service: (Per Unit Flat Rate)

Part Time	\$42.40 +
Full Time	\$53.00 +

Commercial & Industrial Customer: (Per Unit Flat Rate)

Monthly Minimum	\$53.00 +
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* Indicates New Rate or Text

+ Indicates Changed Rate or Text

Issue Date: December 17, 2009
Month/Day/Year

Effective Date: February 1, 2010
Month/Day/Year

Issued By: Terry Rakocy, President
Name & Title of Issuing Officer

5400 Business Highway 50, Jefferson City, MO
Company Mailing Address

FORM NO. 13 P.S.C. MO No. 2

3rd Revised Sheet No. WR5

Canceling P.S.C. MO No. 2

2nd Revised Sheet No. WR5

AQUA/RU, INC d/b/a AQUA MISSOURI, INC.

For: Stone and Barry Counties, Missouri

Name of Issuing Company

Certificated Service Area

**Rules & Regulations
Governing Rendering of Water Service**

SCHEDULE OF RATES

C. Application – The following monthly sewer service charges will be in effect for Customers of Aqua Missouri – **Ozark Mountain Service Area**, located within the Company's Stone and Barry County, Missouri service areas.

Monthly Customer Charge and Allowance – The following monthly minimum monthly service charge must be paid. This charge is applicable whether there is any usage or not.

<u>Meter Size</u>	<u>Customer Charge</u>	<u>Minimum Allowance</u>
5/8"	\$29.83 +	2,000 gallons +
1"	\$51.68 +	2,000 gallons +
2"	\$132.20 +	2,000 gallons +

Commodity Charge:

Residential	\$7.60 / 1,000 gallons of usage +
Commercial/ Industrial	\$7.60 / 1,000 gallons of water +

Taxes Any applicable taxes shall be added as a separate item to the service billing.

* Indicates New Rate or Text

+ Indicates Changed Rate or Text

Issue Date: December 17, 2009
Month/Day/Year

Effective Date: February 1, 2010
Month/Day/Year

Issued By: Terry Rakocy, President
Name & Title of Issuing Officer

5400 Business Highway 50, Jefferson City, MO
Company Mailing Address

FORM NO. 13 P.S.C. MO No. 2

3rd Revised Sheet No. WR6

Canceling P.S.C. MO No. 2

2nd Revised Sheet No. WR6

AQUA/RU, INC d/b/a AQUA MISSOURI, INC.
Name of Issuing Company

For: Christian County, Missouri
Certificated Service Area

**Rules & Regulations
Governing Rendering of Water Service**

SCHEDULE OF RATES

D. Application – The following monthly sewer service charges will be in effect for Customers of Aqua Missouri – **Spring Valley Service Area**, located within the Company's Christian County, Missouri service areas.

Monthly Customer Charge and Allowance – The following monthly minimum monthly service charge must be paid. This charge is applicable whether there is any usage or not.

<u>Meter Size</u>	<u>Customer Charge</u>	<u>Minimum Allowance</u>
5/8"	\$34.97 +	2,000 gallons

Commodity Charge:

Residential	\$9.34 / 1,000 gallons of usage +
Commercial/ Industrial	\$9.34 / 1,000 gallons of water +

Taxes Any applicable Federal, State, or local taxes computed on billing basis shall be added as separate items in rendering each bill.

Delayed Payment Clause Bills will be made out and distributed at monthly intervals. Bills will be rendered net; bearing the last date on which payment is due; per Rule No. 10/

* Indicates New Rate or Text

+ Indicates Changed Rate or Text

Issue Date: December 17, 2009
Month/Day/Year

Effective Date: February 1, 2010
Month/Day/Year

Issued By: Terry Rakocy, President
Name & Title of Issuing Officer

5400 Business Highway 50, Jefferson City, MO
Company Mailing Address

FORM NO. 13 P.S.C. MO No. 2

3rd Revised Sheet No. WR7

Canceling P.S.C. MO No. 2

2nd Revised Sheet No. WR7

AQUA/RU, INC d/b/a AQUA MISSOURI, INC.
Name of Issuing Company

For: Lakewood Manor, Barry County, Missouri
Certificated Service Area

Rules & Regulations
Governing Rendering of Water Service

SCHEDULE OF RATES

E. Application – The following monthly sewer service charges will be in effect for Customers of Aqua Missouri – **Lakewood Manor Service Area**, located within the Company's Barry County, Missouri service areas.

Monthly Customer Charge and Allowance – The following monthly minimum monthly service charge must be paid. This charge is applicable whether there is any usage or not.

<u>Meter Size</u>	<u>Customer Charge</u>	<u>Minimum Allowance</u>
5/8"	\$36.89 +	2,000 gallons

Commodity Charge:

Residential	\$9.13 / 1,000 gallons of usage +
Commercial/ Industrial	\$9.13 / 1,000 gallons of water +

* Indicates New Rate or Text

+ Indicates Changed Rate or Text

Issue Date: December 17, 2009
Month/Day/Year

Effective Date: February 1, 2010
Month/Day/Year

Issued By: Terry Rakocy, President
Name & Title of Issuing Officer

5400 Business Highway 50, Jefferson City, MO
Company Mailing Address

FORM NO. 13 P.S.C. MO No. 2

3rd Revised Sheet No. WR8

Canceling P.S.C. MO No. 2

2nd Revised Sheet No. WR8

AQUA/RU, INC d/b/a AQUA MISSOURI, INC.
Name of Issuing Company

For: Lakewood Manor, Barry County, Missouri
Certificated Service Area

**Rules & Regulations
Governing Rendering of Water Service**

SCHEDULE OF RATES

F. Application – The following monthly sewer service charges will be in effect for Customers of Aqua Missouri – **Lake Taneycomo Acres (L.T.A.) Service Area**, located within the Company's Taney County, Missouri service areas.

Monthly Customer Charge and Allowance – The following monthly minimum monthly service charge must be paid. This charge is applicable whether there is any usage or not.

<u>Meter Size</u>	<u>Customer Charge</u>	<u>Minimum Allowance</u>
5/8"	\$27.76 +	2,000 gallons

Commodity Charge:

Residential	\$6.22 / 1,000 gallons of usage +
Commercial/ Industrial	\$6.22 / 1,000 gallons of water +

Customer billings shall be rendered monthly.

These rates and charges do not include any Municipal, County, State or Federal taxes. Any such taxes applicable shall be added as separate items in rendering each bill.

* Indicates New Rate or Text

+ Indicates Changed Rate or Text

Issue Date: December 17, 2009
Month/Day/Year

Effective Date: February 1, 2010
Month/Day/Year

Issued By: Terry Rakocy, President
Name & Title of Issuing Officer

5400 Business Highway 50, Jefferson City, MO
Company Mailing Address

Agreement Attachment B

Rate Design Worksheets

AQUA MISSOURI, INC. R/U-RIVERSIDE ESTATES

Development of Tariffed Rates-Water

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

Revenues Generated by Current Tariffed Rates	\$ 98,551
Agreed-Upon Overall Revenue Increase	\$ 21,695
Percentage Increase Needed	23.759%

Metered Customer Rates

Meter Size	Current Service Charge*	Proposed Service Charge w/o Commodity	Proposed Service Charge w/Commodity**	Current Usage Rate	Proposed Usage Rate
5/8"	\$ 16.98	\$ 12.74	\$ 20.80	\$ 4.22	\$ 4.03
1"	\$ 41.58	\$ 31.85	\$ 39.91	\$ 4.22	\$ 4.03

* Current service charge includes 3,000 gallons

** Proposed service charge includes 2,000 gallons

AQUA MISSOURI, INC. R/U-WHITE BRANCH

Development of Tariffed Rates-Water

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

Revenues Generated by Current Tariffed Rates	\$ 60,216
Agreed-Upon Overall Revenue Increase	\$ 30,404
Percentage Increase Needed	50.622%

Customer Rates

Customer Type	Current Service Charge	Proposed Service Charge
Full-time	\$ 35.19	\$ 53.00
Part-time	\$ 28.15	\$ 42.40

AQUA MISSOURI, INC. R/U-OZARK MOUNTAIN

Development of Tariffed Rates-Water

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

Revenues Generated by Current Tariffed Rates	\$ 169,256
Agreed-Upon Overall Revenue Increase	\$ 48,865
Percentage Increase Needed	29.971%

Metered Customer Rates

Meter Size	Current Service Charge*	Proposed Service Charge w/o Commodity	Proposed Service Charge w/Commodity**	Current Usage Rate	Proposed Usage Rate
5/8"	\$ 27.98	\$ 14.64	\$ 29.83	\$ 5.79	\$ 7.60
1"	\$ 33.39	\$ 36.60	\$ 51.79	\$ 5.79	\$ 7.60
2"	\$ 53.07	\$ 117.13	\$ 132.32	\$ 5.79	\$ 7.60

* Current service charge includes 3,000 gallons

** Proposed service charge includes 2,000 gallons

AQUA MISSOURI, INC. R/U-SPRING VALLEY

Development of Tariffed Rates-Water

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

Revenues Generated by Current Tariffed Rates	\$ 61,053
Agreed-Upon Overall Revenue Increase	\$ 11,184
Percentage Increase Needed	18.432%

Metered Customer Rates

Meter Size	Current Service Charge	Proposed Service Charge	Current Usage Rate	Proposed Usage Rate
5/8"	\$ 29.53	\$ 34.97	\$ 7.89	\$ 9.34

AQUA MISSOURI, INC. R/U-LAKEWOOD MANOR

Development of Tariffed Rates-Water

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

Revenues Generated by Current Tariffed Rates	\$ 22,146
Agreed-Upon Overall Revenue Increase	\$ 894
Percentage Increase Needed	4.292%

Metered Customer Rates

Meter Size	Current Service Charge	Proposed Service Charge	Current Usage Rate	Proposed Usage Rate
5/8"	\$ 35.37	\$ 36.89	\$ 8.750	\$ 9.13

AQUA MISSOURI, INC. R/U-LTA

Development of Tariffed Rates-Water

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

Revenues Generated by Current Tariffed Rates	\$ 53,193
Agreed-Upon Overall Revenue Increase	\$ 12,283
Percentage Increase Needed	23.694%

Metered Customer Rates

Meter Size	Current Service Charge	Proposed Service Charge	Current Usage Rate	Proposed Usage Rate
5/8"	\$ 22.44	\$ 27.76	\$ 5.030	\$ 6.22

Agreement Attachment C

Billing Comparison Worksheets

AQUA MISSOURI, INC. R/U-RIVERSIDE ESTATES

Residential Customer Bill Comparison-Water

Rates for 5/8" Meter

Current Base Customer Charge	Proposed Base Customer Charge	Current Usage Rate	Proposed Usage Rate
\$16.98	\$20.80	\$4.22	\$4.03

current customer charge is monthly charge and includes 3,000 gallons

proposed customer charge is monthly charge and includes 2,000 gallons

usage rate is per 1,000 gallons used

MONTHLY BILL COMPARISON

6,000 gallons/month usage

Current Rates

Customer Charge	\$	16.98
Usage Charge	\$	12.66
Total Bill	\$	29.64

Proposed Rates

Customer Charge	\$	20.80
Usage Charge	\$	16.12
Total Bill	\$	36.92

INCREASES

Customer Charge

\$ Increase	\$3.82
% Increase	22.49%

Usage Charge

\$ Increase	\$3.46
% Increase	27.31%

Total Bill

\$ Increase	\$7.28
% Increase	24.55%

AQUA MISSOURI, INC. R/U-WHITE BRANCH

Residential Customer Bill Comparison-Water

Rates for 5/8" Meter

<u>Current Base Customer Charge</u>	<u>Proposed Base Customer Charge</u>	<u>Current Usage Rate</u>	<u>Proposed Usage Rate</u>
\$35.19	\$53.00	\$0.000	\$0.000

current service charge is monthly charge

usage rate is per 1,000 gallons used

MONTHLY BILL COMPARISON

6,000 gallons/month usage

Current Rates

Customer Charge	\$ 35.19
Usage Charge	\$ -
Total Bill	\$ 35.19

Proposed Rates

Customer Charge	\$ 53.00
Usage Charge	\$ -
Total Bill	\$ 53.00

INCREASES

Customer Charge

\$ Increase	\$17.81
% Increase	50.62%

Total Bill

\$ Increase	\$17.81
% Increase	50.62%

AQUA MISSOURI, INC. R/U-OZARK MOUNTAIN

Residential Customer Bill Comparison-Water

Rates for 5/8" Meter

<u>Current Base Customer Charge</u>	<u>Proposed Base Customer Charge</u>	<u>Current Usage Rate</u>	<u>Proposed Usage Rate</u>
\$27.98	\$29.83	\$5.79	\$7.60

current customer charge is monthly charge and includes 3,000 gallons

proposed customer charge is monthly charge and includes 2,000 gallons

usage rate is per 1,000 gallons used

MONTHLY BILL COMPARISON

6,000 gallons/month usage

Current Rates

Customer Charge	\$ 27.98
Usage Charge	\$ 17.37
Total Bill	\$ 45.35

Proposed Rates

Customer Charge	\$ 29.83
Usage Charge	\$ 30.38
Total Bill	\$ 60.22

INCREASES

Customer Charge

\$ Increase	\$1.85
% Increase	6.62%

Usage Charge

\$ Increase	\$13.01
% Increase	74.93%

Total Bill

\$ Increase	\$14.87
% Increase	32.78%

AQUA MISSOURI, INC. R/U-SPRING VALLEY

Residential Customer Bill Comparison-Water

Rates for 5/8" Meter

<u>Current Base Customer Charge</u>	<u>Proposed Base Customer Charge</u>	<u>Current Usage Rate</u>	<u>Proposed Usage Rate</u>
\$29.53	\$34.97	\$7.890	\$9.344

current service charge is monthly charge includes 2,000 gallons

usage rate is per 1,000 gallons used

MONTHLY BILL COMPARISON

6,000 gallons/month usage

Current Rates

Customer Charge	\$ 29.53
Usage Charge	\$ 31.56
Total Bill	\$ 61.09

Proposed Rates

Customer Charge	\$ 34.97
Usage Charge	\$ 37.38
Total Bill	\$ 72.35

INCREASES

Customer Charge

\$ Increase	\$5.44
% Increase	18.43%

Usage Charge

\$ Increase	\$5.82
% Increase	18.43%

Total Bill

\$ Increase	\$11.26
% Increase	18.43%

AQUA MISSOURI, INC. R/U-LAKEWOOD MANOR

Residential Customer Bill Comparison-Water

Rates for 5/8" Meter

<u>Current Base Customer Charge</u>	<u>Proposed Base Customer Charge</u>	<u>Current Usage Rate</u>	<u>Proposed Usage Rate</u>
\$35.37	\$36.89	\$8.750	\$9.126

current service charge is monthly charge includes 2,000 gallons

usage rate is per 1,000 gallons used

MONTHLY BILL COMPARISON

6,000 gallons/month usage

Current Rates

Customer Charge	\$ 35.37
Usage Charge	\$ 35.00
Total Bill	\$ 70.37

Proposed Rates

Customer Charge	\$ 36.89
Usage Charge	\$ 36.50
Total Bill	\$ 73.39

INCREASES

Customer Charge

\$ Increase	\$1.52
% Increase	4.29%

Usage Charge

\$ Increase	\$1.50
% Increase	4.29%

Total Bill

\$ Increase	\$3.02
% Increase	4.29%

AQUA MISSOURI, INC. R/U-LTA

Residential Customer Bill Comparison-Water

Rates for 5/8" Meter

<u>Current Base Customer Charge</u>	<u>Proposed Base Customer Charge</u>	<u>Current Usage Rate</u>	<u>Proposed Usage Rate</u>
\$22.44	\$27.76	\$5.030	\$6.222

current service charge is monthly charge includes 2,000 gallons

usage rate is per 1,000 gallons used

MONTHLY BILL COMPARISON

6,000 gallons/month usage

Current Rates

Customer Charge	\$ 22.44
Usage Charge	\$ 20.12
Total Bill	\$ 42.56

Proposed Rates

Customer Charge	\$ 27.76
Usage Charge	\$ 24.89
Total Bill	\$ 52.64

INCREASES

Customer Charge

\$ Increase	\$5.32
% Increase	23.69%

Usage Charge

\$ Increase	\$4.77
% Increase	23.69%

Total Bill

\$ Increase	\$10.08
% Increase	23.69%

Agreement Attachment D

EMSD Report

REPORT OF CUSTOMER SERVICE AND BUSINESS OPERATIONS REVIEW

Engineering and Management Services Department

Small Company Rate Increase Request

Case Nos. SR-2010-0023, WR-2010-0025, SR-2010-0026 and WR-2010-0027

Aqua Missouri, Inc.

J. Kay Niemeier, Gary Bangert and Ben Wisnewski

Overview

The Engineering and Management Services Department (EMSD) staff has performed reviews of the customer service processes, procedures and practices of Aqua Missouri, Inc. (Aqua Missouri or Company) on several occasions. Reviews by the EMSD staff are performed in conjunction with cases filed by the Company. The table below displays the record of previous reviews performed of this Company by the EMSD staff.

Company Name	Submission Date	Case Nos. or Tracking Numbers	Type of Report	Report Number
Aqua Missouri, Inc.	July 15, 2009	WR-2008-0266, SR-2008-0267, SR-2008-0268, WR-2008-0269	Implementation Report of Report 2	1
Aqua Missouri, Inc.	October 22, 2007	WR-2008-0266, SR-2008-0267, SR-2008-0268, WR-2008-0269	Business Operations Review	2
Aqua Missouri, Inc.	July 12, 2006	WR-2007-0020, WR-2007-0021, SR-2007-0023	Local Public Hearing Follow-Up Report	3
Aqua America, Inc.	May 17, 2005	QS-2005-0008, QW-2005-0009, QS-2005-0010, QW-2005-0011	Supplemental Report of Reports 5 and 6	4
Aqua Source/RU	July 2, 2002	QW-2003-0001	Customer Service Operations Review	5
Aqua Source/CU	July 2, 2002	QS-2003-0002, QW-2003-0003	Customer Service Operations Review	6

In this current review, the EMSD staff submitted data requests, conducted three interviews at the Jefferson City office on September 25, September 29 and November 10 and telephone interviews of the Company's corporate personnel on September 9, 11 and 18 and October 9 and 21, 2009. The EMSD staff also conducted interviews and monitored Call Center representatives at the Kankakee, IL Call Center on November 16, 17 and 18, 2009.

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

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

- Meter Reading
- Customer Billing
- Payment Remittance
- Credit and Collections
- Disconnection and Reconnection Process
- Complaints and Inquiry Handling and Recording
- Customer Communication
- Customer Surveys

This report contains the results of the EMSD staff's review. In this report, the EMSD staff will address the Company's current status in response to recommendations made in the previous EMSD reports. Following the recommendations made in previous reports, the EMSD staff will then address additional issues. The recommendations that the Company needs to address are **bolded, italicized and underlined** in the report and are also displayed in a table on the final page of this report.

PREVIOUS FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

EMSD Local Public Hearing Follow-Up Recommendations in Case Nos.
WR-2007-0020, WR-2007-0021 and SR-2007-0023

Initiate efforts within the Call Center to ensure that the appropriate Company personnel are notified of customers requiring additional information and develop procedures to verify that the necessary follow-up actually occurs.

The EMSD staff reviewed the Company's actions related to this recommendation during the current case activity. Company management stated that Call Center customer

service representatives are responsible for ensuring that the appropriate personnel are notified when customers require additional information or other follow-up activity. Call Center representatives have the ability to add notes to a customer's account on the Company's internal computer system when specific information related to a Call Center conversation needs to be documented.

During the review in the current case, the EMSD staff listened to approximately 38 recorded conversations between Call Center representatives and Missouri customers. Several customers commented about not receiving requested information or Company personnel not following up on commitments Call Center representatives had made. Unfulfilled commitments and lack of follow-up by the Company have a detrimental effect on customer satisfaction and also result in repeated customer calls to the Company's Call Center. These repeated customer calls on the same issue lead to an inefficient use of Company resources and increased frustration to the customer. The EMSD staff is of the opinion that the Company has not satisfactorily completed this recommendation.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Ensure that the Call Center personnel notify the appropriate Company personnel when a customer requires additional information and verify that the necessary follow-up communication with the customer actually occurs by noting such communication on the customer's account within the Company's database.

Establish a practice of recording all customer contacts that occur at the Company's Jefferson City office. The documentation associated with these calls should be sufficient to verify the customers who are referred to the Company's Call Center and to ensure that the customers expecting follow-up from the Jefferson City manager get their concerns resolved.

The EMSD staff reviewed the Company's actions related to this recommendation during the current case activity. During the review in the current case, the EMSD staff asked the Regional Manager in the Company's Jefferson City office for documentation of customer contacts. The Regional Manager commented that very few customer contacts occur at the Jefferson City office because customers are referred to the Company's Call Center as the Regional Manager was instructed per the last Commission approved settlement to refer all

customer calls to the Company's Call Center. However, the Regional Manager stated that Jefferson City office personnel do not document customer contacts when they do occur.

The lack of documentation contributes to several problems. The EMSD staff is unable to identify customers who have contacted the Jefferson City office and consequently, the EMSD staff cannot verify the frequency or amount of customer contacts, or evaluate whether specific customer concerns have been resolved. For specific customer complaints that come to the Jefferson City office and are not recorded, this is a violation of Commission Rule 4 CSR 240-13.040(5), which states:

A utility shall maintain records on its customers for at least two
(2) years which contain information concerning:

....

(B) The number and general description of complaints
registered with the utility;

As stated in the original recommendation, documentation is essential in order for both the Company and the EMSD staff to confirm that appropriate follow-up actions have been taken to resolve customer concerns. The EMSD staff is of the opinion that the Company has not satisfactorily completed this recommendation.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Document all customer contacts with the Company's Jefferson City office that require follow-up actions and/or communications from the Company, ensure that all customers expecting follow-up actions and/or communications from the Company receive appropriate responses to their requests and make certain that customers are referred to the Company's Call Center when necessary.

Investigate specific customer complaints about the lack of information regarding planned outages and determine where the Company's internal communication procedure may not have been followed.

Company management stated that it has not been able to find documentation of a Company investigation to evaluate the nature of the specific customer complaints about lack of information on planned outages. However, Company management stated that an InfoStream application which is accessible to all Call Center customer service representatives should resolve any concern about the lack of information on planned outages. Additional

information about InfoStream is included in the discussion associated with the next recommendation. The EMSD staff is of the opinion that the Company has completed actions that should address the basis for this recommendation.

Increase efforts to inform all Company personnel on a regular basis of the established procedure for communicating information about planned and unplanned outages to the Call Center.

The Company informed the EMSD staff that its InfoStream, which is on its intranet site, has a customer service portion of which the Call Center customer service representatives have access. There are two links within the customer service portion—Service Projects, which are planned outages, and Service Outages, which are unplanned outages that occur randomly.

Field personnel are responsible for placing the planned and unplanned outages on the two links. The service projects are posted to the site in advance of the outage and the service outages are posted to the site as soon as personnel are able to post. The information included on these two sites include: 1) the estimated number of customers affected by the outage, 2) the impacted service area and 3) the preliminary estimated time of service restoration.

To access this information, the Call Center customer service representatives go to the Missouri postings and check for any service projects and/or any service outages. The EMSD staff is of the opinion that the Company has completed this recommendation.

EMSD Report of Case Nos.
WR-2008-0266, SR-2008-0267, SR-2008-0268 and WR-2008-0269

Develop internal control procedures and a tracking mechanism that ensures monthly billing periods do not exceed 35 days and are in accordance with Commission Rules.

The EMSD staff reviewed this recommendation on December 17, 2008. At that time, the Jefferson City Regional Manager informed the EMSD staff that it received a monthly report from corporate headquarters in Pennsylvania and that it follows up on each case and makes customer account corrections, as necessary, with its corporate headquarters. The report lists the customer's address, the read date, the days of service (which is outside of the 26 to 35 day usage period), the consumption, the billed charges, as well as other information.

Company personnel stated that the three major reasons for customer billing statements being outside of the 26 to 35 day usage period are: 1) new customer, 2) move-in and move-out customers and 3) reread meter and the bill is canceled and rebilled. The Regional Manager further stated that the report typically contains 15 to 30 customers per week.

During this review, the Regional Manager informed the EMSD staff that it continues to receive the monthly report from corporate headquarters, but the report was not being reviewed. The Regional Manager stated that this task was being assigned to a new employee and that a review of the report would begin soon.

In response to a request by the EMSD staff, the Company provided copies of the monthly report for three months in 2008 and three months in 2009. The table below displays the total number of accounts that fall outside of the 26 to 35 day usage period and also shows of that total number, the number of accounts that are greater than the 35 day usage period.

Month	Total number of accounts less than 26 day usage period or more than 35 day usage period	Number of accounts greater than 35 day usage period
October 2008	26 accounts	14 accounts
November 2008	25 accounts	9 accounts
December 2008	26 accounts	6 accounts
July 2009	77 accounts	37 accounts
August 2009	52 accounts	17 accounts
September 2009	44 accounts	13 accounts

Source: Aqua Missouri, Inc.

In the EMSD staff's Report No. 2, staff noted that following the Company's May 2007 billing system conversion, "the Company management was unable to quantify the number of customers experiencing extended billing periods and the duration of the extended billing periods that have occurred since May 2007". The Company further stated that its problem had been remedied because its billing system conversion was complete. At that time, no documentation was provided by the Company to confirm that the Company's billing periods conformed to Commission Rules.

During this current review, the EMSD staff noted that corporate headquarters provides the outside of 26 to 35 day report to the Jefferson City Regional Office. However, bills sent to customers outside of the 26 to 35 day window lack any documentation stating the reason for the abnormality.

The EMSD staff is of the opinion that the Company has not satisfactorily completed this recommendation and further states that the Company is in violation of Commission Rules. Commission Rule 4 CSR 240-13.015(C) states:

Billing period means a normal usage period of not less than twenty-six (26) nor more than thirty-five (35) days for a monthly billed customer nor more than one hundred (100) days for a quarterly billed customer, except for initial, corrected or final bills.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Ensure adherence to Commission Rule 4 CSR 240-13.020(1) regarding the production of bills within a 26-35 day billing period.

Ensure that multiple staff in the Jefferson City office is trained to fully process new applications for service. Take additional actions to ensure customers are not receiving unbilled service.

The EMSD staff reviewed this recommendation on December 17, 2008 and was informed that the Jefferson City employees are able to input new construction customers into the billing system and that customer count audits are being performed semi-annually (April and November). These audits are provided to the manager of the Water and Sewer Department at the MO PSC by April 15 and November 15.

During this review, the EMSD staff observed a Jefferson City employee entering a new customer into the billing system and also reviewed the customer count audit performed April 6-10, 2009, and provided to the manager of the MO PSC Water and Sewer Department.

The EMSD staff is of the opinion that the Company has completed this recommendation. The EMSD staff encourages the Company to make certain the semi-annual customer count audits are reviewed and compared to Company records to ensure that customers are not receiving unbilled service.

Develop cost-effective management procedures that decrease the amount of uncollected past due balances, particularly in the Jefferson City territory.

The Company explained that the uncollected past due balances were primarily due from sewer customers. During the EMSD staff's September 29, 2009 interview, the Company stated that it had refined its procedures. The threshold of its past due balances had

dropped from \$250 during its last rate case to \$100. When the customer's balance due reaches the threshold, a delinquent letter is mailed the customer. The customer is provided 30 days to make payment and if payment is not received, the service is disconnected within ten days after the 30 day provision.

The Regional Manager at the Jefferson City office stated that it receives a permit list from the counties of all new residential and commercial accounts. A letter is mailed to each name on the list and notice is given to the appropriate servicemen to monitor for groundbreaking. In addition, the Company indicated that all meters have been replaced and are with new locks. The Company stated that its policy is to lock all meters not currently in service.

Information provided by the Company, showed the following balances due for its MO service territories as of October 24, 2009:

31 to 60 days	\$5,004.77
61 to 90 days	\$6,056.77
91 to 120 days	\$12,529.28
121 to 180 days	\$2,726.81

These balance due amounts are an improvement to the balance due amounts reported in Report 2. The EMSD staff is of the opinion that the Company has completed this recommendation. The EMSD staff encourages the Company to continue to evaluate and implement procedures that could decrease its uncollected past due balances.

Conduct a periodic evaluation, as system capabilities increase, that analyzes the cost-effectiveness of developing a complaint and inquiry log specific to each Aqua Missouri service territory.

In the Implementation Report of Tracking File Nos. WR-2008-0266, SR-2008-0267, SR-2008-0268, WR-2008-0269, the Company informed the EMSD staff that it will be continually evaluating separating complaints and inquiries out by service territory. This information would provide the Company a beneficial tool that would enable Company management to evaluate the reasons why customers contact the Company and determine if any measures should be taken to reduce customer contacts and improve customer satisfaction. The EMSD staff encourages the Company to continue to evaluate this recommendation and develop a complaint and inquiry log specific to each Aqua Missouri service territory when the

Company's analysis deems it to be cost-effective. The EMSD staff deems this recommendation to be ongoing.

Provide monthly data on a quarterly basis for Call Center performance. Reports should include ASA, ACR, Call Center staffing levels and number of calls offered data. Data should be provided to staff no later than the 45th day after the proceeding quarter.

The EMSD staff is receiving the Company's monthly Call Center data on a quarterly basis. The EMSD staff is of the opinion this recommendation is complete.

ADDITIONAL FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

The following discussion presents a summary of the findings, conclusions and recommendations following the review in the Company's current cases, Case Nos. SR-2010-0023, WR-2010-0025, SR-2010-0026 and WR-2010-0027. These recommendations pertain to the Company's customer service operations. The information presented in this section focuses on the following areas that require Company management's attention:

- Company Brochure
- Billing
- Customer Complaint Report
- Customer Service Representative Training
- Customer Survey Goals

Company Brochure

According to Data Request No. 90, the Company does not have a brochure or printed material summarizing the rights and responsibilities of the Company and its Missouri customers. The Company is in violation of Commission Rule 4 CSR 240-13.040(3) which states:

A utility shall prepare, in written form, information which in layman's terms summarizes the rights and responsibilities of the utility and its customers in accordance with this chapter. The form shall be submitted to the consumer services department of the Missouri Public Service Commission, and to the Office of the Public Counsel. This written information shall be displayed prominently, and shall be available at all utility office locations open to the general public, and shall be mailed or otherwise delivered to each residential customer of

the utility if requested by the customer. The information shall be delivered or mailed to each new customer of the utility upon the commencement of service and shall be available at all times upon request. The written information shall indicate conspicuously that it is being provided in accordance with the rules of the commission, and shall contain information concerning, but not limited to: (A) – (L).

A simple brochure should be developed, sent in a one-time mailing to all existing customers and be provided to new customers at the time of initiating service. The primary benefit of this effort would be clarification of issues such as the billing process, payment remittance, meter reading processes and estimated bills. The EMSD staff provided the Regional Manager of the Jefferson City office with a template to assist in production of their brochure.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Distribute to current and future customers an informational brochure detailing the rights and responsibilities of the utility and its customers. The informational brochure shall adhere to Commission Rule 4 CSR 240-13.040(3).

Billing

While the Company produces a monthly report that identifies bills which fall outside of the 26-35 day usage period, it does not clearly determine and document the reasons why these abnormalities occur. This monthly report originates from corporate headquarters, and is distributed to the Regional Manager at the Jefferson City office. The Regional Manager informed the EMSD staff that she continues to receive the monthly report from corporate headquarters, but the report was not being reviewed. The Regional Manager stated that this task was being assigned to a new employee and that a review of the report would begin soon.

In addition to the Company not clearly documenting the reason for billing abnormalities on its internal computer system, an explanation is not provided to customers for producing bills outside of acceptable parameters specified in Commission rules. In fact, customer accounts on the report are mailed their billing statements without the Company communicating the reason their bill falls outside of the 26 to 35 day usage period. The EMSD staff is of the opinion that the Company should investigate, document, and record the reason a customer's bill falls outside of the 26 to 35 day usage period

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Document on the Company's report of customer bills outside of the 26-35 day billing period the reasons for producing bills that fall outside of the 26-35 day billing period.

The Company bills customers for periods of time greater than 35 days without an explanation provided to the customer. During its review of Company records, public comments and customer complaints, the EMSD staff noted that some customer bills greater than 35 days exceeded 300 days and that some customer bills are recalculated without an explanation provided to the customer. The EMSD staff also reviewed telephone calls to the Call Center and experienced firsthand calls where the Call Center representative had difficulty explaining a back bill or a rebill. Additionally, the EMSD staff noted that information provided by the Call Center representatives and management personnel did not correspond regarding one customer account that had been rebilled for a period greater than 35 days.

Commission Rule 4 CSR 240-13.020 (1) states: "A utility shall normally render a bill for each billing period to every residential customer in accordance with its tariff". The EMSD staff is of the opinion that the Company should provide a monthly bill to its customers instead of one bill for a period of more than one month with no explanation of how the bills were calculated. The customer deserves a specific message on any bill that is for service exceeding 35 days.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Include a message on the printed bill of any residential customer receiving a bill for more than 35 days of service indicating that such bill is for a greater number of days than the customer's normal bill, informing the customer of the ability to call the Company to establish a payment arrangement, and providing the telephone number of the Company's call center.

Customer Complaint Report

The customer complaint report does not provide information in a format that can be used by management to quickly identify recurring issues and significant trends. In response to the EMSD staff's request for the 2007, 2008, and 2009 complaint/inquiry log, the Company provided weekly Missouri call totals from its Kankakee, Illinois, Call Center with letter codes that identify the reasons for the calls. The Kankakee Call Center is the primary location that handles calls from Missouri customers, but overflow Missouri customer calls are forwarded to

the next available customer service representative at the Company's Call Centers in Bryn Mawr, Pennsylvania, and Cary, North Carolina. Company management stated that Call Center representatives keep individual tally sheets of contacts from Missouri customers and this information is subsequently compiled to produce the weekly reports.

Although the weekly reports fulfill the Company's responsibility to maintain complaint reports, no summary report is produced that could facilitate Company management's ability to identify recurring issues, significant trends, and corrective actions for the Company to analyze and address. In addition, since the weekly reports only track the Missouri calls received at the Kankakee Call Center, during times of high call volumes, Missouri calls that are handled at the Cary, North Carolina, and Bryn Mawr, Pennsylvania, Call Centers are not recorded.

The EMSD staff also notes that data request information indicates the Company's Call Centers typically handle 300 – 500 Missouri calls per month; however, the weekly Call Center logs usually only list 20 – 40 Missouri contacts each month. The wide disparity between the number of calls received and the number of Missouri calls recorded in the Company's Call Center log raises the question of whether the Call Center representatives are consistently recording all calls from Missouri customers.

The lack of a comprehensive report that summarizes the reasons for calls from Missouri customers limits Company management's ability to evaluate why Missouri customers are calling. In addition, it appears that the Company's manual system of only tracking calls from Missouri customers at its Kankakee Call Center is not effective in capturing information from all Missouri callers. Improved data collection methods for recording and summarizing the reason for all calls from Missouri customers is essential in order for Company management to take effective action to improve customer service.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Prepare a monthly report summarizing all Call Center complaints received from customers located in the Missouri service territory and denoting the Company's interpretation as to the reason for each individual complaint. This report shall be designed to facilitate Company management's ability to identify recurring issues, significant trends and corrective actions and shall be provided to the EMSD staff on a quarterly basis.

Customer Service Representative Training

Full training for new customer service representatives may not be completed for up to three months after new employees begin responding to customer calls. New Call Center representatives are partnered with a senior Call Center representative for approximately four to six weeks before they start accepting calls independently. Company management stated that new representatives typically start taking turns listening to calls with a senior representative after two days of employment. Company management stated that most basic training is received on-the-job although training is not complete until the Quality Assurance and Training Team, a traveling team from corporate headquarters, conducts about three days of formal training. The Company indicated formal training is always completed within three months of a new Call Center representative's beginning employment.

Based on the EMSD staff's observation of other utility companies' training practices, it appears that the Company provides less training to its new customer service representatives prior to independently responding to customer calls. For example, recent discussions with another utility revealed that new customer Call Center representatives do not handle live customer calls until they have received at least two weeks of training. In addition, all formal training is completed before customer service representatives begin taking calls without direct supervisory observation. At Aqua Missouri, it is possible that formal training would not be completed for a period of up to about six weeks after a new Call Center representative is working independently.

The lack of adequate training for new customer Call Center representatives can contribute to an unsatisfactory and unproductive experience for customers and new Call Center representatives. The provision of appropriate on-the-job and formal training for new Call Center representatives would increase the likelihood that representatives are prepared to respond to all customer calls and improve the probability that customers will receive a satisfactory resolution to their concerns. In addition, adequate training can reduce the likelihood that customers will contact the Call Center multiple times regarding the same issue.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Provide to all new customer service representatives adequate formal training prior to responding to customer calls. This training shall include at a minimum, knowledge of state statutes, knowledge of Company tariffs,

knowledge of the Company's computer system and knowledge of the Company's structure.

The Company's current training program is not effectively addressing continuing high levels of customer dissatisfaction with their experience in contacting the Company's Call Centers. Rudeness, inconsistency, the provision of inaccurate information, and the lack of follow-up information have been recurring issues over the past several years. These concerns were expressed by customers during previous, recent rate cases and appear to be current problems.

Company management stated that training issues are identified and handled in several ways. Supervisors that observe particular problems are expected to provide individual coaching with customer service representatives. Company management stated that it also monitors 10 calls chosen randomly from each Call Center representative every month. A scorecard is prepared for each representative evaluating quality, dependability, and productivity. The results are provided to Call Center supervisors who are responsible for addressing specific individual problems. In addition, Company personnel stated that the Quality Assurance and Training Team from corporate headquarters that conducts new Call Center representative training also provides instruction to other Call Center representatives on recurring problems or new procedures.

As previously stated, customers continue to express dissatisfaction with their Call Center experience. The EMSD staff spoke with several customers who had submitted public comments in the context of the current rate case. One customer was concerned that Call Center representatives were argumentative and did not always provide accurate information. Another customer was disappointed when the Call Center representative promised to remove a late payment charge and did not take timely action.

Additionally, the EMSD staff observed these concerns while listening to approximately 38 recorded Missouri customer calls to the Kankakee Call Center. The EMSD staff observed situations where customers were placed on hold for extended periods of time with no explanation. In another situation, a customer was requesting to establish service with the Company at a location that had previous service with the Company and the Call Center representative insisted the customer must have the wrong location. There was also an instance where a customer repeatedly asked to speak with a supervisor or someone else and

the Call Center representative refused to comply with the customer's request. The EMSD staff also noted situations where one Call Center representative would only speak with the person named on the account and a different representative was willing to speak with the spouse of the person listed on the account. In the opinion of the EMSD staff, it is likely that concerns expressed in the public comments and the sample of recorded conversations could be indicative of multiple customer service related issues at the Call Center.

Continuing concerns over the performance of Call Center representatives are also supported by quarterly customer satisfaction surveys conducted for the Company. A review of the survey results from the Third Quarter of 2008 to the Fourth Quarter of 2009 shows little change or improvement. The EMSD staff calculated the percentage of survey responses where the customers were very satisfied or somewhat satisfied. The four lowest survey responses out of thirteen dealt with customer service satisfaction, overall billing satisfaction, correcting billing errors, and overall call experience. The percentage of very satisfied or somewhat satisfied customers ranged between 44% and 63% in these categories. The remainder of customers was not satisfied to some degree.

While the Company conducts ongoing training for its Call Center representatives, the continuing presence of concerns with customers' Call Center experience indicates that increased attention to this matter is required. Improved Call Center training that targets the recurring concerns that customers are expressing would result in more satisfied customers, fewer repetitive calls to the Call Center and a more productive and efficient Call Center.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Conduct a comprehensive evaluation of the Company's customer service representatives' training program and the customer service representatives' performance evaluation tools. Such evaluations should include at a minimum, an evaluation of the customer service representatives' knowledge of MO PSC rules and regulations, proper documentation of the calls received, responsiveness to customers' inquiries and complaints and customer service representatives' tone and demeanor. Use this evaluation to decrease the number of dissatisfied customers from current levels according to the Company's Customer Service Satisfaction Survey.

Customer Survey Goals

Company management has not established performance benchmarks for individual customer responses in its quarterly customer satisfaction survey. The survey is administered by an outside vendor that gathers responses from a sample of 65 customers from each operating region. The quarterly survey is taken from a sample of customers who have contacted a Call Center within the previous four weeks. The vendor produces a survey report that conveys the percentage of customers who were very satisfied or somewhat satisfied with a particular facet of customer service performance. Company personnel stated that executive management reviews the survey and compares the results with previous quarters' responses and other companies' information; however, Company management has not established acceptable percentage targets for each survey question response.

While comparison with previous survey results and other companies' performance may be useful, this practice, alone, does not ensure that acceptable customer service performance standards have been achieved. Previous performance may not be at an acceptable level and other companies' performance can be measured differently. Without performance benchmarks, Company management has little basis for evaluating whether the survey responses fall within its expectations or if corrective action may be necessary to bring about improvement in customer satisfaction. While the establishment of performance benchmarks related to customer survey responses is somewhat subjective, Company management is in the best position to establish acceptable target levels that ensure cost-effective use of its resources.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Create performance benchmarks for the customer responses to each question on the quarterly customer satisfaction surveys and use this information to identify and implement corrective actions that can improve customer satisfaction.

THE EMSD STAFF RECOMMENDS

THAT COMPANY MANAGEMENT:

Recommendation Number	Recommendation
1	<u>Ensure that the Call Center personnel notify the appropriate Company personnel when a customer requires additional information and verify that the necessary follow-up communication with the customer actually occurs by noting such communication in the customer's account within the Company's database.</u>
2	<u>Document all customer contacts with the Company's Jefferson City office that require follow-up actions and/or communications from the Company, ensure that all customers expecting follow-up actions and/or communications from the Company receive appropriate responses to their requests and make certain that customers are referred to the Company's Call Center when necessary.</u>
3	<u>Ensure adherence to Commission Rule 4 CSR 240-13.020(1) regarding the production of bills within a 26-35 day billing period.</u>
4	<u>Distribute to current and future customers an informational brochure detailing the rights and responsibilities of the utility and its customers. The informational brochure shall adhere to Commission Rule 4 CSR 240-13.040(3).</u>
5	<u>Document on the Company's report of customer bills outside of the 26-35 day billing period the reasons for producing bills that fall outside of the 26-35 day billing period.</u>
6	<u>Include a message on the printed bill of any residential customer receiving a bill for more than 35 days of service indicating that such bill is for a greater number of days than the customer's normal bill, informing the customer of the ability to call the Company to establish a payment arrangement, and providing the telephone number of the Company's call center.</u>

Recommendation Number	Recommendation
7	<u>Prepare a monthly report summarizing all Call Center complaints received from customers located in the Missouri service territory and denoting the Company's interpretation as to the reason for each individual complaint. This report shall be designed to facilitate Company management's ability to identify recurring issues, significant trends and corrective actions and shall be provided to the EMSD staff on a quarterly basis.</u>
8	<u>Provide to all new customer service representatives adequate formal training prior to responding to customer calls. This training shall include at a minimum, knowledge of state statutes, knowledge of Company tariffs, knowledge of the Company's computer system and knowledge of the Company's structure.</u>
9	<u>Conduct a comprehensive evaluation of the Company's customer service representatives' training program and the customer service representatives' performance evaluation tools. Such evaluations shall include at a minimum, an evaluation of the customer service representatives' knowledge of MO PSC rules and regulations, proper documentation of calls received, responsiveness to customer inquiries and complaints and customer service representatives' tone and demeanor. Use this evaluation to decrease the number of dissatisfied customers from current levels according to the Company's Customer Service Satisfaction Survey.</u>
10	<u>Create performance benchmarks for the customer responses to each question on the quarterly customer satisfaction surveys and use this information to identify and implement corrective actions that can improve customer satisfaction.</u>

Agreement Attachment E

Summary of Events

Aqua RU, Inc.
d/b/a Aqua Missouri, Inc.
Case No. WR-2010-0025
Summary of Case Events

Date Filed	July 15, 2009
Day 150	December 12, 2009
Extension?	No
If yes, why?	

Amount Requested	Lakewood Manor	\$20,000
	LTA	\$14,900
	Ozark Mountain	\$71,600
	Rankin Acres	\$2,500
	Riverside Estates	\$32,500
	Spring Valley	\$19,100
	White Branch	\$26,800
	Total	\$187,400

Amount Agreed Upon	Lakewood Manor	\$894
	LTA	\$12,283
	Ozark Mountain	\$48,865
	Rankin Acres	\$0
	Riverside Estates	\$21,695
	Spring Valley	\$11,184
	White Branch	\$30,404
	Total	\$125,325

Number of Customers	Lakewood Manor	35
	LTA	99
	Ozark Mountain	392
	Rankin Acres	88
	Riverside Estates	286
	Spring Valley	108
	White Branch	156
	Total	1,164

Assessments Current	Yes
Annual Reports Filed	Yes
Statement of Revenue Filed	Yes
Other Open Cases before Commission	SR-2010-0023
	SR-2010-0026
	WR-2010-0027
	SC-2010-0150
	WC-2010-0151
	SC-2010-0152
	WC-2010-0153

Status with Secretary of State	Good Standing
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DNR Violations	No
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Significant Service/Quality Issues	None
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