

**Agreement Regarding Disposition of
Small Company Rate Increase Request**

North Oak Sewer District, Inc.

MO PSC Work ID No. QS-2003-0019

Background

North Oak Sewer District, Inc. ("Company") initiated the small company rate increase request ("Request") for sewer service that is the subject of the above-referenced Missouri Public Service Commission ("Commission") "file" by submitting a letter to the Secretary of the Commission. The Company submitted its Request under the provisions of Commission Rule 4 CSR 240-2.200, Small Company Rate Increase Procedure that was superseded in April 2003 by Rule 4CSR 240-3.330, Sewer Utility Small Company Rate Increase Procedure ("Small Company Procedure"). The Company's request was dated December 11, 2002, and received by the Commission on December 16, 2002

In its processed Request, the Company represented that it was asking for Commission approval of customer rates intended to generate increases in its total annual sewer service operating revenues by \$8,000.

Upon review and acceptance of the Company's Request, personnel in the Commission's Data Center scanned the processed Request into the Commission's electronic filing and information system and Work ID No. QS-2003-0019 was assigned to the Request. The Request was then forwarded to the Commission's Water & Sewer Department for processing under the Small Company Procedure.

Pursuant to the provisions of the Small Company Procedure and related internal operating procedures, the Staff of the Commission ("Staff") initiated an audit of the

Company's books and records, a review of certain of the Company's general business practices, an inspection of the Company's facilities and a review of the Company's operation of its facilities. (Hereafter, these activities will be collectively referred to as the Staff's "investigation" of the Company's Request.)

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

Resolution of the Company's Rate Increase Request

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

- (1) That for the purpose of implementing the agreements set out herein, the Company will file tariff revisions with the Commission containing the rates, charges and language set out in the example tariff sheets for its sewer service territory as attached hereto as Attachment A. Additionally, the Company will submit the original signed version of this document with its tariff filing.
- (2) That the ratemaking income statements attached hereto as Attachment B reflects the Company's annualized revenues generated by its current customer rates, the Staff determined level of increase needed by the Company for recovering its allocated annualized cost of providing sewer service of \$3,850.
- (3) That the rates set out in the attached example tariff sheets are designed to generate revenues sufficient to recover the abovementioned increase for the Company's sewer service area. Additionally, the provisions of the attached example tariff sheets also properly reflect all other agreements set out herein, where necessary.

- (4) That the rates included in the attached example tariff sheets are just and reasonable.
- (5) That the depreciation rates set out on Attachment C hereto should be the prescribed sewer plant depreciation rates for the Company, and that these were the depreciation rates used by the Staff in its revenue requirement analysis.
- (6) That the modification of the Late Payment Charge to "\$6.50 or 3% of the outstanding balance, whichever is higher", from \$6.50 is reasonable.
- (7) The Company agrees to notify the Commission within one month of starting to serve mobile homes that are located in the area currently known as the Applebee Mobile Home Park.
- (8) The Company agrees to implement the "record maintenance and retention" practices as recommended by the Commission's Accounting Staff.
- (9) 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

This Disposition Agreement is only between the Staff and the Company. The OPC has requested, and the Staff agrees, that the Company needs to send a second customer notice to its customers. In compliance with the Small Company Procedure, the Company's second notice will reflect the terms of this Disposition Agreement, and will provide the Company's customers an opportunity to send comments to the OPC and the Staff within twenty (20) days after the date of that notice. In addition to this second customer notice, the Company acknowledges that the OPC also has the right to request that the

Commission hold a local public hearing regarding the Company's Request and/or the provisions of this Disposition Agreement.

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

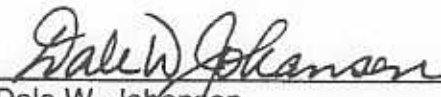
The Company acknowledges that it has consented to an extension of the "150-day" tariff filing date set forth in the Small Company Procedure.

The Company acknowledges that the Staff will be making an additional filing with the Commission regarding this matter. That filing will include the Staff's recommendation for approval of the subject tariff revisions, background information regarding the Company's Request and the Staff's investigation thereof, and certain Staff workpapers regarding the following items: (a) the ratemaking income statement referenced in item (2) above; (b) the agreed-upon design of the Company's customer rates; (c) a residential customer billing comparison reflecting the agreed-upon changes in the Company's rates; (d) a general overview of the Company; and (e) an overview of the Company's customer service procedures and practices. Additionally, that filing will include information regarding the status of the Company's payment of its Commission assessments and the Company's filing of its Commission annual reports, as well as information regarding any other pending matters that the Company may have before the Commission.

Effective Date and Signatures


This Disposition Agreement shall be considered effective as of the date that it and the requisite tariff revisions are filed with the Commission.

Agreement Signed and Dated:



Dale W. Johansen
Manager - Water & Sewer Department
Missouri Public Service Commission Staff

8/15/03
Date



James Vaccaro
President
North Oak Sewer District, Inc.

9-17-03
Date

List of Attachments

Attachment A	Example Tariff Sheets
Attachment B	Ratemaking Income Statement
Attachment C	Depreciation Rates

FORM NO. 13 P. S. C. MO. No. 1 ☐ 1st ☒ Revised Sheet No. 4

Cancelling P. S. C. MO. No. 1 ☐ Original Sheet No. 4

North Oak Sewer District, Inc.

For: Certificated Area in Warren County, MO

Name of Issuing Company

Community, Town or City

RULES GOVERNING
RENDERING OF SEWER SERVICE

+

SCHEDULE OF SEWER RATES

Sewer Rate Schedule "A" – Single Family Dwellings

Availability: +

This rate is available to all customers located in the Company's MO PSC certificated service area that is located on the Company's collecting mains suitable for supplying the service requested. This service is available to single family residences and mobile homes not located in mobile home parks.

Rate:

Monthly Sewer Service Charge (payable in advance) \$37.70

Connection Charge: This charge may apply. See Connection Charge heading under the Schedule of Other Charges section.

Construction Contribution: This charge may apply. See Construction Contribution heading under Schedule of Other Charges Section.

Taxes: Any applicable Federal, State or local taxes shall be in addition to above charges. +

Sewer Rate Schedule "B.1" – Multiple Family Dwellings where collecting sewers serving each unit are owned by the utility.

Availability: +

This rate is available to all customers located in the Company's MO PSC certificated service area that is located on the Company's collecting mains suitable for supplying the service requested. This service is available to each unit of an apartment building or other multiple-family dwelling, and for mobile homes located in mobile home parks where the in-park sewer collecting system is owned by the utility.

Rate:

Monthly Sewer Service Charge (payable in advance) \$30.16

Connection Charge: This charge may apply. See Connection Charge heading under the Schedule of Other Charges section.

Construction Contribution: This charge may apply. See Construction Contribution heading under Schedule of Other Charges Section.

Taxes: Any applicable Federal, State or local taxes shall be in addition to above charges. +

* Indicates new rate or text

+ Indicates change

Date of Issue

Date Effective

Issued By: James P. Vaccaro Sr. President 1801 W. N. Service Road, Wright City MO 63390

Name of Officer

Title

Address

ATTACHMENT A - 1

North Oak Sewer District, Inc.
Name of Issuing Company

For: Certificated Area in Warren County, MO
Community, Town or City

RULES GOVERNING
RENDERING OF SEWER SERVICE
SCHEDULE OF SEWER RATES

+

Sewer Rate Schedule "B.2" – Multiple Family Dwellings where collecting sewers are NOT owned by the utility.

Availability: +

This rate is available to all customers located in the Company's MO PSC certificated service area that is located on the Company's collecting mains suitable for supplying the multiple unit service requested at a premises. This service is available to the owner of the apartment buildings or other multiple-family dwellings, and owner of mobile home parks where the in-park collection system on the customer's facility is not owned by the utility.

Rate:

Monthly Sewer Service Charge (payable in advance) \$30.16 per unit

Billing: The Company will bill the owner of the premises (the customer) for the number of domestic use spaces that are physically connected to the Company's collection sewer. If the Company is not provided reasonable access to the customer's facility to ascertain the number of domestic use spaces that are connected, the Company shall bill the customer the total number of possible domestic use spaces for the facility.

Connection Charge: This charge may apply. See Connection Charge heading under the Schedule of Other Charges section.

Construction Contribution: This charge may apply. See Construction Contribution heading under Schedule of Other Charges Section.

Taxes: Any applicable Federal, State or local taxes shall be in addition to above charges. +

- * Indicates new rate or text
- + Indicates change

Date of Issue

Date Effective

Issued By: James P. Vaccaro Sr. President 1801 W. N. Service Road, Wright City MO 63390
Name of Officer Title Address

ATTACHMENT A - 2

FORM NO. 13 P. S. C. MO. No. 1 1st Revised Sheet No. 5

Cancelling P. S. C. MO. No. 1 Original Sheet No. 5

North Oak Sewer District, Inc.
Name of Issuing Company

For: Certificated Area in Warren County, MO
Community, Town or City

RULES GOVERNING
RENDERING OF **SEWER SERVICE** +
SCHEDULE OF SEWER RATES

Sewer Rate Schedule "C" – Commercial Establishments

Availability: +

This rate is available to all customers located in the Company's MO PSC certificated service area that is located on the Company's collecting mains suitable for supplying the service requested. This service is available to commercial establishments but only for non-residential domestic type sewage from such.

Rate:

Monthly Sewer Service Charge (payable in advance) \$41.47

Connection Charge: This charge may apply. See Connection Charge heading under the Schedule of Other Charges section.

Construction Contribution: This charge may apply. See Construction Contribution heading under Schedule of Other Charges Section.

Taxes: Any applicable Federal, State or local taxes shall be in addition to above charges. +

Other Special Requirements: The Company may require installation of grease traps or pretreatment facilities when, in the opinion of the Company, such is necessary to prevent violation of effluent standards or other permits or cause excessive expense to the Company in relation to costs attributable to other customers (see Rule 11).

* Indicates new rate or text

+ Indicates change

Date of Issue

Date Effective

Issued By: James P. Vaccaro Sr. President 1801 W. N. Service Road, Wright City MO 63390
Name of Officer Title Address

ATTACHMENT A - 3

FORM NO. 13 P. S. C. MO. No. 1 ☐ 1st ☒ Revised Sheet No. 6

Cancelling P. S. C. MO. No. 1 ☐ Original ☐ Sheet No. 6

North Oak Sewer District, Inc.

For: Certificated Area in Warren County, MO

Name of Issuing Company

Community, Town or City

RULES GOVERNING
RENDERING OF SEWER SERVICE
SCHEDULE OF SEWER RATES

+

Sewer Rate Schedule "D" – Industrial Waste

Availability: +

This rate is available to all customers located in the Company's MO PSC certificated service area that is located on the Company's collecting mains suitable for supplying the service requested. This service is available to industrial users discharging effluent other than domestic waste.

Rate: +

A Special Contract for service approved by the Missouri Public Service Commission shall set industrial waste rates. The Commission, prior to the provision of any such service, shall approve such Contract. The Contract will set a construction contribution and rates for treatment which will take into consideration the special requirements for treatment of other than domestic pretreatment facilities when, in the opinion of the Company, such is necessary to prevent violation of effluent standards or permits or cause excessive expense to the Company in relation to costs attributable to other customers (see Rule 11).

Taxes: Any applicable Federal, State or local taxes shall be in addition to above charges. +

* Indicates new rate or text

+ Indicates change

Date of Issue

Date Effective

Issued By: James P. Vaccaro Sr. President 1801 W. N. Service Road, Wright City MO 63390

Name of Officer

Title

Address

ATTACHMENT A - 4

FORM NO. 13 P. S. C. MO. No. 1 1st Revised Sheet No. 7

Cancelling P. S. C. MO. No. 1 Original Sheet No. 7

North Oak Sewer District, Inc.
Name of Issuing Company

For: Certificated Area in Warren County, MO
Community, Town or City

RULES GOVERNING
RENDERING OF **SEWER SERVICE** +
SCHEDULE OF OTHER CHARGES

Late Payment Charge:

Billings will be made and distributed at monthly intervals. Bills will be rendered net, bearing the last date on which payment will then be considered delinquent. The period after which the payment is considered delinquent is 21 days after rendition of the bill. A charge of \$6.50 or three percent (3%) per month times the unpaid balance, whichever is more, will be added to delinquent amounts.

Returned Check Charge:

If a party tenders a check to the Company for payment of service and such check is returned unpaid by the Company's bank, the Company may assess a returned Check Charge of \$35. If a customer incurs a Returned Check Charge more than twice in any twelve month period, the Company may refuse to accept any further checks from that customer for a

(Continued on next tariff sheet)

* Indicates new rate or text
+ Indicates change

Date of Issue

Date Effective

Issued By: James P. Vaccaro Sr. President 1801 W. N. Service Road, Wright City MO 63390
Name of Officer Title Address

ATTACHMENT A - 5

North Oak Sewer District, Inc.

Small Company Rate Filing - Sewer Service
Work ID # QS-2003-0019

Sewer

Rate Making Income Statement

	As Adjusted	
Revenue	\$19,584	
Expenses		Minimum
		Bill Allocated
Support Staff Salary & Empl PR Tax	\$2,580	\$2,580
Contract Operator	\$5,760	\$5,760
Waste Water Testing	\$600	\$800
Electricity-Treatment Plant	\$2,464	\$2,464
Sludge Hauling	\$750	\$750
Materials & Supplies	\$500	\$500
Professional Services - Accounting	\$350	\$350
Shared Office Costs	\$900	\$900
Postage	\$194	\$194
DNR Fees	\$800	\$800
Taxes & Licenses	\$45	\$45
Bank charges	\$80	\$80
Insurance	\$520	\$520
PSC Expense	\$1,807	\$1,807
Depreciation	\$1,557	\$1,557
Return On Investment	\$4,527	\$4,527
		\$0
Total Cost of Service	\$23,434	\$23,434
Less: Other Revenues	\$0	\$0
Cost to recover from Rates	\$23,434	\$23,434
Total COS	\$23,434	
Increase Needed	\$3,850	19.7%

August 13, 2003
Missouri Public Service Commission Staff

Page 1 of 1
W. R. Hubbs

Attachment B

North Oak Sewer District, Inc.
DEPRECIATION RATES

QS-2003-0019

<u>ACCOUNT NUMBER</u>	<u>ACCOUNT</u>	<u>DEPRECIATION RATE %</u>	<u>AVERAGE SERVICE LIFE (YEARS)</u>
351	Structures & Improvements	2.5%	40
352.2	Collection Sewers (Gravity)	2.0%	50
372	Treatment & Disposal Facilities	5.0%	20
393	Stores Equipment	4.0%	25
394	Tools, Shop, and Garage Equipment	5.0%	20

ATTACHMENT C