

TBJ SEWER SYSTEMS, INC.

JOSEPH & MARILYN TOBBEN
5686 GILDEHAUS ROAD
VILLA RIDGE, MO 63089

Telephone 636-583-2889

Fax 636-583-4429

August 14, 2002

*RECEIVED*³

AUG 16 2002

*Records
Public Service Commission*

Dale Hardy Roberts
Secretary of the Public Service Commission
P. O. Box 360
Jefferson City, MO 65102

Dear Mr. Roberts,

I am writing to request a small company rate increase for TBJ Sewer Systems, Inc. The amount of additional revenue is \$15,527. The reasons I am requesting an increase are as follows:

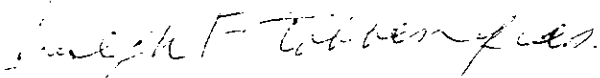
- Increased cost on assessment fees
- Cost of loan expenses

All of my annual assessment fees are being paid under the installment plan and are currently up to date. Also, my annual reports are current and are on file with the commission.

Currently, I have 16 residences and one school that I am serving.

A copy of this letter has also been sent to the Public Counsel.

Sincerely,



Joseph F. Tobben, President
TBJ Sewer Systems, Inc.

Attachment A - 1

QS-2003-0008

TBJ SEWER SYSTEMS, INC.

JOSEPH & MARILYN TOBBEN
5686 GILDEHAUS ROAD
VILLA RIDGE, MO 63089

Telephone 636-583-2889
Fax 636-583-4429

August 27, 2002

Missouri Public Service Commission
Wendell R. "Randy" Hubbs
Assistant Manager, Rates
Water and Sewer Department

Dear Mr. Hubbs,

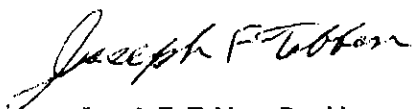
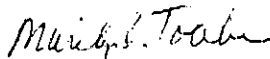
As per our telephone conversation today we are sending this letter asking the commission to modify the current revenue of \$15,527. We are asking for a \$1,000 revenue increase.

SEWER RATES

Current Monthly Rate	\$22.00
Proposed Increase Percentage	22.8%
Proposed Increase Amount	\$ 5.01

Please review the enclosed modification. We will be waiting to hear from you and will not be mailing out the "Initial Customer Notice" until we are in agreement.

Sincerely,

Joseph F. Tobben, President
Marilyn E. Tobben, Secretary
TBJ Sewer Systems, Inc.

Attachment A - 2

Original Copy

TBJ SEWER SYSTEMS, INC.

JOSEPH & MARILYN TOBBEN
5686 GILDEHAUS ROAD
VILLA RIDGE, MO 63089

Telephone 636-583-2889
Fax 636-583-4429

September 4, 2002

Dear Customer:

On August 16, 2002, TBJ Sewer Systems, Inc. (Company) submitted a request for permanent increase in its current sewer rates, under the Missouri Public Service Commission's (Commission) small company rate increase procedure.

By its request, the Company is seeking an increase in its annual operating sewer service revenues of \$1000.00 (an approximate 22.8% increase). The Company believes these increases in its operating revenues are necessary to allow it to meet current operating expenses and provide an adequate return on investments. Additionally, the Staff will review the adequacy of the Company's "miscellaneous service charges".

The example bill shown below set out a comparison of the Company's current residential customer rates for sewer service as if they were increased by the requested percentage increases. No taxes or other charges are included in examples below.

Sewer Rates	
Current Monthly Rate	\$22.00
Proposed Increase Percentage	22.8%
Proposed Increase Amount	<u>\$5.01</u>

Beginning sometime soon, the Staff of the Public Service Commission (Commission Staff) will conduct an independent investigation of the books, records and operations of the Company. Based upon that investigation, the Commission Staff will then make its recommendations regarding the Company's rate increase requests, and necessary changes to system operations, to the Commission for its consideration.

The Office of the Public Counsel (Public Counsel), a state agency responsible for representing the interests of the consumer before the Commission, may conduct its own investigation, but at a minimum will review the results of the Commission Staff's investigation. The Public Counsel will then make its own recommendations regarding the Company's rate increase requests, and necessary changes to system operations, to the Commission for its consideration.

Any customer who has questions or comments regarding the Company's rate increase requests, or who has experienced recent service problems, should contact the Commission Staff and the Public Counsel **within 30 days of the date of this notice**. To do so, please use the addresses, telephone numbers or fax numbers shown below. The Commission Staff and/or the Public Counsel will respond to all such customer contacts, during the course of their investigations.

Attachment B - 1

Missouri Public Service Commission
Water and Sewer Department
P.O. Box 360
Jefferson City, MO 65102
Phone: 573/751-3437 or 800/392-4211
Fax: 573/751-1847

Office of the Public Counsel
Attn: Ruth O'Neill
P.O. Box 7800
Jefferson City, MO 65102
Phone: 573/751-1304
Fax: 573/751-5562

Upon completion of the Commission Staff's and the Public Counsel's investigations, the Company may be requested to send out a second customer notice regarding the results of the investigations. Additionally, the Public Counsel may request that the Commission hold a local public hearing.

However, neither a second customer notice nor a local public hearing will happen automatically. Therefore, please take the time now to express your views about the Company's rate increase requests, and the operation of its system, to the Commission Staff and the Public Counsel.

Regardless of whether the Company sends out a second customer notice, or whether a local public hearing is eventually held, no increase in rates will take effect without the approval of the Public Service Commission.

Sincerely,

Joseph F. Tobben
President
TBJ SEWER SYSTEMS, INC.

TBJ Sewer System, Inc.

5686 Gildehaus Road
Villa Ridge, Missouri 63089
Phone: (636) 583-2899

January 7, 2003
~~December 27, 2002~~

Secretary to the Commission
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102

FILED³

JAN 17 2003

RE: **TBJ Sewer System, Inc.**
Small Company Rate Increase Procedure Requests
Mo. PSC Work ID No. QS - 2003 - 0008 (Sewer)

Missouri Public
Service Commission

Dear Mr. Secretary:

I am enclosing for filing with the Commission an original and three copies of revised tariff sheets that includes rate changes reflecting an agreement between the ~~TBJ Sewer System, Inc.~~ ^{TBJ} ~~Company~~, Inc. (Company) and the Commission Staff (Staff) on the above subject. The Company initiated the subject rate increase request August 16, 2002, under the Commission's small company rate increase procedure, and the request was assigned the above-referenced work ID number.

Additionally, consistent with the Commission's small company rate increase procedure, I am enclosing an Agreement Regarding Disposition of Small Company Rate Increase Request (Agreement). This Agreement reflects a "settlement" between the Company, the Staff and the OPC regarding all matters related to the Company's sewer service rate increase request.

The Agreement calls for, and the revised tariff sheet contains, customer rates intended to produce an increase \$1,000 (an approximate 18.4% increase) in the Company's annual operating revenues for its sewer operations. The Agreement also requests Commission authorization of the depreciation rates for the Company's sewer operations.

It is my understanding that the Staff will be providing additional information about the Company's rate increase request and the related Staff audit and investigation, for filing in the case papers following the creation of a formal docket.

Please contact me at your convenience if you need anything further.

Sincerely,

TBJ SEWER SYSTEM, INC.

Joseph F. Tobben
Joseph F. Tobben
President

enclosures

copies (w/enclosures): Wendell R. Hubbs - PSC Staff
Office of the Public Counsel - Ruth O'Neill

Recd 1/17/03 WRHubbs

Attachment C - 1

P. S. C. MO. No. 1 **1st Revised** Sheet No. 4

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

TBJ Sewer System, Inc. For: Original Certificated Sewer Service Area in Franklin County
Name of Issuing Company Community, Town or City

Schedule of Sewer Rates +

Application – The following monthly sewer service charges will be in effect for customers of TBJ Sewer System, Inc. in its Public Service Commission initially approved service area. *

Monthly Sewer Service Charge + - The following monthly service charge must be paid regardless of the quantity of metered water usage. The commodity charge will apply only to the commercial customer class.

Residential Rate

Monthly Service Charge \$21.02 per month +

Commercial Rates

Monthly Service Charge \$21.02 per month +

Commodity Charge \$3.25 per 1000 gallons per month
of water use +

St. John the Baptist

Church & School

Monthly Service Charge \$ 199.00 per month +

Contribution-in-aid-of-Construction (CIAC) + shall apply for new construction.

(See Rule 11 if a sewer extension is required.)

Residential Rate \$1,000

Commercial Rates \$12 per 1,000 gallon of estimated annual water
use with a minimum of \$1,000

Taxes:*

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

* indicates new rate or text

+ indicates changed rate or text

Date of Issue: 1/7/03

Date Effective: 2/17/03

Issued By: Joseph Tobben, President 5686 Gildehaus Road Villa Ridge, MO 63089

Name of Officer

Title

Address

P. S. C. MO. No. 1

1st Revised

Sheet No. 5

Cancelling P. S. C. MO. No. 1

Original

Sheet No. 5

TBJ Sewer System, Inc.
Name of Issuing Company

For: Original Certificated Sewer Service Area In Franklin County
Community, Town or City

Schedule of Service 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 \$5.00 or three percent (3%) per month times the unpaid balance, whichever is more, will be added to delinquent amounts.

Bad Check Charge:

A bad check charge of \$15 per check will be paid on all checks returned from the bank for insufficient funds.

Reconnect Charge:

A reconnect charge of \$50 shall be billed for each reconnection occurrence.

* indicates new rate or text

+ indicates changed rate or text

Date of Issue:

1/7/03

Date Effective:

2/17/03

Issued By: Joseph Tobben, President

5686 Gildehaus Road Villa Ridge, MO 63089

Name of Officer

Title

Address

Attachment C - 3

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

**TBJ Sewer System, Inc.
MO PSC Work ID No. QW – 2003 – 0008
(Sewer)**

Background

TBJ Sewer Systems, 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 ("Informal Rate Case Procedure"). The date that the initial Company's Request was received at the Commission's offices was August 16, 2002. This initial Request was modified by a fax dated August 27, 2002.

In its modified Request, the Company represented that it was asking for Commission approval of customer rates intended to generate an increase of \$1,000 in its total annual sewer service operating revenues. The Company provides sewer service to approximately 17 customers, 16 of which are residential customers in nature and 1 that is a church/school.

Upon review and acceptance of the Company's Request, personnel in the Commission's Data Center assigned Work ID No. QS - 2003 - 0008 to the Request, for purposes of identification and tracking, and forwarded the Request to the Commission's Water & Sewer Department for processing under the Informal Rate Case Procedure.

Pursuant to the provisions of the Informal Rate Case 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, the Company and the OPC 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 attached hereto as Attachment A. Additionally, the Company will submit the original signed version of this document with its tariff filing.
- (2) That except as otherwise noted in the agreements below, the ratemaking income statement attached hereto as Attachment B reflects the Company's annualized revenues generated by its current customer rates, the Company's total annualized cost of providing service and the annualized agreed-upon sewer service operating revenue increase of \$1,000, which is required to recover the Company's requested cost of service.

- (3) That the rates set out in the attached example tariff sheets are designed to generate revenues sufficient to recover the Company's requested annualized cost of service, and that 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 for sewer service hereto should be the prescribed depreciation rates for the Company, as these were the depreciation rates used by the Staff in its revenue requirement analysis;
- (6) That the modification to the Late Payment Charge is reasonable;
- (7) That the Company will develop and use a "service agreement" for each of its current customers to help ensure knowledge of each customer's rights and responsibilities.
- (8) That the Company will create and keep a Customer Contact Log, whereby it will keep track of all customer contacts. This log will chronologically list each customer address, the nature of the contact and the details of how the customer's concern was taken care of.
- (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.

Additional Matters

This Disposition Agreement is between the Staff, the Company and the OPC.

Other than the specific conditions agreed upon and expressly set out herein, the terms of this Disposition Agreement reflect compromises between the Staff, the Company and the OPC, and no party has agreed to any particular ratemaking principle in arriving at the amount of the annual sewer operating revenue increase specified herein.


The Company has consented to an extension of the “150-day” tariff filing date set forth in the Informal Rate Case 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.


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.

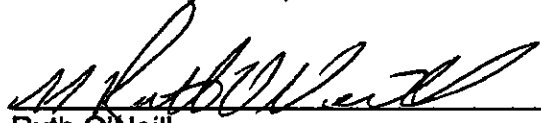
Agreement Signed and Dated:


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

1/9/03
Date


Joseph F. Tobben
President
TBJ Sewer Systems, Inc.

12-20-02
Date


Ruth O'Neill
Attorney
Office of the Public Counsel

1-14-03
Date

List of Attachments

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

P. S. C. MO. No. 1 **1st Revised** Sheet No. 4

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

TBJ Sewer System, Inc. For: Original Certificated Sewer Service Area In Franklin County
Name of Issuing Company Community, Town or City

Schedule of Sewer Rates +

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Residential Rate

Monthly Service Charge \$21.02 per month +

Commercial Rates

Monthly Service Charge \$21.02 per month +

Commodity Charge \$3.25 per 1000 gallons per month
of water use +

St. John the Baptist

Church & School

Monthly Service Charge \$ 199.00 per month +

Contribution-in-aid-of-Construction (CIAC) + shall apply for new construction.

(See Rule 11 if a sewer extension is required.)

Residential Rate \$1,000

Commercial Rates \$12 per 1,000 gallon of estimated annual water
use with a minimum of \$1,000

Taxes:*

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

* indicates new rate or text

+ indicates changed rate or text

Date of Issue:

Date Effective:

Issued By: Joseph Tobben, President 5686 Gildehaus Road Villa Ridge, MO 63089

Name of Officer

Title

Address

Attachment A

P. S. C. MO. No. 1

1st Revised

Sheet No. 5

Cancelling P. S. C. MO. No. 1

Original

Sheet No. 5

TBJ Sewer System, Inc.
Name of Issuing Company

For: Original Certificated Sewer Service Area in Franklin County
Community, Town or City

Schedule of Service Charges

Late Payment Charge: +

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Bad Check Charge:

A bad check charge of \$15 per check will be paid on all checks returned from the bank for insufficient funds.

Reconnect Charge:

A reconnect charge of \$50 shall be billed for each reconnection occurrence.

* indicates new rate or text

+ indicates changed rate or text

Date of Issue:

Date Effective:

Issued By: Joseph Tobben, President 5686 Gldehaus Road Villa Ridge, MO 63089

Name of Officer

Title

Address

Attachment A

TBJ Sewer System, Inc.

Small Company Rate Filing - Sewer Service
Work File # QS 2003 0008

Rate Making Income Statement			
	As Adjusted		
Revenue	\$5,424		
Expenses			Cost of Service
Depreciation	\$1,717		\$1,717
Testing Expense	\$220		\$220
Registration Fee	\$45		\$45
DNR Permit Fee	\$250		\$250
PSC Assessment	\$504		\$504
MOCS/Dig Rite Fee	\$240		\$240
Accounting Fee	\$525		\$525
Utilities	\$955		\$955
Office Supplies	\$100		\$100
Postage	\$86		\$86
Repairs & Maintenance	\$150		\$150
Operating Labor	\$600		\$600
Management /Administration	\$150		\$150
Return & Tax	\$1,521		\$1,521
Total O & M Expenses	\$7,063		\$7,063
Operation & Maintenance Expenses	\$7,063		\$7,063
Cost to recover from Rates (less other revenues)			
Total COS	\$7,063		
Increase Needed	\$1,639	30.2%	
Increase Proposed by Staff	\$1,000	18.4%	with Modified Rate Design
Revenue Increase Requested \$1,000			
Total COS for Rates			\$6,424

December 13, 2002
Missouri Public Service Commission Staff

Page 1 of 1
W. R. Hubbs

Attachment B

Attachment C - 11

**TBJ Sewer System, Inc.
DEPRECIATION RATES**

(SEWER)

QS-2003-0008

<u>ACCOUNT NUMBER</u>	<u>ACCOUNT</u>	<u>DEPRECIATION RATE %</u>	<u>AVERAGE SERVICE LIFE (YEARS)</u>
311	Structures & Improvements	2.5%	40
352.2	Collection Sewers (Gravity)	2.0%	50
354	Services	2.0%	50
373	Treatment & Disposal Facilities	5.0%	20

Attachment C

TBJ Sewer System, Inc.

Small Company Rate Filing - Sewer Service

Work File # QS 2003 0008

Rate Making Income Statement			
	As Adjusted		
Revenue	\$5,424		
Expenses			Cost of Service
Depreciation	\$1,717		\$1,717
Testing Expense	\$220		\$220
Registration Fee	\$45		\$45
DNR Permit Fee	\$250		\$250
PSC Assessment	\$504		\$504
MOCS/Dig Rite Fee	\$240		\$240
Accounting Fee	\$525		\$525
Utilities	\$955		\$955
Office Supplies	\$100		\$100
Postage	\$86		\$86
Repairs & Maintenance	\$150		\$150
Operating Labor	\$600		\$600
Management /Administration	\$150		\$150
Return & Tax	\$1,521		\$1,521
Total O & M Expenses	\$7,063		\$7,063
Operation & Maintenance Expenses	\$7,063		\$7,063
Cost to recover from Rates (less other revenues)			
Total COS	\$7,063		
Increase Needed	\$1,639	30.2%	
Increase Proposed by Staff	\$1,000	18.4%	with Modified Rate Design
Revenue Increase Requested \$1,000			
Total COS for Rates			\$6,424

December 13, 2002
Missouri Public Service Commission Staff

Page 1 of 5
W. R. Hubbs

Attachment D – 1

TBJ Sewer System, Inc.

Small Company Rate Filing - Sewer Service

Work File # QS 2003 0008

Sewer Rate Development

Sewer Rates				
Total Sewer Cost of Service				\$7,063
Times:				
Residential Percentage				57.14%
Equals: Revenue to collect from Residential				\$ 4,036
Divided by Billings				192
Equals: Residential RATE				\$ 21.02
Total Sewer Cost of Service				\$7,063
Times:				
Church & School Percentabe				42.86%
Equals: Revenue to collect from Church/School				\$ 2,388 ← this figure is forced
Divided by Billings				12
Equals: Church/School RATE				\$ 199.00
Meter Size	Customers	Usage Percentages	Weighting	Weighting Percentages
Residential	16	1	16	57.14%
Church/School	1	12.0	12	42.86%
Totals	17		28	100.00%

TBJ Sewer System, Inc.

Small Company Rate Filing - Sewer Service
Work File # QS 2003 0008

Residential Sewer Customer Impact

Residential	Monthly Charge
Proposed Rates- Residential	\$21.02
Current Rates - Residential	\$22.00
Difference	-\$0.98
Percentage Difference from Current Rates	-4.45%

Church/School	Monthly Charge
Proposed Rates- Church/School	\$199.00
Current Rates - Church/School	\$100.00
Difference	\$99.00
Percentage Difference from Current Rates	99.00%

December 13, 2002
Missouri Public Service Commission Staff

Page 3 of 5
W. R. Hubbs

TBJ Sewer System, Inc.

Small Company Rate Filing - Sewer Service

Work File # QS 2003 0008

Proposed Charges Annualized & Normalized Revenues

Sewer Revenues

Minimum Bill Revenues

Customer Number - Residential	16
-------------------------------	----

Customer Bills	192
----------------	-----

Times:

Proposed Minimum Monthly Charge	\$ 21.02
---------------------------------	----------

Equals:

Annualized Minimum Bill Revenue - Residential	\$4,036
---	---------

Customer Number - Church/School	1
---------------------------------	---

Customer Bills	12
----------------	----

Times:

Proposed Minimum Monthly Charge	\$ 199.00
---------------------------------	-----------

Equals:

Annualized Minimum Bill Revenue - Church/School	\$2,388
---	---------

Total Sewer Revenue - Proposed Rates	\$6,424
---	----------------

December 13, 2002

Missouri Public Service Commission Staff

Page 4 of 5

W. R. Hubbs

Attachment D - 4

TBJ Sewer System, Inc.

Small Company Rate Filing - Sewer Service

Work File # QS 2003 0008

Test Year Annualized & Normalized Revenues

Sewer Revenues

Minimum Bill Revenues

Customer Number - Residential	16
-------------------------------	----

Customer Bills	192
----------------	-----

Times:

Existing Minimum Monthly Charge	\$ 22.00
---------------------------------	----------

Equals:

Annualized Minimum Bill Revenue - Residential	\$4,224
---	---------

Customer Number - Church/School	1
---------------------------------	---

Customer Bills	12
----------------	----

Times:

Existing Minimum Monthly Charge	\$ 100.00
---------------------------------	-----------

Equals:

Annualized Minimum Bill Revenue - Church/School	\$1,200
---	---------

Total Sewer Rate Revenues @ Current Rate	\$5,424
--	---------

Miscellaneous Revenues	\$0
------------------------	-----

Total Sewer Service Revenues @ Current Rates	\$5,424
--	---------

December 13, 2002

Missouri Public Service Commission Staff

Page 5 of 5

W. R. Hubbs

TBJ Sewer System Inc.
2002 Small Company Rate Case
LKH

Revenue Annualization

Total Number of Residential Customers	16
Times: 12 Months	<u>12</u>
Total Bills	192
Times: Flat Monthly Residential Charge	<u>\$22.00</u>
Annualized Sewer Revenues (Residential)	\$4,224.00

Total Number of Commerical - Fixed Rate Customers	1
Times: 12 Months	<u>12</u>
Total Bills	12
Times: Flat Monthly Commerical Charge	<u>\$100.00</u>
Annualized Sewer Revenues (Commercial Fixed Rate)	\$1,200.00

Annualized Sewer Revenues (Residential)	\$4,224.00
Annualized Sewer Revenues (Commercial Fixed Rate)	<u>\$1,200.00</u>
Total Annualized Sewer Revenue	<u><u>\$5,424.00</u></u>

Hubbs Analysis 12.5.02
Revenue Annualization

	Certificate Case Revenues (Full Case)	Certificate Case Shortfall
Total Number of Residential Customers	25	9
Times: 12 Months	12	12
Total Bills	300	108
Times: Flat Monthly Residential Charge	\$22.00	\$22.00
Annualized Sewer Revenues (Residential)	\$6,600.00	\$2,376.00
Total Number of Commerical - Fixed Rate Customers	1	0
Times: 12 Months	12	12
Total Bills	12	0
Times: Flat Monthly Commerical Charge	\$100.00	\$100.00
Annualized Sewer Revenues (Commercial Fixed Rate)	\$1,200.00	\$0.00
Annualized Sewer Revenues (Residential)	\$6,600.00	\$2,376.00
Annualized Sewer Revenues (Commercial Fixed Rate)	\$1,200.00	\$0.00
Total Annualized Sewer Revenue	<u>\$7,800.00</u>	<u>\$2,376.00</u>

Customer Equivalents	Res	1	25	1	25	1	9
	Commercial	4.55	4.55	12	12	12	0
			<u>29.55</u>		<u>37</u>		<u>9</u>

0.304569 =9/29.55

0.243243 =9/37

33% of the Customer Equivalents have not been achieved by year 2002 - four year growth period
 Randy's recommended Capacity adjustment for plant

Customer Equivalents from Jerry Scheible based on DNR design criteria

School = 12 customer equivalents

Staff Accounting Run of 12.2.02

Plant in Service Depreciation

Acct No	Acct Title	Date In Service	Original Cost	Less: CIAC	CIAC	Depreciation Rates	Reserve	Net Plant Balance	Annualized Depreciation
301	Organizational Costs*	1/31/1998	6,216.40	N/A	6,216.40	N/A	N/A	6,216.40	N/A
310	Land & Land Rights**		304.00	N/A	304.00	N/A	N/A	304.00	N/A
311	Structures and Improvements	11/30/1998	2,521.32		2,521.32	2.5%	231.12	2,290.20	63.03
352.2	Collection Sewers (Gravity)	11/30/1998	9,088.50	9,088.50	0.00	2.0%	0.00	0.00	0.00
352.2	Collection Sewers (Gravity)	12/31/1998	13,224.63	10,000.00	3,224.63	2.0%	591.10	2,633.53	64.49
354	Services to Customers	11/30/1998	8,603.37	1,911.50	6,691.87	2.0%	490.74	6,201.13	133.84
354	Services to Customers	12/31/1998	553.05		553.05	2.0%	39.64	513.41	11.06
373	Treatment and Disposal Facilities	11/30/1998	37,153.68		37,153.68	5.0%	6,811.51	30,342.17	1,857.68
373	Treatment and Disposal Facilities	4/1/1999	15,647.50		15,647.50	5.0%	2,607.92	13,039.58	782.38
373	Treatment and Disposal Facilities	10/1/1999	3,170.50		3,170.50	5.0%	449.15	2,721.35	158.53
373	Treatment and Disposal Facilities	1/31/2000	1,102.50		1,102.50	5.0%	137.81	964.69	55.13
			<u>97,585.45</u>	<u>21,000.00</u>	<u>76,585.45</u>		<u>11,358.98</u>	<u>65,226.47</u>	<u>3,126.13</u>

*Organizational Costs (legal fees) were amortized by the Company at \$1255 for 5 years, starting in 1998 - Staff did not amortize these.

**These were put into easement fee expense by Company originally, now put into proper acct.

Hubbs Analysis
Plant in Service Depreciation

Acct No	Acct Title	Date In Service	Original Cost	Certificate Estimated Cost	Difference Cost Over	Acct No	Randy's Plant	Randy's Adjustments (s)	
301	Organizational Costs*	1/31/1998	6,216.40		6,216.40	301	\$		
310	Land & Land Rights**		304.00		304.00	310	\$		
311	Structures and Improvements	11/30/1998	2,521.32		2,521.32	311	\$		
352.2	Collection Sewers (Gravity)	11/30/1998	9,088.50		9,088.50				
352.2	Collection Sewers (Gravity)	12/31/1998	13,224.63	20,000.00	-6,775.37	352	\$ 16,891.04	(b)	=d42+d43 times .666 0.757
354	Services to Customers	11/30/1998	8,603.37		8,603.37				
354	Services to Customers	12/31/1998	553.05		553.05	354	\$ 6,931.41	(b)	=d42+d43 times .666 0.757
373	Treatment and Disposal Facilities	11/30/1998	37,153.68	37,250.00	-96.32	373	\$ 31,949.94	(c) & (d)	
373	Treatment and Disposal Facilities	4/1/1999	15,647.50		15,647.50				
373	Treatment and Disposal Facilities	10/1/1999	3,170.50		3,170.50				
373	Treatment and Disposal Facilities	1/31/2000	1,102.50		1,102.50	373			
			<u>97,585.45</u>	<u>57,250.00</u>	<u>40,335.45</u>				
					<u>40,334.45</u>				
							<u>\$ 58,597.39</u>		
	Contribution in Aid of Construction		\$ (21,000.00)	#####			\$ (21,000.00)		
	Randy's Net Plant		<u>76,585.45</u>	<u>28,250.00</u>			<u>\$ 37,597.39</u>		

Hubbs - Customer Number and other Adjustments to Rate Base Plant
33% of the Customer Equivalents have not been achieved by year 2002 - four year growth period
Randy's recommended Capacity adjustment for plant
a Elimination of account 301 Organizational Cost from rate base
b Elimination of 33% of Account 352.2 and Account 354 from rate base
c Elimination of 75% of the account 373 - Services to customers excess from the certificate case
d Elimination of 33% of the remaining account 373 (from c above) - Services to customers from rate base

(c) & (d)
\$37,250.00 original investment certificate case
\$ 4,956.00 1/4 of overage
\$42,206.00 Total + 1/4 of overage
\$31,949.94 .757 of total + overage acct 373 plant
\$57,074.18 existing acct 373 plant
Percentage of 373 allowed in rate base
56.0% apply to reserve and depreciation exp

Hubbs Rate Base & Depreciation

Acct No	Acct Title	Date In Service	Hubbs Original Cost	Less: CIAC	Total Plant CIAC	Less Reserve	Randy's Rate Base	Depreciation Rates	Hubbs Annualized Depreciation
301	Organizational Costs*		\$ -	N/A	0.00	N/A	\$ -	N/A	N/A
310	Land & Land Rights**		\$ 304.00	N/A	304.00	N/A	\$ 304.00	N/A	N/A
311	Structures and Improvements		\$ 2,521.00		2,521.00	\$ 231.12	\$ 2,289.88	2.5%	\$ 63.03
352.2	Collection Sewers (Gravity)		\$ 16,891.04	19,088.50	2,197.46	\$ 447.46	\$ (2,644.92)	2.0%	\$ (43.95)
352.2	Collection Sewers (Gravity)		\$ 16,891.04	19,088.50	2,197.46	\$ 447.46	\$ (2,644.92)	2.0%	\$ (43.95)
354	Services to Customers		\$ 6,931.41	1,911.50	5,019.91	\$ 401.49	\$ 4,618.42	2.0%	\$ 100.40
354	Services to Customers		\$ 6,931.41	1,911.50	5,019.91	\$ 401.49	\$ 4,618.42	2.0%	\$ 100.40
373	Treatment and Disposal Facilities		\$ 31,949.94		31,949.94	\$ 5,603.58	\$ 26,346.36	5.0%	\$ 1,597.50
373	Treatment and Disposal Facilities		\$ 31,949.94		31,949.94	\$ 5,603.58	\$ 26,346.36	5.0%	\$ 1,597.50
373	Treatment and Disposal Facilities		\$ 31,949.94		31,949.94	\$ 5,603.58	\$ 26,346.36	5.0%	\$ 1,597.50
373	Treatment and Disposal Facilities		\$ 31,949.94		31,949.94	\$ 5,603.58	\$ 26,346.36	5.0%	\$ 1,597.50
			<u>\$ 58,597.39</u>	<u>21,000.00</u>	<u>37,597.39</u>	<u>\$ 6,683.65</u>	<u>\$ 30,914</u>		<u>\$ 1,717</u>

Randy's Depreciation Expense

Hubbs Reserve Adjustment

As of July, 31 2002	Beginning Balance 2002	Additions to Plant	Less: CIAC	Total Plant End Bal 7/31/02	Y.E. 2001 Accm Dep	Dep Rate	T.Y. Ending 7/31/02 Dep Expense	T.Y. Ending 7/31/02 Accm Dep
Acct 301								
Organizational Costs 1/31/98	6,216.40	0.00	0.00	6,216.40	\$ -	0.00	0.00	0.00
Acct 310								
Easement Fees - Various dates	240.00	64.00	0.00	304.00	\$ -	0.00	0.00	0.00
Acct 311								
Building & Fence in service 11/30/98	2,521.32	0.00	0.00	2,521.32	\$ 194.35	0.03	86.77	231.12
Acct 352.2								
Mains in service 11/30/98								
Mains in service 12/31/98	6,224.63	0.00	3,000.00	3,224.63	\$ 553.48	0.02	37.62	591.10
Acct 354								
Manholes in service 11/30/98	6,691.87					0.02	78.07	
Manholes in service 12/31/98	553.05	0.00	0.00	7,244.92	\$ 445.85	0.02	6.45	530.37
Acct 373								
Plant in service 11/30/98	37,153.68	0.00	0.00	37,153.68	\$ 5,727.86	0.05	1,083.65	
Plant - Pumps in service 4/1/99	15,647.50	0.00	0.00	15,647.50	\$ 2,151.53	0.05	456.39	
Plant - Railing in service 10/1/99	3,170.50	0.00	0.00	3,170.50	\$ 356.88	0.05	92.47	
Plant - Wiring in service 1/31/00	1,102.50	0.00	0.00	1,102.50	\$ 105.66	0.05	32.16	
Totals	79,521.45	64.00	3,000.00	76,585.45	\$ 9,535.41		1,823.58	11,358.40

**Rounded to nearest beginning/end of month

Randy's Rate Base

(a)

(b)

(b)

(c) & (d) 56.00%

These allocations cont

Hubbs - Customer Number and:
24.3 % of the Customer Equivalent
Randy's recommended Capa
a Elimination of account
b Elimination of 24.3% o
c Elimination of 75% of
d Elimination of 24.3% c

\$ 6,683.65 = Randy's Accumulated Reserve

TBJ Sewer System Inc.
2002 Small Company Rate Case
Randy's Adjustment to Plant & Reserve

Rate Base for TBJ Sewer System Inc.

Total Plant in Service

Less: Depreciation Reserve

Rate Base

\$ 30,913.74

See Hubbs

Revenue Requirement

\$ 1,520.96

(Rate Base \$25,010 *
4.92% Rate Of Return)

TBJ Sewer System Inc.
2002 Small Company Rate Case
LKH

Income Statement Year Ending 7/31/02 - Test Year

TBJ SEWER SYSTEM, INC.
5886 GILDEHAUS ROAD
VILLA RIDGE, MO 63089

INCOME STATEMENT
JULY 31, 2002

Hubbs Adjusted

DESCRIPTION	COMPANY	STAFF	DIFFERENCE	ADJ. NO.	
Depreciation Expense	5,992.00	1,716.97	(4,275.03)	S-1	See Hubbs Plant in Service Sheet
Testing - Environmental Servs	275.00	220.00	(55.00)	S-2	
Registration Fee	45.00	45.00	0.00		
Recording Fee	64.00	0.00	(64.00)	S-3	
DNR Permit Fee	250.00	250.00	0.00		
PSC Assessment	355.00	503.63	148.63	S-4	
MOCS/Dig Rite Fee	0.00	240.00	240.00	S-5	
Accounting Fee	525.00	525.00	0.00		
Utilities	1,022.15	955.38	(66.77)	S-6	
Office Supplies	14.46	100.00	85.54	S-7	
Postage	105.00	85.84	(19.16)	S-8	
Repairs & Maintenance	155.00	150.00	(5.00)	S-9	
Operating Labor	600.00	600.00	0.00		
Management/Administration	155.00	150.00	(5.00)	S-10	
Total O & M Expenses	9,557.61	5,541.82	(4,015.79)		
Return on Investment & Taxes		1,520.96			See Hubbs Plant in Service & Rate Base Sheets
Total Cost of Service		7,062.78			
LESS: Total Revenues		5,424.00			
EQUALS: Net Revenue Requirement		1,638.78			

**TBJ Sewer System Inc.
2002 Small Company Rate Case
LKH**

Adjustment Summaries

Depreciation Expense

Company	5,992	
Staff		
Staff Calculation of Depreciation Expense	1,717	
Staff Depreciation Adjustment	<u>(4,275)</u>	S-1

Testing - Enviromental Services

Company	275	
Staff Annualized	220	
\$55. * 4 (quarterly) = \$220.		
Staff Testing Adjustment	<u>(55)</u>	S-2

Recording Fee

Company	64	
Staff	0	
All recording fees related to easements were put into the Land & Land Rights account		
Staff Recording Fee Adjustment	<u>(64)</u>	S-3

PSC Assesement

Company (partial years for 2001 and 2002)	355	
Staff (July 1, 2002 billing)	504	
Staff PSC Assessment Adjustment	<u>149</u>	S-4

Dig-Rite Fee

Company	0	
Staff Annualized	240	
\$20. * 12 (monthly) = \$240.		
New PSC regulation requires membership		
Staff Dig-Rite Fee Adjustment	<u>240</u>	S-5

Utilities Expense

Company	1,022	
Staff - Rate reduction calculated	955	
Calculation were based on the rate of reduction provided by AmerenUE		
(7.14%) * by the Company's energy charges, excluding the service		
charges which remain unchanged.		
Staff Utilities Adjustment	<u>(67)</u>	S-6

Office Supplies Expense

Company	14	
Office Supplies Annualization		
Envelopes	5	
Misc (trash bags, paper, staples, etc)	70	
Statements	<u>25</u>	
Staff Annualized	100	
Staff Office Supplies Adjustment	<u>86</u>	S-7

Postage Expense

Company	105	
Staff Annualized		
232 @ .37 each	86	
Mailings to 15 customers * 2 (per year) = 30		
Statements to 15 customers * 12 (monthly) = 180		
AmerenUE bill * 12 (monthly) = 12		
PSC Assessment * 4 (quarterly) = 4		
Sec of State * 1 (annually) = 1		
DNR * 1 (annually) = 1		
Enviromental Services * 4 (quarterly) = 4		
Total (232) = 30+180+12+44+1+1+4		
Staff Postage Adjustment	<u>(19)</u>	S-8

Repairs & Maintenance Expense

Company (per certification workpaper examples)	155.00	
Staff	150.00	
Adjusted for current case		
Repairs & Maintenance Adjustment	<u>(5.00)</u>	S-9

Management/Administration Expense

Company (per certification workpaper examples)	155.00	
Staff	150.00	
Adjusted for current case		
Management/Administration Adjustment	<u>(5.00)</u>	S-10

Adjustment of Plant in Service Prior to Depreciation

Building and Fence	2,539.40	
Less Sales Tax Refund	<u>18.08</u>	
Total Acct 311 - Structures and Improvements	<u>2,521.32</u>	
Mains	22,678.52	
Less Tap Fees	<u>21,000.00</u>	
Less Sales Tax Refunds	<u>365.39</u>	
Total Acct 352.2 - Collecteotion Sewers (Gravity)	<u>1,313.13</u>	
Manholes	9,448.35	
Less Sales Tax Refunds	<u>291.93</u>	
Total Acct 354 - Services to Customers	<u>9,156.42</u>	
Treatment and Disposal Facility	58,664.63	
Less Sales Tax Refunds	<u>1,464.45</u>	
Total Acct 373 - Treatment and Disposal Facilities	<u>57,200.18</u>	

Organizational Cost Adjustments

Organizational Costs per Company	6,274.00	
Less:		
Could not identify origin of this amount. All other expenses accounted for.	57.60	
Adjusted Organizational Costs	6,216.40	

Legal Fee Adjustments

Total Legal Fees as of 10/8/02	7,393.32
Amount Attributed to Organizational Costs	6,216.40
Amounts Disallowed - Unnecessary Services	
Inv. 1013 dated 2/25/98	51.14
Inv. 1021 dated 10/20/98	89.95
Inv. 1099 dated 8/20/99	35.83
Amount not used in rate case	1,000.00
Inv 1227 for proposed St John's Rd extension	
Total Legal Fees Unaccounted for	0.00

Capital Investment Adjustments

\$2000 of investment removed, actually tap fees paid, 11/30/98

Review of TBJ Sewer Systems, Inc. Customer Service Operations

Written By: Gary Bangert

The Engineering and Management Services Department (EMSD) staff initiated an informal review of customer service processes, procedures, and practices at TBJ Sewer Systems, Inc. (Company) on October 4, 2002. Prior to on-site interviews, the EMSD staff examined Company tariffs, annual reports, Missouri Public Service Commission (Commission) complaint records, and other documentation related to the Company's customer service operations.

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

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

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

- Customer Billing
- Credit and Collections
- Complaints and Inquiries
- Customer Communication

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

Overview

TBJ Sewer Systems, Inc. provides sewer service to 17 customers located in Franklin County about 6 miles northeast of Union, Missouri. Of these 17 customers, one

customer is a school and 16 are individual homeowners. The Company began operating in 1998 by providing sewer service to 10 houses and the one school. Company management anticipates a potential growth of five or six customers when the lots are sold in a new residential development. The Company uses a written contract agreement between Company management and the property owners when a new customer requests sewer service at a location requiring a new connection. This contract documents the rights and responsibilities of the Company and new customer regarding the provision of sewer service. No contract is used for new customers that move into residences already receiving sewer service. The Company president and his wife, the Company owners, perform all operational activities. These activities include the preparation of customer bills, collection of customer payments, maintenance of customer records, response to customer inquiries and complaints, preparation of customer correspondence, and general maintenance of outside plant facilities and property.

Customer Billing

All sewer customers are billed on a monthly basis. The bills are manually prepared and cover a time period of one month beginning on the 20th of each month. All bills are mailed by the first of the month and are due by the 20th of the month. All residential customers pay a flat \$22.00 monthly charge and the school pays a flat \$100.00 monthly charge. The Company's tariff allows for a \$5.00 late payment penalty although a late payment charge has never been assessed. Company management state that they have not had a problem with delinquent payments. Annual customer billing and payment information is recorded on index cards prepared for each customer.

Customers may pay their bills by mail or in person although most customers mail a check. Customer payments are accumulated until Tuesday of each week. The payments are then posted to the customers' accounts and a deposit is made.

Credit and Collections

Company management has never initiated disconnection procedures on any of its customers. Most customers pay their sewer bill on a timely basis and no further follow-up action has been needed. The Company's tariff provides for a \$50.00 reconnect fee should it be necessary to reconnect a customer who has been disconnected for nonpayment.

Complaints and Inquiries

Customers with general questions or concerns may contact the Company owner between the hours of 9:00 a.m. and 5:00 p.m., Monday through Friday. Customers with emergency needs may call the Company at any time and, if someone is not immediately available, they may leave a message on an answering machine. Although Company management stated they receive few contacts from customers, no record is kept of customer complaints or inquiries. A review of Commission complaint/inquiry records showed two customer contacts since the Company started operations.

Customer Communication

Most information is shared informally through personal discussions with customers. The Company has inserted a letter with the monthly bill when it is necessary to communicate particular information with all of the customers.

Findings, Conclusions, and Recommendations

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

- Service Agreement
- Complaint and Inquiry Documentation

Service Agreement

A service agreement has not been developed for use with new customers who move onto premises that have had previous sewer service. The Company uses a formal contract that is signed by Company management and the property owners when a sewer service connection is provided to a new customer premise that has never had sewer service. This contract documents the rights and responsibilities of the Company and new property owner. The contract for new sewer service also states "this agreement will run with the land and will be binding upon the successors." Any new customer that would request sewer service at a previously served location does not sign an agreement with the Company. A strong possibility exists that previous property owners may not provide a copy of the contract for sewer service to individuals that purchase their home.

Consequently, customers that move onto property with existing sewer service may not be aware of the rights and responsibilities affecting property owners and the Company. The development and use of a service agreement with new customers who move into homes with existing sewer service would help to ensure that knowledge of these rights and responsibilities is shared.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Develop and use a written service agreement for new customers requesting sewer service at premises that have been previously served. This service agreement should document pertinent information including the rights and responsibilities of the Company and new property owner.

Complaint and Inquiry Documentation

No record is kept of complaints and inquiries received by Company personnel. Although Company management stated customers seldom have questions or concerns; the lack of a record keeping system makes it impossible for the Company to provide accurate documentation of the nature of its complaints. The availability of documented complaint information would enable Company management to evaluate why customers contact the Company and determine if any measures could be taken to reduce customer contacts and improve customer satisfaction. The availability of documentation regarding customer contacts would also help to show the Company's responsiveness in addressing customer issues.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Develop and initiate a system for documenting the nature of customer contacts, particularly those relating to customer complaints or problems.