

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

**In the Matter of the Small Company Rate)
Increase Request of Roy-L Utilities, Inc.)**

Case No. SR-2008-0303

**NOTICE OF UNANIMOUS AGREEMENT REGARDING DISPOSITION
OF SMALL COMPANY RATE INCREASE REQUEST**

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

1. On March 20, 2008, Roy-L Utilities, Inc. ("Company") submitted to the Commission revised tariff sheets to implement increases in its sewer service rates and charges, and other tariff changes, and the instant case was established.

2. On March 27, 2008, the Staff filed Notice of Agreement Regarding Disposition of Small Company Rate Increase Request. The Agreement was between the Staff and the Company only, and the Office of the Public Counsel did not execute the Agreement.

3. Subsequently, the Company, Staff and Office of the Public Counsel were able to negotiate a unanimous settlement.

4. Included in Appendix A attached hereto is a copy of the above-referenced Unanimous Agreement. The Unanimous Agreement cancels and supersedes the Agreement that was filed on March 27. Various documents related to the Unanimous Agreement are also included in Appendix A as attachments to the agreement. Additionally, affidavits from the Staff members that participated in the investigation of the Company's Request are included in Appendix A.

5. Consistent with established internal operating procedures pertaining to small company rate increase requests, the Staff intends to file its recommendation in this case no later than the end of business on April 25, 2008.

WHEREFORE, the Staff respectfully submits this Agreement Notice and the attached Appendix for the Commission's information and consideration in this case.

Respectfully Submitted,

/s/ **Keith R. Krueger**

Keith R. Krueger
Deputy General Counsel
Missouri Bar No. 23857

Attorney for the Staff of the
Missouri Public Service Commission

P.O. Box 360
Jefferson City, MO 65102
573-751-4140 (telephone)
573-751-9285 (facsimile)
keith.krueger@psc.mo.gov (e-mail)

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of this Agreement Notice and the attached Appendix has been provided, either by first-class mail, by electronic mail, by facsimile transmission or by hand-delivery, to each attorney and/or party of record for this case on this 15th day of April 2008.

/s/ **Keith R. Krueger**

APPENDIX A

STAFF PARTICIPANT AFFIDAVITS AND DISPOSITION AGREEMENT & ATTACHMENTS

CASE NO. SR-2008-0303

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Staff Participant Affidavits

James M. Russo – Water & Sewer Department

Dana Eaves – Auditing Department

Guy Gilbert – Engineering & Management Services Department

Nila Hagemeyer – 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. SR-2008-0303

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 *Unanimous Agreement Regarding Disposition of Small Water Company Rate Increase Request* ("Disposition Agreement"); (4) that he was responsible for the preparation of Attachments A, B, D 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 20th day of March, 2008.



Notary Public



SUSAN L. SUNDERMEYER
My Commission Expires
September 21, 2010
Callaway County
Commission #06942066

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

AFFIDAVIT OF DANA E. EAVES

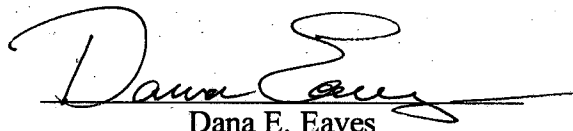
STATE OF MISSOURI

ss.

COUNTY OF COLE

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) Case No. SR-2008-0303
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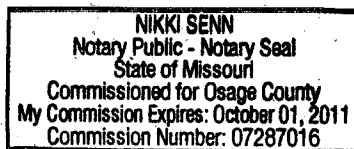
COMES NOW Dana E. Eaves, being of lawful age, and on his oath states the following: (1) that he is an Utility Regulatory Auditor III in the Missouri Public Service Commission's Auditing Department; (2) that he participated in the Staff's investigation of the small company rate increase request that is the subject of the instant case; (3) that he has knowledge of the following *Unanimous Agreement Regarding Disposition of Small Water and Sewer Company Rate Increase Request* ("Disposition Agreement"); (4) that he was responsible for the preparation of Attachment C to the Disposition Agreement; (5) that he has knowledge of the matters set forth in Attachment C to the Disposition Agreement; and (6) that the matters set forth in Attachment C to the Disposition Agreement are true and correct to the best of his knowledge, information, and belief.



Dana E. Eaves

Utility Regulatory Auditor III
Auditing Department

Subscribed and sworn to before me this 27th day of March 2008.


Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

AFFIDAVIT GUY C. GILBERT

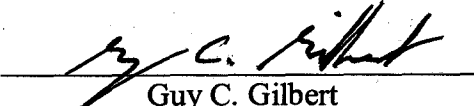
STATE OF MISSOURI

ss.

COUNTY OF COLE

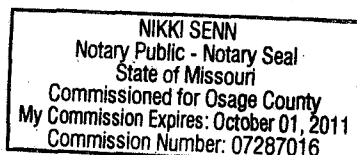
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) Case No. SR-2008-0303
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COMES NOW Guy C. Gilbert, being of lawful age, and on his oath states the following: (1) that he is an Utility Regulatory Engineer II in the Missouri Public Service Commission's Engineering and 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 following *Unanimous Agreement Regarding Disposition of Small Water and Sewer Company Rate Increase Request* ("Disposition Agreement"); (4) that he was responsible for the preparation of Attachment F to the Disposition Agreement; (5) that he has knowledge of the matters set forth in Attachment F to the Disposition Agreement; and (6) that the matters set forth in Attachment F to the Disposition Agreement are true and correct to the best of his knowledge, information, and belief.



Guy C. Gilbert
Utility Regulatory Engineer II
Engineering and Management Services Department

Subscribed and sworn to before me this 25th day of March 2008.





Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

AFFIDAVIT OF NILA S. HAGEMEYER

STATE OF MISSOURI

ss.

COUNTY OF COLE

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)
Case No. SR-2008-0303

COMES NOW Nila S. Hagemeyer, being of lawful age, and on her oath states the following: (1) that she is an Utility Management Analyst III in the Missouri Public Service Commission's Engineering and Management Services Department; (2) that she participated in the Staff's investigation of the small company rate increase request that is the subject of the instant case; (3) that she has knowledge of the following *Unanimous Agreement Regarding Disposition of Small Water and Sewer Company Rate Increase Request* ("Disposition Agreement"); (4) that she was responsible for the preparation of Attachment G to the Disposition Agreement; (5) that she has knowledge of the matters set forth in Attachment G to the Disposition Agreement; and (6) that the matters set forth in Attachment G to the Disposition Agreement are true and correct to the best of her knowledge, information, and belief.

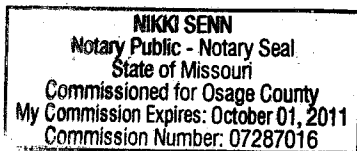
Nila S. Hagemeyer

Nila S. Hagemeyer

Utility Management Analyst III

Engineering and Management Services Department

Subscribed and sworn to before me this 25th day of March 2008.



Nikki Senn

Notary Public

Unanimous Disposition Agreement

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

ROY-L UTILITIES, INC.

CASE NO. SR-2008-0303

BACKGROUND

On March 20, 2008, Roy-L Utilities, Inc. (Company) filed new tariff sheets and on March 27, 2008, the Notice of Agreement Regarding Disposition of Small Company Rate Increase Request between the Company and the Staff was filed. Based on further negotiations among the Staff, Company, and OPC, OPC now joins the Staff and Company in this agreement to resolve the rate increase request.

Resolution of the Company's Rate Increase Request

Pursuant to negotiations held subsequent to the filing of the Notice of Agreement Regarding Disposition of Small Company Rate Increase Request, the Staff, Company and OPC hereby state the following agreements.

- (1) That for the purpose of implementing the agreements set out herein, the Company will submit a substitute tariff sheet containing the rates, charges and language set out in the example tariff sheet attached hereto as Attachment A, to replace the corresponding pending revised tariff sheet.
- (2) That except as otherwise noted in the agreements below, the ratemaking income statement attached hereto as Attachment B accurately reflects the Company's annualized revenues generated by its current customer rates, the agreed-upon total annualized cost of service for the Company, and the resulting agreed-upon annualized operating revenue increase of \$3,148 needed to recover the Company's cost of service.
- (3) That the audit workpapers attached hereto as Attachment C, which include consideration of a capital structure of 88.12% equity for the Company and a pre-tax return on equity of 8.88%, accurately reflect the agreed-upon total annualized cost of service for the Company and provide the basis for the ratemaking income statement referenced in item (2) above.
- (4) That the rates set out in the attached example tariff sheets, the development of which is shown on the rate design worksheet attached hereto as Attachment D, are designed to generate revenues sufficient to recover the agreed-upon total annualized cost of service for the Company and are just and reasonable.
- (5) That the rates included in the attached example tariff sheets will result in the residential customer impacts shown on the billing comparison worksheet attached hereto as Attachment E.

- (6) That the schedule of depreciation rates attached hereto as Attachment F, which includes the depreciation rates used by the Staff in its revenue requirement analysis, should be the prescribed schedule of sewer plant depreciation rates for the Company.
- (7) That the Company will install a new fence with gate and signage around the lagoon by October 31, 2008.
- (8) That the Company will refund the overcharges that occurred from July 2001 through June 2006 with accrued interest as set out below:
- (a) For overcharges collected prior to April 1, 2003, the Company will return the overcharges and accrued interest as monthly bill credits over a one-year period, starting with the first billing period after the effective date of the tariff revisions resulting from this Agreement.
 - (b) For overcharges collected during the period of April 1, 2003 through December 31, 2004, the Company will return the overcharges and accrued interest as monthly bill credits over a one-year period, starting with the thirteenth billing period after the effective date of the tariff revisions resulting from this Agreement.
 - (c) For overcharges collected after December 31, 2004,, the Company will return the overcharges and accrued interest as monthly bill credits over a one-year period, starting with the twenty-fifth billing period after the effective date of the tariff revisions resulting from this Agreement.
- (9) That within ninety (90) days of the effective date of the tariff revisions resulting from this Agreement, the Company will provide the Staff and the OPC documentation that supports the amounts of overcharges and accrued interest that will be returned to its customers in accordance with item (8) above. At a minimum, this documentation will include the following: customer name, amount of overcharge to be refunded, interest owed and total amount owed.
- (10) That the Company will implement the recommendations contained in the Engineering & Management Services Department ("EMSD") Report attached hereto as Attachment G no later than July 18, 2008.
- (11) That no later than April 7, 2008, the Company will mail its customers a written notice of the rates and charges included in its proposed tariff revisions. The notice will include a summary of the impact of the proposed rates on an average residential customer's bill, and will invite the customers to submit comments on the proposed tariff changes to the Staff and OPC within twenty (20) days after the date of the notice. When the Company mails the notice to its customers, it will also send a copy to the Staff and the Staff will file a copy in the subject case file.

(12) That the Company acknowledges that the Staff will, and the OPC may, conduct follow-up reviews of the Company's operations to ensure that the Company has complied with the provisions of this Agreement.

(13) That the Company acknowledges that the Staff or OPC may file a formal complaint against it, if the Company does not comply with the provisions of this Agreement.

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

ADDITIONAL MATTERS

Other than the specific conditions agreed upon and expressly set out herein, the terms of this Agreement reflect compromises between the Staff and 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 the Staff will be filing this Agreement, including attachments, in the case that will be opened when the Company files the proposed tariff revisions called for in the Agreement. The Company also acknowledges that the Staff will be making another filing in that case that will include the following: (a) the Staff's recommendation for approval of the subject proposed tariff revisions, and any related recommendations; (b) background information regarding the Company's Request and the Staff's investigation thereof; (c) information regarding the status of the Company's payment of its Commission assessments; (d) information regarding the status of the Company's submission of its Commission annual reports; (e) information regarding the status of the Company's submission of its Commission annual statement of operating revenues; (f) information regarding any other cases that the Company may have before the Commission; (g) information regarding any recent Notices of Violations that the Department of Natural Resources has issued to the Company; and (h) the status of the Company's corporate standing with the Secretary of State.

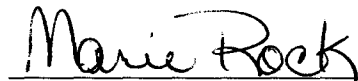
Additionally, the Company agrees that the Staff shall have the right to provide whatever oral explanation the Commission may request regarding the rate case that will be opened when the Company files the proposed tariff revisions called for in this Agreement, at any agenda meeting at which that case is noticed to be considered by the Commission. To the extent reasonably practicable,

the Staff will provide the Company with advance notice of any such agenda meeting so that it may have the opportunity to also be represented at the meeting.

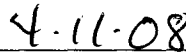
EFFECTIVE DATE AND SIGNATURES

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

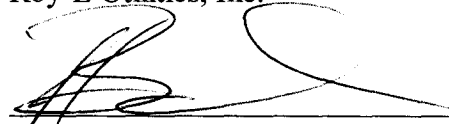
Agreement Signed and Dated:



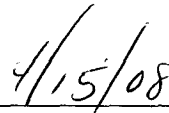
Marie Rock
Secretary
Roy-L Utilities, Inc.



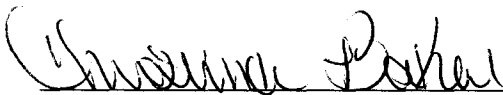
Date



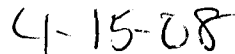
James Busch
Manager
Water & Sewer Department
Missouri Public Service Commission Staff



Date



Christina Baker
Senior General Counsel
Office of the Public Counsel



Date

List of Attachments

- Attachment A – Example Tariff Sheets
- Attachment B – Ratemaking Income Statement
- Attachment C – Audit Workpapers
- Attachment D – Rate Design Worksheet
- Attachment E – Billing Comparison Worksheet
- Attachment F – Schedule of Depreciation Rates
- Attachment G – EMSD Report

Agreement Attachment A

Example Tariff Sheets

Name of Utility: Roy-L Utilities, Inc.

Service Area: Golden Eagle Reserve Montgomery County, Missouri

Rules Governing Rendering of
Sewer ServiceSchedule of Rates

Rate Schedule S-1 -- General Service

Availability:

These rates are available to any water customer on Company's mains for supplying water service requested.

Monthly Flat Rate:

Full-time Customer	\$10.82
--------------------	---------

Part-time Customer	\$ 9.78
--------------------	---------

Taxes:

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

Late Charges:

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 payment will then be 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.

*Indicates new rate or text

+Indicates change

DATE OF ISSUE March 20, 2008
Month Day YearDATE EFFECTIVE May 5, 2008
Month Day YearISSUED BY Marie Rock Secretary 366 Highway F High Hill MO 63350
Name of Officer Title Address

Agreement Attachment B

Ratemaking Income Statement

Roy-L Utilities, Inc.

Rate Making Income Statement-Sewer

Operating Revenues at Current Rates

1	Tariffed Rate Revenues *	\$	3,898	\$	1,277	\$	2,621
2	Other Operating Revenues *	\$	-	\$	-	\$	-
3	Total Operating Revenues	\$	3,898	\$	1,277	\$	2,621
4	* See "Revenues - Current Rates" for Details						

Cost of Service

Item		Amount	Full-time	Part-time
1	Management & Operations	\$ 2,695	\$ 882.84	\$ 1,812.16
2	Sewer Treatment -Testing/Laboratory Fees	\$ 720	\$ 356.90	\$ 363.10
3	Maintenance Expense-Parts/Equipment	\$ -	\$ -	\$ -
4	Maintenance Expense-Mowing	\$ 614	\$ 201.14	\$ 412.86
5	Permit Fees	\$ -	\$ -	\$ -
6	Outside Services-Accounting	\$ 74	\$ 24.24	\$ 49.76
7	Administration & General - Salaries	\$ -	\$ -	\$ -
8	Billing & Collections	\$ 686	\$ 224.72	\$ 461.28
9	Office Supplies	\$ 131	\$ 42.91	\$ 88.09
10	Postage	\$ 180	\$ 58.97	\$ 121.03
11	Vehicle Expense	\$ 584	\$ 191.31	\$ 392.69
12	Property & Liability Insurance	\$ 253	\$ 82.88	\$ 170.12
13	Rent	\$ 588	\$ 192.62	\$ 395.38
14	Regulatory Commission Expense	\$ 273	\$ 89.43	\$ 183.57
15	Corporate Registration	\$ 10	\$ 3.28	\$ 6.72
16	Banking Fees	\$ 5	\$ 1.64	\$ 3.36
17	Miscellaneous General Expenses	\$ 7	\$ 2.29	\$ 4.71
18	Sub-Total Operating Expenses	\$ 6,820	\$ 2,355	\$ 4,465
19	Property Taxes	\$ 68	\$ 33.71	\$ 34.29
20	MO Franchise Taxes	\$ -		
21	Employer FICA Taxes	\$ -		
22	Federal Unemployment Taxes	\$ -		
23	State Unemployment Taxes	\$ -		
24	State & Federal Income Taxes	\$ 20	\$ 9.91	\$ 10.09
25	Sub-Total Taxes	\$ 88	\$ 44	\$ 44
26	Depreciation Expense	\$ 50	\$ 24.78	\$ 25.22
27	Amortization of Utility Plant (computer system)	\$ -		
28	Sub-Total Depreciation/Amortization	\$ 50	\$ 25	\$ 25
29	Return on Rate Base	\$ 88	\$ 43.62	\$ 44.38
30	Total Cost of Service	\$ 7,046	\$ 2,467	\$ 4,579
29	Overall Revenue Increase Needed	\$ 3,148	\$ 1,190	\$ 1,958

Agreement Attachment C

Audit Workpapers

RoyL Utilities Inc
Case: QS-08-001
Twelve Months Ending 10/31/2007

Revenue Requirement

Line	8.88%
	Return
(A)	(B)
1 Net Orig Cost Rate Base (Sch 2)	\$ 994
2 Rate of Return	8.88%

3 Net Operating Income Requirement	\$ 88
4 Net Income Available (Sch 8)	\$ (3,040)

5 Additional NOI/T Needed	\$ 3,128
6 Income Tax Requirement (Sch 0)	
7 Required Current Income Tax	\$ 20
8 Test Year Current Income Tax	\$ 0

9 Additional Current Tax Required	\$ 20
10 Required Deferred ITC	\$ 0
11 Test Year Deferred ITC	\$ 0

12 Additional Deferred ITC Required	\$ 0

13 Total Additional Tax Required	\$ 20

14 Gross Revenue Requirement	\$ 3,148

RoyL Utilities Inc
Case: QS-08-001
Twelve Months Ending 10/31/2007

Rate Base

Line Description		Amount	
(A)		(B)	
1	Total Plant in Service (Sch 3)	\$	1,059
	Subtract from Total Plant		
2	Depreciation Reserve (Sch 6)	\$	65

3	Net Plant in Service	\$	994
	Add to Net Plant in Service		
4	Cash Working Capital (Sch)	\$	0
5	Materials and Supplies-Exempt		0
6	Prepaid Insurance		0
	Subtract from Net Plant		
7	Federal Tax Offset 0.0000 %	\$	0
8	State Tax Offset 0.0000 %		0
9	City Tax Offset 0.0000 %		0
10	Interest Expense Offset 0.0000 %		0
11	Customer Advances for Construction		0
12	Contribution in Aid of Construction		0
13	CIAC Depreciation		0
14	Customer Deposits		0

15	Total Rate Base	\$	994
			=====

RoyL Utilities Inc

Case: QS-08-001

Twelve Months Ending 10/31/2007

Total Plant in Service

Line No	Acct	Description	Total Company	Total Co Adjustment	Alloc Factor	Jurisdictional Adjustment	Adjusted Jurisdictional
		(A)	(B)	(C)	(D)	(E)	(F)
Intangible Plant							
1	301.000	Organization	\$ 0	\$ 0	100.0000	\$ 0 P-1	\$ 0
2	302.000	Franchises	0	0	100.0000	0 P-2	0
3	303.000	Miscellaneous Intangible Plant	0	0	100.0000	0 P-3	0
4		Total	\$ 0	\$ 0		\$ 0	\$ 0
Collection Plant							
5	350.000	Land & Land Rights	\$ 0	\$ 0	100.0000	\$ 0 P-4	\$ 0
6	351.000	Structures & Improvements	0	0	100.0000	0 P-5	0
7	352.000	Collection Sewers	0	0	100.0000	0 P-6	0
8	352.100	Collection Sewers - Force	0	0	100.0000	0 P-7	0
9	352.200	Collection Sewers - Gravity	0	0	100.0000	0 P-8	0
10	352.300	Special Collecting Structures	0	0	100.0000	0 P-9	0
11	353.000	Services to Customers	0	0	100.0000	0 P-10	0
12	354.000	Flow Measuring Devices	0	0	100.0000	0 P-11	0
13	355.000	Flow Measuring Installations	0	0	100.0000	0 P-12	0
14	356.000	Other Collection Plant Facilities	0	0	100.0000	0 P-13	0
15		Total	\$ 0	\$ 0		\$ 0	\$ 0
Pumping Plant							
16	360.000	Land & Land Rights	\$ 0	\$ 0	100.0000	\$ 0 P-14	\$ 0
17	361.000	Structures & Improvements	0	0	100.0000	0 P-15	0
18	362.000	Receiving Wells	0	0	100.0000	0 P-16	0
19	363.000	Electric Pumping Equipment	0	0	100.0000	0 P-17	0
20	364.000	Diesel Pumping Equipment	0	0	100.0000	0 P-18	0
21	365.000	Other Pumping Equipment	0	0	100.0000	0 P-19	0
22		Total	\$ 0	\$ 0		\$ 0	\$ 0

RoyL Utilities Inc

Case: QS-08-001

Twelve Months Ending 10/31/2007

Total Plant in Service

Line No	Acct	Description	Total Company	Total Co Adjustment	Alloc Factor	Jurisdictional Adjustment	Adjusted Jurisdictional
		(A)	(B)	(C)	(D)	(E)	(F)
Treatment and Disposal Plant							
23	370.000	Land & Land Rights	\$ 0	\$ 0	100.0000	\$ 0 P-20	\$ 0
24	370.100	Oxidation Lagoon Land	910	0	100.0000	0 P-21	910
25	370.200	Other Land and Land Rights	0	0	100.0000	0 P-22	0
26	371.000	Structures and Improvements	0	0	100.0000	0 P-23	0
27	372.000	Treatment and Disposal Equipment	0	0	100.0000	0 P-24	0
28	373.000	Plant Sewers	0	0	100.0000	0 P-25	0
29	374.000	Outfall Sewer Lines	0	0	100.0000	0 P-26	0
30	375.000	Other Treatment and Disposal Plant	0	0	100.0000	0 P-27	0
31		Total	\$ 910	\$ 0		\$ 0	\$ 910
General Plant							
32	389.000	Land & Land Rights	\$ 0	\$ 0	100.0000	\$ 0 P-28	\$ 0
33	390.000	Structures & Improvements	0	0	100.0000	0 P-29	0
34	391.000	Office Furniture & Equipment	0	0	100.0000	0 P-30	0
35	391.100	Office Equipment - Computers	201	0	49.0000	0 P-31	98
36	393.000	Stores Equipment	0	0	100.0000	0 P-32	0
37	394.000	Tools, Shop & Garage Equipment	0	0	100.0000	0 P-33	0
38	395.000	Laboratory Equipment	0	0	100.0000	0 P-34	0
39	396.000	Power Operated Equipment-Lawn	105	0	49.0000	0 P-35	51
40	397.000	Communication Equipment	0	0	100.0000	0 P-36	0
41	398.000	Other Tangible Property	0	0	100.0000	0 P-37	0
42		Total	\$ 306	\$ 0		\$ 0	\$ 149
43		Total Plant In Service	\$ 1,216	\$ 0		\$ 0	\$ 1,059

RoyL Utilities Inc
Case: QS-08-001
Twelve Months Ending 10/31/2007

Depreciation Expense

Line No	Acct	Description	Adjusted Jurisdictional	Depreciation Rate	Depreciation Expense
		(A)	(B)	(C)	(D)
Intangible Plant					
1	301.000	Organization	\$ 0	0.0000	\$ 0
2	302.000	Franchises	0	0.0000	0
3	303.000	Miscellaneous Intangible Plant	0	0.0000	0
4		Total	\$ 0		\$ 0
Collection Plant					
5	350.000	Land & Land Rights	\$ 0	0.0000	\$ 0
6	351.000	Structures & Improvements	0	2.5000	0
7	352.000	Collection Sewers	0	2.0000	0
8	352.100	Collection Sewers - Force	0	0.0000	0
9	352.200	Collection Sewers - Gravity	0	2.0000	0
10	352.300	Special Collecting Structures	0	0.0000	0
11	353.000	Services to Customers	0	2.0000	0
12	354.000	Flow Measuring Devices	0	2.0000	0
13	355.000	Flow Measuring Installations	0	0.0000	0
14	356.000	Other Collection Plant Facilities	0	10.0000	0
15		Total	\$ 0		\$ 0
Pumping Plant					
16	360.000	Land & Land Rights	\$ 0	0.0000	\$ 0
17	361.000	Structures & Improvements	0	0.0000	0
18	362.000	Receiving Wells	0	5.0000	0
19	363.000	Electric Pumping Equipment	0	10.0000	0
20	364.000	Diesel Pumping Equipment	0	10.0000	0
21	365.000	Other Pumping Equipment	0	10.0000	0
22		Total	\$ 0		\$ 0

RoyL Utilities Inc

Case: QS-08-001

Twelve Months Ending 10/31/2007

Depreciation Expense

Line No	Acct	Description	Adjusted Jurisdictional	Depreciation Rate	Depreciation Expense
		(A)	(B)	(C)	(D)
Treatment and Disposal Plant					
23	370.000	Land & Land Rights	\$ 0	0.0000	\$ 0
24	370.100	Oxidation Lagoon Land	910	2.5000	23
25	370.200	Other Land and Land Rights	0	0.0000	0
26	371.000	Structures and Improvements	0	2.9000	0
27	372.000	Treatment and Disposal Equipment	0	2.0000	0
28	373.000	Plant Sewers	0	2.9000	0
29	374.000	Outfall Sewer Lines	0	2.5000	0
30	375.000	Other Treatment and Disposal Plant	0	2.0000	0
31		Total	\$ 910		\$ 23
General Plant					
32	389.000	Land & Land Rights	\$ 0	0.0000	\$ 0
33	390.000	Structures & Improvements	0	2.5000	0
34	391.000	Office Furniture & Equipment	0	13.0000	0
35	391.100	Office Equipment - Computers	98	20.0000	20
36	393.000	Stores Equipment	0	0.0000	0
37	394.000	Tools, Shop & Garage Equipment	0	5.0000	0
38	395.000	Laboratory Equipment	0	0.0000	0
39	396.000	Power Operated Equipment-Lawn	51	14.3000	7
40	397.000	Communication Equipment	0	5.0000	0
41	398.000	Other Tangible Property	0	10.0000	0
42		Total	\$ 149		\$ 27
43		Total Depreciation Expense	\$ 1,059		\$ 50

RoyL Utilities Inc
Case: QS-08-001
Twelve Months Ending 10/31/2007

Depreciation Reserve

Line No	Acct	Description	Total Company	Total Co Adjustment	Alloc Factor	Jurisdictional Adjustment	Adjusted Jurisdictional
		(A)	(B)	(C)	(D)	(E)	(F)
Intangible Plant							
1	301.000	Organization	\$ 0	\$ 0	100.0000	\$ 0 R-1	\$ 0
2	302.000	Franchises	0	0	100.0000	0 R-2	0
3	303.000	Other Plant & Miscellaneous Equip	0	0	100.0000	0 R-3	0
4		Total	\$ 0	\$ 0		\$ 0	\$ 0
Collection Plant							
5	350.000	Land & Land Rights	\$ 0	\$ 0	100.0000	\$ 0 R-4	\$ 0
6	351.000	Structures & Improvements	0	0	100.0000	0 R-5	0
7	352.000	Collection Sewers	0	0	100.0000	0 R-6	0
8	352.100	Collection Sewers - Force	0	0	100.0000	0 R-7	0
9	352.200	Collection Sewers - Gravity	0	0	100.0000	0 R-8	0
10	352.300	Special Collecting Structures	0	0	100.0000	0 R-9	0
11	353.000	Services to Customers	0	0	100.0000	0 R-10	0
12	354.000	Flow Measuring Devices	0	0	100.0000	0 R-11	0
13	355.000	Flow Measuring Installations	0	0	100.0000	0 R-12	0
14	356.000	Other Collection Plant Facilities	0	0	100.0000	0 R-13	0
15		Total	\$ 0	\$ 0		\$ 0	\$ 0
Pumping Plant							
16	360.000	Land and Land Rights	\$ 0	\$ 0	100.0000	\$ 0 R-14	\$ 0
17	361.000	Structures and Improvements	0	0	100.0000	0 R-15	0
18	362.000	Receiving Wells	0	0	100.0000	0 R-16	0
19	363.000	Electric Pumping Equipment	0	0	100.0000	0 R-17	0
20	364.000	Diesel Pumping Equipment	0	0	100.0000	0 R-18	0
21	365.000	Other Pumping Equipment	0	0	100.0000	0 R-19	0
22		Total	\$ 0	\$ 0		\$ 0	\$ 0

RoyL Utilities Inc
Case: QS-08-001
Twelve Months Ending 10/31/2007

Depreciation Reserve

Line No	Acct	Description	Total Company	Total Co Adjustment	Alloc Factor	Jurisdictional Adjustment	Adjusted Jurisdictional
		(A)	(B)	(C)	(D)	(E)	(F)
Treatment and Disposal Plant							
23	370.000	Land and Land Rights	\$ 0	\$ 0	100.0000	\$ 0 R-20	\$ 0
24	370.100	Land-Oxidation Lagoon	0	0	100.0000	0 R-21	0
25	370.200	Other Land and Land Rights	0	0	100.0000	0 R-22	0
26	371.000	Structures and Improvements	0	0	100.0000	0 R-23	0
27	372.000	Oxidation Lagoon	57	0	100.0000	0 R-24	57
28	373.000	Plant Sewers	0	0	100.0000	0 R-25	0
29	374.000	Outfall Sewer Lines	0	0	100.0000	0 R-26	0
30	375.000	Other Treatment and Disposal Plant	0	0	100.0000	0 R-27	0
31		Total	\$ 57	\$ 0		\$ 0	\$ 57
General Plant							
32	389.000	Land and Land Rights	\$ 0	\$ 0	100.0000	\$ 0 R-28	\$ 0
33	390.000	Structures and Improvements	0	0	100.0000	0 R-29	0
34	391.000	Office Furniture & Equipment	0	0	100.0000	0 R-30	0
35	391.100	Office Equipment-Computers	10	0	49.0000	0 R-31	5
36	393.000	Stores Equipment	0	0	100.0000	0 R-32	0
37	394.000	Tools, Shop & Garage Equipment	0	0	100.0000	0 R-33	0
38	395.000	Laboratory Equipment	0	0	100.0000	0 R-34	0
39	396.000	Power Operated Equipment-Lawn	7	0	49.0000	0 R-35	3
40	397.000	Communication Equipment	0	0	100.0000	0 R-36	0
41	398.000	Other Intangible Plant	0	0	100.0000	0 R-37	0
42	399.000	Other Tangible Plant	0	0	100.0000	0 R-34	0
43		Total	\$ 17	\$ 0		\$ 0	\$ 8
44		Total Depreciation Reserve	\$ 74	\$ 0		\$ 0	\$ 65

RoyL Utilities Inc
Case: QS-08-001
Twelve Months Ending 10/31/2007

Income Statement

Line No	Acct	Description	Total Company	Total Co Adjustment	Alloc Factor	Jurisdictional Adjustment	Adjusted Jurisdictional
		(A)	(B)	(C)	(D)	(E)	(F)
Operating Revenues							
1	521.000	Flat Rate Revenue-General Customers	\$ 3,898	\$ 0	100.0000	\$ 0 S-1	\$ 3,898
2	522.000	Measured Revenues-General Customer	0	0	100.0000	0 S-2	0
3	523.000	Revenues from Public Authorities	0	0	100.0000	0 S-3	0
4	524.000	Revenues from Other Systems	0	0	100.0000	0 S-4	0
5	535.000	Interdepartmentl Revenues	0	0	100.0000	0 S-5	0
6	526.000	Miscellaneous Sewerage Revenues	0	0	100.0000	0 S-6	0
7		Total	\$ 3,898	\$ 0		\$ 0	\$ 3,898

RoyL Utilities Inc

Case: QS-08-001

Twelve Months Ending 10/31/2007

Income Statement

Line No	Acct	Description	Total Company	Total Co Adjustment	Alloc Factor	Jurisdictional Adjustment	Adjusted Jurisdictional
		(A)	(B)	(C)	(D)	(E)	(F)
		Operation & Maintenance Expense					
8		Management & Operations Expense	\$ 0	\$ 5,500	49.0000	\$ 0 S-8	\$ 2,695
9		Operators Salary/Contractor Service	0	0	100.0000	0 S-9	0
10		Electricity-Pumping Equipment	0	0	100.0000	0 S-10	0
11		Chemicals	0	0	100.0000	0 S-11	0
12		Testing Fees - Waste Water	370	350	100.0000	0 S-12	720
13		Sludge Removal	0	0	100.0000	0 S-13	0
14		MAINTENANCE EXPENSES:	0	0	0.0000	0	0
15		Outside Services Employed	0	0	100.0000	0 S-15	0
16		System Repairs and Maintenance	6,809	(6,809)	100.0000	0 S-16	0
17		Supplies Expense	0	0	100.0000	0 S-17	0
18		Mowing Expense	255	359	100.0000	0 S-18	614
19		CUSTOMER ACCOUNT EXPENSE:	0	0	0.0000	0	0
20		Accounting Fees	0	0	100.0000	0 S-19	0
21		Billing & Collections	0	1,400	49.0000	0 S-20	686
22		Office Supplies	267	0	49.0000	0 S-21	131
23		Postage Expense	164	204	49.0000	0 S-22	180
24		Uncollectable Accounts	0	0	100.0000	0 S-23	0
25		ADMINISTRATIVE & GENERAL EXPENSES:	0	0	0.0000	0	0
26		Administrative & General Salaries	0	0	49.0000	0 S-25	0
27		Outside Services - Accounting	150	0	49.0000	0 S-26	74
28		Telephones and Communication Expens	0	0	100.0000	0 S-27	0
29		Office Expenses	0	0	100.0000	0 S-28	0
30		Vehical Expense	812	380	49.0000	0 S-29	584
31		General Insurance	0	0	100.0000	0 S-30	0
32		Medical Insurance	0	0	100.0000	0 S-31	0
33		Property & Liability Insurance	166	351	49.0000	0 S-32	253
34		Rent	0	1,200	49.0000	0 S-33	588
35		Other Mics. Expenses	53	(39)	49.0000	0 S-34	7
36		OTHER OPERATING EXPENSES:	0	0	0.0000	0	0
37		MO DNR Fees	0	0	100.0000	0 S-35	0
38		PSC Assessment	1,427	(1,154)	100.0000	0 S-36	273
39		Corporate Registration	20	0	49.0000	0 S-37	10
40		Bank Fees	10	0	49.0000	0 S-38	5
41		TAXES OTHER THAN INCOME	0	0	0.0000	0	0
42		Real & Personal Propety Taxes	0	68	100.0000	0 S-39	68
43		Payroll Taxes	0	0	100.0000	0 S-40	0
44		Total	\$ 10,503	\$ 1,810		\$ 0	\$ 6,888

RoyL Utilities Inc
Case: QS-08-001
Twelve Months Ending 10/31/2007

Income Statement

Line No	Acct	Description	Total Company	Total Co Adjustment	Alloc Factor	Jurisdictional Adjustment	Adjusted Jurisdictional
		(A)	(B)	(C)	(D)	(E)	(F)
Depreciation Expense							
45		Depreciation Expense	\$ 0	\$ 0	100.0000	\$ 50 S-53	\$ 50
46		Total	\$ 0	\$ 0		\$ 50	\$ 50

47		Other Operating Expenses	\$ 0	\$ 0		\$ 0	\$ 0

48		Total Operating Expenses	\$ 10,503	\$ 1,810		\$ 50	\$ 6,938

49		Net Income Before Taxes	\$ (6,605)	\$ (1,810)		\$ (50)	\$ (3,040)

Current Income Taxes							
50		Current Income Taxes	\$ 0	\$ 0	100.0000	\$ 0	\$ 0
51		Total	\$ 0	\$ 0		\$ 0	\$ 0
Deferred Income Taxes							
52		Deferred Income Taxes	\$ 0	\$ 0	100.0000	\$ 0	\$ 0
53		Total	\$ 0	\$ 0		\$ 0	\$ 0

54		Total Income Taxes	\$ 0	\$ 0		\$ 0	\$ 0

55		Net Operating Income	\$ (6,605)	\$ (1,810)		\$ (50)	\$ (3,040)

RoyL Utilities Inc

Case: QS-08-001

Twelve Months Ending 10/31/2007

Adjustments to Income Statement

Adj No Description	Total Co Adjustment	Mo Juris Adjustment
-----------------------	------------------------	------------------------

Management & Operations Expense S-8 \$ 5,500

1. To reflect annualized level of compensation for services
provided by Marie Rock.
(Eaves) \$ 6,000

2. To reflect final settlement position with OPC.
(Eaves) \$ (500)

Testing Fees - Waste Water S-12 \$ 350

1. To reflect increase in testing fees per DNR increase in
fees.
(Eaves) \$ 350

System Repairs and Maintenance S-16 \$ (6,809)

1. Remove amount from test year because expenses are water only
expense and/or recategorized different account.
(Eaves) \$ (6,809)

Mowing Expense S-18 \$ 359

1. To reflect 3 year average for mowing expense for the lagoon
property.
(Eaves) \$ 359

RoyL Utilities Inc

Case: QS-08-001

Twelve Months Ending 10/31/2007

Adjustments to Income Statement

Adj No Description	Total Co Adjustment	Mo Juris Adjustment
-----------------------	------------------------	------------------------

Billing & Collections	S-20	\$ 1,400
-----------------------	------	----------

1. To reflect annualized level of compensation for services provided by Jean Longstreet. (Eaves)	\$ 3,000	
---	----------	--

2. Adjustment to reflect final settlement with OPC. (Eaves)	\$ (1,600)	
--	------------	--

Postage Expense	S-22	\$ 204
-----------------	------	--------

1. To annualize postage expense to reflect proposed monthly billing. (Eaves)	\$ 204	
---	--------	--

Vehical Expense	S-29	\$ 380
-----------------	------	--------

1. To reflect annualized level of mileage reimbursement at current rate. (Eaves)	\$ 380	
---	--------	--

Property & Liability Insurance	S-32	\$ 351
--------------------------------	------	--------

1. To reflect the ongoing level of insurance expense. (Eaves)	\$ 351	
--	--------	--

Rent	S-33	\$ 1,200
------	------	----------

1. To reflect annual level of rent expense. (Eaves)	\$ 1,200	
--	----------	--

RoyL Utilities Inc

Case: QS-08-001

Twelve Months Ending 10/31/2007

Adjustments to Income Statement

Adj No Description	Total Co Adjustment	Mo Juris Adjustment
-----------------------	------------------------	------------------------

***** Other Mics. Expenses S-34	\$	(39)
------------------------------------	----	------

1. To remove maintenance expense from misc general expense. See: S-13.3 (W) (Eaves)	\$	(39)
---	----	------

***** PSC Assessment S-36	\$	(1,154)
------------------------------	----	---------

1. To adjust PSC Assessment for an ongoing level. (Eaves)	\$	(1,154)
--	----	---------

***** Real & Personal Propety Taxes S-39	\$	68
---	----	----

1. To reflect property tax associated with lagoon property. Expense has been paid out of non-utility account. (Eaves)	\$	68
---	----	----

RoyL Utilities Inc
Case: QS-08-001
Twelve Months Ending 10/31/2007

Income Tax

Line		Test Year	8.88% Return
(A)		(B)	
1	Net Income Before Taxes (Sch 8)	\$ (3,040)	\$ 108
2	Add to Net Income Before Taxes Book Depreciation Expense	\$ 50	\$ 50
3	Total	\$ 50	\$ 50
4	Subtr from Net Income Before Taxes Interest Expense 0.9500 %	\$ 9	\$ 9
5	Book Depreciation	50	50
6	Total	\$ 59	\$ 59
7	Net Taxable Income	\$ (3,049)	\$ 99
8	Provision for Federal Income Tax Net Taxable Income	\$ (3,049)	\$ 99
9	Deduct Missouri Income Tax 100.0 %	\$ 0	\$ 6
10	Deduct City Income Tax	0	0
11	Federal Taxable Income	(3,049)	93
12	Total Federal Tax	\$ 0	\$ 14
13	Provision for Missouri Income Tax Net Taxable Income	\$ (3,049)	\$ 99
14	Deduct Federal Income Tax 50.0 %	\$ 0	\$ 7
15	Deduct City Income Tax	0	0
16	Missouri Taxable Income	(3,049)	92
17	Total Missouri Tax	\$ 0	\$ 6

RoyL Utilities Inc
Case: QS-08-001
Twelve Months Ending 10/31/2007

Income Tax

Line		Test Year	8.88% Return
	(A)	(B)	
	Provision for City Income Tax		
18	Net Taxable Income	\$ (3,049)	\$ 99
19	Deduct Federal Income Tax	\$ 0	\$ 14
20	Deduct Missouri Income Tax	0	6
21	City Taxable Income	(3,049)	79
		-----	-----
22	Total City Tax	\$ 0	\$ 0
	Summary of Provision for Income Tax		
23	Federal Income Tax	\$ 0	\$ 14
24	Missouri Income Tax	0	6
25	City Income Tax	0	0
		-----	-----
26	Total	\$ 0	\$ 20
	Deferred Income Taxes		
27	Deferred Investment Tax Credit	\$ 0	\$ 0
28	Deferred Repair Allowance	0	0
29	Deferred Tax Depreciation	0	0
30	Amort of Deferred Tax Depreciation	0	0
31	Amort of Repair Allowance	0	0
32	Amort of Deferred ITC	0	0
33	Deferred Unbilled	0	0
		-----	-----
34	Total	\$ 0	\$ 0

35	Total Income Tax	\$ 0	\$ 20

Agreement Attachment D

Rate Design Worksheet

Roy-L Utilities, Inc.

Development of Tariffed Rates-Sewer

Revenues Generated by Current Tariffed Rates	\$ 3,898
Agreed-Upon Overall Revenue Increase	\$ 3,148
Overall Percentage Increase Needed	80.778%
Percentage Increase for Full-time Customer	93.233%
Percentage Increase for Part-time Customer	74.710%

Customer Rates

Customer Type	Current Quarterly Service Charge	Proposed Monthly Service Charge
Full-time	\$ 16.80	\$ 10.82
Part-time	\$ 16.80	\$ 9.78

Customers are currently billed quarterly. Proposed rate design changes quarterly billing to monthly billings and creates a part-time customer rate.

Agreement Attachment E

Billing Comparison Worksheet

Roy-L Utilities, Inc.

Residential Customer Bill Comparison-Sewer

Rates for Full-time Customer

<u>Current Quarterly Customer Charge</u>	<u>Proposed Monthly Customer Charge</u>
\$16.80	\$10.82

MONTHLY BILL COMPARISON FULL- TIME CUSTOMER

	<u>Effective Current Monthly Rate</u>
Customer Charge	\$ 5.60
Usage Charge	\$ -
Total Bill	\$ 5.60

	<u>Proposed Monthly Rates</u>
Customer Charge	\$ 10.82
Usage Charge	\$ -
Total Bill	\$ 10.82

Proposed Increase

Customer Charge	
\$ Increase	\$ 5.22
% Increase	93.23%

Agreement Attachment F

Schedule of Depreciation Rates

Roy-L Utilities, Inc.
DEPRECIATION RATES
(SEWER)
QS-2008-0001

<u>Acct. No.</u>	<u>Description of Account</u>	<u>Annual Rate</u>
352.2	Collection Sewers (Gravity)	2.0%
354	Services to Customers	2.0%
372	Oxidation Lagoons	4.0%
373	Treatment & Disposal Facilities	4.5%
375	Outfall Sewers	2.0%

Agreement Attachment G

EMSD Report

REPORT OF CUSTOMER SERVICE AND BUSINESS OPERATIONS REVIEW

Engineering & Management Services Department

Small Company Rate Increase Request

Tracking File Nos. QS-2008-0001 and QW-2008-0002

Roy-L Utilities, Inc.

The Engineering & Management Services Department (EMSD) staff initiated a review of the customer service processes, procedures, and practices at Roy-L Utilities, Inc. (Roy-L or Company) on November 16, 2007. The review was performed in conjunction with a small company rate increase request submitted by Roy-L on October 22, 2007, and given Tracking Nos. QS-2008-0001 and QW-2008-0002. In the course of its review, the EMSD staff examined Company tariffs, Annual Reports for the past four years, Commission complaint and inquiry records, and other documentation provided by the Company in relation to its customer service operations.

The purpose of the EMSD is to promote and encourage efficient and effective utility management. This purpose contributes to the Commission's overall mission to ensure 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 the EMSD staff's review were to document and analyze the management control processes, procedures, and practices used by the Company to ensure that its customers' service needs are met, and to make recommendations, where appropriate, by which the Company may improve the quality of service provided to its customers. The findings of this review will 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:

- Administrative Matters
- Customer Billing
- Credit and Collections
- Complaint and Inquiry Handling and Recording

- Customer Communications
- Document Storage
- Security

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

Overview

On November 1, 1967, Roy-L applied to the Missouri Public Service Commission for a certificate of convenience and necessity to own and operate a water and sewer system and furnish water and sewer service to users in the Golden Eagle Reserve Subdivision located near High Hill in Montgomery County. The Commission granted the Company this authority on August 27, 1968, in Case Nos. 16,379 and 16,380, respectively.

Roy-L currently provides water and sewer service to approximately 60 customers in the Golden Eagle Reserve Subdivision. All customers are residential; the Company serves no commercial or industrial customers. Of the customers noted above, 21 are full-time residents, while the rest visit for weekends or vacations. The Company has experienced minimal growth in the number of water customers since 2003, and the number of sewer customers has remained constant.

The potential for customer growth exists, as land that would hold a maximum of 17 homes was sold a few years ago. However, the Company stated that the new land owner only intends to build 5 homes on the property. No construction is planned in the near future.

The Company's system has a 97,000 gallon-per-day capacity. After examining the Company's water and sewer system, the Department of Natural Resources (DNR) informed the manager/secretary on November 29, 2007, that Roy-L's system could adequately accommodate 640 persons, a number much higher than they are presently serving.

The Company implemented DNR's requirement to chlorinate the water about a year ago. In the short-term, the Company plans to refurbish or replace the pressure tank, hire a certified water operator, install a master meter and a draw-down gauge, and build a fence around the lagoon. Long-term plans include replacing water lines, installing water

lines around the perimeter of a field, chlorinating and de-chlorinating the lagoon effluent, and eventually installing meters.

All activities associated with Company day-to-day operations are performed by the owner and the manager/secretary. Both the owner and manager/secretary are responsible for day-to-day operations of the Company and responding to customer inquiries and complaints. The manager/secretary is responsible for most business office functions, which include preparation of customer bills, maintenance of customer records, and preparation of customer correspondence. The owner is responsible for collection of customer payments and bank deposits. Subcontractors are hired to make repairs as necessary and to mow the area around the lagoon. The Company also hires an accountant to prepare the annual tax returns.

According to the manager/secretary, the owner collects water samples on a monthly basis and sends them to DNR for testing. A routine water sample was taken October 23, 2007. A radiological analysis was performed November 7, 2007.

Administrative Matters

Chapter 13 of the Commission Rules (4 CSR 240-13) pertain to electric, gas, and water utilities, while Chapters 60 and 61 relate to sewer utilities. These rules were not readily available at the Company's office, so EMSD staff left the most recent copy of the rules with the manager/secretary.

Customers do not currently complete applications for service before receiving water and/or sewer service. Since the owner has a first right of refusal when property in the Golden Eagle Reserve Subdivision is sold, the owner is alerted when property is for sale and can watch for new homeowners. New customers presently contact the Company to have service transferred to their names. No brochure is currently available to customers explaining the rights and responsibilities of the utility and its customers.

Customer Billing

Customers are charged flat rates of \$18.30 for water and \$16.80 for sewer service per quarter in advance of providing service. These rates have been in effect since February 1982; however, for a period of time customers were previously improperly

charged a higher rate. The refunding of these over-payments will be addressed in the Disposition Agreement with the Company, Staff, and the Office of the Public Counsel, if a party to the Agreement. A random check of customer accounts showed that customers are currently being billed for quarterly usage fees in accordance with Company's tariffs. Once new tariffs are approved, customers will be billed monthly instead of quarterly.

The manager/secretary uses QuickBooks software to print bills and maintain customer accounts and also keeps a handwritten ledger of customer names and payments. Customer bills are mailed between the 1st and 3rd day of each quarter. A recent billing was performed on October 1 for service to be received during 4th Quarter 2007. Each bill contains the Company name, address, owner's telephone number, description of charges, rate, and amount due. The lower section of the bill contains a remittance stub to be returned with the customer's payment noting the customer's name, address, invoice number, and total amount due. The manager/secretary stated that payments are due upon receipt; however, neither the due date nor a delinquent date appears on the bill.

Credit and Collections

The manager/secretary stated that approximately 99% of customers make their check or cash payments by mail. Only one customer makes use of a lockbox located near the owner's residence for payments.

When payments arrive at the Company office, the owner writes the customer's check number on the remittance invoice stub, then creates a bank deposit ticket, noting the date, Company's bank account number, and each customer's name and payment amount. Deposits are made as customer payments are received. Deposits of customer payments were made on July 6, 21, and 25, and August 1, 10, and 27. The owner then staples the invoice remittance stubs to a copy of the deposit ticket. The manager/secretary then refers to the remittance stubs when posting customers' payments to their account records in QuickBooks. This software program enables the manager/secretary to instantly access a customer's account to find the current balance due, as well as payment history.

Customer accounts are considered delinquent when payment has not been received by the time the next quarter's bill is mailed. The manager/secretary estimated

that approximately five customers are delinquent with their payments each quarter. As of November 16, 2007, eight customers have delinquent account balances for a total arrearage of \$408.22. Since this is a small company, the manager/secretary personally knows the majority of the customers and their situations, e.g., late payments due to health problems. When customers are delinquent by one or more quarters, the manager/secretary hand-writes a delinquent notice on the next invoice. No separate late payment notices are currently mailed to customers with delinquent accounts. On rare occasions, when customers have not made a payment for two or more quarters and no communication has occurred with the customer as to the reason for nonpayment, the manager/secretary telephones or visits the customer in an attempt to collect payment.

The manager/secretary stated that Roy-L has received no insufficient funds checks for at least the last two years. Current tariffs do not contain provisions for returned check and late payment penalty fees. Staff from the Commission's Water and Sewer Department reviewed miscellaneous charges included in the Company's tariff as part of the small company informal rate case process and will be recommending appropriate changes.

Roy-L does not require security deposits and has not disconnected water or sewer service for failure to pay. According to the manager/secretary, no bad-debt write-offs have occurred in the last 2 ½ years. Roy-L does not currently use the services of a collection agency.

Complaint and Inquiry Handling and Recording

To enable access to the Company, Roy-L's office address and telephone number appear on each bill. Customers are generally able to contact the owner or leave a message 24 hours per day, seven days a week. To date, the Company has received no emergency calls. If an emergency occurs, the manager/secretary stated that most customers have the owner's cell phone number or can contact the local handyman, who lives in the subdivision, or the plumber that makes repairs to the system. The manager/secretary recently acquired a cell phone specifically for conducting Company business, and that cell phone number will be added to the Company's next set of customer bills.

The owner and manager/secretary respond to customer complaints and inquiries. They have recently started maintaining a complaint/inquiry log and a folder for customer comments and letters. The owner stated that minimal calls are received, but the rate increase request has generated a few comments. From January 1, 2003, through November 30, 2007, the Commission's Electronic Filing and Information System indicated that Roy-L has had no complaints.

Customer Communications

The owner indicated that a letter detailing the proposed rate increase was mailed to customers on October 31, 2007. Customers are notified via a special note on their regular bill of the availability of the Consumer Confidence Report (CCR), a yearly report regarding the Company's water quality. The CCR is also posted on the well house door and copies are available to customers upon request. The manager/secretary attended a November 17, 2007, Board meeting of the Golden Eagle Reserve Homeowner's Association to explain the reasons for the rate increase request.

Other than the customer calls to the owner or manager/secretary, no indication of the customers' satisfaction level with their service has been determined.

Document Storage

Some Company records are kept at the owner's home, while computerized account records are kept at the manager/secretary's home. No fireproof safe for record storage is currently available.

Security

Roy-L has placed a lock on the well house door. No other security measures have been implemented.

Findings, Conclusions and Recommendations

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

- Applications for Service
- Customer Brochure
- Customer Bills
- Late Payment Notice
- Document Storage

Applications for Service

The Company does not currently require a signed application when customers request service. Most new customers currently telephone Roy-L to initiate service. Company's tariff, Rule 4, (Sheet No. 10) states:

A written application for service, signed by the customer, stating the type of service required and accompanied by any other pertinent information, will be required from each customer. Every customer, upon signing an application for any service rendered by the company, or upon taking of service, shall be considered to have expressed consent to the company's rates, rules and regulations.

In addition to being required by the tariff, a signed and dated application by the customer requesting service would give Roy-L more leverage to collect monies owed should the need arise. Present customers will not be required to sign applications after the fact.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Have all new customers sign and date an application for service, as required by the Company's tariff.

Customer Brochure

The Company has not prepared a brochure detailing the rights and responsibilities of the Company and its customers. The development of such a brochure and its

prominent display and availability to customers is required by Commission Rule 4 CSR 240-13.040(3) which states in part:

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. . . 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.

Specific information to be covered in the brochure is listed in the above-referenced Rule and includes procedures such as billing, customer verification of billing accuracy, payment requirements, customer deposits, discontinuance of service, inquiries and complaints, and access to the Commission and the Office of Public Counsel.

Since most of the Company's customers request service by telephone, this brochure could be mailed along with the service application form. In addition, providing a copy of the brochure to current customers would educate them as to the rights and responsibilities of the Company, as well as its customers.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Develop and distribute to all current and future customers a brochure detailing the rights and responsibilities of the utility and its customers.

Customer Bills

No due date and/or delinquent date is currently being noted on the customer bills. The Company stated that currently, payments are due upon receipt and considered delinquent when customers have not paid by the date the next quarter's invoice is rendered. Commission Rule 4 CSR 240-13.020(9) notes: "Every bill for residential utility service shall clearly state – (B) The date when the bill will be considered due and the date when it will be delinquent, if different." In addition, Commission Rule 4 CSR 240-13.020(7) notes:

A monthly billed customer shall have at least twenty-one (21) days and a quarterly billed customer shall have at least sixteen (16) days from the rendition of the bill to pay the utility charges, unless a customer has

selected a preferred payment date in accordance with a utility's preferred payment date plan. . .

An exact due date and/or delinquent date listed on the bills would remind customers of their obligation to pay by the due date, as well as provide management an exact delinquent date when encountering customers who have failed to pay.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Note the due date and delinquent date on customer bills. Once monthly billing is implemented, ensure that customers have at least 21 days to pay before their accounts become delinquent.

Late Payment Notice

The Company does not mail a separate late payment notice to customers with delinquent accounts. As noted previously, the manager/secretary hand-writes a notice on subsequent customer bills with delinquent accounts. Mailing a separate late payment notice should remind customers with delinquent accounts to immediately render payment.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Create and mail late payment notices to customers with delinquent accounts.

Document Storage

The Company does not currently store its customer account records, customer payments, or pertinent Company information in a fireproof safe. Some Company records are currently stored at the owner's residence and other Company records are stored at the manager/secretary's residence.

The lack of fireproof storage has several detrimental effects. In the event of a disaster, the documents and information maintained in the office could be lost or destroyed. It would be difficult for the Company to re-create its records and nearly impossible to have an accurate record of delinquent amounts owed to the Company.

Securing the Company's materially relevant documents, such as customer applications for service, customer account data, customer payments, and other pertinent Company information in a fireproof safe would minimize the risk of loss and the cost and

labor-intensive process required to re-create customer data, should a disaster occur. Until a fireproof safe is obtained, the Company should run a backup computer disk of customer account records and keep it in a separate location from the computer to minimize risk of loss of data. Having a backup set of customer account records would provide a reasonably recent set of customer account data should it become necessary.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Maintain an electronic backup of customer account data in an alternative location.

Store the Company's applications for service, customer account data, customer payments, and any other materially relevant Company documents in a fireproof safe.

Follow-Up

The EMSD staff will be conducting a follow-up of these recommendations in approximately three months from the effective date of the approved tariff sheets resulting from this case.