



Commissioners

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KEVIN A. THOMPSON
General Counsel

October 26, 2007

Marie Rock
Jean Longstreet
Roy-L Utilities, Inc.
366 Hwy F
High Hill, Missouri 63350

Dear Mrs. Rock:

Please provide a date and time, at your earliest convenience, that we can visit your office to review the books and records of Roy-L Utilities, Inc. Listed below are some of the items we will need to perform our audit. If you have any questions, please contact Dana Eaves at (573) 526-6960 or Kofi Boateng at (573) 751-4890. Our Fax number is (573) 526-4994 and E-mail addresses are dana.eaves@psc.mo.gov and kofi.boateng@psc.mo.gov, respectively.

This Memorandum is to be treated the same as a Public Service Commission data request, which authorizes a 20-day response time to request information. For the purpose of this audit, we are proposing/have set a test year of 12 months ending September 30, 2007. However, we may review the operational activities of the company for the calendar year of 2006 and 2005.

Please provide copies of or make available for our review the following documents:

- Detailed General Ledger that lists per book revenue and expenses for the 21 months ended September 30, 2007
- Check Register, Vendor Detail lists and invoices for the 21 months ended September 30, 2007
- Detailed description of transactions and/or allocation factors between Roy-L Utilities, Inc. and any affiliates and/or any owners of such affiliates
- Detailed description and the amounts of contribution in aid of construction
- Detailed description and the amounts of customer advances for construction
- Detailed listing of all outstanding customer deposits received, by month, from customers for 21 months ended September 30, 2007

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- Invoices and payment dates for chemicals to treat water for 2005, 2006 and up through the most current date possible for 2007
- Utility bills and the payment dates for 2005, 2006 and up through the most current date possible for 2007
- List of all current salaries and/or wage rates for all employees of Roy-L Utilities, Inc. and job descriptions for each for 12 months ended September 30, 2007
- Detailed timesheets for all employees for 2005 and up through the most current date possible for 2007
- Current invoices and amounts for annual billings for the following: property insurance, liability insurance, health insurance and workmen's compensation insurance
- Current invoices for grass cutting/grounds maintenance, equipment maintenance for year 2005 and 2006 and up through the most current date possible for 2007
- Vehicle and equipment logs for the 12 months ended September 30, 2007.
- Customer numbers by month and meter size for water for 12 months ended September 30, 2007
- 12 month billing register by month, by individual tariff items for 12 months ended September 30, 2007, including any supporting calculations
- Gallons of water pumped, sold and used, by month, for the year 2006 and updated through September 30, 2007
- Contracts for vendors that provide services to Roy L. Utilities, Inc.
- Property, real estate, and corporate franchise tax receipts and dates paid for 2004 and 2005 and the assessment for property taxes that were filed for 2006
- Accumulated plant, depreciation reserves and current depreciation rates ending September 30, 2007
- Historical salvage and cost of removal amounts for the last five years, if available, ending September 30, 2007
- Any major investments/expenditures since January 1, 2005 or planned in the future.
- DNR annual discharge permits and fees for 2005, 2006 and 2007
- DNR Inspection report for 2007 or most current DNR Inspection report
- Copies of all correspondence with customers besides billing for 2006 and 2007
- All customer complaints for 2005, 2006 and 2007

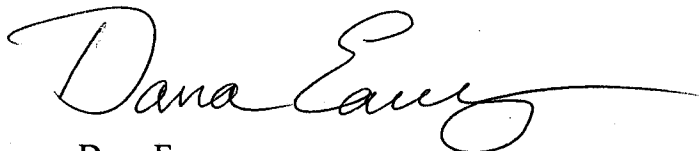
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Also provide, in detail, including any supporting calculations, the following items for each issue as of September 30, 2007, of short-term debt, long-term debt and preferred stock (if any):

1. Description of each issuance;
2. Issuance date and maturity date;
3. Principal amount originally issued and the amount outstanding;
4. Interest rate and interest payment dates.

In reference to the short-term debt (debt with maturity of less than 12 months), please provide short-term debt balances for the twelve-months ended September 30, 2007, and an explanation of how the interest rates are determined for each loan. As an example, are the interest rates based upon equations such as one percentage point below prime, a commercial paper rate or negotiated between the parties at no predetermined rate? Please provide the average short-term debt interest rate paid for the twelve-month period ended September 30, 2007.

Sincerely,

A handwritten signature in cursive script, reading "Dana Eaves". The signature is fluid and extends to the right with a long, sweeping tail.

Dana Eaves
Utility Regulatory Auditor III