

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

In the Matter of the Application of Riverfork)
Water Company for a Rate Increase.)

Case No. WR-2009-0166

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

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

1. On November 4, 2008, Riverfork Water Company (Company or Riverfork) submitted to the Missouri Public Service Commission (Commission) a tariff filing transmittal letter (Request Letter), and accompanying revised tariff sheet, requesting the Commission allow an increase of \$7,164 in Riverfork's annual water system operating revenues, and establishing the instant case.

2. As noted in Riverfork's Request Letter, the changes contained in the subject revised tariff sheet are based upon a *Company/Staff Agreement Regarding Disposition of Small Water Company Revenue Increase Request* (Disposition Agreement). As the Disposition Agreement was only entered into by Riverfork and Staff, the subject revised tariff sheet bears an effective date more than 45 days from the issue date as required by the small company rate increase procedure. As also noted in the Request Letter, the Disposition Agreement pertains to the small company rate increase request that Riverfork submitted to the Commission on May 9, 2008 (Tracking File No. QW-2008-0011).

3. Included in Appendix A, attached hereto, is a copy of the above-referenced Disposition Agreement; various documents related to the Disposition Agreement; and, affidavits from Staff members that participated in the investigation of the Company's Request.

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/ **Shelley Syler Brueggemann**

Shelley Syler Brueggemann

Missouri Bar No. 52173

Attorney for the Staff of the

Missouri Public Service Commission

P. O. Box 360

Jefferson City, MO 65102

(573) 526-7393 (Telephone)

(573) 751-9285 (Fax)

shelley.brueggemann@psc.mo.gov (e-mail)

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of this *Notice of Agreement Regarding Disposition of Small Water Company Revenue Increase Request* 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 6th day of November 2008.

/s/ **Shelley Syler Brueggemann**

APPENDIX A

STAFF PARTICIPANT AFFIDAVITS AND DISPOSITION AGREEMENT & ATTACHMENTS

CASE NO. WR-2009-0166
Tracking File No. QW-2008-0012

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Staff Participant Affidavits

James M. Russo – Water & Sewer Department

Amanda C. McMellen – Auditing Department

Rosella L. Schad – Engineering & Management Services Department

Gary R. Bangert – Engineering & Management Services Department

BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

AFFIDAVIT OF JAMES M. RUSSO

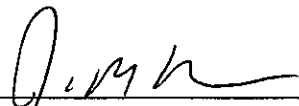
STATE OF MISSOURI)

) SS

CASE NO. QW-2008-0011

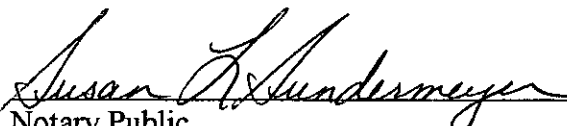
COUNTY OF COLE)

COMES NOW James M. Russo, being of lawful age, and on his oath states the following: (1) that he is the Rate and Tariff Examination Supervisor of the Missouri Public Service Commission's Water & Sewer Department; (2) that he participated in the Staff's investigation of the small company rate increase request that is the subject of the instant case; (3) that he was responsible for the preparation of the following *Company/Staff Agreement Regarding Disposition of Small Water and Sewer Company Rate Increase Request* ("Disposition Agreement"); (4) that he was responsible for the preparation of Attachments A, B, D & 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 4th day of November, 2008.



Notary Public



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

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

AFFIDAVIT OF AMANDA C. MCMELLEN

STATE OF MISSOURI

ss.

COUNTY OF COLE

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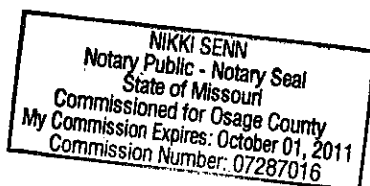
Case No. QW-2008-0011

COMES NOW Amanda C. McMellen, being of lawful age, and on her oath states the following: (1) that she is a Utility Regulatory Auditor IV in the Missouri Public Service Commission's Auditing 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 foregoing *Company/Staff Agreement Regarding Disposition of Small Water Company Revenue Increase Request* ("Disposition Agreement"); (4) that she was responsible for the preparation of Attachment C to the Disposition Agreement; (5) that she 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 her knowledge, information, and belief.



Amanda C. McMellen
Utility Regulatory Auditor IV
Auditing Department

Subscribed and sworn to before me this 4th day of November, 2008.




Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

AFFIDAVIT OF ROSELLA L. SCHAD, PE, CPA

STATE OF MISSOURI

ss.

COUNTY OF COLE

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Case No. QW-2008-0011

COMES NOW Rosella L. Schad, being of lawful age, and on her oath states the following: (1) that she is a Utility Regulatory Engineer I in the Missouri Public Service Commission's Engineering & 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 foregoing *Company/Staff Agreement Regarding Disposition of Small Water Company Revenue Increase Request* ("Disposition Agreement"); (4) that she was responsible for the preparation of Attachment F to the Disposition Agreement; (5) that she 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 her knowledge, information, and belief.

Rosella L. Schad PE, CPA
Rosella L. Schad, PE, CPA
Utility Regulatory Engineer I
Engineering & Management Services

Subscribed and sworn to before me this 4th day of November, 2008.

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

Nikki Senn
Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

AFFIDAVIT OF GARY R. BANGERT


STATE OF MISSOURI

ss.)

Case No. QW-2008-0011

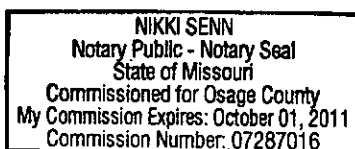
COUNTY OF COLE)

COMES NOW Gary R. Bangert, being of lawful age, and on his oath states the following: (1) that he is a Utility Management Analyst III 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 foregoing *Company/Staff Agreement Regarding Disposition of Small Water Company Revenue Increase Request* ("Disposition Agreement"); (4) that he was responsible for the preparation of Attachment G to the Disposition Agreement; (5) that he 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 his knowledge, information, and belief.



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

Subscribed and sworn to before me this 4th day of November, 2008.





Notary Public

Company/Staff Disposition Agreement

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

RIVERFORK WATER COMPANY

MO PSC CASE NO. QW-2008-0011

BACKGROUND

Riverfork Water Company (Company) initiated the small company revenue increase request (Request) for water service that is the subject of the above-referenced Missouri Public Service Commission (Commission) tracking file by submitting a letter to the Secretary of the Commission in accordance with the provisions of Commission Rule 4 CSR 240-3.635, Water Utility Small Company Rate Increase Procedure (Small Company Procedure). In its request letter, which was received at the Commission's offices on May 9, 2008, the Company set forth its request for an increase of \$24,446 in its total annual water service operating revenues for the affected service areas. In its request letter, the Company also acknowledged that the design of its customer rates, its service charges, its customer service practices, its general business practices and its general tariff provisions would be reviewed during the Commission Staff's (Staff) review of the revenue increase request, and could thus be the subject of Staff recommendations. The Company provides service to approximately 145 residential customers in the affected service area.

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

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

RESOLUTION OF THE COMPANY'S RATE INCREASE REQUEST

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

(1) That for the purpose of implementing the agreements set out herein, the Company will file proposed tariff revisions with the Commission containing the rates, charges and language set out in the example tariff sheets attached hereto as Attachment A, with those proposed tariff revisions bearing an effective date of December 19, 2008.

(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 \$7,164 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 42.28% equity for the Company and a return on equity of 10.73%, 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.

(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 rates included in the attached example tariff sheets are just and reasonable, and that the provisions of the attached example tariff sheets also properly reflect all other agreements set out herein, where necessary.

(7) That the schedule of depreciation rates attached hereto as Attachment F, which includes the depreciation rates used by the Staff in its revenue requirement analysis, will be the prescribed schedule of water plant depreciation rates for the Company.

(8) That the Company will develop Continuing Property Records for all capital assets. These records will include, but not be limited to, original purchase price, description of asset, account number, and all additions and/or retirements associated with the asset. The Continuing Property Records will be developed and a copy of the

Continuing Property Records will be provided to the Manager of the Auditing Department by March 31, 2009.

(9) That the Company will maintain all of its financial records, including monthly financial records, in accordance with the Commission's approved 1973 Uniform System of Accounts (USOA), as revised July 1976.

(10) That the Company will allocate all items it currently books as miscellaneous equipment to specific USOA accounts.

(11) That the Company will capitalize cost as plant in service or charge the cost as expense according to the guidelines in USOA.

(14) That the Company will develop and maintain a monthly report of the actual gallons pumped versus the amount of gallons billed and provide a copy of this report to the manager of the Auditing Department by January 31, 2009.

(15) That the Company will develop and maintain a monthly report listing the usage by customer and provide a copy of this report to the manager of the Auditing Department by January 31, 2009.

(16) That the Company will immediately begin implementing separating the duties of bookkeeping from the duties of writing checks.

(17) That the Company will refund deposits in the future in accordance with the Company's filed tariff with the Commission.

(18) That the Company will contact and select a storage tank specialist and arrange for an inspection and a written report regarding the condition of the storage tank and estimates for any needed repairs, modifications and painting. The company will provide the manager of the Water & Sewer Department with a copy of this report and the Company's proposal to implement the items listed in the report by April 30, 2009.

(19) That the Company will implement a meter testing and/or meter replacement program in accordance with Commission rule 4 CSR 240-10.030(38). The Company will provide the manager of the Water & Sewer Department with a listing of the meters tested and/or replaced and the property address of the tested/replaced meter under this program by September 30 of each year.

(20) That the Company will implement the recommendations contained in the Engineering & Management Services Department ("EMSD") Report attached hereto as Attachment G no later than November 30, 2008.

(21) The Company will mail its customers a written notice of the rates and charges included in its proposed tariff revisions within 15 days of entry of the Commission approved Order. The notice will include a summary of the impact of the proposed rates on an average residential customer's bill. When the Company mails the notice to its customers, it will also send a copy to the Staff and the Staff will file a copy in the subject case file.

(22) 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 Disposition Agreement.

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

(24) 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

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

Staff has completed a Summary of Case Events and Staff has included the summary as Attachment H to this disposition Agreement.

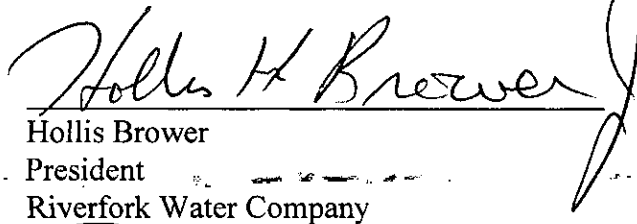
The Company acknowledges that the Staff will be filing this Disposition Agreement and the attachments hereto, in the case that will be opened when the Company files the proposed tariff revisions called for in the agreement. The Company also acknowledges that the Staff may make other filings in that case.

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 Disposition 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.

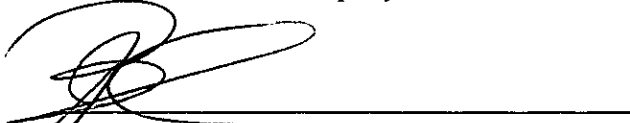
EFFECTIVE DATE AND SIGNATURES

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:


Hollis Brower
President
Riverfork Water Company

10/30/08
Date


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

11/3/08
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
- Attachment H – Summary of Case Events

Agreement Attachment A

Example Tariff Sheets

FORM NO. 13 P.S.C.MO. No. 1 2nd Revised SHEET No. 4

Canceling P.S.C. Mo. No. 1 1st Revised SHEET No. 4

RIVERFORK WATER COMPANY For Unincorporated Area in Stone

Name of Issuing Corporation

Community, Town, or City

County, Missouri

RATE SCHEDULE

Rate Schedule - - - - - General

Availability

Any metered Customer adjacent to the Company's distribution mains using standard water service.

Price Schedule

Monthly Minimum \$14.56 +
(Includes 2,000 GALLONS)

Over 2,000 Gallons per month \$ 4.45 +

Taxes

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

Delayed Payment Clause

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

* Indicates new rate or text

+ Indicates change

DATE OF ISSUE November 3, 2008 DATE EFFECTIVE December 19, 2008

ISSUED BY Colleen Jackson President P.O. Box 158, Ozark, MO 65721
Name of Officer Title Address

Agreement Attachment B

Ratemaking Income Statement

RIVERFORK WATER COMPANY

Rate Making Income Statement-Water

Operating Revenues at Current Rates

1	Tariffed Rate Revenues *	\$ 42,929
2	Other Operating Revenues *	\$ 1,800
3	Total Operating Revenues	\$ 44,729
4	* See "Revenues - Current Rates" for Details	

Cost of Service

Item	Amount
1 Pumping Equipment-Purchased Power	\$ 7,600
2 Water Treatment Expense-Chemicals	\$ 587
3 Water Treatment -Testing/Laboratory Fees	\$ 380
4 Repairs of Plant-Equipment	\$ 734
5 State Permits/Fees	\$ 45
6 Administration & General -Primary Operator	\$ 7,150
7 Office Supplies	\$ 331
8 Postage Expense	\$ 470
9 Outside Services-Accounting	\$ 4,801
10 Rent Expense	\$ 2,166
11 Transportation Expense	\$ 1,506
12 Regulatory Commission Expense	\$ 345
13 Bank Service Charges	\$ 68
14 Merchant Service Fees	\$ 53
15 Uncollectible Expense	\$ 358
16 Dues & Donations	\$ 95
17 Sub-Total Operating Expenses	\$ 26,689
18 Property Taxes	\$ -
19 MO Franchise Taxes	\$ -
20 Employer FICA Taxes	\$ 575
21 Federal Unemployment Taxes	\$ -
22 State Unemployment Taxes	\$ -
23 State & Federal Income Taxes	\$ 1,539
24 Sub-Total Taxes	\$ 2,114
25 Depreciation Expense	\$ 11,916
26 Amortization of CIAC	\$ (1,720)
27 Sub-Total Depreciation/Amortization	\$ 10,196
28 Return on Rate Base	\$ 12,894
29 Total Cost of Service	\$ 51,893
30 Overall Revenue Increase Needed	\$ 7,164

Agreement Attachment C

Audit Workpapers

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Riverfork Water Company
Case: QW-08-011C
12 Months Ending December 31, 2007

Revenue Requirement

Line		8.72%
		Return
(A)		(B)
1	Net Orig Cost Rate Base (Sch 2)	\$ 147,867
2	Rate of Return	8.72%

3	Net Operating Income Requirement	\$ 12,894
4	Net Income Available (Sch 8)	\$ 7,158

5	Additional NOIBT Needed	\$ 5,736
6	Income Tax Requirement (Sch 10)	
7	Required Current Income Tax	\$ 1,539
8	Test Year Current Income Tax	\$ 110

9	Additional Current Tax Required	\$ 1,429
10	Required Deferred ITC	\$ 0
11	Test Year Deferred ITC	\$ 0

12	Additional Deferred ITC Required	\$ 0

13	Total Additional Tax Required	\$ 1,429

14	Gross Revenue Requirement	\$ 7,165

Riverfork Water Company
Case: QW-08-011C
12 Months Ending December 31, 2007

Rate Base

Line Description	Amount
(A)	(B)
1 Total Plant in Service (Sch 3)	\$ 277,768
Subtract from Total Plant	
2 Depreciation Reserve (Sch 6)	\$ 96,128

3 Net Plant in Service	\$ 181,640
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	33,773
13 Deferred Income Taxes-Depreciation	0

14 Total Rate Base	\$ 147,867
	=====

Riverfork Water Company
Case: QW-08-011C
12 Months Ending December 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	\$ 3,466	\$ 0	100.0000	\$ 0	\$ 3,466
2	302.000	Franchises	0	0	100.0000	0	0
3	303.000	Miscellaneous Intangible Plant	0	0	100.0000	0	0
4		Total	\$ 3,466	\$ 0		\$ 0	\$ 3,466
Water Treatment Plant							
5	303.100	Land and Land Rights	\$ 0	\$ 0	100.0000	\$ 0	\$ 0
6	311.000	Structures and Improvements	0	0	100.0000	0 P-10	0
7	332.000	Water Treatment Equipment	3,000	0	100.0000	0	3,000
8		Total	\$ 3,000	\$ 0		\$ 0	\$ 3,000
Source of Supply & Pumping Plant							
9	310.000	Land and Land Rights	\$ 3,940	\$ 0	100.0000	\$ 0 P-1	\$ 3,940
10	311.000	Structures and Improvements	11,341	(470)	100.0000	0 P-2	10,871
11	314.000	Wells and Springs	15,700	0	100.0000	0 P-3	15,700
12	325.000	Electric Pumping Equipment	28,335	(782)	100.0000	0 P-4	27,553
13		Total	\$ 59,316	\$ (1,252)		\$ 0	\$ 58,064
Transmission & Distribution							
14	342.000	Distribution Reservoirs & Standpipe	\$ 52,893	\$ 0	100.0000	\$ 0	\$ 52,893
15	343.000	Transmission and Distribution Mains	110,860	0	100.0000	0 P-9	110,860
16	345.000	Services	0	0	100.0000	0	0
17	346.000	Meters	52,005	(2,520)	100.0000	0 P-11	49,485
18	349.000	Other Transmission & Distribution	0	0	100.0000	0	0
19		Total	\$ 215,758	\$ (2,520)		\$ 0	\$ 213,238

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Riverfork Water Company
Case: QW-08-011C
12 Months Ending December 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)
		General Plant					
20	391.000	Office Furniture & Equipment	\$ 0	\$ 0	100.0000	\$ 0	\$ 0
21	392.000	Transportation Equipment	0	0	100.0000	0 P-7	0
22	393.000	Other General Equipment	0	0	100.0000	0 P-8	0
23	394.000	Tools, Shop and Garage Equipment	0	0	100.0000	0	0
24	396.000	Power-operated Equipment	0	0	100.0000	0	0
25	397.000	Communication Equipment	0	0	100.0000	0	0
26	398.000	miscellaneous Equipment	0	0	100.0000	0	0
27	399.000	Other Tangible Property	0	0	100.0000	0	0
28		Total	\$ 0	\$ 0		\$ 0	\$ 0
29		Total Plant in Service	\$ 281,540	\$ (3,772)		\$ 0	\$ 277,768

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Riverfork Water Company
Case: QW-08-011C
12 Months Ending December 31, 2007

Adjustments to Total Plant

Adj No	Description	Total Co Adjustment	Mo Juris Adjustment
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Land and Land Rights

P-1

1. To adjust test year to reflect actual plant balance.

2.

Structures and Improvements

P-2

\$ (470)

1. Adjust to remove plant and reserve with no invoices.
(McMellen)

\$ (470)

Electric Pumping Equipment

P-4

\$ (782)

1. Adjust test year to remove amounts included in repairs
expense.
(McMellen)

\$ (782)

Transportation Equipment

P-7

1. To adjust test year to reflect actual plant balance.

2. To adjust test year to allocate equipment.

3. To adjust test year to exclude the allocated portion of the
truck that was sold.
(McMellen)

Other General Equipment

P-8

1. To adjust test year to reflect actual plant balance.

Riverfork Water Company
Case: QW-08-011C
12 Months Ending December 31, 2007

Adjustments to Total Plant.

Adj No	Description	Total Co Adjustment	Mo Juris Adjustment
2.	To adjust test year to allocate equipment.		
3.			
4.			
5.			

	Transmission and Distribution Mains	P-9	

1.			

	Structures and Improvements	P-10	

1.			

	Meters	P-11	\$ (2,520)

1.	Adjust test year to remove amounts included in repairs expense. (McMellen)	\$	(2,520)

13:29 09/29/2008

Riverfork Water Company
Case: QW-08-011C
12 Months Ending December 31, 2007

Depreciation Expense

Line No	Acct	Description	Adjusted Jurisdictional	Depreciation Rate	Depreciation Expense
		(A)	(B)	(C)	(D)
Intangible Plant					
1	301.000	Organization	\$ 3,466	0.0000	\$ 0
2	302.000	Franchises	0	0.0000	0
3	303.000	Miscellaneous Intangible Plant	0	0.0000	0
4		Total	\$ 3,466		\$ 0
Water Treatment Plant					
5	303.100	Land and Land Rights	\$ 0	0.0000	\$ 0
6	311.000	Structures and Improvements	0	2.5000	0
7	332.000	Water Treatment Equipment	3,000	2.9000	87
8		Total	\$ 3,000		\$ 87
Source of Supply & Pumping Plant					
9	310.000	Land and Land Rights	\$ 3,940	0.0000	\$ 0
10	311.000	Structures and Improvements	10,871	2.5000	272
11	314.000	Wells and Springs	15,700	2.0000	314
12	325.000	Electric Pumping Equipment	27,553	10.0000	2,755
13		Total	\$ 58,064		\$ 3,341
Transmission & Distribution					
14	342.000	Distribution Reservoirs & Standpipe	\$ 52,893	2.5000	\$ 1,322
15	343.000	Transmission and Distribution Mains	110,860	2.0000	2,217
16	345.000	Services	0	100.0000	0
17	346.000	Meters	49,485	10.0000	4,949
18	349.000	Other Transmission & Distribution	0	100.0000	0
19		Total	\$ 213,238		\$ 8,488

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Riverfork Water Company
Case: QW-08-011C
12 Months Ending December 31, 2007

Depreciation Expense

Line No	Acct	Description	Adjusted Jurisdictional	Depreciation Rate	Depreciation Expense
		(A)	(B)	(C)	(D)
		General Plant			
20	391.000	Office Furniture & Equipment	\$ 0	0.0000	\$ 0
21	392.000	Transportation Equipment	0	9.9900	0
22	393.000	Other General Equipment	0	0.0000	0
23	394.000	Tools, Shop and Garage Equipment	0	20.0400	0
24	396.000	Power-operated Equipment	0	5.0000	0
25	397.000	Communication Equipment	0	100.0000	0
26	398.000	miscellaneous Equipment	0	100.0000	0
27	399.000	Other Tangible Property	0	100.0000	0
28		Total	\$ 0		\$ 0

29		Total Depreciation Expense	\$ 277,768		\$ 11,916

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Riverfork Water Company
Case: QW-08-011C
12 Months Ending December 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	0.0000	\$ 0	\$ 0
2	302.000	Franchises	0	0	0.0000	0	0
3	303.000	Miscellaneous Intangible Plant	0	0	0.0000	0	0
4		Total	\$ 0	\$ 0		\$ 0	\$ 0
Water Treatment Plant							
5	303.000	Land and Land Rights	\$ 0	\$ 0	100.0000	\$ 0	\$ 0
6	311.000	Structures and Improvements	0	0	100.0000	0	0
7	332.000	Water Treatment Equipment	819	0	100.0000	0	819
8		Total	\$ 819	\$ 0		\$ 0	\$ 819
Source of Supply & Pumping Plant							
9	310.000	Land & Land Rights	\$ 0	\$ 0	100.0000	\$ 0 R-1	\$ 0
10	311.000	Structures and Improvements	3,879	(35)	100.0000	0 R-2	3,844
11	314.000	Wells and Springs	5,652	0	100.0000	0 R-3	5,652
12	325.000	Electric Pumping Equipment	15,526	(5,635)	100.0000	0 R-4	9,891
13		Total	\$ 25,057	\$ (5,670)		\$ 0	\$ 19,387
Transmission & Distribution							
14	342.000	Distribution Reservoirs & Standpipe	\$ 23,802	\$ 0	100.0000	\$ 0	\$ 23,802
15	343.000	Transmission & Distribution Mains	34,711	0	100.0000	0	34,711
16	345.000	Services	0	0	100.0000	0	0
17	346.000	Meters	17,247	162	100.0000	0 R-5	17,409
18	349.000	Other Transmission & Distribution	0	0	100.0000	0	0
19		Total	\$ 75,760	\$ 162		\$ 0	\$ 75,922

Riverfork Water Company
Case: QW-08-011C
12 Months Ending December 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)
		General Plant					
20	391.000	Office Furniture & Equipment	\$ 0	\$ 0	100.0000	\$ 0	\$ 0
21	392.000	Transportation Equipment	(1,430)	1,430	100.0000	0 R-6	0
22	393.000	Other General Equipment	0	0	100.0000	0	0
23	394.000	Tools, Shop & Garage Equipment	(70)	70	100.0000	0 R-7	0
24	395.000	Laborotary Equipment	(207)	207	100.0000	0 R-8	0
25	397.000	Communication Equipment	0	0	100.0000	0	0
26	398.000	Miscellaneous Equipment	0	0	100.0000	0	0
27	399.000	Other Tangible property	0	0	100.0000	0	0
28		Total	\$ (1,707)	\$ 1,707		\$ 0	\$ 0

29		Total Depreciation Reserve	\$ 99,929	\$ (3,801)		\$ 0	\$ 96,128

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Riverfork Water Company
Case: QW-08-011C
12 Months Ending December 31, 2007

Cash Working Capital

Line No	Acct Description	Test Year Expenses	Revenue Lag	Expense Lag	Net Lag (C) - (D)	Factor (Col E/365)	CWC Req (B) x (F)
	(A)	(B)	(C)	(D)	(E)	(F)	(G)
	Operation and Maintenance Expense						
1	Cash Vouchers	\$ 26,689	0.0000	0.0000	0.0000	0.000000	\$ 0
2	Total Operation and Maintenance Expense	\$ 26,689					\$ 0
3	Total Taxes	\$ 0					\$ 0
4	Total Cash Working Capital Req						\$ 0

Riverfork Water Company
Case: QW-08-011C
12 Months Ending December 31, 2007

Adjustments to Depreciation Reserve

Adj No Description	Total Co Adjustment	Mo Juris Adjustment

Land & Land Rights	R-1	

1.		

Structures and Improvements	R-2	\$ (35)

1. Adjust to remove plant and reserve with no invoices. (McMellen)	\$	(35)

Wells and Springs	R-3	

1.		

Electric Pumping Equipment	R-4	\$ (5,635)

1. Adjust test year to distribute to specific accounts. (Schad)	\$	(1,707)
2. Adjust test year to reflect use of commission approved depreciation rates (Schad)	\$	(3,928)

Meters	R-5	\$ 162

1. Adjust test year to reflect Commission approved depreciation rates. (McMellen)	\$	162

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Riverfork Water Company

Case: QW-08-011C

12 Months Ending December 31, 2007

Adjustments to Depreciation Reserve

Adj No Description	Total Co Adjustment	Mo Juris Adjustment
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***** Transportation Equipment	R-6	\$ 1,430

1. Adjust test year to distribute to specific accounts. (Schad)	\$ 1,430	
--	----------	--

***** Tools, Shop & Garage Equipment	R-7	\$ 70

1. Adjust test year to distribute to specific accounts. (Schad)	\$ 70	
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***** Laboratory Equipment	R-8	\$ 207

1. Adjust test year to distribute to specific accounts. (Schad)	\$ 207	
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Riverfork Water Company
Case: QW-08-011C
12 Months Ending December 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	Operating Revenues	\$ 44,447	\$ (1,519)	100.0000	\$ 0 S-1	\$ 42,928
2	Other Revenues	1,800	0	100.0000	0 S-2	1,800
3	Total	\$ 46,247	\$ (1,519)		\$ 0	\$ 44,728
Operation & Maintenance Expense						
4	Fuel & Purchased Power Electricity	\$ 7,935	\$ (335)	100.0000	\$ 0 S-3	\$ 7,600
5	Repairs of Water Plant-Equipment	1,159	(425)	100.0000	0 S-4	734
6	Maintenance of Pumping Plant	0	0	100.0000	0 S-5	0
7	DNR Fees/Lab Fees	380	0	100.0000	0 S-6	380
8	Chemicals	1,190	(603)	100.0000	0 S-7	587
9	Postage Expenses	0	470	100.0000	0 S-8	470
10	A&G Salaries-Primary Operator	7,150	0	100.0000	0 S-9	7,150
11	Rent Expenses	2,400	(234)	100.0000	0 S-10	2,166
12	Office Supplies - Biling Cards	278	53	100.0000	0 S-11	331
13	Billing Expenses	446	(446)	100.0000	0 S-12	0
14	Transportation Expenses	1,560	(54)	100.0000	0 S-13	1,506
15	Outside Services-Accounting	4,788	13	100.0000	0 S-14	4,801
16	Merchant Services Fees	0	53	100.0000	0 S-16	53
17	State Permits/Fees	0	45	100.0000	0 S-17	45
18	Regulatory Commission Expense	469	(124)	100.0000	0 S-18	345
19	Bank Service Charges	0	68	100.0000	0 S-19	68
20	Uncollectible Expenses	1,060	(702)	100.0000	0 S-21	358
21	Dues and Donations	0	95	100.0000	0 S-22	95
22	Total	\$ 28,815	\$ (2,126)		\$ 0	\$ 26,689
Depreciation Expense						
23	Depreciation Expense	\$ 8,462	\$ 0	100.0000	\$ 3,454 S-24	\$ 11,916
24	Total	\$ 8,462	\$ 0		\$ 3,454	\$ 11,916
Other Operating Expenses						
25	Tax Expense-Property	\$ 0	\$ 0	100.0000	\$ 0 S-26	\$ 0
26	Tax Expense-Payroll	547	28	100.0000	0 S-27	575
27	Amort of contr in Aid of Construct	(1,720)	0	100.0000	0	(1,720)
28	Total	\$ (1,173)	\$ 28		\$ 0	\$ (1,145)

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Riverfork Water Company
Case: QW-08-011C
12 Months Ending December 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)
29		Total Operating Expenses	\$ 36,104	\$ (2,098)		\$ 3,454	\$ 37,460
30		Net Income Before Taxes	\$ 10,143	\$ 579		\$ (3,454)	\$ 7,268
		Current Income Taxes					
31		Current Income Taxes	\$ 286	\$ 0	100.0000	\$ (176) S-23	\$ 110
32		Total	\$ 286	\$ 0		\$ (176)	\$ 110
		Deferred Income Taxes					
33		Deferred Income Taxes	\$ 0	\$ 0	100.0000	\$ 0	\$ 0
34		Total	\$ 0	\$ 0		\$ 0	\$ 0
35		Total Income Taxes	\$ 286	\$ 0		\$ (176)	\$ 110
36		Net Operating Income	\$ 9,857	\$ 579		\$ (3,278)	\$ 7,158

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Riverfork Water Company
Case: QW-08-011C
12 Months Ending December 31, 2007

Adjustments to Income Statement

Adj No Description		Total Co Adjustment	Mo Juris Adjustment

Operating Revenues	S-1	\$ (1,519)	

1. Adjust test year to reflect the Staff's annualized level. (McMellen)		\$ (1,519)	

Other Revenues	S-2		

1. To adjust test year to offset negative revenues.			

Fuel & Purchased Power Electricity	S-3	\$ (335)	

1. To adjust test year to reflect the Staff's annualized level. (Mapeka)		\$ (335)	

Repairs of Water Plant-Equipment	S-4	\$ (425)	

1. To adjust test year to reflect the Staff's annualized level. (Mapeka)		\$ (425)	

Maintenance of Pumping Plant	S-5		

1. To adjust test year to reflect the Staff's annualized level.			

DNR Fees/Lab Fees	S-6		

1. To adjust test year to reflect the Staff's annualized level.			

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Riverfork Water Company
Case: QW-08-011C
12 Months Ending December 31, 2007

Adjustments to Income Statement

Adj No	Description	Total Co Adjustment	Mo Juris Adjustment

Chemicals	S-7	\$ (603)	

1.	To adjust test year to reflect the Staff's annualized level. (Mapeka)	\$ (603)	

Postage Expenses	S-8	\$ 470	

1.	Adjustment to reflect Staff's annualized level of postage expenses. (Mapeka)	\$ 470	

A&G Salaries-Primary Operator	S-9		

1.	To adjust test year to reflect the Staff's annualized level.		

Rent Expenses	S-10	\$ (234)	

1.	To adjust test year to reflect the Staff's annualized level. (Mapeka)	\$ (234)	

Office Supplies - Biling Cards	S-11	\$ 53	

1.	Adjust to reflect the Staff's annualized level of billing cards expenses. (Mapeka)	\$ 53	

Billing Expenses	S-12	\$ (446)	

1.	Adjust to eliminate billing expenses adjustment. (Mapeka)	\$ (446)	

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Riverfork Water Company
Case: QW-08-011C
12 Months Ending December 31, 2007

Adjustments to Income Statement

Adj No Description	Total Co Adjustment	Mo Juris Adjustment
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Transportation Expenses	S-13	\$ (54)
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1. To adjust test year to reflect the Staff's annualized level. (Mapeka)	\$	(54)
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Outside Services-Accounting	S-14	\$ 13
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1. To adjust test year to reflect the Staff's annualized level. (Mapeka)	\$	13
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Merchant Services Fees	S-16	\$ 53
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1. Adjust to reflect Staff's annualized level for credit card fees. (Mapeka)	\$	53
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State Permits/Fees	S-17	\$ 45
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1. To adjust to reflect Dept of Revenues annual fee. (Mapeka)	\$	45
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Regulatory Commission Expense	S-18	\$ (124)
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1. To adjust to reflect Staff's annualized level of PSC Assessment. (Mapeka)	\$	(124)
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Riverfork Water Company
Case: QW-08-011C
12 Months Ending December 31, 2007

Adjustments to Income Statement

Adj No Description		Total Co Adjustment	Mo Juris Adjustment

Bank Service Charges	S-19	\$ 68	

1. To adjust test year to reflect the Staff's annualized level of bank service charges. (Mapeka)		\$ 68	

Uncollectible Expenses	S-21	\$ (702)	

1. To adjust test year to reflect the Staff's annualized level. (McMellen)		\$ (702)	

Dues and Donations	S-22	\$ 95	

1. To adjust to reflect the Staff's annualized level of MRWA dues. (Mapeka)		\$ 95	

Current Income Taxes	S-23	\$ (176)	

1. To adjust current income taxes consistent with the adjusted net operating income before taxes.		\$ (176)	

Depreciation Expense	S-24	\$ 3,454	

1. To adjust test year to reflect the Staff's annualized level.		\$ 3,454	

Tax Expense-Property	S-26		

1. To adjust test year to reflect the Staff's annualized level.			

Riverfork Water Company
Case: QW-08-011C
12 Months Ending December 31, 2007

Adjustments to Income Statement

Adj No Description	Total Co Adjustment	Mo Juris Adjustment
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Tax Expense-Payroll	S-27	\$ 28
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1. Adjustment to reflect annualized payroll including FUTA and SUTA. (Mapeka)	\$	28
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Riverfork Water Company
Case: QW-08-011C
12 Months Ending December 31, 2007

Income Tax

Line		Test Year	8.72% Return
(A)		(B)	
1	Net Income Before Taxes (Sch 8)	\$ 7,268	\$ 14,433
2	Add to Net Income Before Taxes Book Depreciation Expense	\$ 11,916	\$ 11,916
3	Total	\$ 11,916	\$ 11,916
4	Subtr from Net Income Before Taxes Interest Expense 4.5400 %	\$ 6,713	\$ 6,713
5	Book Depreciation Expense	11,916	11,916
6	Total	\$ 18,629	\$ 18,629
7	Net Taxable Income	\$ 555	\$ 7,720
8	Provision for Federal Income Tax Net Taxable Income	\$ 555	\$ 7,720
9	Deduct Missouri Income Tax 100.0 %	\$ 32	\$ 448
10	Deduct City Income Tax	0	0
11	Federal Taxable Income	523	7,272
12	Total Federal Tax	\$ 78	\$ 1,091
13	Provision for Missouri Income Tax Net Taxable Income	\$ 555	\$ 7,720
14	Deduct Federal Income Tax 50.0 %	\$ 39	\$ 546
15	Deduct City Income Tax	0	0
16	Missouri Taxable Income	516	7,175
17	Total Missouri Tax	\$ 32	\$ 448

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Riverfork Water Company
Case: QW-08-011C
12 Months Ending December 31, 2007

Income Tax

Line		Test Year	8.72% Return
(A)		(B)	
	Provision for City Income Tax		
18	Net Taxable Income	\$ 555	\$ 7,720
19	Deduct Federal Income Tax	\$ 78	\$ 1,091
20	Deduct Missouri Income Tax	32	448
21	City Taxable Income	445	6,181
22	Total City Tax	\$ 0	\$ 0
	Summary of Provision for Income Tax		
23	Federal Income Tax	\$ 78	\$ 1,091
24	Missouri Income Tax	32	448
25	City Income Tax	0	0
26	Total	\$ 110	\$ 1,539
	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	\$ 110	\$ 1,539

Agreement Attachment D

Rate Design Worksheet

RIVERFORK WATER COMPANY

Development of Tariffed Rates-Water

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

Revenues Generated by Current Tariffed Rates	\$ 42,929
Agreed-Upon Overall Revenue Increase	\$ 7,164
Percentage Increase Needed	16.689%

Metered Customer Rates

Meter Size	Current Service Charge	Proposed Service Charge	Current Usage Rate	Proposed Usage Rate
5/8"	\$ 12.48	\$ 14.56	\$ 3.810	\$ 4.45

Agreement Attachment E

Billing Comparison Worksheet

RIVERFORK WATER COMPANY

Residential Customer Bill Comparison-Water

Rates for 5/8" Meter

<u>Current Base Customer Charge</u>	<u>Proposed Base Customer Charge</u>	<u>Current Usage Rate</u>	<u>Proposed Usage Rate</u>
\$12.48	\$14.56	\$3.810	\$4.446

current service charge is monthly charge

usage rate is per 1,000 gallons used

MONTHLY BILL COMPARISON

6,000 gallons/month usage

Current Rates

Customer Charge	\$ 12.48
Usage Charge	\$ 22.86
Total Bill	\$ 35.34

Proposed Rates

Customer Charge	\$ 14.56
Usage Charge	\$ 26.68
Total Bill	\$ 41.24

INCREASES

Customer Charge

\$ Increase	\$2.08
% Increase	16.69%

Usage Charge

\$ Increase	\$3.82
% Increase	16.69%

Total Bill

\$ Increase	\$5.90
% Increase	16.69%

Agreement Attachment F

Schedule of Depreciation Rates

**RIVERFORK WATER CO.
DEPRECIATION RATES**

(WATER)

QW-2008-0011

<u>ACCOUNT NUMBER</u>	<u>ACCOUNT</u>	<u>DEPRECIATION RATE %</u>	<u>AVERAGE SERVICE LIFE (YEARS)</u>
311	Structures & Improvements	2.5%	40
314	Wells & Springs	2.0%	50
325	Electric Pumping Equipment	10.0%	10
332	Water Treatment Equipment	2.9%	35
342	Distribution Reservoirs & Standpipes	2.5%	40
343	Transmission & Distribution Mains	2.0%	50
345	Services	2.5%	40
346.1	Meters	10.0%	10
348	Hydrants	2.0%	50
391.1	Office Computer Equipment	20.0%	5

Agreement Attachment G

EMSD Report

**Engineering and Management Services Department
Report on the Customer Service Operations
at Riverfork Water Company
QW-2008-0011**

Gary Bangert – September 10, 2008

Riverfork Water Company (Riverfork, Company) filed a rate increase request on May 9, 2008, for water service it provides in its Missouri service area near Nixa, Missouri. The Engineering and Management Services Department (EMSD) staff initiated an informal review of customer service processes, procedures, and practices at Riverfork in July 2008. This customer service review was done in conjunction with the Company's rate increase request. 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 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 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 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:

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

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

Overview

Riverfork Water Company was certificated to provide water service in Missouri on January 30, 1990. The Company was purchased by the current owners in 2005. The Company provides water service to approximately 144 customers within its authorized service area. Riverfork's business office is located in Nixa, Missouri. Local business office hours are 8:00 – 5:00, Monday through Friday. A cell phone number is also provided, which gives customers 24-hour, 7-day access available to Company personnel in case of the need for an emergency contact.

Riverfork Water Company staffing in Missouri includes the president, a general manager, and a bookkeeper. Most outside plant functions are performed by the general manager with assistance from the president. Outside contractors are used occasionally for construction activity involving digging or electrical work. Monthly water tests are performed by Water Technology of the Ozarks in addition to some testing by the Department of Natural Resources. The president is also involved in policy development and general problem solving. The general manager's primary responsibilities include daily system checks, chlorination, reading meters, routine maintenance, and responding to customer emergency calls. The general manager spends approximately one week each month on work activity associated with Riverfork. The bookkeeper is responsible for business office functions including taking new service applications, entering meter readings, preparing and mailing customer bills, maintaining customer account records, and posting customer bill payments. The bookkeeper also responds to customer inquiries and complaints received by telephone or from customers who walk into the business office. The bookkeeper spends about 10 hours per week on Company work activities.

Company management anticipates minimal future growth in the number of customers it serves. Most applications for new service are from customers in existing homes.

Meter Reading

The general manager reads all of the water meters within the last two days of the month. The meter route sheet includes the previous meter readings of customers that the general manager uses to verify the accuracy of current meter readings. The bookkeeper enters the meter readings into the computer and the bills are printed and mailed on the first day of the month. Company management stated that meter readings are never estimated. Inactive meters are always locked when customers move. Consequently, there has been no problem with theft of service. A master meter is located in the system and read every month. A monthly report is

produced enabling Company personnel to compare the quantity of water that is pumped with the amount that is billed to customers. Modern meter reading technology has been examined, but Company management has determined that a different system is not economically feasible give the small size of the water system.

Customer Billing

The Company uses American Business software for its utility billing program to calculate and print the customers' bills. The accuracy of bills is verified by the bookkeeper when the bills are produced by checking the history of usage on each account. As previously mentioned all bills are printed and mailed on the first day of each month. Bills are due on the 20th of the month and considered delinquent on the 21st day of each month. There is no provision for a late payment charge in the Company's tariff.

Customers' water bills are based on a price schedule of \$12.48 for up to 2,000 gallons of usage. Over 2,000 gallons of usage, customers are charged \$3.81 per 1,000 gallons of usage.

Credit and Collections

Customers typically come into the office to apply for service, although no standard application form is used. The bookkeeper requests the information from new customers that is necessary to set up the account in the billing system. Customer account records are maintained on the computer and backed up monthly; however, no fireproof storage is available to store critical customer account records. No deposit is required from new customers. The bookkeeper responds to any questions new customers have about their water service including payment options; however, no written information about rights and responsibilities is provided to customers.

Customers may pay their bills using any of four payment options. Company personnel estimate that about 80% of customer payments are received through the mail. A small portion of these mailed payments are received through outside electronic payment providers where customers initiate payment transactions from their home computer. Company personnel indicated that approximately 15% of the customers bring their payment to the business office and about 5% pay with a credit card. There is no additional customer charge for using a credit card. Bill payments are never collected from customers in the field. Company personnel stated they rarely receive an insufficient funds check although a \$15 returned check fee is applied in that

situation. Bill payments are recorded into the billing system and processed daily. Bank deposits are made daily.

The Company has an established procedure for handling delinquent accounts. Bills are considered delinquent 21 days after rendition. A past due notice is mailed to delinquent customers on the 25th day. After 10 days, a door hang tag notice is presented allowing 24 hours before the water service is shut off. Company management stated that disconnections are only performed mid-week and customers are immediately reconnected after paying the past due amount plus a \$15 reconnection charge.

Few delinquent customers have their service disconnected because of nonpayment. Although 10 – 20 typically do not pay their bill until after the due date each month, there is usually less than one disconnection performed per month. Company management stated that no accounts are over 60 days past due and customers with past due amounts are usually in arrears for no more than \$20 - \$25. The Company does occasionally write off uncollectible accounts when someone moves and Company personnel are unable to communicate and obtain payment. There were eight customer accounts written off in 2007 with account balances totaling approximately \$1,060. The Company does not use an outside collection agency.

Complaints and Inquiries

Customers with questions or concerns may call the Company contact number appearing on the bill. Company personnel in the business office respond to customer calls and forward them to the appropriate individuals, as required. An emergency contact cell phone number is provided when customers call outside of business hours. Emergency calls are usually handled by the general manager or the president. Company personnel do not document the nature of complaints and inquiries that are received.

A review of Commission complaint/inquiry records for the past three years showed one customer contact in 2006 and one in 2008. Both of the contacts pertained to low water pressure concerns.

Customer Communication

Outside of monthly billings, the Company rarely communicates with its customers. Letters have been used to notify customers about rate case activity.

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 issues that require Company management's attention:

- Bill Delinquency
- Written Service Applications
- Customer Rights and Responsibilities Documentation
- Fireproof Storage
- Complaint and Inquiry Documentation

Bill Delinquency

Customer bills are considered delinquent after 20 days. Payment terms stated on customer bills indicate that payment is due by the 20th of the month. Although past due notices are not mailed to delinquent customers until the 25th of the month, the bill indicates that customers would be delinquent on the 21st day of the month if they have not remitted payment.

The Company's tariff and Commission Rule 4 CSR 240-13.020(7) provide customers 21 days to pay before the bills are considered delinquent. Commission Rule 4 CSR 240-13.020(7) states:

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. . .

Changing the due date to the 21st of the month on customer bills would ensure compliance with the Company's tariff and the Commission's rule.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Modify the information on customers' bills to allow at least 21 days before bills are considered delinquent.

Written Service Applications

The Company does not currently use a written service application when customers apply for service. Company personnel stated that most customers come into the business office to apply for service. The bookkeeper notes the basic information that is needed to set up the

account; however, a standard application form is not used. The 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 before service is provided to any unit. 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 from customers requesting service would provide useful documentation of the customers' agreement to the terms by which water service is provided.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Develop and initiate use of a written service application that is used when new customers apply for service.

Customer Rights and Responsibilities Documentation

The Company has not prepared a brochure documenting 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:

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.

The information available in a brochure would provide useful facts relating to billing procedures, payment requirements, customer deposits, discontinuance of service, inquiries and complaints, and access to the Company, Commission, and the Office of Public Counsel. An informational brochure would be a valuable educational resource for new and existing customers.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

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

Fireproof Storage

Critical customer records and account data are not kept in fireproof storage. While customer billing system data is backed up monthly on a floppy disk, this data and other valuable customer account information is kept in file cabinets that are not fireproof.

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 Company's documents such as customer applications for service, customer account data, customer payments, and other pertinent Company information in fireproof storage would minimize the risk of loss and the cost and labor-intensive process required to re-create customer data should a disaster occur.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Acquire and utilize fireproof storage for critical customer records and account data.

Complaint and Inquiry Documentation

The Company does not keep a record of all complaints and inquiries that are received. Rules conveying customer contact documentation requirements that are applicable to water companies are contained in Commission Rule 4 CSR 240-13. In the section titled "Inquiries" of 4 CSR 240-13.040(5), it states:

A utility shall maintain records on its customers for at least two (2) years which contain information concerning: ... (B) The number and general description of complaints registered with the utility;

The availability of documented customer contact information would enable Company management to evaluate why customers contact the Company and to determine if any corrective 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 implement a process for documenting customer contacts and maintain this information for at least two years.

Agreement Attachment H

Summary of Case Events

Riverfork Water Company
Summary of Case Events

Date Filed	May 9, 2008
Day 150	October 6, 2008
Extension?	Yes
If yes, why?	The Company had difficulty in gathering the financial records required for Staff's review.
Amount Requested	\$24,446
Amount Agreed Upon	\$ 7,164
Number of Customers	145
Rate of Return	8.72%
Return on Equity	10.73%
Assessments Current	Yes
Annual Reports Filed	Yes
Statement of Revenue Filed	Yes
Other Open Cases before Commission	None
Status with Secretary of State	Good Standing
DNR Violations	None
Significant Service/Quality Issues	None