

Exhibit No.:

Issues:

*Receivership Fees and Amortization
Expense for Receiver, System
Maintenance and Repairs, Meter
Reading Expense, Amortization Expense
for Contract Operator, Amortization
Expense for First National Bank, Other
Expenses, Depreciation Expense,
Depreciation Reserve, CIAC, CIAC
Amortization, Return On Equity and
Income Taxes*

Witness:

Paul R. Harrison

Sponsoring Party:

MoPSC Staff

Type of Exhibit:

Rebuttal Testimony

Case No.:

SR-2014-0166

WR-2014-0167

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MISSOURI PUBLIC SERVICE COMMISSION

**REGULATORY REVIEW DIVISION
UTILITY SERVICES DEPARTMENT
AUDITING UNIT**

REBUTTAL TESTIMONY

OF

PAUL R. HARRISON

HICKORY HILLS WATER & SEWER COMPANY

CASE NOS. SR- 2014-0166 &WR-2014-0167

*Jefferson City, Missouri
September 2014*

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REBUTTAL TESTIMONY OF**

PAUL R. HARRISON

HICKORY HILLS WATER & SEWER COMPANY

CASE NOS. SR-2014-0166 & WR 2014-0167

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CASE NOS. SR-2014-0166 & WR-2014-0167

A I graduated from Park College, Kansas City, Missouri, where I earned Bachelor of Science degrees in both Accounting and Management with Magna Cum Laude honors in July 1995. I have performed duties as a Utility Regulatory Auditor within the Auditing Unit at the Commission since January 18, 2000. Prior to coming to work at the Commission, I was the manager for Tool Warehouse Inc. for four and one-half years and prior to that, I was in the United States Air Force (USAF) for twenty-three years. I retired from

1 active duty as the Superintendent of the 321st Strategic Missile Wing Mechanical Flight in
2 May of 1994.

3 Q. Have you previously testified before this Commission?

4 A. Yes. My credentials and listing of cases in which I have filed testimony
5 previously before this Commission are attached to this rebuttal testimony as Schedule PRH-1.

6 **EXECUTIVE SUMMARY**

7 Q. What is the purpose of your rebuttal testimony?

8 A. The purpose of my rebuttal testimony is to sponsor the Hickory Hills' cost of
9 service that has been developed by Staff in response to the Company's request for a rate
10 increase; to respond to the direct testimony of the Office of Public Counsel ("Public
11 Counsel") concerning the ratemaking treatment of various issues addressed within the
12 Disposition Agreement; and to provide Staff's recommended rate treatment concerning the
13 various issues in this case.

14 In this testimony, I will specifically address Public Counsel's witness Keri Roth's
15 Direct Testimony concerning the dollar amounts that Staff included in this case for
16 normalized receivership fees and amortization expense for past receivership fees, system
17 maintenance and repairs, meter reading expense, amortization expense for contract operator,
18 amortization expense for First National Bank loan, other expenses, depreciation expense,
19 depreciation reserve, Contribution in Aid of Construction (CIAC) amortization expense,
20 return on equity and income taxes.

HICKORY HILLS' COST OF SERVICE

Q. What time period did Staff use to determine the cost of service for Hickory Hills in this case?

A Staff used a test year consisting of the twelve months ending June 30, 2013, with an update for all known and measurable components of Hickory Hills' cost of service through June 30, 2014, to develop its revenue requirement recommendation in this case. Based upon the examination of the Company's books and records, Staff's cost of service calculations show a need for increased rates of \$13,569 (61.65% increase) for Hickory Hills' water service and \$622 (2.58% increase) for Hickory Hills' sewer service.

In addition, as addressed in the rebuttal testimony of Staff witnesses James A. Busch and Aaron Archer of the Water and Sewer Unit, Department of Natural Resources (DNR) has brought an Injunction against Hickory Hills. As a result of the Injunction, Staff developed a revenue requirement for Hickory Hills' sewer property based upon the Company renting a portable mechanical Waste Water Treatment Plant ("WWTP") and amortized the rental cost of the WWTP over a five-year period. The incremental revenue requirement increase for Hickory Hills' cost of service associated with the rental expense of the portable WWTP and the electrical cost of operating the portable WWTP is approximately \$38,415 (159.11% increase) above and beyond the rate increase recommendation amount referenced previously for Hickory Hill's sewer operations. Mr. Busch and Mr. Archer will be discussing the WWTP issue in more detail in their rebuttal testimonies.

I am also sponsoring Staff's accounting schedules which will be filed concurrently with this rebuttal testimony. Included in the computation of the water and sewer revenue requirements in the Staff's accounting schedules is a 10.030% weighted average cost of

1 capital (rate of return). Ms. Shana Atkinson of the Staff's Financial Analysis Unit provided
2 and recommended this overall rate of return based upon a hypothetical capital structure. Also,
3 the depreciation rates used in Staff's calculations were provided and recommended by
4 Mr. Derick Miles of the Staff's Engineering and Management Services Unit (EMSU). Please
5 see the Staff Accounting Schedules that are attached and incorporated herein as Schedule
6 PRH-2 and PRH-3 to this testimony for a more detailed breakout of Hickory Hills' proposed
7 cost of service.

8 **NORMALIZED RECEIVER FEES AND AMORTIZATION EXPENSE FOR PAST**
9 **RECEIVER FEES**

10 Q. On page 4 through 6 of Ms. Roth's Direct Testimony, she raises several
11 concerns with Staff's normalized and amortized level of receiver fees that Staff has included
12 in Hickory Hills' cost of service. Please respond to these concerns.

13 A. Ms. Roth is opposed to the normalized amount of \$22,316 (total for both
14 water and sewer operations) included in Staff's case for ongoing annual receiver fees.
15 Ms. Roth also objects to the amortized amount of \$13,106 (total for both water and sewer
16 operations) for the receiver back-payments that Staff has included in Hickory Hills' cost of
17 service.

18 Q. Please explain how Staff normalized the receiver fees that it included in Staff's
19 cost of service for Hickory Hills.

20 A. Mr. Gary Cover was appointed as the Receiver on January 2, 2007, by the Cole
21 County Circuit Court ("Circuit Court") for the management and operations of Hickory Hills.
22 The compensation for services provided to Hickory Hills by the receiver was set at the rate of

1 \$150 per hour plus expenses and approved by the Circuit Court. In the Company's last rate
2 case, Case No. WR-2009-0151, Staff proposed to annualize the amount of court-ordered
3 receiver fees authorized to the receiver since his appointment (\$31,385.50) by dividing the
4 full amount by the months served (26 months), then multiplying the result by 12 monthly
5 periods. The annualized level of receivership fees for both water and sewer operations that
6 were included in the revenue requirement for the last case was \$14,486.

7 However, because of limited cash flow for Hickory Hills, the receiver has not been
8 able to fully recover all of his fees that were ordered by the Circuit Court. In addition, since
9 the last rate case, the court has ordered another payment of \$62,439.91 as of May 22, 2009.

10 During a meeting with the Company on January 21, 2014, while reviewing Hickory
11 Hills' books and records, Staff asked Mr. Cover why he has not requested any other payments
12 from the Circuit Court since May 2009. Mr. Cover replied that: Hickory Hills does not have
13 sufficient cash flow to pay all of the incurred costs of the Company and he was unable to pay
14 the fees that had already been approved by the Circuit Court. Therefore, Staff requested an
15 update of the receiver fees since May 2009 and Mr. Cover provided a "Receiver's Interim
16 Statement" totaling \$105,012.50 relating to services provided by him to Hickory Hills from
17 May 23, 2009, thru December 27, 2013. This statement was submitted to the Circuit Court
18 by Mr. Cover on June 27, 2014, and the Circuit Court has until October 24, 2014, to make a
19 determination on this request. After receiving these documents, Staff performed a
20 reconciliation of the amount of receiver fees owed to Mr. Cover (approximately \$196,666) to
21 the amount of payments (approximately \$35,000) that he has made to himself since January
22 2007. Based on this reconciliation and other analysis performed by Staff during the audit of

1 this case, it appears that Hickory Hill's rates were insufficient to cover both the Company's
2 costs and Mr. Cover's receiver fees since 2007.

3 After reviewing the documentation Mr. Cover provided to the Circuit Court for
4 recovery of receiver fees for services rendered from May 23, 2009, thru December 27, 2013,
5 Staff believes it is likely that the Circuit Court will order the payment of the fees
6 (\$105,012.50). As a result, Staff proposes to normalize the receiver fees incurred by
7 Mr. Cover from May 2009 through December 2013, (\$104,137.50 over the course of
8 56 months), by dividing the full amount by the months served, then multiplying the result by
9 12 monthly periods. The annualized level of receivership fees that should be included in this
10 case based on this methodology would be \$11,158 annually for water and \$11,158 for sewer
11 (\$22,316 total).

12 Q. If the Circuit Court orders a lesser amount of compensation than the amount
13 that Mr. Cover has requested, what would be the Staff's position?

14 A. Staff would recommend that the lesser amount be included in the revenue
15 requirement for Hickory Hills.

16 Q. Why did the normalized amount for Staff change from \$105,012.50 to
17 \$104,137.50?

18 A. During Staff's review of the documents that Mr. Cover provided to the Circuit
19 Court, Staff realized that Mr. Cover had included office expenses and postage expenses in
20 his calculation. These expenses were included in Hickory Hills' last rate case; therefore
21 Staff removed them from the amount that we included in the cost of service to avoid
22 double-recovery of these costs from customers.

1 Q. Please explain the back-payment of the receiver fees that Staff has included in
2 Hickory Hills' cost of service as an amortization.

3 A. As explained above, in the last Hickory Hills case, Staff included \$14,486
4 (total company) for the receiver fees as ordered by the circuit court. This amount was based
5 on the Circuit Court's approval and order to pay the receiver \$31,385.50 for his services.
6 Since the last rate case, the court has ordered another payment of \$62,439.91. As of January
7 15, 2014, Mr. Cover is still owed approximately \$65,528 for back-payment of his court-
8 appointed receiver pay previously ordered by the Circuit Court. Staff is recommending that
9 his back-payment be amortized over a five-year period and included in the cost of service.
10 This equates to \$6,553 annually for water and \$6,553 for sewer (\$13,106 total).

11 Q. Why does Staff believe that the receiver back-payments should be included in
12 the cost of service for this case?

13 A. Unlike a typical owner of a utility, a receiver's hourly salary is recommended
14 by Staff, approved by the Commission and ordered by the Circuit Court. Receivers should
15 reasonably expect to be paid the amount that was agreed upon by all parties and ordered by
16 Circuit Court in return for their services. If for some reason, a receiver does not receive
17 compensation for services provided, it would probably be difficult to hire receivers to operate
18 troubled utility properties in the state of Missouri.

19 Q. Does Public Counsel agree with Staff's annualized and amortized amounts that
20 are included in Hickory Hills's cost of service?

21 A. No. On page 5, Lines 7 through 12 of Ms. Roth direct testimony, she
22 states that:

1 Public Counsel utilized the normalized level of receiver fees
2 approved by the Circuit Court in 2009 because Mr. Cover has
3 not had any receiver fees approved since that time. Public
4 Counsel acknowledges that Mr. Cover has since performed
5 work for the utility; however, because we do not have
6 knowledge of any new hours which have been approved by the
7 Court, we believe it is appropriate to continue to use the level of
8 receiver fees currently built into rates.

9 Q. Do you agree with Ms. Roth's statement above?

10 A. No. Staff reviewed the documents that Mr. Cover submitted to the Circuit
11 Court for approval and believes that the documentation accurately shows the hours worked by
12 Mr. Cover. Staff believes it is appropriate to use this documentation to establish a normalized
13 level of receiver fees expense.

14 Q. If the Commission accepts Public Counsel's position that \$14,486 should be
15 included in rates, how long would it take Mr. Cover to recover his receiver fees?

16 A. Without addressing any ongoing receiver fees incurred by Mr. Cover for
17 managing Hickory Hills, it would take 11.8 years for him to recover just the amount that he is
18 currently owed.

19 Q. Since Mr. Cover was approved by the Commission and ordered by the Circuit
20 Court on January 2, 2007, to be the receiver of Hickory Hills, what has his actual annualized
21 amount owed for receivership fees averaged out to be over that 7-year period?

22 A. \$28,095 (\$196,666 divided by 7).

23 **SYSTEM MAINTENANCE AND REPAIRS**

24 Q. What is the issue concerning system maintenance and repair expense for
25 this case?

1 A. Staff is unaware of any other issues between Staff and Public Counsel
2 concerning this issue. Staff set up a meeting with Public Counsel concerning our differences
3 and fixed the errors that we had made on our workpapers and accounting schedules. Staff and
4 Public Counsel are now in agreement on the dollar amount included for this expense.

5 **METER READING EXPENSE**

6 Q. What is the normalized level of meter reading expense Staff included in
7 this case?

8 A. Meter reading services and the daily inspection of the well for the Company's
9 water property are performed by Mark and Chris Cram for the Company at the rate of \$500
10 per month or \$6,000 per year. Mr. and Mrs. Cram spend approximately three to four hours per
11 month reading the meters and preparing the spread sheets. In addition, they spend
12 approximately 30 minutes per day or 15 hours per month checking the well house, taking
13 daily water samples, meeting with the operator, and on occasion meeting with
14 DNR/Commission Staff representatives. This equates to \$26.32 per hour. Per the Missouri
15 Economic Research and Information Center (MERIC), the "Meter Reader" average pay for
16 Moniteau County is \$17.50 per hour. Therefore, Staff made an adjustment to decrease
17 Hickory Hills' meter reading service cost to align Mr. and Mrs. Cram's hourly wage with the
18 MERIC average wage. This is a decrease of \$2,010 for the water system per year.

19 Q. Does Public Counsel agree with the normalized level that Staff included in its
20 cost of service for meter reading expenses?

21 A. No. On page 7 line 8 through page 8 line 7, Ms. Roth states that:

22 Public Counsel has built in an hourly rate of \$9.82 per hour to
23 cover four hours of meter reading each month and fifteen hours

1 to inspect the well. This rate is considered an entry level rate
2 according to the MERIC data for the central region. Public
3 Counsel believes the entry level hourly rate is appropriate and
4 reasonable considering the number of customers hooked to the
5 system and the limited number of hours the meter readers spend
6 each month, actually reading meters.

7 Q. Do you agree with Public Counsel that an entry level rate should be used to
8 determine the normalized amount of meter reading expense for this case?

9 A. No. Mr. and Mrs. Cram have been reading the meters for Hickory Hills since
10 approximately August of 2013 and it is Staff's believe that having one year of experience
11 does not constitute entry level status per MERIC. In addition, the meter reading expense that
12 is determined in this case and included in rates will be in effect up through the next rate case.
13 Therefore, Mr. and Mrs. Cram will have several years of experience reading meters by the
14 time the rates in the next case takes effect, and Staff believes that it would be inappropriate to
15 establish their hourly rate at the entry level rate.

16 Also, Mr. and Mrs. Cram spend approximately four hours a month reading meters and
17 15 hours a month checking the well house, taking daily water samples, meeting with the
18 operator, and on occasion meeting with DNR Staff representatives. They spend only
19 approximately 20% of the time that they work for Hickory Hills' reading meters and the other
20 80% of their time is used to perform functions that employees listed under the MERIC
21 category of "Water and Wastewater Treatment Plant System Operator" would typically do.
22 Both Staff and Public Counsel have included the operator hourly salary in this case of \$18.75
23 per hour for Mr. Larry Castle, the current operator of the water and sewer systems. If Mr. and
24 Mrs. Cram were not performing these functions, then Mr. Castle would need to perform them
25 and his current hourly rate is higher than Mr. and Mrs. Cram's current hourly rate.

AMORTIZATION EXPENSE – HICKORY HILLS CONTRACT OPERATOR

Q. What amount of amortization expense did Staff include in the Disposition Agreement for this case for back-payment of the former operator (Kyle Wirts)?

A. Mr. Kyle Wirts was terminated as the operator of Hickory Hills in September 2013. He is owed a back-payment of \$14,500. In the Disposition Agreement, Staff recommended that his back-payment be amortized over a five-year period and included in the cost of service. This equates to \$1,450 annually for water and \$1,450 for sewer (\$2,900 total).

Q. Does Public Counsel agree with the inclusion of this expense in Hickory Hill's cost of service?

A. No. On page 9, lines 7 through 15 Mrs. Roth states:

Mr. Cover paid Mr. Wirts \$1,500 per month when he was the operator for the Hickory Hills. Since Mr. Wirts' termination, Mr. Cover has hired Mr. Larry Castle as the new system operator for the water and sewer utility. Mr. Castle was hired on September 3, 2013, and is paid \$750 per month. The current rates from Case No. WR-11 2009-0151, contemplate a total of \$18,000 in rates for the system operator (\$9,000 for water and \$9,000 for sewer). Public Counsel believes \$18,000 annually was sufficient to cover Mr. Wirts' salary as collected in current rates. Since 2013, Mr. Castle is paid half the rate that Mr. Wirts was paid. Therefore, there is currently sufficient money included in rates that Mr. Cover could pay Mr. Wirts if back-payments are owed.

Q. Does Staff agree with Public Counsel on this issue?

A. At the time of the filing of the Disposition Agreement in this case, Staff did not agree with Public Counsel's position. Staff's position was to include an amortization in the revenue requirement to allow recovery of the Contract Operator back-payment expense. However, as a result of Staff discovering additional information concerning customer

1 billing in this case Staff has changed its position to exclude this expense from Hickory Hill's
2 revenue requirement.

3 Q. What additional information has Staff discovered?

4 A. Our review of the Company's recent billing practices indicates that there is a
5 2,000 gallon minimum water usage included in current Hickory Hill's base monthly water
6 charge billed to customers. However that 2,000 gallon minimum was eliminated in the last
7 rate case, WR-2009-0151. As a result of not eliminating the base monthly charge amount
8 from customer bills, the Company is under billing the customers of Hickory Hills by
9 approximately \$4,580 per year and is in violation of their tariff. That equates to
10 approximately \$17,175 annually in lost revenue since the effective date that rates went into
11 effect (August 2009) in the last Hickory Hills rate case. Therefore, Staff is recommending
12 that the back payment amortization for Kyle Wirts of \$14,500 that we have included in the
13 current revenue requirement be excluded from this case. If the Company had properly billed
14 the customers, the Company would have the funds available to pay Mr. Wirts. Staff does not
15 believe that the customers of Hickory Hills should be held accountable through increased
16 rates for this case as a result of the Company under billing the customers for the period of
17 time that rates were in effect from the last case.

18 **AMORTIZATION EXPENSE – FIRST NATIONAL BANK LOAN**

19 Q. What amount of amortization expense did Staff include in this case for the
20 First National Bank Loan?

21 A. Mr. Cover personally took out a loan of \$30,000 with First National Bank of
22 Clinton to pay off Company debt that the receiver inherited from Tipton-Latham Bank

1 of approximately \$20,000, and also to pay for expenses of approximately \$10,000 related to
2 two customer sewer backup claims against the Company. After Hickory Hill's last rate case,
3 Case No. WR-2009-0151, Mr. Cover borrowed another \$5,000 from the First National Bank
4 to cover the cost of another sewer back-up. The current unpaid balance of the loan as of
5 February 11, 2014, is \$18,954. In the Disposition Agreement for this case, Staff included the
6 entire remaining balance of the loan and amortized it over five-years. However, after
7 reviewing additional workpapers from the last Hickory Hills rate case, Staff realized
8 that \$2,808 was included in the sewer cost of service to repair two customer sewer back-ups
9 and amortized it over a five-year period. This leaves a remaining balance of the loan as of
10 June 30, 2014, of \$5,382 (\$382 unamortized balance from the previous rate case and a
11 \$5,000 new loan that Mr. Cover took out to repair another customer's sewer back-up in
12 March 2013). Therefore, Staff is recommending that the remaining loan balance of \$5,382
13 attributed to the sewer back-ups be amortized over a five-year period and included in the cost
14 of service. This equates to \$538 annually for water and \$538 for sewer (\$1,076 total).

15 Q. Does Public Counsel agree with Staff's amortization of the First National
16 Bank Loan?

17 A. No. on page 9, line 17 through page 11, line 11 Ms. Roth discusses this issue
18 as follows:

19 Public Counsel believes only the \$5,000 borrowed on March
20 15, 2013 should be included in an amortization. The remaining
21 balance of the loan has already been included in rates, and the
22 amortization is finished. Staff's recommendation amounts to a
23 double-recovery of the costs. The \$5,000 to cover the sewer
24 back-up was not included in the prior amortization, so it is
25 reasonable that this should be recovered in rates. Public Counsel
26 has included a three-year amortization for \$5,000 in the cost of
27 service for sewer.

1 Q. Does Staff agree with Public Counsel's assertion above that "The remaining
2 balance of the loan has already been included in rates, and the amortization is finished.
3 Staff's recommendation amounts to a double-recovery of the costs?"

4 A. No. As discussed above, Staff updated its revenue requirement after the
5 Disposition Agreement was sent out to all parties to include the balance of the amortization
6 that was included in the last case for the sewer back-up and amortized it over 5-years.

7 Q. Did Staff's numbers change prior to Ms. Roth filing her direct testimony?

8 A. Yes. The Commission Audit Staff set up a meeting with Ms. Roth to review
9 our differences and during that meeting Staff went over the numbers that had been updated
10 and included in Staff's cost of service, including the amounts associated with this issue.

11 Q. Are there still differences between Staff and Public Counsel concerning
12 this issue?

13 A. Yes. Public Counsel only included the last loan amount of \$5,000 and
14 amortized it over three years for an annualized amount of \$1,667 (total Company). Staff
15 included the un-amortized amount of (\$538) of the loan as of June 30, 2014, the end of the
16 update period for this case. Staff's loan amount for this case includes the new loan of \$5,000
17 plus the unamortized amount of \$538 for a total of \$5,538. Staff is recommending that this
18 amount be included in this case and amortized over a five-year period for an amortized
19 amount of \$1,076 (total company). The difference between Staff and Public Counsel's ending
20 balance is \$382 (\$5,382 - \$5,000) on an annualized basis, and the only other difference is
21 caused by the different amortization periods used (three-year verses five-year.)

1 **OTHER EXPENSES**

2 Q. Are there other minor differences between Staff and Public Counsel
3 concerning expense levels that are included in Hickory Hills cost of service, as referenced in
4 Ms. Roth's direct testimony at page 11, line 17 through page 12, line 2

5 A. No. Staff accepted Public Councils numbers for these minor differences
6 because the differences in total had little to no impact on Hickory Hill's overall revenue
7 requirements for water and sewer.

8 **DEPRECIATION EXPENSE, DEPRECIATION RESERVE AND CIAC**
9 **AMORTIZATION**

10 Q. What are the differences between Staff and Public Counsel concerning the
11 issues of depreciation expense, depreciation reserve and CIAC amortization?

12 A In the Staff's Accounting Schedules as well as in the Depreciation Schedule
13 that was attached to the Staff/Company Disposition Agreement, Staff recommended
14 depreciation rates to apply to the balances in Account 314 –Wells and Springs, Account 343 –
15 Transmission and Distribution Mains, Account 379 – Other General Equipment, and the
16 balance that was previously in Account 399 – Other Tangible Property (Staff has since moved
17 this balance to Account 379). In addition, Staff included CIAC amortization amounts in its
18 Accounting Schedules and Rate Base Schedule for this case.

19 Q. Does Public Counsel Agree with Staff on these items?

20 A. No. On page 12, line 4 through 11, Ms. Roth states that "she believes that the
21 balances in these accounts have already been fully depreciated and continuing depreciation is
22 unreasonable". Concerning the CIAC amortization she states on 14, line 17 through 19, that

1 “as a result of the fact that the CIAC reserve balance was adjusted out and CIAC amortization
2 was ended in WR-2006-250, Public Counsel has included zero balance for amortized CIAC
3 and CIAC amortization expense”.

4 Q. Does Staff agree with Ms. Roth’s conclusions for these issues?

5 A. No. In a normal rate case, Staff will begin its review of these items with the
6 ending balances of plant-in-service, depreciation reserve, CIAC and CIAC amortization (Rate
7 Base) from the last rate case and update rate base for any plant additions or retirements and
8 new CIAC investment. In addition, Staff will update the depreciation reserve and CIAC
9 amortization up through the end of the update period for the current case. After reviewing the
10 rate case historical data from the previous three Hickory Hills rate cases concerning rate base,
11 Staff determined that adequate records were either not available or inadequate to determine
12 the dollar amounts that should be included in this case for depreciation reserve and CIAC
13 amortization. Based upon this research, Staff also concludes that all of Hickory Hills’ plant
14 accounts are fully depreciated except for Account 342 –Distribution Reservoirs and
15 Standpipes (which includes the new bladder tanks that were added to Hickory Hills’ water
16 plant in March of 2009). In this rebuttal testimony, Staff is recommending that all of the
17 amounts that are included in the water and sewer accounts be adjusted to zero (by including
18 an Account 300 - Recommended Stipulated Plant and Reserve equal to 100% of the plant and
19 reserve for Hickory Hills water and sewer and making an adjustment to all of Hickory Hills
20 remaining accounts to eliminate the amount of plant and reserve that is included in the other
21 plant and reserve accounts), leaving only the value of the bladder tanks as net water plant in
22 service to include in rate base. In addition, Staff recommends that the entire amount of CIAC
23 and CIAC amortization for both water and sewer be included in rate base. (Netted together,

1 the value of CIAC and CIAC amortization is zero for both water and sewer, meaning they
2 have no net impact on the amount of rate base.) By making these entries to plant, reserve,
3 CIAC and CIAC amortization the historical record for Hickory Hill's rate base will be
4 maintained for future cases. Please see Staff's Accounting Schedules, which will be filed
5 concurrently with this rebuttal testimony, and Mr. Miles' rebuttal testimony for a more
6 detailed discussion of the amounts included in each account.

7 The net impact of these changes will have a minimum effect on the revenue
8 requirement for Hickory Hills in this case because the plant, reserve, CIAC and CIAC
9 amortization entries directly offset each other in rate base. Additionally these entries provide
10 a more accurate record of Hickory Hills' rate base.

11 Q. Will these actions taken by Staff eliminate Public Counsel's concerns with
12 Hickory Hill's depreciation expense, depreciation reserve and CIAC amortization?

13 A. Staff believes that these actions address Public Counsel's concerns on this
14 issue and preserves Hickory Hills rate base appropriately for purposes of future rate cases.

15 **RETURN ON EQUITY (ROE) AND INCOME TAXES**

16 Q. Does Public Counsel agree with Staff's inclusion of a ROE or income taxes in
17 its cost of service for this case?

18 A. No. Public Counsel has included 0.00% ROE and no income tax expense in
19 this case.

20 Q. Why does Public Counsel believe there should be no ROE or income tax
21 expense included in this case?

1 A. Ms. Roth states on page 15, lines 5 through 8 that “It is Public Counsel’s
2 position that when a Company is in receivership, it is not just and reasonable for customers to
3 be required to pay a profit through rates to an owner the court has found necessary to replace
4 with a receiver.”

5 Q. Does Staff agree with Public Counsel’s position?

6 A. No. Ms. Atkinson will address the ROE portion of this issue and I will address
7 the profit side associated with income taxes.

8 Q. What affect does ROE have on income taxes?

9 A. In a normal rate case, the amount of the income tax expense is determined by
10 application of the current composite federal/state income tax rate to the amount of the utility’s
11 earnings that are categorized as “taxable income” for ratemaking purposes. The amount of
12 ROE a utility receives in rates is ordinarily considered to be taxable income by the federal and
13 state taxing jurisdictions. To ensure the utility has a reasonable opportunity to earn its post-
14 tax rate of return, the ROE allowance granted to a utility in rates is “factored up” for the
15 associated income taxes payable to allow the utility the funds to pay its income taxes.
16 Therefore, since Staff is recommending that Hickory Hills be allowed to recover an amount
17 for ROE in this case, Staff is also recommending that the Company be allowed to recover an
18 amount of income tax expense associated with ROE in its rates ordered in this proceeding.

19 Q. Does this conclude your rebuttal testimony?

20 A. Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of a Requested Rate Increase for)	Case No. WR-2014-0167
Annual Water Operating Revenues by Hickory)	
Hills Water & Sewer)	and
In the Matter of a Requested Rate Increase for)	Case No. SR-2014-0166
Annual Sewer Operating Revenues by Hickory)	
Hills Water & Sewer)	

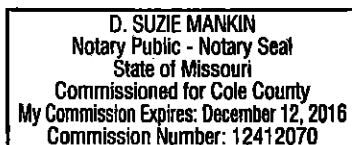
AFFIDAVIT OF PAUL R. HARRISON

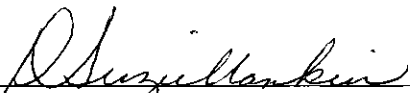
STATE OF MISSOURI)	
)	ss.
COUNTY OF COLE)	

Paul R. Harrison, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Rebuttal Testimony in question and answer form, consisting of 18 pages to be presented in the above case; that the answers in the foregoing Rebuttal Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true and correct to the best of his knowledge and belief.


Paul R. Harrison

Subscribed and sworn to before me this 12th day of September, 2014.




Notary Public

Education, Background and Case Participation

Paul R. Harrison

I am a Utility Regulatory Auditor with the Missouri Public Service Commission (MoPSC or Commission). I have performed duties as a Utility Regulatory Auditor within the Auditing Unit at the Commission since January 18, 2000. As a result of being assigned Lead Auditor in a significant number of rate cases, I have been responsible for the supervision of other Auditing Unit employees in rate cases and other regulatory proceedings before the Commission.

I graduated from Park College, Kansas City, Missouri, where I earned Bachelor of Science degrees in both Accounting and Management with Magna Cum Laude honors in July 1995. I earned an Associate degree in Missile Technology from the Community College of the Air Force in June 1990. I attended and graduated with honors from; the Senior Non-Commission Officer (NCO) Academy, NCO Academy and Air Force Leadership School while on active duty in the USAF. I attended and received a certificate of completion of an H&R Block income tax training course in July 1996 and begin my own tax practice during that same year.

Prior to coming to work at the Commission, I was the manager for Tool Warehouse Inc. for four and one-half years. As the manager, I trained, supervised; and coordinated the daily activities of personnel assigned to the Tool Warehouse. I was responsible for the daily sales volume, performed break-even sales analysis and maintained corporate budgets. I created and; performed monthly inventory, generated inventory reports and, ordered all merchandise, (\$2.5million), for the tool warehouse in accordance with Tool Warehouse policy and procedures.

Prior to being the manager of the Tool Warehouse Inc, I was in the United States Air Force (USAF) for twenty-three years. During my career in the USAF, I held many different duty positions with various levels of responsibility. I retired from active duty as the Superintendent of the 321st Strategic Missile Wing Mechanical Flight. In that capacity, I supervised 95 missile maintenance technicians and managed assets valued in excess of \$50 million.

My duties at the Commission include performing audits of the books and records of regulated public utilities under the jurisdiction of the MoPSC, in conjunction with other Commission Staff (Staff) members. In this capacity, I am required to prepare testimony and serve as a Staff expert witness on rate cases concerning the ratemaking philosophy and methodology of issues that I am assigned. As a senior auditor and the Lead Auditor on a number of formal and informal cases, I have participated in the supervision and instruction of auditors within the Utility Services Unit.

I acquired my knowledge of the ratemaking philosophy and methodology of these topics through hands on experience and through on-the-job training working prior rate cases before this Commission. I acquired general knowledge of these topics through review of Staff work papers from prior rate cases brought before this Commission, through review of prior Commission decisions and Company's testimony with regard to these areas. In addition, I have reviewed the Commission's Annual Reports and the Company's Security and Exchange Commission (SEC) Annual Reports, Tariffs, work papers and responses to Staff's data requests addressing these topics in this case. Since becoming a regulatory auditor, I have participated in approximately thirty formal and twenty-five informal rate case proceedings before the Commission. Additionally, my college coursework included accounting and auditing classes. Since

commencing employment with the Commission, I have attended various in house training seminars and National Association of Regulatory Utility Commission (NARUC) training conferences.

The Schedule below lists the formal and informal rate cases along with the issues that I filed testimony and participated in before the Commission.

CASE PROCEEDING/PARTICIPATION

PAUL R. HARRISON

COMPANY	CASE NO.	TESTIMONY/ISSUES
SUMMARY OF FORMAL CASES		
The Empire District Electric Company	ER-2012-0345	February 2013 Cost of Service Report -Pension & OPEBs; COR & State Flow-Through Income Taxes; Income Tax Current & Deferred Expense; ADIT; and Infrastructure & Tree Trimming Expense.
Missouri American Water Company	WR-2011-0337 SR-2011-0338	February 2012 Surrebuttal Testimony -Unamortized Balance of the Security AAO; Roark Sewer Plant Operating Expenses and MAWC's Acquisitions. Lead Auditor
Missouri American Water Company	WR-2011-0337 SR-2011-0338	January 2012 Rebuttal Testimony -Pension Tracker Mechanism and Acquisitions of Loma Linda, Aqua Missouri and Roark Water & Sewer. Lead Auditor
Missouri American Water Company	WR-2011-0337 SR-2011-0338	November 2011 Cost of Service Report -Pensions & OPEBS; Amortization of Regulatory Assets; Acquisitions; Plant in Service; Depreciation Reserve, Depreciation Expense, CIAC Amortization; Other Rate Base Items; Net Negative Salvage; Current & Deferred Income Taxes; ADIT; and Accounting Schedules. Lead Auditor
Missouri American Water Company	WR-2011-0336	August 2011 Memorandum-- Infrastructure System Replacement Surcharge (ISRS)-2011

COMPANY	CASE NO.	TESTIMONY/ISSUES
The Empire District Electric Company	ER-2011-0004	February 2011 Surrebuttal Testimony -Infrastructure Remediation Costs; FAS 123 Accumulated Deferred Income Taxes
The Empire District Electric Company	ER-2011-0004	February 2011 Cost of Service Report -Current & Deferred Income Taxes; ADIT; and Infrastructure & Tree Trimming Expense
KCPL-GMO MPS & L&P Electric	ER-2010-0356	January 2011 Surrebuttal Testimony - Advanced Coal Credits ITC; KC Earnings Tax True-Up - Pensions & OPEBS; Current Income & Deferred Taxes Litigated - Advanced Coal Credit ITC
Kansas City Power & Light (KCPL)	ER-2010-0355	January 2011 Surrebuttal Testimony - Advanced Coal Credits ITC; KC Earnings True-Up - Pensions & OPEBS; Current Income & Deferred Taxes Litigated - Advanced Coal Credit ITC
Kansas City Power & Light (KCPL)	ER-2010-0355	December 2010 Rebuttal Testimony - Regulatory Plan Amortization Impact on Income Taxes
KCPL-GMO MPS & L&P Electric	ER-2010-0356	November 2010 Cost of Service Report - Pensions & OPEBS; Current & Deferred Income Taxes; Advanced Coal Credits ITC; KC Earnings Tax and Regulatory Plan Amortization Impact on Income Taxes
Kansas City Power & Light (KCPL)	ER-2010-0355	November 2010 Cost of Service Report - Pensions & OPEBS; Current & Deferred Income Taxes; Advanced Coal Credits ITC; KC Earnings Tax and Regulatory Plan Amortization Impact on Income Taxes
The Empire District Electric Company	ER-2010-0130	April 2010 Surrebuttal Testimony – Bad Debt Expense; Infrastructure Rule Expense; State Income Tax Flow Through Prior to 1994 – Tax Timing Differences Lead Auditor
The Empire District Electric Company	ER-2010-0130	April 2010 Rebuttal Testimony – State Income Tax Flow-Through Prior to 1994 – Tax Timing Differences

COMPANY	CASE NO.	TESTIMONY/ISSUES
		Lead Auditor
The Empire District Electric Company	ER-2010-0130	<p>February 2010 Cost of Service Report- Allocations; Pensions & OPEBS; DSM Program; Amortization Rate Base & Expense; Revenues; Bad Debt; Banking Fees; Infrastructure & Tree Trimming Expense; Employee Benefits; Lease Expense; O&M Expenses New Plant; Carrying Cost New Plant; Current & Deferred Income Taxes.</p> <p>Lead Auditor</p>
The Empire District Gas Company	GR-2009-0434	<p>October 2009 Cost of Service Report- Allocations/Rents; Right-of-Way Clearing; AAO-MGP Costs; Franchise Fees; Reconciliation; Current & Deferred Income Taxes.</p> <p>Lead Auditor</p>
Kansas City Power & Light (KCPL)	ER-2009-0089	<p>April 2009 Surrebuttal- Non-Talent Assessment Severance Costs</p> <p>True-Up - Pensions & OPEBS; Current & Deferred Income Taxes</p>
KCPL-GMO MPS & L&P Electric	ER-2009-0090	<p>April 2009 Surrebuttal-Cost of Removal-Income Taxes, Regulatory Asset Amortization.</p> <p>True-Up - Pensions & OPEBS; Income & Deferred Taxes</p> <p>Lead Auditor</p>
Kansas City Power & Light (KCPL)	ER-2009-0089	<p>March 2009 Cost of Service Report- Pensions & OPEBS; Non-Talent Assessment Severance Costs; Officer Expenses; Meals & Entertainment Expense; Employee Relocation Expense; Lobbying Expense; Lease Expenses; Non-Operating Cost Adjustment; Current & Deferred Income Taxes</p>
KCPL-GMO MPS & L&P Electric	ER-2009-0090	<p>March 2009 Cost of Service Report- Pensions & OPEBS; Miscellaneous Adjustments; SJLP Merger Transition Costs; Employee Relocation Expense; Lease Expenses; Current & Deferred Income Taxes</p> <p>Lead Auditor</p>
KCPL-GMO L&P Steam	HR-2009-0092	<p>March 2009 Cost of Service Report- Pensions & OPEBS;</p>

COMPANY	CASE NO.	TESTIMONY/ISSUES
		Miscellaneous Adjustments; Current & Deferred Income Taxes Lead Auditor
Missouri American Water Company	WR-2008-0311	October 2008 Surrebuttal- Belleville Lab Allocations; Compensation for Services MAWC Provided to AWR Litigated- Corporate Allocations True-Up - Corporate Allocations; Income & Deferred Taxes Lead Auditor
Missouri American Water Company	WR-2008-0311	August 2008 Cost of Service Report- Case Reconciliation; Corporate Allocations & Expenses; Belleville Lab Allocations; Compensation for Services MAWC Provided to AWR; Current & Deferred Income Taxes Lead Auditor
Laclede Gas Company		Separate Docket Investigation of Affiliated Transactions, Corporate Allocations & Appropriate Time Charges Between Laclede's Regulated & Unregulated Subsidiaries
Missouri Gas Utility	GR-2008-0060	February 2008 Cost of Service Report- Revenue Requirement Run (EMS) Merger & Acquisition Costs (Start-Up Costs); Corporate Allocations; Current & Deferred Income Taxes Lead Auditor
Missouri Gas Energy	GU-2007-0480	July 2008 Rebuttal- AAO Manufactured Gas Plant Litigated- Manufactured Gas Plant Lead Auditor
Missouri Gas Energy	GU-2007-0480	September 2007 Memorandum – AAO Manufactured Gas Plant Lead Auditor
		May 2007 Direct – Affiliated Operations; HVAC & Home Sale Inspection; Injuries & Damages; Insurance; 401 (k)

COMPANY	CASE NO.	TESTIMONY/ISSUES
Laclede Gas Company	GR-2007-0208	Expenses; Pensions & OPEBS; Non-Qualified Pension Plan Expenses; Current & Deferred Income Taxes True-UP – Current & Deferred Income Taxes
Missouri Gas Energy	GR-2006-0422	November 2006 Rebuttal- Environmental Response Fund, Manufactured Gas Plant Litigated- Manufactured Gas Plant
Missouri Gas Energy	GR-2006-0422	October 2006 Direct– Revenues; Purchased Gas Adjustments; Bad Debt Expense; ECWR AAO Bad Debt: Rent; Pensions & OPEBS; Income Taxes; Franchise Taxes; Manufactured Gas Plant, and Case Reconciliation Litigated- Emergency Cold Weather Rule True-Up - Revenues; Bad Debt Expense; Pensions & OPEBS; Income Taxes
The Empire Electric Company	ER-2006-0315	July 2006 Rebuttal- Storm Damage Tracker
The Empire Electric Company	ER-2006-0315	June 2006 Direct- Tree Trimming Expense and Construction Over-Run Costs
Missouri Pipeline & Missouri Gas Company LLC	GC-2006-0378	November 2006 Memorandum-- Plant in Service, Depreciation Reserve, Depreciation Expense, Transactions & Acquisition Costs and Current & Deferred Income Taxes
New Florence Telephone	TC-2006-0184	October 2006 Memorandum-- Plant in Service; Depreciation Reserve; Depreciation Expense; Plant Overage; and Materials & Supplies
Cass County Telephone	TC-2005-0357	July 2006 Memorandum-- Plant in Service; Depreciation Reserve; Depreciation Expense; Plant Overage; Plant Held for Future Use and Missouri Universal Service Fund

COMPANY	CASE NO.	TESTIMONY/ISSUES
Cass County Telephone & New Florence Telephone Fraud Investigation Case	TO-2005-0237	May 2006 Memorandum-- Fraud Investigation case involving Cass County Telephone and New Florence Telephone
Missouri Gas Energy	GR-2004-0209	June 2004 Surrebuttal - Revenues and Bad Debt Expense True-Up - Revenues; Bad Debt Expense; Current & Deferred Income Taxes
Missouri Gas Energy	GR-2004-0209	May 2004 Rebuttal - Revenues; Bad Debt Expense; and Manufactured Gas Plant Litigated- Manufactured Gas Plant
Missouri Gas Energy	GR-2004-0209	April 2004 Direct – Revenues; Purchased Gas Adjustments; Bad Debt Expense; Medical Expense; Rents; Incentive Compensation and Current & Deferred Income Taxes
Union Electric Company d/b/a AmerenUE (Gas)	GR-2003-0517	October 2003 Direct – Corporate Allocations; UEC Missouri Gas Allocations; CILCORP Allocations; Rent Expense; Maintenance of General Plant Expense; Lease Agreements; and Employee Relocation Expense
Union Electric Company d/b/a AmerenUE (Electric)	EC-2002-1	June 2002 Surrebuttal - Coal Inventory; Venice Power Plant Fire; Tree Trimming Expense; and Automated Meter Reading Service
Laclede Gas Company	GR-2002-356	June 2002 Direct - Payroll; Payroll Taxes; 401k Pension Plan; Health Care Expenses; Pension Plan Trustee Fees; Incentive Compensation and Clearing Account: True- Up – Payroll; Payroll Taxes; and Clearing Accounts
Union Electric Company d/b/a AmerenUE (2 nd period, 3 rd EARP) (Electric)	EC-2002-1025	April 2002 Direct - Revenue Requirement Run; Plant in Service; Depreciation Reserve; Other Rate Base items; Venice Power Plant Fire expenditures; Tree Trimming Expense; and Coal Inventory

COMPANY	CASE NO.	TESTIMONY/ISSUES
2 nd Complaint Case, Union Electric Company d/b/a AmerenUE (Electric) New Test Year ordered by The Commission.	EC-2002-1	March 2002 Direct - Materials and Supplies; Prepayments; Fuel Inventory; Customer Advances for Construction; Customer Deposits; Plant in Service; Depreciation Reserve; Venice Power Plant Fire Expenditures; Tree-Trimming Expense; Automated Meter Reading Expense; Customer Deposit Interest Expense; Year 2000 Computer Modification Expense; Regulatory Advisor's Consulting Fees; and Property Taxes Deposition – April 11, 2002
1 st Complaint Case, Union Electric Company d/b/a AmerenUE (Electric)	EC-2002-1	July 2001 Direct - Materials and Supplies; Prepayments; Fuel Inventory; Customer Advances for Construction; Customer Deposits; Plant in Service; Depreciation Reserve; Power Plant Maintenance Expense; Tree-Trimming Expense; Automated Meter Reading Expense; Customer Deposit Interest Expense; Year 2000 Computer Modification Expense; Computer Software Expense; Regulatory Advisor's Consulting Fees; Board of Directors Advisor's Fees and Property Taxes. Deposition – November 27 2001
Union Electric Company d/b/a AmerenUE (2 nd period, 2 nd EARP) (Electric)	EC-2001-431	February 2001 Coal Inventory
Union Electric Company d/b/a AmerenUE (Gas)	GR-2000-512	August 2000 Direct - Cash Working Capital; Advertising Expense; Missouri PSC Assessment; Dues and Donations; Automated Meter Reading Expenses; Computer System Software Expenses (CSS); Computer System Software Expenses (Y2K); Computer System Software Expenses (EMPRV); Generation Strategy Project Expenses; Regulatory Advisor's Consulting fees and Board of Directors Advisor's fees.
SUMMARY OF INFORMAL CASES		
Missouri American Water Company Acquisition of Anna Meadows	WA-2015-0019	In Progress Anna Meadows Acquisition & Certificate of Convenience & Necessarily Concerning review of Feasibility Study and Development of Rate Base; Expenses & Revenues

COMPANY	CASE NO.	TESTIMONY/ISSUES
Hickory Hills Water & Sewer Receivership Case	WR-2014-0167 SR-2014-0166	In Progress Memorandum - Small Informal rate case – All Cost of Service items to include Rate Base; Revenues; Expenses; and Current & Deferred Taxes. Lead Auditor
Missouri American Water Company Acquisition of Benton County Sewer District No. 1	WA-2014-0000	In Progress Memorandum – Benton County Acquisition & Certificate of Convenience & Necessarily Concerning review of Feasibility Study and Development of Rate Base; Expenses & Revenues. Lead Auditor
MPB & PBC Sewer Systems Receivership Case	SR-2014-0067 SR-2014-0068 SO-2014-0052	September 2014 Memorandum -- Small Informal rate case – All Cost of Service items to include Rate Base; Revenues; Expenses; and Current & Deferred Taxes September 2013 Memorandum -- Interim Rates – Special Surcharge; Cost of Service in order to determine if rates are sufficient to cover expenses or if this utility needs an emergency infusion of cash to provide safe and adequate service for the ratepayers. Lead Auditor
Roy-L Water & Sewer Utilities	WR-2013-0543 SR-2013-0544	June 2014 Small Informal rate case – All Cost of Service items to include Rate Base; Revenues; Expenses; and Current & Deferred Taxes. Lead Auditor
Rogue Creek Utilities, Inc. Receivership Case	WR-2013-0436 SR-2013-0435	February 2014 Memorandum - Small Informal rate case – All Cost of Service items to include Rate Base; Revenues; Expenses; and Current & Deferred Taxes. May 2013 Memorandum -- Interim Rates – Special Surcharge; Cost of Service in order to determine if rates are sufficient to cover expenses or if this utility needs an emergency infusion of cash to provide safe and adequate service for the ratepayers. Lead Auditor

COMPANY	CASE NO.	TESTIMONY/ISSUES
Missouri American Water Company & Tri-State Water Acquisition Case	WO-2013-0517	<p>September 2013</p> <p>Memorandum – Determination of net rate base to include Plant in Service; Depreciation Reserve; Other Rate Base Items including CIAC and Revenues & Expenses</p> <p>Lead Auditor</p>
Summit Natural Gas of Missouri, Inc.	GA-2013-0404	<p>April 2013</p> <p>Memorandum-- Summit Natural Gas of Missouri, Inc. Certificate of Convenience & Necessarily Concerning review of Feasibility Study and Development of Revenues; Expenses & Revenues.</p> <p>Lead Auditor</p>
Raytown Water Company	WR-2012-0405	<p>July - 2012</p> <p>Memorandum-- Cost of Service; Payroll & Benefits; Incentive Compensation; Plant-In-Service, Depreciation Reserve & Other Rate Base Items: Affiliated Transactions; Tank Painting; City Permit Fees; EIERA Insurance Costs; PSC Assessment & Rate Case Expense; Outside Services; Transportation & Communication Expense; Dues & Donations, Lobbying Expense; Advertising Expense; Board of Directors Fees; DNR Fees; Education Expense; Software & IT Expenses; Office Expense & Lease Equipment; Franchise Taxes; Current & Deferred Income Taxes .</p> <p>Lead Auditor</p>
Summit Natural Gas of Missouri, Inc.	GA-2010-0012	<p>June-2012</p> <p>Memorandum-- Summit Natural Gas of Missouri, Inc. Certificate of Convenience & Necessarily Concerning review of Feasibility Study and Development of Rate Base; Expenses & Revenues.</p> <p>Lead Auditor</p>
Rogue Creek Water & Sewer	<p>WR-2012-0000</p> <p>SR-2012-0000</p>	<p>April 2012</p> <p>Earnings Investigation - To Determine if the Utility was Earning Sufficient Revenues to Recover its Cost of Providing Service To Ratepayers.</p>

COMPANY	CASE NO.	TESTIMONY/ISSUES
Missouri American Water Company & Saddlebrooke Acquisition	WA-2012-0066	<p>April-2012 Memorandum-- Saddlebrooke Acquisition & Certificate of Convenience & Necessarily Concerning review of Feasibility Study and Development of Rate Base; Expenses & Revenues.</p> <p>Lead Auditor</p>
Missouri American Water Company & Roark Water Acquisition Case	WO-2011-0213 SO-2011-0214	<p>March 2011 Memorandum-- Determination of net rate base to include Plant in Service; Depreciation Reserve; Other Rate Base Items including CIAC and Revenues & Expenses</p> <p>Lead Auditor</p>
Tri-State Water Company	WR-2011-0037	<p>March 2011 Memorandum-- Cost of Service; Rate Case Expense; Medical; Insurance; Communications Expense; Transportation Expense; Office Expense; Miscellaneous maintenance expenses; Rate Base and Current & Deferred Income Taxes</p> <p>Lead Auditor</p>
Raytown Water Company	WR-2010-0304	<p>February 2011 Memorandum-- Cost of Service; Affiliated Transactions; Tank Painting; Hydrant Maintenance; City Permit Fees; EIARA Insurance Costs; I&D & Workers Comp; CIAC; Board of Directors Fees; DNR Fees; Education Expense; Software & IT Expenses; Office Expense & Lease Equipment; Franchise Taxes; Current & Deferred Income Taxes .</p> <p>Lead Auditor</p>
Noel Water Company	WR-2009-0395	<p>August 2009 Memorandum-- Cost of Service; All Revenues & Expenses related to Noel Water Company; Plant in Service; Depreciation Reserve & other Rate Base Items.</p> <p>Lead Auditor</p>
Tri-State Water Company	WR-2009-0058	<p>May 2008 Memorandum-- Cost of Service; Payroll; rent expense; miscellaneous maintenance expenses; Rate Base and Current & Deferred Income Taxes.</p> <p>Lead Auditor</p>

COMPANY	CASE NO.	TESTIMONY/ISSUES
Big Island Water & Sewer	WA-2006-0480 SA-2006-0482	January 2007 Direct - Certificate of Necessitate Application Case: Cost of Service; All Revenues & Expenses related to Big Island Water & Sewer; Plant in Service; Depreciation Reserve & other Rate Base Items. Lead Auditor
Aqua Missouri Water and Sewer	QS-2005-0008 QW-2005-009 QS-2005-0010 QW-2005-0011	October 2006 Memorandum-- Cost of Service - All Revenues & Expenses related to Aqua MO Water & Sewer; Plant in Service; Depreciation Reserve & other Rate Base Items. Lead Auditor
Lake Region Water and Sewer Certificate Case	WA-2005-0463	October 2006 Memorandum-- Certificate of Necessitate Application Case Lead Auditor
Tri-State Utility Inc.	WA-2006-0241	May 2006 Memorandum-- Certificate of Necessitate Application Case Lead Auditor
Osage Water Company Environmental Utilities Missouri American Water	WO-2005-0086	February 2005 Memorandum-- Rate Base; Cost of Service; Income Statement Items; Pre-Post Sale of OWC, Sale of EU Assets to MAWC
North Suburban Water & Sewer	WF-2005-0164	December 2004 Memorandum-- Sale of All Stocks of Lake Region Water & Sewer to North Suburban Water & Sewer, Value of Rate Base Assets, Acquisition Premium Lead Auditor
Mill Creek Sewer	SR-2005-0116	December 2004 Memorandum-- Cost of Service; All Revenues & Expenses related to Mill Creek Sewer; Plant in Service; Depreciation Reserve & other Rate Base Items. Lead Auditor

COMPANY	CASE NO.	TESTIMONY/ISSUES
Roark Water and Sewer	WR-2005-0153 SR-2005-0154	September 2004 Memorandum-- Cost of Service; All Revenues & Expenses related to Roark Water & Sewer; Plant in Service; Depreciation Reserve & other Rate Base Items. Lead Auditor
Osage Water Company	WT-2003-0583 SR-2003-0584	December 2003 Memorandum-- Cost of Service; All Revenues & Expenses related to Osage Water; Plant in Service; Depreciation Reserve & other Rate Base Items
SUMMARY OF NON-CASE RELATED AUDITS		
March 2013 – Hickory Hills Water and Sewer’s investigation concerning value of assets and cost of service in order to determine the possibility of annexing this small utility with the city of California Missouri.		
March 2012 – Assisted and trained several small utility companies (RDE Utilities, Rogue Creek Utilities and Smithview H2O Water) in the appropriate manner in which the Commission’s Annual Report should be completed and filed.		
January 2006 – Environmental Utilities and Osage Water Company Audit concerning provision of service to Eagle Woods Subdivision and disconnect notice		
November 2004 - Internal Audit of Public Service Commission (PSC) Fixed Assets, physical inventory control process and location of assets		



MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

Final Run

STAFF ACCOUNTING SCHEDULES

HICKORY HILLS SEWER-WITH WWTP

CASE NO. SR-2014-0166

Jefferson City, Missouri

September 2014

Hickory Hills Sewer-With WWTP
Informal Rate Case
Case Number SR-2014-0166
Test Year Ending 6-30-2013, Update 6-30-2014
Rate Design Schedule - Sewer

A		B	C	D	E	F
Line Number	Description	Account Number (Optional)	Staff Annualized	Customer Charge	Commodity	Percentage Rate
Rev-1	ANNUALIZED REVENUES					
Rev-2	Annualized Rate Revenues	(1)	\$23,970			
Rev-3	Miscellaneous Revenues	(1)	\$173			
Rev-4	TOTAL ANNUALIZED REVENUES		\$24,143			
1	OPERATIONS EXPENSES	(2)				
2	Polution Control System		35415	\$35,415	\$0	100.00%
3	Receiver Fees		\$11,158	\$11,158	\$0	100.00%
4	Operators Salary / Contractor Services		\$4,500	\$4,500	\$0	100.00%
5	Electricity - Pumping Treatment		\$3,000	\$3,000	\$0	100.00%
6	Chemicals (Chlorinator tablets)		\$0	\$0	\$0	100.00%
7	Sludge Removal		\$0	\$0	\$0	100.00%
8	TOTAL OPERATIONS EXPENSE		\$54,073	\$54,073	\$0	
9	MAINTENANCE EXPENSES					
10	Maintenance		\$213	\$213	\$0	100.00%
11	Mowing Expense		\$0	\$0	\$0	100.00%
12	TOTAL MAINTENANCE EXPENSE		\$213	\$213	\$0	
13	CUSTOMER ACCOUNT EXPENSE					
14	Customer Billing		\$396	\$0	\$396	0.00%
15	Outside Services (Accounting Fees)		\$301	\$301	\$0	100.00%
16	Office Supplies		\$67	\$67	\$0	100.00%
17	Postage Expense		\$144	\$144	\$0	100.00%
18	Misc. Supplies		\$0	\$0	\$0	0.00%
19	Uncollectible Accounts		\$0	\$0	\$0	100.00%
20	TOTAL CUSTOMER ACCOUNT EXPENSE		\$908	\$512	\$396	
21	ADMINISTRATIVE & GENERAL EXPENSES					
22	Property & Liability Insurance		\$0	\$0	\$0	100.00%
23	TOTAL ADMINISTRATIVE AND GENERAL		\$0	\$0	\$0	
24	OTHER OPERATING EXPENSES					
25	Amortization Expense - Receiver Fees		\$6,553	\$0	\$6,553	0.00%
26	Amortization Expense - 1st National Bank Loan		\$538	\$0	\$538	0.00%
27	MO DNR Fees		\$650	\$650	\$0	100.00%
28	PSC Assessment		\$225	\$225	\$0	100.00%
29	Secretary of State Fees		\$20	\$0	\$20	0.00%
30	Depreciation		\$0	\$0	\$0	100.00%
31	TOTAL OTHER OPERATING EXPENSES		\$7,986	\$875	\$7,111	
32	TAXES OTHER THAN INCOME					
33	Real & Personal Property Taxes		\$0	\$0	\$0	100.00%
34	Payroll Taxes		\$0	\$0	\$0	100.00%
35	TOTAL TAXES OTHER THAN INCOME		\$0	\$0	\$0	
36	TOTAL OPERATING EXPENSES		\$63,180	\$55,673	\$7,507	
37	Interest Expense	(3)	\$0	\$0	\$0	100.00%
38	Return on Equity	(3)	\$0	\$0	\$0	100.00%
39	Income Taxes	(3)	\$0	\$0	\$0	100.00%
40	TOTAL INTEREST RETURN & TAXES		\$0	\$0	\$0	
41	TOTAL COST OF SERVICE		\$63,180	\$55,673	\$7,507	
42	Less: Miscellaneous Revenues		\$173	\$173	\$0	100.00%
43	COST TO RECOVER IN RATES		\$63,007	\$55,500	\$7,507	

Hickory Hills Sewer-With WWTP
 Informal Rate Case
 Case Number SR-2014-0166
 Test Year Ending 6-30-2013, Update 6-30-2014
 Rate Design Schedule - Sewer

Line Number	<u>A</u> Description	<u>B</u> Account Number (Optional)	<u>C</u> Staff Annualized	<u>D</u> Customer Charge	<u>E</u> Commodity	<u>F</u> Percentage Rate
44	INCREMENTAL INCREASE IN RATE REVENUES		<u>\$39,037</u>			
45	PERCENTAGE OF INCREASE		<u>161.69%</u>			
46	REQUESTED INCREASE IN REVENUES		\$6,291			

- (1) From Revenue Schedule
- (2) From Expense Schedule
- (3) From PreTax Rate of Return Schedule, Rate Base & Return Schedule

Hickory Hills Sewer-With WWTP
Informal Rate Case
Case Number SR-2014-0166
Test Year Ending 6-30-2013, Update 6-30-2014
Rate Base Required Return on Investment Schedule - Sewer

Line Number	<u>A</u> Rate Base Description	<u>B</u> Dollar Amount
1	Plant In Service	\$22,800 From Plant Schedule
2	Less Accumulated Depreciation Reserve	<u>\$22,800</u> From Depreciation Reserve Schedule
3	Net Plant In Service	\$0
4	Other Rate Base Items:	\$0
	Contribution of Aid of Construction	-\$22,800
	CIAC Depreciation Offset	<u>\$22,800</u>
5	Total Rate Base	<u>\$0</u>
6	Total Weighted Rate of Return Including Income Tax	<u>0.00%</u> From PreTax Return & Taxes Schedule
7	Required Return & Income Tax	<u><u>\$0</u></u>

Hickory Hills Sewer-With WWTP
 Informal Rate Case
 Case Number SR-2014-0166
 Test Year Ending 6-30-2013, Update 6-30-2014
 Rate of Return Including Income Tax - Sewer

	A	B	formulas
1 State Income Tax Rate Statutory / Effective	6.25% (2)	6.25%	(1 - (B2 x .5)) x A1
2 Federal Income Tax Rate Statutory / Effective	0.00% (1) & (2)	0.00%	(1 - B1) x A2
3 Composite Effective Income Tax Rate		6.25%	B1 + B2
4 Equity Tax Factor		1.0667	1 / (1-B3)
5 Recommended Weighted Rate of Return on Equity - Common and Preferred		0.00%	From Capital Structure Schedule
6 Weighted Rate of Return on Equity Including Income Tax		0.00%	B4 x B5
7 Recommended Weighted Rate of Return on Debt - Long-Term and Short-Term		0.00%	From Capital Structure Schedule
8 Total Weighted Rate of Return Including Income Tax		0.00%	B6+B7

To Rate Base Schedule

(1) If Sub-Chapter S Corporation, Enter Y:

N

Equity Income Required \$0
 & Preliminary Federal Tax

Tax Rate Table

Net Income Range				
Start	End	Tax Rate	Amount in Range	Tax on Range
\$0	\$50,000	15.00%	\$0	\$0
\$50,001	\$75,000	25.00%	\$0	\$0
\$75,001	\$100,000	34.00%	\$0	\$0
\$100,001	\$335,000	39.00%	\$0	\$0
\$335,001	\$9,999,999,999	34.00%	\$0	\$0
			\$0	\$0
			Consolidated Tax Rate:	
			Average Tax Rate:	0

Hickory Hills Sewer-With WWTP
 Informal Rate Case
 Case Number SR-2014-0166
 Test Year Ending 6-30-2013, Update 6-30-2014
 Capital Structure Schedule - Sewer

Line Number	Description	Dollar Amount	Percentage of Total Capital Structure	Embedded Cost of Capital	Weighted Cost of Capital
1	Common Stock	\$0	0.00%	12.04%	0.000%
2	Other Security-Non Tax Deductible	\$0	0.00%	0.00%	0.000%
3	Preferred Stock	\$0	0.00%	0.00%	0.000%
4	Long Term Debt	\$0	0.00%	8.04%	0.000%
5	Short Term Debt	\$0	0.00%	0.00%	0.000%
6	Other Security-Tax Deductible	\$0	0.00%	0.00%	0.000%
7	TOTAL CAPITALIZATION	<u>\$0</u>	<u>0.00%</u>		<u>0.000%</u>

To PreTax Return Rate Schedule

Hickory Hills Sewer-With WWTP
 Informal Rate Case
 Case Number SR-2014-0166
 Test Year Ending 6-30-2013, Update 6-30-2014
 Plant In Service - Sewer

Line Number	A Account # (Optional)	B Plant Account Description	C Total Plant	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
1		INTANGIBLE PLANT					
2	300.000	Recommended Stipulated Plant	\$0	P-2	\$22,800	100.00%	\$22,800
3	302.000	Franchises	\$0			100.00%	\$0
4		TOTAL INTANGIBLE PLANT	\$0		\$22,800		\$22,800
5		SOURCE OF SUPPLY PLANT					
6	310.000	Land & Land Rights	\$0			100.00%	\$0
7		TOTAL SOURCE OF SUPPLY PLANT	\$0		\$0		\$0
8		COLLECTION PLANT					
9	351.000	Structures & Improvements	\$0			100.00%	\$0
10	352.100	Collection Sewers - Force	\$0			100.00%	\$0
11	352.200	Collection Sewers - Gravity	\$19,000	P-11	-\$19,000	100.00%	\$0
12	353.000	Other Collection Plant Facilities	\$0			100.00%	\$0
13	354.000	Services to Customers	\$0			100.00%	\$0
14	355.000	Flow Measuring Devices	\$0			100.00%	\$0
15		TOTAL COLLECTION PLANT	\$19,000		-\$19,000		\$0
16		PUMPING PLANT					
17	361.000	Structures & Improvements PP	\$0			100.00%	\$0
18	362.000	Receiving Wells and Pump Pits	\$0			100.00%	\$0
19	363.000	Pumping Equipment (Elec., Diesel, other)	\$0			100.00%	\$0
20		TOTAL PUMPING PLANT	\$0		\$0		\$0
21		TREATMENT & DISPOSAL PLANT					
22	371.000	Structures & Improvements-Treat	\$0			100.00%	\$0
23	372.000	Treatment & Disposal Facilities	\$0			100.00%	\$0
24	372.100	Oxidation Lagoon	\$2,200	P-24	-\$2,200	100.00%	\$0
25	373.000	Plant Sewers	\$0			100.00%	\$0
26	374.000	Outfall Sewer Lines	\$0			100.00%	\$0
27	376.000	Other Treatment & Disposal Plant Equip.	\$0			100.00%	\$0
28		TOTAL TREATMENT & DISPOSAL PLANT	\$2,200		-\$2,200		\$0
29		GENERAL PLANT					
30	390.000	Structures & Improvements GP	\$0			100.00%	\$0
31	391.000	Office Furniture & Equipment	\$0			100.00%	\$0
32	391.100	Office Computer Equipment	\$0			100.00%	\$0
33	392.000	Transportation Equipment	\$0			100.00%	\$0
34	393.000	Other General Equipment	\$1,600	P-34	-\$1,600	100.00%	\$0
35	394.000	Tools, Shop, Garage Equipment	\$0			100.00%	\$0
36	395.000	Laboratory Equipment	\$0			100.00%	\$0
37	396.000	Power Operated Equipment	\$0			100.00%	\$0
38		TOTAL GENERAL PLANT	\$1,600		-\$1,600		\$0
39		TOTAL PLANT IN SERVICE	\$22,800		\$0		\$22,800

To Rate Base & Depreciation Schedules

Hickory Hills Sewer-With WWTP
 Informal Rate Case
 Case Number SR-2014-0166
 Test Year Ending 6-30-2013, Update 6-30-2014
 Schedule of Adjustments for Plant in Service - Sewer

<u>A</u> Plant Adjustment Number	<u>B</u> Plant In Service Adjustment Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment
P-2	Recommended Stipulated Plant	300.000		\$22,800
	Recommended Stipulated Plant (Miles)		\$22,800	
P-11	Collection Sewers - Gravity	352.200		-\$19,000
	To eliminate plant that is associated with CIAC amortization or that is fully depreciated. (Miles)		-\$19,000	
P-24	Oxidation Lagoon	372.100		-\$2,200
	To eliminate plant that is associated with CIAC amortization or that is fully depreciated. (Miles)		-\$2,200	
P-34	Other General Equipment	393.000		-\$1,600
	To eliminate plant that is associated with CIAC amortization or that is fully depreciated. (Miles)		-\$1,600	
Total Plant Adjustments				<u><u>\$0</u></u>

Hickory Hills Sewer-With WWTP
Informal Rate Case
Case Number SR-2014-0166
Test Year Ending 6-30-2013, Update 6-30-2014
Depreciation Expense - Sewer

Line Number	A Account Number	B Plant Account Description	C Adjusted Jurisdictional	D Depreciation Rate	E Depreciation Expense
1		INTANGIBLE PLANT			
2	300.000	Recommended Stipulated Plant	\$22,800	0.00%	\$0
3	302.000	Franchises	\$0	0.00%	\$0
4		TOTAL INTANGIBLE PLANT	\$22,800		\$0
5		SOURCE OF SUPPLY PLANT			
6	310.000	Land & Land Rights	\$0	0.00%	\$0
7		TOTAL SOURCE OF SUPPLY PLANT	\$0		\$0
8		COLLECTION PLANT			
9	351.000	Structures & Improvements	\$0	4.00%	\$0
10	352.100	Collection Sewers - Force	\$0	2.00%	\$0
11	352.200	Collection Sewers - Gravity	\$0	2.00%	\$0
12	353.000	Other Collection Plant Facilities	\$0	0.00%	\$0
13	354.000	Services to Customers	\$0	2.00%	\$0
14	355.000	Flow Measuring Devices	\$0	3.30%	\$0
15		TOTAL COLLECTION PLANT	\$0		\$0
16		PUMPING PLANT			
17	361.000	Structures & Improvements PP	\$0	4.00%	\$0
18	362.000	Receiving Wells and Pump Pits	\$0	4.00%	\$0
19	363.000	Pumping Equipment (Elec., Diesel, other)	\$0	10.00%	\$0
20		TOTAL PUMPING PLANT	\$0		\$0
21		TREATMENT & DISPOSAL PLANT			
22	371.000	Structures & Improvements-Treat	\$0	3.70%	\$0
23	372.000	Treatment & Disposal Facilities	\$0	5.00%	\$0
24	372.100	Oxidation Lagoon	\$0	4.00%	\$0
25	373.000	Plant Sewers	\$0	2.50%	\$0
26	374.000	Outfall Sewer Lines	\$0	2.00%	\$0
27	376.000	Other Treatment & Disposal Plant Equip.	\$0	0.00%	\$0
28		TOTAL TREATMENT & DISPOSAL PLANT	\$0		\$0
29		GENERAL PLANT			
30	390.000	Structures & Improvements GP	\$0	2.50%	\$0
31	391.000	Office Furniture & Equipment	\$0	5.00%	\$0
32	391.100	Office Computer Equipment	\$0	14.30%	\$0
33	392.000	Transportation Equipment	\$0	13.00%	\$0
34	393.000	Other General Equipment	\$0	10.00%	\$0
35	394.000	Tools, Shop, Garage Equipment	\$0	0.00%	\$0
36	395.000	Laboratory Equipment	\$0	0.00%	\$0
37	396.000	Power Operated Equipment	\$0	0.00%	\$0
38		TOTAL GENERAL PLANT	\$0		\$0
39		Total Depreciation	\$22,800		\$0

Hickory Hills Sewer-With WWTP
 Informal Rate Case
 Case Number SR-2014-0166
 Test Year Ending 6-30-2013, Update 6-30-2014
 Accumulated Depreciation Reserve - Sewer

Line Number	A Account Number	B Depreciation Reserve Description	C Total Reserve	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
1		INTANGIBLE PLANT					
2	300.000	Recommended Stipulated Plant	\$0	R-2	\$22,800	100.00%	\$22,800
3	302.000	Franchises	\$0			100.00%	\$0
4		TOTAL INTANGIBLE PLANT	\$0		\$22,800		\$22,800
5		SOURCE OF SUPPLY PLANT					
6	310.000	Land & Land Rights	\$0			100.00%	\$0
7		TOTAL SOURCE OF SUPPLY PLANT	\$0		\$0		\$0
8		COLLECTION PLANT					
9	351.000	Structures & Improvements	\$0			100.00%	\$0
10	352.100	Collection Sewers - Force	\$0			100.00%	\$0
11	352.200	Collection Sewers - Gravity	\$19,000	R-11	-\$19,000	100.00%	\$0
12	353.000	Other Collection Plant Facilities	\$0			100.00%	\$0
13	354.000	Services to Customers	\$0			100.00%	\$0
14	355.000	Flow Measuring Devices	\$0			100.00%	\$0
15		TOTAL COLLECTION PLANT	\$19,000		-\$19,000		\$0
16		PUMPING PLANT					
17	361.000	Structures & Improvements PP	\$0			100.00%	\$0
18	362.000	Receiving Wells and Pump Pits	\$0			100.00%	\$0
19	363.000	Pumping Equipment (Elec., Diesel, other)	\$0			100.00%	\$0
20		TOTAL PUMPING PLANT	\$0		\$0		\$0
21		TREATMENT & DISPOSAL PLANT					
22	371.000	Structures & Improvements-Treat	\$0			100.00%	\$0
23	372.000	Treatment & Disposal Facilities	\$0			100.00%	\$0
24	372.100	Oxidation Lagoon	\$2,200	R-24	-\$2,200	100.00%	\$0
25	373.000	Plant Sewers	\$0			100.00%	\$0
26	374.000	Outfall Sewer Lines	\$0			100.00%	\$0
27	376.000	Other Treatment & Disposal Plant Equip.	\$0			100.00%	\$0
28		TOTAL TREATMENT & DISPOSAL PLANT	\$2,200		-\$2,200		\$0
29		GENERAL PLANT					
30	390.000	Structures & Improvements GP	\$0			100.00%	\$0
31	391.000	Office Furniture & Equipment	\$0			100.00%	\$0
32	391.100	Office Computer Equipment	\$0			100.00%	\$0
33	392.000	Transportation Equipment	\$0			100.00%	\$0
34	393.000	Other General Equipment	\$1,600	R-34	-\$1,600	100.00%	\$0
35	394.000	Tools, Shop, Garage Equipment	\$0			100.00%	\$0
36	395.000	Laboratory Equipment	\$0			100.00%	\$0
37	396.000	Power Operated Equipment	\$0			100.00%	\$0
38		TOTAL GENERAL PLANT	\$1,600		-\$1,600		\$0
39		TOTAL DEPRECIATION RESERVE	\$22,800		\$0		\$22,800

To Rate Base Schedule

Hickory Hills Sewer-With WWTP
Informal Rate Case
Case Number SR-2014-0166
Test Year Ending 6-30-2013, Update 6-30-2014
Schedule of Adjustments for Accumulated Depreciation Reserve - Sewer

<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>
Reserve Adjustment Number	Accumulated Depreciation Reserve Adjustments Description	Account Number	Adjustment Amount	Total Adjustment Amount
R-2	Recommended Stipulated Plant	300.000		\$22,800
	Recommended Stipulated Reserve (Miles)		\$22,800	
R-11	Collection Sewers - Gravity	352.200		-\$19,000
	To eliminate reserve that is associated with CIAC amortization or that is fully depreciated. (Miles)		-\$19,000	
R-24	Oxidation Lagoon	372.100		-\$2,200
	To eliminate reserve that is associated with CIAC amortization or that is fully depreciated. (Miles)		-\$2,200	
R-34	Other General Equipment	393.000		-\$1,600
	To eliminate reserve that is associated with CIAC amortization or that is fully depreciated. (Miles)		-\$1,600	
Total Reserve Adjustments				\$0

Hickory Hills Sewer-With WWTP
 Informal Rate Case
 Case Number SR-2014-0166
 Test Year Ending 6-30-2013, Update 6-30-2014
 Revenue Schedule - Sewer

	A	B	C	D	E	F	G
Line Number	Account Number (Optional)	Revenue Description	Company/ Test Year Amount	Adjustment Number	Jurisdictional Adjustments	Jurisdictional Allocation	Adjusted Jurisdictional
Rev-1		ANNUALIZED REVENUES					
Rev-2		Annualized Rate Revenues	\$0	Rev-2	\$23,970	100.00%	\$23,970
Rev-3		Miscellaneous Revenues	\$0	Rev-3	\$173	100.00%	\$173
Rev-4		TOTAL ANNUALIZED REVENUES	\$0		\$24,143		\$24,143

Hickory Hills Sewer-With WWTP
 Informal Rate Case
 Case Number SR-2014-0166
 Test Year Ending 6-30-2013, Update 6-30-2014
 Revenue Adjustment Schedule - Sewer

<u>A</u> Revenue Adj Number	<u>B</u> Adjustment Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment
Rev-2	Annualized Rate Revenues			\$23,970
	1. To Annualize Rate Revenues		\$23,970	
Rev-3	Miscellaneous Revenues			\$173
	1. To Annualize Miscellaneous Revenues		\$173	
	2. Description		\$0	
Total Revenue Adjustments				<u>\$24,143</u>

Hickory Hills Sewer-With WWTP
Informal Rate Case
Case Number SR-2014-0166
Test Year Ending 6-30-2013, Update 6-30-2014
Revenue Summary Schedule - Sewer

Line Number	A Description	Residential Customers		Commercial Customers	
		B Amount	C Amount	D Amount	E Amount
1	<u>Customer Charge Revenues:</u>				
2	Customer Number	47		0	
3	Bills Per Year	12		0	
4	Customer Bills Per year	564		0	
5	Current Customer Charge	<u>\$42.50</u>		<u>\$0.00</u>	
6	Annualized Customer Charge Revenues		\$23,970		\$0
7	<u>Commodity Charge Revenues:</u>				
8	Total Gallons Sold	0		0	
9	Less: Base Gallons Included In Customer Charge	<u>0</u>		<u>0</u>	
10	Commodity Gallons	0		0	
11	Block 1, Commodity Gallons per Block	0		0	
12	Block 1, Number of Commodity Gallons per Unit	<u>0</u>		<u>0</u>	
13	Block 1, Commodity Billing Units	0.00		0.00	
14	Block 1, Existing Commodity Charge	<u>\$0.00</u>		<u>\$0.00</u>	
15	Block 1, Annualized Commodity Charge Rev.		\$0		\$0
16	Total Annualized Sewer Rate Revenues		<u>\$23,970</u>		<u>\$0</u>

Commodity Billing Units are based on the number of commodity gallons applicable to each block, divided by the tariff usage rate gallons (e.g. for tariff rate of \$2.50 per 1,000 gallons of usage, the commodity gallons for that rate would be divided by 1,000 to arrive at the number of commodity billing units.

Hickory Hills Sewer-With WWTP
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Case Number SR-2014-0166
Test Year Ending 6-30-2013, Update 6-30-2014
Revenue Summary Schedule - Sewer

Line Number	A Description	Total	
		F Amount	G Amount
1	<u>Customer Charge Revenues:</u>		
2	Customer Number	47	
3	Bills Per Year		
4	Customer Bills Per year	564	
5	Current Customer Charge		
6	Annualized Customer Charge Revenues		\$23,970
7	<u>Commodity Charge Revenues:</u>		
8	Total Gallons Sold	0	
9	Less: Base Gallons Included In Customer Charge	0	
10	Commodity Gallons	0	
11	Block 1, Commodity Gallons per Block		
12	Block 1, Number of Commodity Gallons per Unit		
13	Block 1, Commodity Billing Units		
14	Block 1, Existing Commodity Charge		
15	Block 1, Annualized Commodity Charge Rev.		\$0
16	Total Annualized Sewer Rate Revenues		\$23,970

Commodity Billing Units are based on the number of commodity gallons applicable to each block, divided by the tariff usage rate gallons (e.g. for tariff rate of \$2.50 per 1,000 gallons of usage, the commodity gallons for that rate would be divided by 1,000 to arrive at the number of commodity billing units.

Hickory Hills Sewer-With WWTP
Informal Rate Case
Case Number SR-2014-0166
Test Year Ending 6-30-2013, Update 6-30-2014
Miscellaneous Revenues Feeder - Sewer

Line Number	<u>A</u> Description	<u>B</u> Amount
1	Late Charge Fees	\$173
2	Description of Miscellaneous Revenue Item2	<u>\$0</u>
3	Total Miscellaneous Revenues	<u><u>\$173</u></u>

Hickory Hills Sewer-With WWTP
 Informal Rate Case
 Case Number SR-2014-0166
 Test Year Ending 6-30-2013, Update 6-30-2014
 Expense Schedule - Sewer

<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>	<u>G</u>
Line Number	Account Number (Optional) Expense Description	Company/ Test Year Amount	Adjustment Number	Adjustments	Jurisdictional Allocation	Adjusted Jurisdictional
1	OPERATIONS EXPENSES					
2	Polution Control System	\$0	S-2	\$35,415	100.00%	\$35,415
3	Receiver Fees	\$4,575	S-3	\$6,583	100.00%	\$11,158
4	Operators Salary / Contractor Services	\$3,525	S-4	\$975	100.00%	\$4,500
5	Electricity - Pumping Treatment	\$0	S-5	\$3,000	100.00%	\$3,000
6	Chemicals (Chlorinator tablets)	\$0			100.00%	\$0
7	Sludge Removal	\$0			100.00%	\$0
8	TOTAL OPERATIONS EXPENSE	\$8,100		\$45,973		\$54,073
9	MAINTENANCE EXPENSES					
10	Maintenance	\$0	S-10	\$213	100.00%	\$213
11	Mowing Expense	\$0			100.00%	\$0
12	TOTAL MAINTENANCE EXPENSE	\$0		\$213		\$213
13	CUSTOMER ACCOUNT EXPENSE					
14	Customer Billing	\$1,500	S-14	-\$1,104	100.00%	\$396
15	Outside Services (Accounting Fees)	\$288	S-15	\$13	100.00%	\$301
16	Office Supplies	\$80	S-16	-\$13	100.00%	\$67
17	Postage Expense	\$212	S-17	-\$68	100.00%	\$144
18	Misc. Supplies	\$0	S-18	\$0	100.00%	\$0
19	Uncollectible Accounts	\$0			100.00%	\$0
20	TOTAL CUSTOMER ACCOUNT EXPENSE	\$2,080		-\$1,172		\$908
21	ADMINISTRATIVE & GENERAL EXPENSES					
22	Property & Liability Insurance	\$0			100.00%	\$0
23	TOTAL ADMINISTRATIVE AND GENERAL	\$0		\$0		\$0
24	OTHER OPERATING EXPENSES					
25	Amortization Expense - Receiver Fees	\$0	S-25	\$6,553	100.00%	\$6,553
26	Amortization Expense - 1st National Bank Loan	\$0	S-26	\$538	100.00%	\$538
27	MO DNR Fees	\$0	S-27	\$650	100.00%	\$650
28	PSC Assessment	\$1,768	S-28	-\$1,543	100.00%	\$225
29	Secretary of State Fees	\$20	S-29	\$0	100.00%	\$20
30	Depreciation	\$0	S-30	\$0	100.00%	\$0
31	TOTAL OTHER OPERATING EXPENSES	\$1,788		\$6,198		\$7,986
32	TAXES OTHER THAN INCOME					
33	Real & Personal Property Taxes	\$0	S-33	\$0	100.00%	\$0
34	Payroll Taxes	\$0	S-34	\$0	100.00%	\$0
35	TOTAL TAXES OTHER THAN INCOME	\$0		\$0		\$0
36	TOTAL OPERATING EXPENSES	\$11,968		\$51,212		\$63,180

Hickory Hills Sewer-With WWTP
Informal Rate Case
Case Number SR-2014-0166
Test Year Ending 6-30-2013, Update 6-30-2014
Expense Adjustment Schedule - Sewer

<u>A</u> Expense Adj Number	<u>B</u> Adjustment Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment
S-2	Polution Control System			\$35,415
	To include dBBR portable unit rental expense. (Archer)		\$35,415	
S-3	Receiver Fees			\$6,583
	To adjust test year Receivership Fees to an annualized level. (Harrison)		\$6,583	
S-4	Operators Salary / Contractor Services			\$975
	To adjust test year operator salary to a normalized level. (Harrison)		\$975	
S-5	Electricity - Pumping Treatment			\$3,000
	Estimate for Electric costs for new WWTP (Archer)		\$3,000	
S-10	Maintenance			\$213
	To adjust test year maintenance & repair expense to a normalized level. (Green)		\$213	
S-14	Customer Billing			-\$1,104
	To adjust test year customer billing expense to a normalized level. (Harrison)		-\$1,104	
S-15	Outside Services (Accounting Fees)			\$13
	To adjust test year outiside service expense to a normalized level. (Green)		\$13	
S-16	Office Supplies			-\$13
	To adjust test year office supplies to a normalized level. (Green)		-\$13	

Hickory Hills Sewer-With WWTP
 Informal Rate Case
 Case Number SR-2014-0166
 Test Year Ending 6-30-2013, Update 6-30-2014
 Expense Adjustment Schedule - Sewer

<u>A</u> Expense Adj Number	<u>B</u> Adjustment Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment
S-17	Postage Expense			-\$68
	To adjust test year postage expense to a annualized level. (Green)		-\$68	
S-18	Misc. Supplies			\$0
	To adjust test year misc. supply expense to a annualized level. (Green)		\$0	
S-25	Amortization Expense - Receiver Fees			\$6,553
	To amortize Receiver back-payment fees over a 5-year period. (Harrison)		\$6,553	
	Description		\$0	
S-26	Amortization Expense - 1st National Bank Loan			\$538
	To amortize 1st National Bank Loan over a 5-year period. (Harrison)		\$538	
S-27	MO DNR Fees			\$650
	To include DNR fees. (Harrison)		\$650	
S-28	PSC Assessment			-\$1,543
	To adjust test year PSC Assessment to a annualize amount. (Green)		-\$1,543	
S-29	Secretary of State Fees			\$0
	To normalize rate case expense (Harrison)		\$0	
S-30	Depreciation			\$0
	1. To Annualize Depreciation		\$0	

Hickory Hills Sewer-With WWTP
 Informal Rate Case
 Case Number SR-2014-0166
 Test Year Ending 6-30-2013, Update 6-30-2014
 Expense Adjustment Schedule - Sewer

<u>A</u> Expense Adj Number	<u>B</u> Adjustment Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment
S-33	Real & Personal Property Taxes			\$0
	To adjust test year property taxes to current level. (Harrison)		\$0	
S-34	Payroll Taxes			\$0
	To adjust test year payroll taxes for Ms. Longstreet to an annualized level. (Green)		\$0	
Total Expense Adjustments				<u>\$51,212</u>



MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

Final Run

STAFF ACCOUNTING SCHEDULES

HICKORY HILL'S WATER

CASE NO. WR-2014-0167

Jefferson City, Missouri

Sep-14

Hickory Hill's Water
Informal Rate Case
Case Number WR-2014-0167
Test Year Ending 6-30-2013, Update 6/30/2014
Rate Design Schedule - Water

A		B	C	D	E	F
Line Number	Description	Account Number (Optional)	Staff Annualized	Customer Charge	Commodity	Percentage Rate
Rev-1	ANNUALIZED REVENUES					
Rev-2	Annualized Rate Revenues	(1)	\$21,838			
Rev-3	Miscellaneous Revenues	(1)	\$173			
Rev-4	TOTAL ANNUALIZED REVENUES		\$22,011			
1	OPERATIONS EXPENSES	(2)				
2	Receiver Fees		\$11,158	\$11,158	\$0	100.00%
3	Operators Salary / Contract Services		\$4,500	\$4,500	\$0	100.00%
4	Electricity-(Pumping)		\$2,330	\$2,330	\$0	100.00%
5	Chemicals-(Chlorine)		\$121	\$121	\$0	100.00%
6	TOTAL OPERATIONS EXPENSE		\$18,109	\$18,109	\$0	
7	MAINTENANCE EXPENSES					
8	Maintenance		\$3,804	\$3,804	\$0	100.00%
9	Miscellaneous Expense		\$0	\$0	\$0	0.00%
10	TOTAL MAINTENANCE EXPENSE		\$3,804	\$3,804	\$0	
11	CUSTOMER ACCOUNT EXPENSE					
12	Meter Reading Expense		\$3,990	\$3,990	\$0	100.00%
13	Customer Billing		\$396	\$0	\$396	0.00%
14	Outside Services (Accounting Fees)		\$301	\$301	\$0	100.00%
15	Office Supplies		\$67	\$67	\$0	100.00%
16	Postage		\$144	\$144	\$0	100.00%
17	Misc. Supplies		\$0	\$0	\$0	0.00%
18	Uncollectible Accounts		\$0	\$0	\$0	100.00%
19	TOTAL CUSTOMER ACCOUNT EXPENSE		\$4,898	\$4,502	\$396	
20	ADMINISTRATIVE & GENERAL EXPENSES					
21	Property & Liability Insurance		\$0	\$0	\$0	100.00%
22	TOTAL ADMINISTRATIVE AND GENERAL		\$0	\$0	\$0	
23	OTHER OPERATING EXPENSES					
24	Amortization Expense - Receiver Fees		\$6,553	\$0	\$6,553	0.00%
25	Amortization Expense - 1st National Bank Loan		\$538	\$0	\$538	0.00%
26	MO DNR Fees (Lab Fees)		\$200	\$200	\$0	100.00%
27	PSC Assessment		\$209	\$209	\$0	100.00%
28	Secretary of State		\$20	\$0	\$20	0.00%
29	Depreciation		\$245	\$245	\$0	100.00%
30	TOTAL OTHER OPERATING EXPENSES		\$7,765	\$654	\$7,111	
31	TAXES OTHER THAN INCOME					
32	Real & Personal Property Taxes		\$0	\$0	\$0	100.00%
33	Payroll Taxes		\$0	\$0	\$0	100.00%
34	TOTAL TAXES OTHER THAN INCOME		\$0	\$0	\$0	
35	TOTAL OPERATING EXPENSES		\$34,576	\$27,069	\$7,507	
36	Interest Expense	(3)	\$352	\$352	\$0	100.00%
37	Return on Equity	(3)	\$522	\$522	\$0	100.00%
38	Income Taxes	(3)	\$130	\$130	\$0	100.00%
39	TOTAL INTEREST RETURN & TAXES		\$1,004	\$1,004	\$0	
40	TOTAL COST OF SERVICE		\$35,580	\$28,073	\$7,507	
41	Less: Miscellaneous Revenues		\$173	\$173	\$0	100.00%
42	COST TO RECOVER IN RATES		\$35,407	\$27,900	\$7,507	
43	INCREMENTAL INCREASE IN RATE REVENUES		\$13,569			

Hickory Hill's Water
 Informal Rate Case
 Case Number WR-2014-0167
 Test Year Ending 6-30-2013, Update 6/30/2014
 Rate Design Schedule - Water

<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>
Line Number	Account Number (Optional)	Staff Annualized	Customer Charge	Commodity	Percentage Rate
44	PERCENTAGE OF INCREASE	<u>61.65%</u>			
45	REQUESTED INCREASE IN REVENUES	\$5,503			

- (1) From Revenue Schedule
 (2) From Expense Schedule
 (3) From PreTax Rate of Return Schedule, Rate Base & Return Schedule

Hickory Hill's Water
Informal Rate Case
Case Number WR-2014-0167
Test Year Ending 6-30-2013, Update 6/30/2014
Rate Base Required Return on Investment Schedule - Water

Line Number	<u>A</u> Rate Base Description	<u>B</u> Dollar Amount	
1	Plant In Service	\$27,269	From Plant Schedule
2	Less Accumulated Depreciation Reserve	\$18,517	From Depreciation Reserve Schedule
3	Net Plant In Service	\$8,752	
4	Other Rate Base Items:	\$0	
	Customer Deposits	-\$30	
	Contribution in Aid of Construction	-\$17,476	
	CIAC Amortization	\$17,476	
5	Total Rate Base	\$8,722	
6	Total Weighted Rate of Return Including Income Tax	11.52%	From PreTax Return & Taxes Schedule
7	Required Return & Income Tax	\$1,005	

Hickory Hill's Water
Informal Rate Case
Case Number WR-2014-0167
Test Year Ending 6-30-2013, Update 6/30/2014
Rate of Return Including Income Tax - Water

	A	B	formulas
1 State Income Tax Rate Statutory / Effective	6.25% (2)	5.81%	(1 - (B2 x .5)) x A1
2 Federal Income Tax Rate Statutory / Effective	14.98% (1) & (2)	14.11%	(1 - B1) x A2
3 Composite Effective Income Tax Rate		19.92%	B1 + B2
4 Equity Tax Factor		1.2487	1 / (1-B3)
5 Recommended Weighted Rate of Return on Equity - Common and Preferred		5.99%	From Capital Structure Schedule
6 Weighted Rate of Return on Equity Including Income Tax		7.48%	B4 x B5
7 Recommended Weighted Rate of Return on Debt - Long-Term and Short-Term		4.04%	From Capital Structure Schedule
8 Total Weighted Rate of Return Including Income Tax		11.52%	B6+B7

To Rate Base Schedule

(1) If Sub-Chapter S Corporation, Enter Y:

N

Equity Income Required \$614
& Preliminary Federal Tax

Tax Rate Table

Net Income Range				
Start	End	Tax Rate	Amount in Range	Tax on Range
\$0	\$50,000	15.00%	\$614	\$92
\$50,001	\$75,000	25.00%	\$0	\$0
\$75,001	\$100,000	34.00%	\$0	\$0
\$100,001	\$335,000	39.00%	\$0	\$0
\$335,001	\$9,999,999,999	34.00%	\$0	\$0
			\$614	\$92
Consolidated Tax Rate:				
Average Tax Rate:				0.1498

Hickory Hill's Water
Informal Rate Case
Case Number WR-2014-0167
Test Year Ending 6-30-2013, Update 6/30/2014
Capital Structure Schedule - Water

Line Number	A Description	B Dollar Amount	C Percentage of Total Capital Structure	D Embedded Cost of Capital	E Weighted Cost of Capital
1	Common Stock	\$4,339	49.75%	12.04%	5.990%
2	Other Security-Non Tax Deductible	\$0	0.00%	0.00%	0.000%
3	Preferred Stock	\$0	0.00%	0.00%	0.000%
4	Long Term Debt	\$4,383	50.25%	8.04%	4.040%
5	Short Term Debt	\$0	0.00%	0.00%	0.000%
6	Other Security-Tax Deductible	\$0	0.00%	0.00%	0.000%
7	TOTAL CAPITALIZATION	<u>\$8,722</u>	<u>100.00%</u>		<u>10.030%</u>

To PreTax Return Rate Schedule

Note: column C: is 6 positions with 4 that are displayed (if not totaled correctly, due to rounding)

Hickory Hill's Water
Informal Rate Case
Case Number WR-2014-0167
Test Year Ending 6-30-2013, Update 6/30/2014
Plant In Service - Water

Line Number	A Account # (Optional)	B Plant Account Description	C Total Plant	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
1		INTANGIBLE PLANT					
2	301.000	Recommended Stipulated Plant	\$0	P-2	\$17,476	100.00%	\$17,476
3	302.000	Franchises	\$0			100.00%	\$0
4		TOTAL INTANGIBLE PLANT	\$0		\$17,476		\$17,476
5		SOURCE OF SUPPLY PLANT					
6	310.000	Land & Land Rights - SSP	\$0			100.00%	\$0
7	311.000	Structures & Improvements - SSP	\$0			100.00%	\$0
8	312.000	Collection & Impounding Reservoirs	\$0			100.00%	\$0
9	313.000	Lake, River & Other Intakes	\$0			100.00%	\$0
10	314.000	Wells & Springs	\$10,000	P-10	-\$10,000	100.00%	\$0
11	315.000	Infiltration Galleries & Tunnels	\$0			100.00%	\$0
12	316.000	Supply Mains	\$0			100.00%	\$0
13		TOTAL SOURCE OF SUPPLY PLANT	\$10,000		-\$10,000		\$0
14		PUMPING PLANT					
15	321.000	Structures & Improvements - PP	\$0			100.00%	\$0
16	325.100	Electric Pumping Equipment	\$2,549	P-16	-\$2,549	100.00%	\$0
17	326.000	Diesel Pumping Equipment	\$0			100.00%	\$0
18	328.000	Other Pumping Equipment	\$0			100.00%	\$0
19		TOTAL PUMPING PLANT	\$2,549		-\$2,549		\$0
20		WATER TREATMENT PLANT					
21	330.000	Land & Land Rights-WTP	\$0			100.00%	\$0
22	331.000	Structures & Improvements - WTP	\$0			100.00%	\$0
23	332.000	Water Treatment Equipment	\$0			100.00%	\$0
24		TOTAL WATER TREATMENT PLANT	\$0		\$0		\$0
25		TRANSMISSION & DISTRIBUTION PLANT					
26	340.000	Land & Land Rights-T&D	\$0			100.00%	\$0
27	341.000	Structures & Improvements - T&D	\$0			100.00%	\$0
28	342.000	Distribution Reservoirs & Standpipes	\$9,793			100.00%	\$9,793
29	343.000	Transmission & Distribution Mains	\$3,000	P-29	-\$3,000	100.00%	\$0
30	344.000	Fire Mains	\$0			100.00%	\$0
31	345.000	Services	\$0			100.00%	\$0
32	346.000	Meters- Bronze Chamber	\$258	P-32	-\$258	100.00%	\$0
33	346.000	Meters- Plastic Chamber	\$0			100.00%	\$0
34	347.000	Meter Installations- Bronze	\$0			100.00%	\$0
35	347.000	Meter Installations- Plastic	\$0			100.00%	\$0
36	348.000	Other Transmission & Distribution Plant	\$0			100.00%	\$0
37	349.000	Hydrants	\$0			100.00%	\$0
38		TOTAL TRANS. & DISTRIBUTION PLANT	\$13,051		-\$3,258		\$9,793
39		GENERAL PLANT					
40	371.000	Structures & Improvements	\$0			100.00%	\$0
41	372.000	Office Furniture & Equipment	\$0			100.00%	\$0
42	372.100	Office Computer Equipment	\$0			100.00%	\$0
43	373.000	Transportation Equipment	\$0			100.00%	\$0
44	379.000	Other General Equipment	\$1,669	P-44	-\$1,669	100.00%	\$0
45	393.000	Stores Equipment	\$0			100.00%	\$0
46	394.000	Tools, Shop, Garage Equipment	\$0			100.00%	\$0
47	395.000	Laboratory Equipment	\$0			100.00%	\$0
48	396.000	Power Operated Equipment	\$0			100.00%	\$0
49		TOTAL GENERAL PLANT	\$1,669		-\$1,669		\$0
50		TOTAL PLANT IN SERVICE	\$27,269		\$0		\$27,269

Hickory Hill's Water
 Informal Rate Case
 Case Number WR-2014-0167
 Test Year Ending 6-30-2013, Update 6/30/2014
 Plant In Service - Water

<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>	<u>G</u>	
Line Number	Account # (Optional)	Plant Account Description	Total Plant	Adjustment Number	Adjustments	Jurisdictional Allocation	Adjusted Jurisdictional
To Rate Base & Depreciation Schedules							

Hickory Hill's Water
Informal Rate Case
Case Number WR-2014-0167
Test Year Ending 6-30-2013, Update 6/30/2014
Schedule of Adjustments for Plant in Service - Water

<u>A</u> Plant Adjustment Number	<u>B</u> Plant In Service Adjustment Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment
P-2	Recommended Stipulated Plant	301.000		\$17,476
	Recommended Stipulated Plant (Miles)		\$17,476	
P-10	Wells & Springs	314.000		-\$10,000
	To eliminate plant that is associated with CIAC amortization or that is fully depreciated. (Miles)		-\$10,000	
P-16	Electric Pumping Equipment	325.100		-\$2,549
	To eliminate plant that is associated with CIAC amortization or that is fully depreciated. (Miles)		-\$2,549	
P-29	Transmission & Distribution Mains	343.000		-\$3,000
	To eliminate plant that is associated with CIAC amortization or that is fully depreciated. (Miles)		-\$3,000	
P-32	Meters- Bronze Chamber	346.000		-\$258
	To eliminate plant that is associated with CIAC amortization or that is fully depreciated. (Miles)		-\$258	
P-44	Other General Equipment	379.000		-\$1,669
	To eliminate plant that is associated with CIAC amortization or that is fully depreciated. (Miles)		-\$1,669	
Total Plant Adjustments				<u><u>\$0</u></u>

Hickory Hill's Water
Informal Rate Case
Case Number WR-2014-0167
Test Year Ending 6-30-2013, Update 6/30/2014
Depreciation Expense - Water

Line Number	A Account Number	B Plant Account Description	C Adjusted Jurisdictional	D Depreciation Rate	E Depreciation Expense
1		INTANGIBLE PLANT			
2	301.000	Recommended Stipulated Plant	\$17,476	0.00%	\$0
3	302.000	Franchises	\$0	0.00%	\$0
4		TOTAL INTANGIBLE PLANT	\$17,476		\$0
5		SOURCE OF SUPPLY PLANT			
6	310.000	Land & Land Rights - SSP	\$0	0.00%	\$0
7	311.000	Structures & Improvements - SSP	\$0	2.50%	\$0
8	312.000	Collection & Impounding Reservoirs	\$0	0.00%	\$0
9	313.000	Lake, River & Other Intakes	\$0	0.00%	\$0
10	314.000	Wells & Springs	\$0	2.00%	\$0
11	315.000	Infiltration Galleries & Tunnels	\$0	0.00%	\$0
12	316.000	Supply Mains	\$0	0.00%	\$0
13		TOTAL SOURCE OF SUPPLY PLANT	\$0		\$0
14		PUMPING PLANT			
15	321.000	Structures & Improvements - PP	\$0	0.00%	\$0
16	325.100	Electric Pumping Equipment	\$0	5.00%	\$0
17	326.000	Diesel Pumping Equipment	\$0	0.00%	\$0
18	328.000	Other Pumping Equipment	\$0	0.00%	\$0
19		TOTAL PUMPING PLANT	\$0		\$0
20		WATER TREATMENT PLANT			
21	330.000	Land & Land Rights-WTP	\$0	0.00%	\$0
22	331.000	Structures & Improvements - WTP	\$0	0.00%	\$0
23	332.000	Water Treatment Equipment	\$0	2.90%	\$0
24		TOTAL WATER TREATMENT PLANT	\$0		\$0
25		TRANSMISSION & DISTRIBUTION PLANT			
26	340.000	Land & Land Rights-T&D	\$0	0.00%	\$0
27	341.000	Structures & Improvements - T&D	\$0	0.00%	\$0
28	342.000	Distribution Reservoirs & Standpipes	\$9,793	2.50%	\$245
29	343.000	Transmission & Distribution Mains	\$0	2.00%	\$0
30	344.000	Fire Mains	\$0	0.00%	\$0
31	345.000	Services	\$0	2.50%	\$0
32	346.000	Meters- Bronze Chamber	\$0	3.30%	\$0
33	346.000	Meters- Plastic Chamber	\$0	10.00%	\$0
34	347.000	Meter Installations- Bronze	\$0	2.50%	\$0
35	347.000	Meter Installations- Plastic	\$0	2.50%	\$0
36	348.000	Other Transmission & Distribution Plant	\$0	0.00%	\$0
37	349.000	Hydrants	\$0	0.00%	\$0
38		TOTAL TRANS. & DISTRIBUTION PLANT	\$9,793		\$245
39		GENERAL PLANT			

Hickory Hill's Water
Informal Rate Case
Case Number WR-2014-0167
Test Year Ending 6-30-2013, Update 6/30/2014
Depreciation Expense - Water

<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	
Line Number	Account Number	Plant Account Description	Adjusted Jurisdictional	Depreciation Rate	Depreciation Expense
40	371.000	Structures & Improvements	\$0	2.50%	\$0
41	372.000	Office Furniture & Equipment	\$0	5.00%	\$0
42	372.100	Office Computer Equipment	\$0	20.00%	\$0
43	373.000	Transportation Equipment	\$0	13.00%	\$0
44	379.000	Other General Equipment	\$0	5.00%	\$0
45	393.000	Stores Equipment	\$0	0.00%	\$0
46	394.000	Tools, Shop, Garage Equipment	\$0	0.00%	\$0
47	395.000	Laboratory Equipment	\$0	0.00%	\$0
48	396.000	Power Operated Equipment	\$0	0.00%	\$0
49		TOTAL GENERAL PLANT	\$0		\$0
50		Total Depreciation	\$27,269		\$245

Hickory Hill's Water
Informal Rate Case
Case Number WR-2014-0167
Test Year Ending 6-30-2013, Update 6/30/2014
Accumulated Depreciation Reserve - Water

Line Number	A Account Number	B Depreciation Reserve Description	C Total Reserve	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
1		INTANGIBLE PLANT					
2	301.000	Recommended Stipulated Plant	\$0	R-2	\$17,476	100.00%	\$17,476
3	302.000	Franchises	\$0			100.00%	\$0
4		TOTAL INTANGIBLE PLANT	\$0		\$17,476		\$17,476
5		SOURCE OF SUPPLY PLANT					
6	310.000	Land & Land Rights - SSP	\$0			100.00%	\$0
7	311.000	Structures & Improvements - SSP	\$0			100.00%	\$0
8	312.000	Collection & Impounding Reservoirs	\$0			100.00%	\$0
9	313.000	Lake, River & Other Intakes	\$0			100.00%	\$0
10	314.000	Wells & Springs	\$10,000	R-10	-\$10,000	100.00%	\$0
11	315.000	Infiltration Galleries & Tunnels	\$0			100.00%	\$0
12	316.000	Supply Mains	\$0			100.00%	\$0
13		TOTAL SOURCE OF SUPPLY PLANT	\$10,000		-\$10,000		\$0
14		PUMPING PLANT					
15	321.000	Structures & Improvements - PP	\$0			100.00%	\$0
16	325.100	Electric Pumping Equipment	\$2,549	R-16	-\$2,549	100.00%	\$0
17	326.000	Diesel Pumping Equipment	\$0			100.00%	\$0
18	328.000	Other Pumping Equipment	\$0			100.00%	\$0
19		TOTAL PUMPING PLANT	\$2,549		-\$2,549		\$0
20		WATER TREATMENT PLANT					
21	330.000	Land & Land Rights-WTP	\$0			100.00%	\$0
22	331.000	Structures & Improvements - WTP	\$0			100.00%	\$0
23	332.000	Water Treatment Equipment	\$0			100.00%	\$0
24		TOTAL WATER TREATMENT PLANT	\$0		\$0		\$0
25		TRANSMISSION & DISTRIBUTION PLANT					
26	340.000	Land & Land Rights-T&D	\$0			100.00%	\$0
27	341.000	Structures & Improvements - T&D	\$0			100.00%	\$0
28	342.000	Distribution Reservoirs & Standpipes	\$3,000	R-28	-\$1,959	100.00%	\$1,041
29	343.000	Transmission & Distribution Mains	\$0			100.00%	\$0
30	344.000	Fire Mains	\$0			100.00%	\$0
31	345.000	Services	\$0			100.00%	\$0
32	346.000	Meters- Bronze Chamber	\$258	R-32	-\$258	100.00%	\$0
33	346.000	Meters- Plastic Chamber	\$0			100.00%	\$0
34	347.000	Meter Installations- Bronze	\$0			100.00%	\$0
35	347.000	Meter Installations- Plastic	\$0			100.00%	\$0
36	348.000	Other Transmission & Distribution Plant	\$0			100.00%	\$0
37	349.000	Hydrants	\$0			100.00%	\$0
38		TOTAL TRANS. & DISTRIBUTION PLANT	\$3,258		-\$2,217		\$1,041
39		GENERAL PLANT					
40	371.000	Structures & Improvements	\$0			100.00%	\$0
41	372.000	Office Furniture & Equipment	\$0			100.00%	\$0
42	372.100	Office Computer Equipment	\$0			100.00%	\$0
43	373.000	Transportation Equipment	\$0			100.00%	\$0
44	379.000	Other General Equipment	\$1,669	R-44	-\$1,669	100.00%	\$0
45	393.000	Stores Equipment	\$0			100.00%	\$0
46	394.000	Tools, Shop, Garage Equipment	\$0			100.00%	\$0
47	395.000	Laboratory Equipment	\$0			100.00%	\$0
48	396.000	Power Operated Equipment	\$0			100.00%	\$0
49		TOTAL GENERAL PLANT	\$1,669		-\$1,669		\$0
50		TOTAL DEPRECIATION RESERVE	\$17,476		\$1,041		\$18,517

Hickory Hill's Water
 Informal Rate Case
 Case Number WR-2014-0167
 Test Year Ending 6-30-2013, Update 6/30/2014
 Accumulated Depreciation Reserve - Water

<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>	<u>G</u>
Line Number	Account Number	Total Reserve	Adjustment Number	Adjustments	Jurisdictional Allocation	Adjusted Jurisdictional
Depreciation Reserve Description					To Rate Base Schedule	

Hickory Hill's Water
Informal Rate Case
Case Number WR-2014-0167
Test Year Ending 6-30-2013, Update 6/30/2014
Schedule of Adjustments for Accumulated Depreciation Reserve - Water

<u>A</u> Reserve Adjustment Number	<u>B</u> Accumulated Depreciation Reserve Adjustments Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment Amount
R-2	Recommended Stipulated Plant	301.000		\$17,476
	To include recommended stipulated reserve. (Miles)		\$17,476	
R-10	Wells & Springs	314.000		-\$10,000
	To eliminate reserve that is associated with CIAC amortization or that is fully depreciated. (Miles)		-\$10,000	
R-16	Electric Pumping Equipment	325.100		-\$2,549
	To eliminate reserve that is associated with CIAC amortization or that is fully depreciated. (Miles)		-\$2,549	
R-28	Distribution Reservoirs & Standpipes	342.000		-\$1,959
	To eliminate reserve that is associated with CIAC amortization or that is fully depreciated. (Miles)		-\$3,000	
	To update depreciation reserve up through Jun 30, 2014. (Harrison)		\$1,041	
R-32	Meters- Bronze Chamber	346.000		-\$258
	To eliminate reserve that is associated with CIAC amortization or that is fully depreciated. (Miles)		-\$258	
R-44	Other General Equipment	379.000		-\$1,669

Hickory Hill's Water
 Informal Rate Case
 Case Number WR-2014-0167
 Test Year Ending 6-30-2013, Update 6/30/2014
 Schedule of Adjustments for Accumulated Depreciation Reserve - Water

<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>
Reserve Adjustment Number	Accumulated Depreciation Reserve Adjustments Description	Account Number	Adjustment Amount	Total Adjustment Amount
	To eliminate reserve that is associated with CIAC amortization or that is fully depreciated. (Miles)		-\$1,669	
Total Reserve Adjustments				<u><u>\$1,041</u></u>

Hickory Hill's Water
Informal Rate Case
Case Number WR-2014-0167
Test Year Ending 6-30-2013, Update 6/30/2014
Revenue Schedule - Water

	A	B	C	D	E	F	G
Line Number	Account Number (Optional)	Revenue Description	Company/ Test Year Amount	Adjustment Number	Jurisdictional Adjustments	Jurisdictional Allocation	Adjusted Jurisdictional
Rev-1		ANNUALIZED REVENUES					
Rev-2		Annualized Rate Revenues	\$0	Rev-2	\$21,838	100.00%	\$21,838
Rev-3		Miscellaneous Revenues	\$0	Rev-3	\$173	100.00%	\$173
Rev-4		TOTAL ANNUALIZED REVENUES	\$0		\$22,011		\$22,011

Hickory Hill's Water
 Informal Rate Case
 Case Number WR-2014-0167
 Test Year Ending 6-30-2013, Update 6/30/2014
 Revenue Adjustment Schedule - Water

<u>A</u> Revenue Adj Number	<u>B</u> Adjustment Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment
Rev-2	Annualized Rate Revenues			\$21,838
	1. To Annualize Rate Revenues		\$21,838	
	To Adjust for Meyers PT water usage for 6-months garden. (Harrison)		\$0	
Rev-3	Miscellaneous Revenues			\$173
	1. To Annualize Miscellaneous Revenues		\$173	
Total Revenue Adjustments				<u>\$22,011</u>

Hickory Hill's Water
Informal Rate Case
Case Number WR-2014-0167
Test Year Ending 6-30-2013, Update 6/30/2014
Rate Revenue Feeder Schedule - Water

Line Number	A Description	Residential 5/8"		Commercial 5/8"	
		B Amount	C Amount	D Amount	E Amount
1	<u>Customer Charge Revenues:</u>				
2	Customer Number	47		0	
3	Bills Per Year	12		0	
4	Customer Bills Per year	564		0	
5	Current Customer Charge	<u>\$20.47</u>		<u>\$0.00</u>	
6	Annualized Customer Charge Revenues		\$11,545		\$0
7	<u>Commodity Charge Revenues:</u>				
8	Total Gallons Sold	2,535,171		0	
9	Less: Base Gallons Included In Customer Charge	<u>0</u>		<u>0</u>	
10	Commodity Gallons	2,535,171		0	
11	Block 1, Commodity Gallons per Block	2,535,171		0	
12	Block 1, Number of Commodity Gallons per Unit	<u>1,000</u>		<u>0</u>	
13	Block 1, Commodity Billing Units	2,535.17		0.00	
14	Block 1, Existing Commodity Charge	<u>\$4.06</u>		<u>\$0.00</u>	
15	Block 1, Annualized Commodity Charge Rev.		\$10,293		\$0
16	Total Annualized Water Rate Revenues		<u>\$21,838</u>		<u>\$0</u>

Commodity Billing Units are based on the number of commodity gallons applicable to each block, divided by the tariff usage rate gallons (e.g. for tariff rate of \$2.50 per 1,000 gallons of usage, the commodity gallons for that rate would be divided by 1,000 to arrive at the number of commodity billing units.

Hickory Hill's Water
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Rate Revenue Feeder Schedule - Water

Line Number	A Description	Total	
		F Amount	G Amount
1	<u>Customer Charge Revenues:</u>		
2	Customer Number	47	
3	Bills Per Year		
4	Customer Bills Per year	564	
5	Current Customer Charge		
6	Annualized Customer Charge Revenues		\$11,545
7	<u>Commodity Charge Revenues:</u>		
8	Total Gallons Sold	2,535,171	
9	Less: Base Gallons Included In Customer Charge	0	
10	Commodity Gallons	2,535,171	
11	Block 1, Commodity Gallons per Block		
12	Block 1, Number of Commodity Gallons per Unit		
13	Block 1, Commodity Billing Units		
14	Block 1, Existing Commodity Charge		
15	Block 1, Annualized Commodity Charge Rev.		\$10,293
16	Total Annualized Water Rate Revenues		\$21,838

Commodity Billing Units are based on the number of commodity gallons applicable to each block, divided by the tariff usage rate gallons (e.g. for tariff rate of \$2.50 per 1,000 gallons of usage, the commodity gallons for that rate would be divided by 1,000 to arrive at the number of commodity billing units.

Hickory Hill's Water
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Miscellaneous Revenues Feeder - Water

Line Number	<u>A</u>	<u>B</u>
	Description	Amount
1	Late Charge Fees	\$173
2	Description of Miscellaneous Revenue Item2	<u>\$0</u>
3	Total Miscellaneous Revenues	<u><u>\$173</u></u>

Hickory Hill's Water
Informal Rate Case
Case Number WR-2014-0167
Test Year Ending 6-30-2013, Update 6/30/2014
Expense Schedule - Water

<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>	<u>G</u>
Line Number	Account Number (Optional) Expense Description	Company/ Test Year Amount	Adjustment Number	Adjustments	Jurisdictional Allocation	Adjusted Jurisdictional
1	OPERATIONS EXPENSES					
2	Receiver Fees	\$4,575	W-2	\$6,583	100.00%	\$11,158
3	Operators Salary / Contract Services	\$3,525	W-3	\$975	100.00%	\$4,500
4	Electricity-(Pumping)	\$3,183	W-4	-\$853	100.00%	\$2,330
5	Chemicals-(Chlorine)	\$0	W-5	\$121	100.00%	\$121
6	TOTAL OPERATIONS EXPENSE	\$11,283		\$6,826		\$18,109
7	MAINTENANCE EXPENSES					
8	Maintenance	\$6,153	W-8	-\$2,349	100.00%	\$3,804
9	Miscellaneous Expense	\$0			100.00%	\$0
10	TOTAL MAINTENANCE EXPENSE	\$6,153		-\$2,349		\$3,804
11	CUSTOMER ACCOUNT EXPENSE					
12	Meter Reading Expense	\$2,400	W-12	\$1,590	100.00%	\$3,990
13	Customer Billing	\$1,500	W-13	-\$1,104	100.00%	\$396
14	Outside Services (Accounting Fees)	\$288	W-14	\$13	100.00%	\$301
15	Office Supplies	\$80	W-15	-\$13	100.00%	\$67
16	Postage	\$212	W-16	-\$68	100.00%	\$144
17	Misc. Supplies	\$0	W-17	\$0	100.00%	\$0
18	Uncollectible Accounts	\$0			100.00%	\$0
19	TOTAL CUSTOMER ACCOUNT EXPENSE	\$4,480		\$418		\$4,898
20	ADMINISTRATIVE & GENERAL EXPENSES					
21	Property & Liability Insurance	\$0			100.00%	\$0
22	TOTAL ADMINISTRATIVE AND GENERAL	\$0		\$0		\$0
23	OTHER OPERATING EXPENSES					
24	Amortization Expense - Receiver Fees	\$0	W-24	\$6,553	100.00%	\$6,553
25	Amortization Expense - 1st National Bank Loan	\$0	W-25	\$538	100.00%	\$538
26	MO DNR Fees (Lab Fees)	\$0	W-26	\$200	100.00%	\$200
27	PSC Assessment	\$168	W-27	\$41	100.00%	\$209
28	Secretary of State	\$20	W-28	\$0	100.00%	\$20
29	Depreciation	\$0	W-29	\$245	100.00%	\$245
30	TOTAL OTHER OPERATING EXPENSES	\$188		\$7,577		\$7,765
31	TAXES OTHER THAN INCOME					
32	Real & Personal Property Taxes	\$0	W-32	\$0	100.00%	\$0
33	Payroll Taxes	\$0	W-33	\$0	100.00%	\$0
34	TOTAL TAXES OTHER THAN INCOME	\$0		\$0		\$0
35	TOTAL OPERATING EXPENSES	\$22,104		\$12,472		\$34,576

Hickory Hill's Water
Informal Rate Case
Case Number WR-2014-0167
Test Year Ending 6-30-2013, Update 6/30/2014
Expense Adjustment Schedule - Water

<u>A</u> Expense Adj Number	<u>B</u> Adjustment Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment
W-2	Receiver Fees			\$6,583
	To adjust test year Receiver fees to a annualized level. (Harrison)		\$6,583	
W-3	Operators Salary / Contract Services			\$975
	To adjust test year Operator Salary to a annualized level. (Harrison)		\$975	
W-4	Electricity-(Pumping)			-\$853
	To normalize the test year electric expense. (Green)		-\$853	
W-5	Chemicals-(Chlorine)			\$121
	Description		\$121	
W-8	Maintenance			-\$2,349
	To normalize the test year maintenance expense. (Green)		-\$2,349	
W-12	Meter Reading Expense			\$1,590
	To adjust meter reading expense to a annualized amount. (Harrison)		\$1,590	
W-13	Customer Billing			-\$1,104
	To adjust customer billing expense to a annualized amount. (Harrison)		-\$1,104	
W-14	Outside Services (Accounting Fees)			\$13
	To adjust outside services expense to a annualized amount. (Green)		\$13	

Hickory Hill's Water
Informal Rate Case
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Expense Adjustment Schedule - Water

<u>A</u> Expense Adj Number	<u>B</u> Adjustment Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment
W-15	Office Supplies			-\$13
	To adjust test year office supply expense to a normalized amount. (Green)		-\$13	
W-16	Postage			-\$68
	To adjust test year postage expense to a normalized amount. (Green)		-\$68	
W-17	Misc. Supplies			\$0
	To adjust test year misc. supply expense to a normalized amount. (Green)		\$0	
W-24	Amortization Expense - Receiver Fees			\$6,553
	To amortize Receiver back-payment over a 5-year period. (Harrison)		\$6,553	
W-25	Amortization Expense - 1st National Bank Loan			\$538
	To amortize 1st National Bank Loan over a 5-year period. (Harrison)		\$538	
W-26	MO DNR Fees (Lab Fees)			\$200
	To include DNR Fees (Harrison)		\$200	
W-27	PSC Assessment			\$41
	To adjust test year PSC assessment rate to a annualized amount.. (Green)		\$41	
W-28	Secretary of State			\$0
	To normalize rate case expense over a 3-year period. (Harrison)		\$0	

Hickory Hill's Water
Informal Rate Case
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Expense Adjustment Schedule - Water

<u>A</u> Expense Adj Number	<u>B</u> Adjustment Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment
W-29	Depreciation			\$245
	1. To Annualize Depreciation		\$245	
W-32	Real & Personal Property Taxes			\$0
	To adjust test year property taxes to current level (Harrison)		\$0	
W-33	Payroll Taxes			\$0
	To normalize payroll taxes. (Green)		\$0	
Total Expense Adjustments				<u>\$12,472</u>