

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

In the Matter of I.H. Utilities, Inc. Small)	<u>Case No. WR-2010-</u>
Company Rate Increase.)	Tracking No. QW-2007-0003

**NOTICE OF COMPANY/STAFF AGREEMENT REGARDING DISPOSITION OF
SMALL WATER COMPANY REVENUE INCREASE REQUEST AND
MOTION TO SET PREHEARING CONFERENCE**

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

1. On August 25, 2006, the Commission received a Rate Increase Request Letter from I.H. Utilities, Inc. (I.H. or Company) and issued a tracking number of QW-2007-0003.
2. On October 4, 2006, I.H. sent a corrected Small Company Request Letter (Request Letter) requesting an increase of \$45,000 to its annual water system operating revenues, pursuant to 4 CSR 240-3.635, the prior rule on water utility small company rate increase procedure.
3. On January 24, 2007, Staff and the Company filed a 150 day extension for I.H. to complete implementation of Auditing Staff's suggestions, and for Staff to verify such costs.
4. On April 12, 2007, I.H. and Staff filed a second 150 day extension for the Company to complete a new billing system, and for Staff to verify completion.
5. For the next year, Staff continued its investigation into the Company's financial and operational condition and became aware of additional debt and payment arrearages that I.H. had incurred in prior years. Staff attempted to provide assistance to the Company in resolving the financial and operational problems, and encouraged I.H. to attempt to negotiate payment

NP

agreements on some of those accounts. *See* Appendix A, Attachment 1 for a timeline including the dates of some of Staff's visits.

6. On April 21, 2008, the Manager of the Water & Sewer Department requested I.H. address its management and operational deficiencies, or else receivership possibilities must be evaluated. *See* Appendix A, Attachment 3.

7. On May 15, 2008, I.H. responded that it was prepared to address the issues.

8. Thereafter, Staff's continuing investigation revealed further financial problems. *See* Appendix A, Attachment 2 HC for a list of major debts as of April 2009. As a result, Staff updated its cost of service recommendation, last performed in late 2006 and early 2007, with a test year ending December 31, 2007, and updated through June 30, 2008.

9. Pursuant to negotiations conducted after the receipt by I.H. of the above-referenced information and recommendations, Staff and the Company were able to reach an agreement (Disposition Agreement) regarding the resolution of I.H.'s request.

10. Staff provided the Office of the Public Counsel (OPC) with various information, as well as a copy of the attached Disposition Agreement prior to this filing.

11. Included in Appendix A, attached hereto, is a copy of the above-referenced Disposition Agreement, as well as various attachments related to the Disposition Agreement and Staff's investigation of the revenue increase request. Additionally, Appendix A contains affidavits from Staff members that participated in the investigation.

12. The Disposition Agreement reflects an agreed-upon annualized operating revenue increase in the amount of \$17,085.

13. The Company is current on its annual report filings, and statements of revenue. I.H. is almost current on its Commission Assessment Fees (with a shortfall of \$0.03), and has no pending cases before the Commission.

14. I.H. will file tariff sheets on August 3, 2009, seeking to implement the terms of the Disposition Agreement and will bear a minimum 45-day effective date of September 30, 2009.

15. I.H.'s original letter requesting a rate increase was filed August 25, 2006, during the time when Commission Rule 4 CSR 240-3.635 was the water utility small company rate increase procedure to be followed. The Commission has since passed 4 CSR 240-3.050 to set out small utility rate case procedures. Therefore, Staff requests, in an abundance of caution, the Commission quickly set a prehearing conference to clarify the procedure to be followed in this case and discuss any other alternative timelines necessary with the parties.

WHEREFORE, the Staff respectfully submits this *Notice of Company/Staff Agreement Regarding Disposition of Small Water Company Revenue Increase Request and Motion to Set Prehearing Conference* and the attached Appendix for the Commission's information and consideration in this case, and requests, ultimately, that the Commission enter an order adopting the terms agreed upon by Staff and the Company.

Respectfully submitted,

/s/ Shelley Syler Brueggemann
Shelley Syler Brueggemann
Missouri Bar No. 52173

Attorney for the Staff of the
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102
(573) 526-7393 (Telephone)
(573) 751-9285 (Fax)
shelley.brueggemann@psc.mo.gov (e-mail)

Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 3rd day of August 2009.

/s/ Shelley Syler Brueggemann

APPENDIX A

STAFF PARTICIPANT AFFIDAVITS AND DISPOSITION AGREEMENT & ATTACHMENTS

CASE NO. QW-2007-0003

Note: To browse through this document by item, click on the "Bookmark" tab at the top of the menu bar to the left of the screen and then click on the item that you want to see.

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Staff Participant Affidavits

Jim Busch – Water & Sewer Department

James M. Russo – Water & Sewer Department

Dana Eaves – Auditing Department

Guy C. Gilbert – Engineering & Management Services Department

Deborah A. Bernsen – Engineering & Management Services Department

BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

AFFIDAVIT OF JAMES M. RUSSO

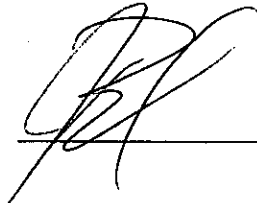
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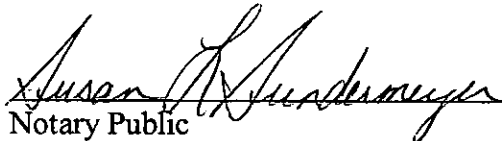
COUNTY OF COLE)

COMES NOW Jim Busch, being of lawful age, and on his oath states the following: (1) that he is the Manager of the Missouri Public Service Commission's Water & Sewer Department; (2) that he participated in the Staff's investigation of the small company rate increase request that is the subject of the instant case; (3) that he was responsible for the preparation of the following *Company/Staff Agreement Regarding Disposition of Small Water Company Revenue Increase Request ("Disposition Agreement")*; (4) that he was responsible for the preparation of Attachment 3 to the Disposition Agreement; (5) that he has knowledge of the matters set forth in the Disposition Agreement and the above-referenced attachment thereto; and (6) that the matters set forth in the Disposition Agreement and the above-referenced attachment thereto are true and correct to the best of his knowledge, information and belief.



Jim Busch
Manager
Water and Sewer Department

Subscribed and sworn to before me this 3rd day of August, 2009.



Notary Public

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

BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

AFFIDAVIT OF JAMES M. RUSSO

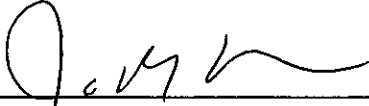
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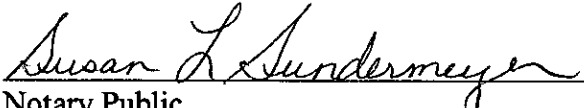
COUNTY OF COLE)

COMES NOW James M. Russo, being of lawful age, and on his oath states the following: (1) that he is the Rate and Tariff Examination Supervisor of the Missouri Public Service Commission's Water & Sewer Department; (2) that he participated in the Staff's investigation of the small company rate increase request that is the subject of the instant case; (3) that he was responsible for the preparation of the following *Company/Staff Agreement Regarding Disposition of Small Water Company Revenue Increase Request ("Disposition Agreement")*; (4) that he was responsible for the preparation of Attachments A, B, D, E, H and Attachment 1 to the Disposition Agreement; (5) that he has knowledge of the matters set forth in the Disposition Agreement and the above-referenced attachments thereto; and (6) that the matters set forth in the Disposition Agreement and the above-referenced attachments thereto are true and correct to the best of his knowledge, information and belief.



James M. Russo
Rate & Tariff Examination Supervisor
Water and Sewer Department

Subscribed and sworn to before me this 3rd day of August, 2009.



Notary Public



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

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI
AFFIDAVIT DANA E. EAVES

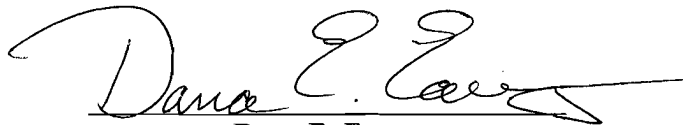
STATE OF MISSOURI

ss.

COUNTY OF COLE


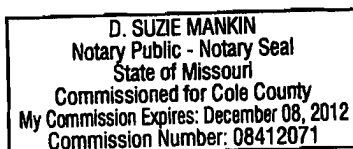
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COMES NOW Dana E. Eaves, being of lawful age, and on his oath states the following: (1) that he is an Utility Regulatory Auditor III in the Missouri Public Service Commission's Auditing Department; (2) that he participated in the Staff's investigation of the small company rate increase request that is the subject of the instant case; (3) that he has knowledge of the following *Company/Staff Agreement Regarding Disposition of Small Water Company Rate Increase Request* ("Disposition Agreement"); (4) that he was responsible for the preparation of Attachment C to the Disposition Agreement; (5) that he has knowledge of the matters set forth in Attachment C to the Disposition Agreement; and (6) that the matters set forth in Attachment C to the Disposition Agreement are true and correct to the best of his knowledge, information, and belief.



Dana E. Eaves
Utility Regulatory Auditor III
Auditing Department

Subscribed and sworn to before me this 30th day of July, 2009.



Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

AFFIDAVIT GUY C. GILBERT, MS, PE, RG

STATE OF MISSOURI

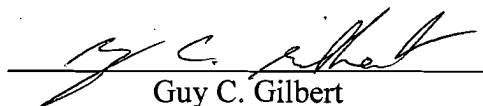
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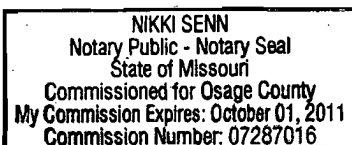
COMES NOW Guy C. Gilbert, being of lawful age, and on his oath states the following: (1) that he is an Utility Regulatory Engineer II in the Missouri Public Service Commission's Engineering and Management Services Department; (2) that he participated in the Staff's investigation of the small company rate increase request that is the subject of the instant case; (3) that he has knowledge of the following *Company/Staff Agreement Regarding Disposition of Small Water Company Rate Increase Request* ("Disposition Agreement"); (4) that he was responsible for the preparation of Attachment F to the Disposition Agreement; (5) that he has knowledge of the matters set forth in Attachment F to the Disposition Agreement; and (6) that the matters set forth in Attachment F to the Disposition Agreement are true and correct to the best of his knowledge, information, and belief.



Guy C. Gilbert

Utility Regulatory Engineer II
Engineering and Management Services Department

Subscribed and sworn to before me this 23rd day of July, 2009.


Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

AFFIDAVIT OF DEBORAH A. BERNSEN

STATE OF MISSOURI

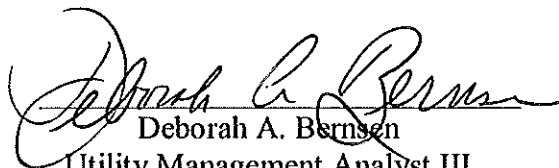
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COUNTY OF COLE

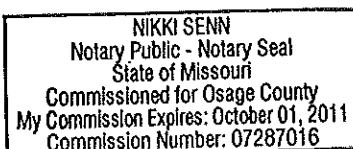
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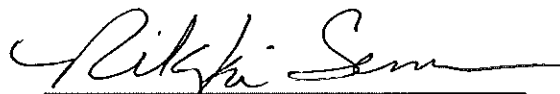
MO PSC Tracking No. QW-2007-0003

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


Deborah A. Bernsen
Utility Management Analyst III
Engineering & Management
Services Department

Subscribed and sworn to before me this 30th day of August, 2009.




Notary Public

Company/Staff Disposition Agreement

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

I. H. UTILITIES, INC.

MO PSC TRACKING NO. QW-2007-0003

BACKGROUND

On August 25, 2006, I.H. Utilities (I.H. or the Company) attempted to initiate a small company rate request by filing a letter with the Missouri Public Service Commission (Commission) in accordance with the Commission's old Small Company Rate Request rule, 4 CSR 240-3.635. In its letter, the Company asked for a rate increase for water service from \$9.00 per month to \$15.00 per month. It also requested that minimum bill usage drop from 4,000 gallons to 3,000 gallons.

The Company's initial request letter was deficient. The initial letter did not indicate the total increase of revenue requirement being requested by the Company, nor did it indicate the reasons for the increase. After receiving a template from the Missouri Public Service Commission Staff (the Staff), the Company re-submitted its request by sending in an appropriate request letter on September 15, 2006. In this revised request, the Company asked for an increase in operating revenues of \$45,000 an increase to existing rates of approximately 55%. The Company also indicated that the need for the rate change was due to an increase in maintenance and operating expenses, water meter replacement, and other capital improvements. The September 15, 2006 request prompted Staff to perform a cost of service review of the Company's books and records as well as a review of the Company's business and customer service practices and an operational inspection. During these reviews, the Staff identified many managerial and operational deficiencies. Examples of managerial deficiencies include poor or no record keeping, poor customer billing practices, failure to file necessary reports to regulatory and taxing authorities and the lack of general managerial abilities. Examples of operational deficiencies include siding and roofing problems on the buildings that needed to be repaired or replaced, both master meters needing repair or replacement, and no production logs. The resolution of these deficiencies is identified under the subsequent section in this Disposition Agreement entitled "Resolution of the Company's Rate Increase Request." While the Company has begun to correct some of the managerial and operational deficiencies identified by the Staff during its reviews, delay in the Company's efforts required that extensions be filed in January of 2007 and in April 2007. The April 2007 extension was primarily

filed in this proceeding because of the installation of a new billing system that assists in the accuracy and timeliness of customer bills. The Company's complete implementation of this new billing system required additional time in order to obtain actual meter readings, to enter appropriate customer data into the billing system, and to ensure that the system was fully operational. Staff requested the additional time to verify the implementation and adequacy of the new billing system and to ensure its costs were appropriately accounted for in customer rates.

Throughout this period of time, Staff made periodic visits to I.H.Utilities including personnel from the Commission's Auditing, Engineering & Management Services and the Water & Sewer Departments. The specific dates of some of these visits are included in the attached timeline, Attachment 1. Furthermore, numerous phone calls and emails occurred between the Company and Staff to continue the investigation of the Company's financial and operational condition and to provide assistance to the utility in resolving the issues. During this interaction the Staff became aware of additional debt and payment arrearages that the Company had incurred in prior years. With the Staff's encouragement, the Company attempted to negotiate payment agreements on some of these accounts. A list of the major debts that the Staff has been able to determine as of April 2009 is included as Highly Confidential Attachment 2.

On April 21, 2008, the Manager of the Water & Sewer Department sent a letter to the Company requiring it to address its management and operational deficiencies, Attachment 3. The letter stated that if the Company refused to address these issues, Staff was prepared to move forward with a receivership case. The Company responded that it was prepared to make the appropriate changes. On May 15, 2008, Staff received a fax from the Company indicating its plan to address these issues. After receipt of the fax from the Company, further investigation by the Staff revealed that the Company continued to have deepening financial problems. Staff believed that it would need to update its cost of service recommendation that had been performed in late 2006 and early 2007 to proceed with the rate request. Staff re-performed the cost of service, utilizing a test year of 12 months ending December 31, 2007, updated through June 30, 2008. The result of that cost of service is the basis for this Disposition Agreement.

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

RESOLUTION OF THE COMPANY'S RATE INCREASE REQUEST

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

- (1) That for the purpose of implementing the agreements set out herein, the Company will file proposed tariff revisions with the Commission containing the rates, charges and language set out in the example tariff sheets attached hereto as Attachment A, with those proposed tariff revisions bearing an effective date of September 30, 2009.
- (2) That except as otherwise noted in the agreements below, the ratemaking income statement attached hereto as Attachment B accurately reflects the Company's annualized revenues generated by its current customer rates, the agreed-upon total annualized cost of service for the Company, and the resulting agreed-upon annualized operating revenue increase of \$17,085 needed to recover the Company's cost of service.
- (3) That the cost of service work papers attached hereto as Attachment C, which include consideration of a capital structure of 100% equity for the Company and a return on that equity of 9.0%, accurately reflect the agreed-upon total annualized cost of service for the Company and provide the basis for the ratemaking income statement referenced in item (2) above.
- (4) That the rates set out in the attached example tariff sheets, the development of which is shown on the rate design worksheet attached hereto as Attachment D, are designed to generate revenues sufficient to recover the agreed-upon total annualized cost of service for the Company.
- (5) That the rates included in the attached example tariff sheets will result in the residential customer impacts shown on the billing comparison worksheet attached hereto as Attachment E.
- (6) That the rates included in the attached example tariff sheets are just and reasonable, and that the provisions of the attached example tariff sheets also properly reflect all other agreements set out herein, where necessary.
- (7) That the schedule of depreciation rates attached hereto as Attachment F, which includes the depreciation rates used by Staff in its revenue requirement analysis, should be the prescribed schedule of water plant depreciation rates for the Company.

(8) The Company will read meters every month commencing with the next billing cycle after the effective date of an order approving this Disposition Agreement. The Company will make available upon request of Commission Staff electronic copies of the meter reading summary.

(9) The Company will keep the books and records in accordance with the Uniform System of Accounts (USOA).

(10) The Company will maintain all information needed to file its annual report in a timely manner, commencing with the 2009 annual report to be filed on or before April 15, 2010.

(11) Within three (3) months of the effective date of an order approving this Disposition Agreement, the Company will implement the recommendations contained in the Engineering & Management Services Department (“EMSD”) Report. These recommendations include the following:

- a. Record and document all employee and outside contractor time associated with all functions of operating the Company and maintain this information in an easily accessible method.
- b. Maintain adequate customer billing records that includes usage, charges and payment history.

(12) Within three (3) months of the effective date of an order approving this Disposition Agreement, the Company will implement the following recommendations and provide documentation to support its actions to the Commission’s Auditing Manager:

- a. The Company will no longer make cash withdrawals from the Company’s bank account via the use of debit cards without proper documentation supporting the utilization and purpose of the funds. Such documentation must be maintained and provided to Staff upon its request.
- b. The Company must pay all contract employees by check and such payments must be supported by time sheets. All expenses associated with labor must be documented appropriately. Such documentation must be maintained and provided to Staff upon its request.
- c. The Company will obtain adequate commercial insurance coverage on all of the Company’s business facilities. The Company will provide a copy of the insurance policy to the Auditing Manager when the policy is issued and will notify the Auditing Manager of any changes to the policy in the future.
- d. The Company will provide a copy or otherwise make available the Company’s bank statements upon the Staff’s request.
- e. The Company will initiate and pay on payment plans according to the schedule listed in the Highly Confidential Attachment 2. The Auditing Manager will be notified of any modification to these agreements.

- f. The Company will develop and maintain vehicle logs, a master meter reading log and a repair log for all capital equipment. These documents will be provided to the Staff upon its request.

(13) Within three (3) months of the effective date of an order approving this Disposition Agreement, the Company will implement the following recommendations and provide proof of completion to the Manager of the Commission's Water and Sewer Department (Water and Sewer Manager):

- a. The Company will have a survey completed of the land that contains all the wells, well buildings, storage tank, and chlorine building and any easements. In addition, the owners of the property will lawfully transfer any property not in the Company's name to the Company and will provide copies of deeds to the Water and Sewer Manager as outlined above.
- b. The Company will make the necessary repairs to make well one operational. These repairs include, but are not limited to, repairing the well pump, motor, wiring and piping.
- c. The Company will institute a meter change out program pursuant to 4 CSR 240-10.030 Standards of Quality (38).
- d. The Company will record daily gallons per minute being pumped, daily chlorine readings, daily/weekly operational observations and/or adjustments made to the system, and begin performing and recording a quarterly drawdown test on the wells.

(14) Within six (6) months of the effective date of an order approving this Disposition Agreement, the Company will implement the following recommendations and provide proof of completion to the Water and Sewer Manager:

- a. The Company will repair the booster pump in well one.
- b. The Company will install a master meter in well two.

(15) Within twelve (12) months of the effective date of an order approving this Disposition Agreement, the Company will implement the following recommendations and provide proof of completion to the Water and Sewer Manager:

- a. The Company will have the storage tanks inspected. The Company will complete any rehabilitation resulting from the inspection of the storage tanks within eighteen (18) months of the effective date of an order approving this Disposition Agreement. The Company will provide the Water and Sewer Manager the results of the tank inspections and proof of completion of any required rehabilitation of the tanks.
- b. The Company will install controls on both wells that will make the well pumps turn on and off automatically as system pressure demands. These controls will allow the well pumps to turn off and on automatically as system pressure demands.

(16) The Company will mail its customers a written notice of the rates and charges included in its proposed tariff revisions within fifteen (15) days or during its next billing cycle after the issuance of the Commission Order approving the terms of this Disposition Agreement. The notice will include a summary of the impact of the proposed rates on an average residential customer's bill. When the Company mails the notice to its customers, it will also send a copy to Staff Case Coordinator who will file a copy in the subject case file.

(17) That Staff will conduct an initial review of the Company's actions within three (3) months of the Commission order approving the terms of the Disposition Agreement. Additional periodic follow-up reviews of the Company's operations will be performed on a quarterly basis and filed with the Commission to ensure that the Company has complied with the provisions of this Disposition Agreement.

(18) That Staff may file a formal complaint against it, if the Company does not comply with the provisions of this Disposition Agreement.

(19) That the Company agrees that it has read the foregoing Company/Staff Agreement Regarding Disposition of Small Water Company Revenue Increase Request; that the facts stated therein are true according to the Company's best knowledge and belief; that the foregoing conditions accurately state the agreement made; and that the Company freely and voluntarily enters into this agreement.

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

ADDITIONAL MATTERS

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

The Company and the Staff acknowledge that they have previously agreed to extensions of the normal "Day-150" date by which an agreement regarding the resolution of a small company revenue increase request is to be reached for the following reasons: (1) Company was implementing many suggestions of the Staff and the Company required additional time to complete these projects to include the costs in the informal rate case; (2) Company installed a new billing system and required additional time to read the meters; and correct prior billing problems; (3) Company's tariff was updated to make the tariff similar to other regulated small water company's operating in

Missouri; and (4) the Staff conducted additional reviews and inspections periodically to ensure it had current information on the Company's financial and operational status. Copies of the extension agreements can be found in the above-referenced EFIS Tracking File for the Request.

Staff has completed a Case Activities Timeline and has included that summary as Attachment 1 to this Disposition Agreement.

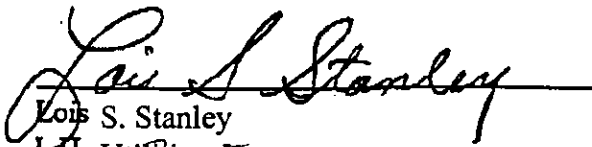
The Company acknowledges that Staff may file with the Commission a motion to pursue a receiver to operate I.H. utilities for non-compliance with this agreement, or other facts demonstrating I.H. Utilities, pursuant to § 393.145.1 "is unable or unwilling to provide safe and adequate service, has been actually or effectively abandoned by its owners, or has defaulted on a bond, note or loan issued or guaranteed by any department, office, commission, board, authority or other unit of state government, the commission may petition the circuit court for an order attaching the assets of the utility and placing the utility under the control and responsibility of a receiver."

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

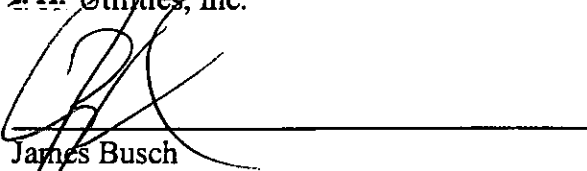
EFFECTIVE DATE AND SIGNATURES

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

Agreement Signed and Dated:


Lois S. Stanley
I. H. Utilities, Inc.

7/28/09
Date


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

7/29/09
Date

List of Attachments

- Attachment A – Example Tariff Sheets
- Attachment B – Ratemaking Income Statement
- Attachment C – Cost of Service Review Workpapers
- Attachment D – Rate Design Worksheet
- Attachment E – Billing Comparison Worksheet
- Attachment F – Schedule of Depreciation Rates
- Attachment G – EMSD Report
- Attachment H – History of Case Events

Agreement Attachment A

Example Tariff Sheets

Cancelling P.S.C. MO
P.S.C. MO

No. 3
No. 2

No supplement of this tariff will be
issued except for the purpose
of cancelling the tariff.

I.H. Utilities, Inc.

Name of Corporation

SCHEDULE OF RATES FOR WATER

APPLYING TO THE FOLLOWING TERRITORY _____

Indian Hills Subdivision

Crawford County

Cuba, Missouri 65453

ISSUED August 3, 2009

Month Day Year

EFFECTIVE September 30, 2009

Month Day Year

By Lois Stanley

Name of Officer

Secretary

Title

2538 Alleghany, I.H., Cuba, MO

Address of Officer

P.S.C. MO No. 3

Original Sheet No. 1

Cancelling P.S.C. MO No. 2

I. H. Utilities, Inc.

Name of Issuing Company

For: Indian Hills Subdivision

Certificated Service Area

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2538 Alleghany, I. H., Cuba, MO
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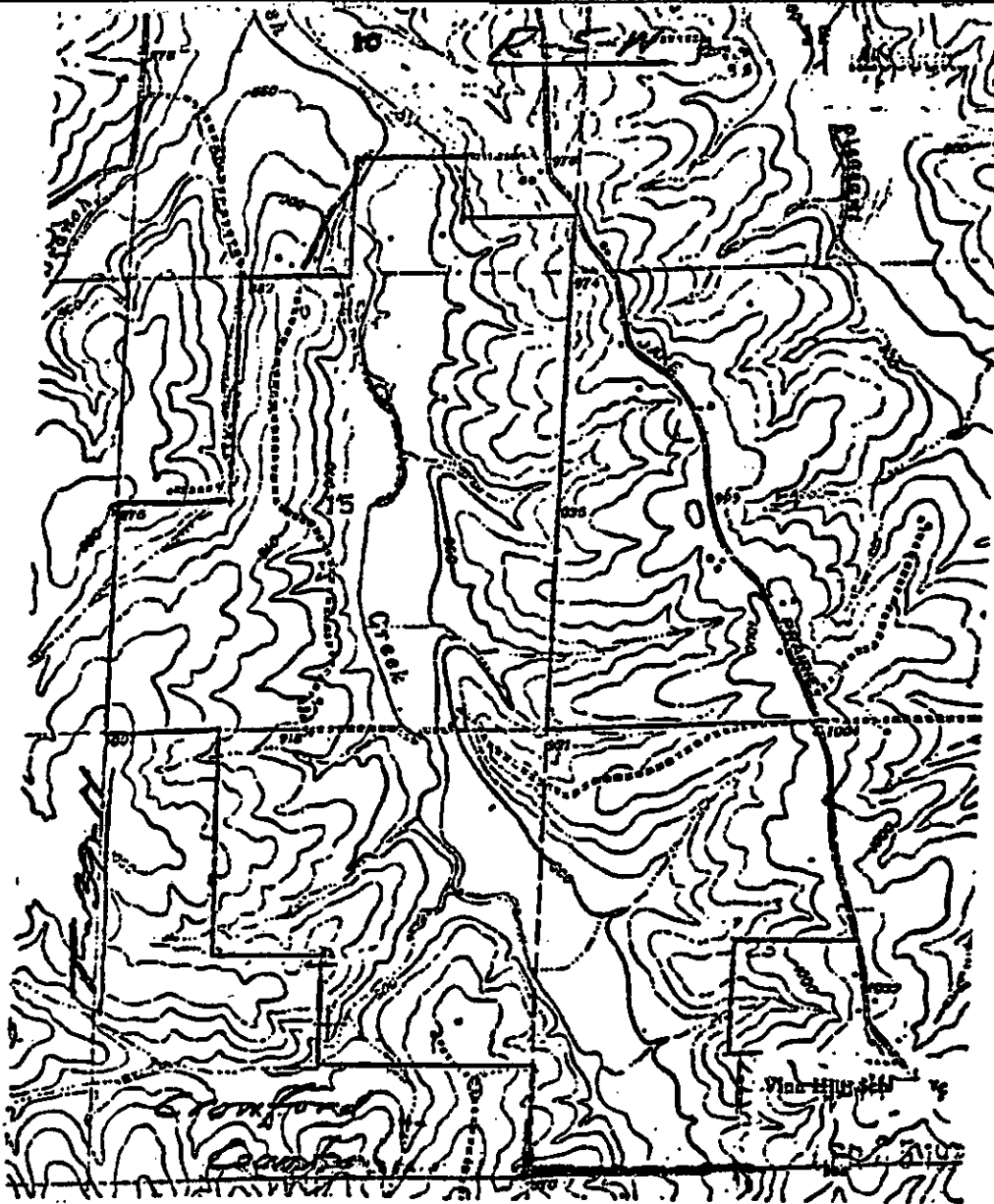
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All that part of the north half of Section 23, lying west of State Route DD; all of the south half of the southwest quarter of Section 23; the northwest quarter of the southwest quarter of Section 23; and the west three-fourths of the northeast quarter of the southwest quarter of Section 23; the north half of the southeast quarter of Section 22; the northeast quarter of Section 22; the east half of the northwest quarter of Section 22; the east half of Section 15, and the east half of the west half of Section 15, and the west half of the southwest quarter of Section 15; and the south half of the southeast quarter of the southeast quarter of Section 10, and the southwest quarter of the southeast quarter of Section 10, all being located in Township 39 North, Range 5 West of the 5th P.M., containing approximately 1,320 acres.

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RATE SCHEDULE 1

Rate Schedule.....General Services

Availability

The company holds itself out to provide water distribution at retail only and no sale of water for redistribution shall be made. Service is available to each dwelling house and each commercial building in the service area.

Rate per month – Regular Metered Service

A. For Residential and Commercial Customer:

First 4,000 gallons or less per month	\$	10.81
All over 4,000 gallons, per 1,000 gal.	\$	1.89
Minimum rate on metered service per mo.	\$	10.81

B. Yard hydrant on unimproved lot \$ 5.40 per mo.
All over 4,000 gallons, per 1,000 gal. \$ 1.89

Taxes

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

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Rate Schedule 2

Rate Schedule.....General Services

Availability

The Company holds itself out to provide water distribution at retail only, and no sale of water for redistribution shall be made.

Rate Per Month

Flat Rate-Unmetered

For residential customers.....\$ 10.81 per mo.

Taxes

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

Availability Charge

Per Lot Owner.....\$ 2.00 per mo.

Application: This rate is applicable where the company has a water main located adjacent to a lot or lots in Indian Hills Subdivision and the owner of said property is subject to a contract agreement with or an assignment to, the company where in it is agreed that the property owner will pay to the company an availability charge until a water service line is connected to the property. At the time a service line is connected, the other rates in this tariff will apply.

As a condition of service, a property owner will be required to pay any availability charges owed, after the effective date of this tariff, before the company is required to provide water service.

INTERIM for eighteen (18) months

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GENERAL RULES AND REGULATIONS

MISCELLANEOUS SERVICE CHARGES

Late Charge

Billings will be made and distributed at monthly intervals. Bills will be rendered bearing the date on which payment will be considered delinquent. The delinquent date is 22 days after rendition of the bill. A charge of \$5.00 or three percent (3%) per month times the unpaid balance, whichever is more, will be added to delinquent amounts.

Returned Check Charge

A returned check charge of \$25.00 per check will be paid by the customers on all checks returned from the bank for insufficient funds.

Door Collection Charge

A door collection charge of \$15.00 will be applicable when a customer pays the serviceman at the time of scheduled disconnection (turn-off) of service to prevent such disconnection.

Emergency Call Out Charge

An Emergency Call-Out Charge of \$25.00 per occurrence will be assessed where a customer requests a shut-off of service and the emergency exists entirely on customer owned facilities.

Turn-off/Turn-On Charge

This fee is applicable for each turn-off or turn-on occurrence.

\$25.00 8 am to 5 pm, Monday thru Friday and

\$35.00 before 8 am and after 5 pm, Monday thru Thursday and on week-ends

New Service Connection Fee

This fee is applicable for installation of a new service line, from the Company's main to the customer's property line: Tap-on \$650

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GENERAL RULES AND REGULATIONS**FILING AND POSTING**

A copy of the rates and regulations under which water service will be supplied is on file with the Public Service Commission of the State of Missouri. A copy is available of inspection at the office of the company, I. H. Utilities, Inc., Cuba, Missouri 65453.

Rule 1 DEFINITIONS

- (a) An "APPLICANT" is a person, firm, corporation, governmental body, or other entity which has applied for service; two or more APPLICANTS may make one application for a main extension
- (b) The "COMPANY" is I.H. Utilities, Inc., acting through its officers, managers, or other duly authorized employees or agents.
- (c) A "CUSTOMER" is any person, firm, corporation or governmental body which has contracted with the company for water service or is receiving service from company, or whose facilities are connected for utilizing such service.
- (d) The "DATE OF CONNECTION" shall be the date of the permit for installation and connection issued by the company. In the event no permit is taken and a connection is made, the date of connection may be the date of commencement of construction of the building upon the property.
- (e) A "DEVELOPER" is any person, firm, corporation, partnership or any entity that, directly or indirectly, holds title to, or sells or leases, or offers to sell or lease, or advertises for sale or lease, any lots in a subdivision.
- (f) "DISCONTINUANCE OF SERVICE" is the intentional cessation of service by the company not requested by the customer.
- (g) The "MAIN" is a pipeline which is owned and maintained by the company, located on public property or private easements, and used to transport water throughout the company's service area.
- (h) The "METER" is a device used to measure and record the quantity of water that flows through the service line, and is installed in the meter setting.
- (i) The "METER SETTING" includes the meter box, meter yoke, lid and appurtenances, all of which shall be owned and maintained by the company.

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- (j) The "SERVICE CONNECTION" is the pipeline connecting the main to the customer's water service line, or outdoor meter setting including all necessary appurtenances. This service connection will be installed, owned, and maintained by the company. If the property line is in a street, the said service connection shall be deemed to end at the edge of the street abutting the customer's property.
- (k) A "SUBDIVISION" is any land in the state of Missouri which is divided or proposed to be divided into tow or more lots or other division of land, whether contiguous or not, or uniform in size or not, for the purpose of sale or lease, and includes resubdivison thereof.
- (l) "TERMINATION OF SERVICE" is cessation of service requested by the customer.
- (m) The word "UNIT" or LIVING UNIT shall be used herein to define the premises or property of a single water consumer, whether or not that consumer is the customer. If shall pertain to any building whether multi-tenant or single occupancy, residential or commercial, or owned or leased. Each mobile home in a mobile home park and each rental unit of a multi-tenant rental property are considered as separate units for each single family or firm occupying same as a residence or place of business.
- (n) The "WATER SERVICE LINE" is a pipe with appurtenances installed, owned and maintained by the customer, used to conduct water to the customer's unit from the property line or outdoor meter setting, including the connection to the meter setting. If the property line is in a street, then the water service line shall be deemed to begin at the edge of the street abutting the customer's property.

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GENERAL RULES AND REGULATIONSRule 2 General

- (a) Every applicant, upon signing an application for any water service rendered by the company, or any customer upon taking of water service, shall be considered to have expressed consent to be bound by these rates and rules.
- (b) The company's rules governing rendering of service are set forth in these numbered sheets. The rates applicable to appropriate water service or service in particular service areas are set forth in rate schedules and constitute a part of these rules.
- (c) The company reserves the right, subject to authority of the Missouri Public Service Commission, to prescribe additional rates, rules or regulations or to alter existing rates, rules or regulations as it may from time to time deem necessary and proper.
- (d) After the effective date of these rules and regulations, all new facilities, construction contracts, and written agreements shall conform to these rules and regulation in accordance with the statutes of the State of Missouri and of the Public Service Commission of Missouri. Pre-existing facilities that do not comply with applicable rules and regulations may remain, provided that their existence does not constitute a service problem or improper use, and reconstruction is not practical.

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I. H. Utilities, Inc.

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GENERAL RULES AND REGULATIONS

Rule 3 COMPANY EMPLOYEES AND CUSTOMER RELATIONS

- (a) Employees or agents of the company are expressly forbidden to demand or accept any compensation for any services rendered to its customers except as covered in the company's rules and regulations.
- (b) No employee or agent of the company shall have the right or authority to bind it by any promise, agreement or representation contrary to the intent of these rules and regulations.

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GENERAL RULES AND REGULATIONS

Rule 4 APPLICATION FOR SERVICE

- (a) A written application for service, signed by the customer, stating the type of service required and accompanied by any other pertinent information, will be required from each customer before service is provided to any unit. Every customer, upon signing an application for any service rendered by the company, or upon taking of service, shall be considered to have expressed consent to the company's rates, rules and regulations.
- (b) If service is requested at a point not already served by a main of adequate capacity, a main of adequate size shall be extended as may be necessary according to the company's rule for extension of water mains.
- (c) When, in order to provide the service requested, a main extension or other unusual construction or equipment expense is required, the company shall require a written contract. Said contract may include, but not be limited to the obligations upon the company and the applicant, and shall specify a reasonable period of time necessary to provide such service

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GENERAL RULES AND REGULATIONS

Rule 5 INSIDE PIPING AND WATER SERVICE LINES

- (a) The company will provide water service at the outdoor meter, or at the property line. Separate buildings shall be served through separate water service lines.
- (b) The service connection from the water main to the customer's property line, the meter installation and setting shall be constructed, owned and maintained by the company. Water service line construction and maintenance from the property line or meter setting, including the connection to the meter setting, to the building shall be the responsibility of the customer, and is subject to inspection by the company. Customers shall be responsible for the cost of repairing any damage to the company's mains, meters, and meter installations caused by the customer, his agent, or tenant.
- (c) Existing water service lines may be used in connecting with new buildings only when they are found by examination and testing not to constitute a hazard to the health and safety of any customer or the company's facilities.
- (d) The water service line shall be brought to the unit at a depth of not less than 36 inches and have a minimum inside diameter of $\frac{3}{4}$ inch. The customer is responsible for the determination of whether or not a larger size is needed to provide adequate flow to the unit. A valve must be installed in the service line where it enters the unit. This valve must be kept in good repair in order to shut off the water supply and drain the inside plumbing, if necessary.
- (e) Water service lines and inside piping shall be of material conforming to recognized standards for potable water service and shall have a pressure rating of at least 160 psi working pressure.
- (f) The company will not install a service connection to a vacant lot.
- (g) Any change in the location of an existing service connection requested by the customer shall be made at his expense.

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- (h) The Company shall not be liable for damages because of any interruption of water service or for damages caused by defective piping and appliances on the customer's premises.
- (i) Licensed plumbers are allowed to turn water off or on at the corporation cock to any service pipe to make repairs and test their work. Other persons not connected with the Company are strictly forbidden to turn the water on or off at the corporation or stop cock. Water may be turned off or on to any premises only by any employee at the Company.
- (j) The company shall have the right to enter the customer's premises for the purpose of inspection to ensure compliance to these rules. Company personnel shall identify themselves and make these inspections during reasonable hours.
- (k) Neither water service lines nor service connections may be extended along public streets or roadways or through property of others in connecting with the company's mains. The service connection may, however, extend through the water main easement and roadway easement as necessary in order to be connected to a main located across and adjacent to a street in front of the customer's living unit. The service connection and service line must be laid in a straight line and at right angles to the main and the face of the structure or as nearly so as possible. Any deviation from this because of physical obstruction will be at the discretion of the company.
- (l) Any customer having a plumbing arrangement, or a water-using device that could allow backsiphonage of any chemical, petroleum, process water, water from a questionable supply, or other substance that could create a health hazard or damage to the water system; or, any customer's plumbing classified as an actual or potential backflow hazard in the regulations of the Missouri Department of Natural Resources, 10 CSR 60 – 11, shall require to install and maintain a backflow prevention device. This rule may also apply to customers on whose premises it is impossible or impractical for the company to perform a cross connection survey. The device installation, location and maintenance program shall be approved by the company.

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Rule 6 IMPROPER OR EXCESSIVE USE

- (a) No customer shall be wasteful of the water supplied to the unit by his willful action or inaction. It shall be the responsibility and duty of each customer to maintain all piping and fixtures at the unit in a good and efficient state of repair at all times.
- (b) No customer shall make or cause to be made a cross connection between the potable water supply and any source of chemical or bacterial contamination or any other water supply. The company shall deny or discontinue service where customer's water service line or inside piping may, in the opinion of the company, cause a cross-connection with non-potable water or otherwise jeopardize the health and safety of other customers or the company's facilities.
- (c) The customer shall not make or cause to be made a connection to a device that will result in excessive water demand or excessive shock, such as water-hammer, to the company's mains.
- (d) The customer shall not tamper with, remove, or willfully damage a water meter or attempt to operate the shutoff cock on the meter yoke, or allow any such action.
- (d) The customer shall not attempt to take unmetered water from the company mains either by an unauthorized tap or direct connection to service connection nor by connection to a fire hydrant.
- (f) Customers will not be permitted to supply water in any way to premises other than the service address, nor to permit others to use to use their hose or attachments, nor leave them exposed to use by others without permission from the water company.

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GENERAL RULES AND REGULATIONSRule 7 DISCONTINUANCE OF SERVICE BY COMPANY

(a) The company may discontinue service for any of the following reasons:

1. Nonpayment of a delinquent account not in dispute.
2. Failure to post a security deposit or guarantee acceptable to the utility.
3. Unauthorized interference, diversion or use of the utility service situated or delivered on or about the customer's premises.
4. Failure to comply with the terms and conditions of a settlement agreement.
5. Refusal to grant access at reasonable times to equipment installed upon the premises or the property of the customer for the purpose of inspection, meter reading, maintenance or replacement.
6. Violation of any of these rules on file with and approved by the Public Service Commission, or for any condition which adversely affects the safety of the customer or other persons, or the integrity of the utility's delivery system.
7. Non payment of a sewer bill issued by the company, or by a sewer utility requesting discontinuance of water service by an approved agreement between the company and such sewer utility. When water service is discontinued for this reason, any charges for turn on/off or disconnection/reconnection within these rules shall not apply, and notice to the customer shall be provided by rules and procedure applicable to the customer's sewer service in lieu of notification required by these rules.

(b) The company may discontinue service after notice by first class mail is sent to the customer at least ten (10) days prior to the date of the proposed discontinuance. If written notice is hand delivered to the customer, it shall be done at least ninety-six (96) hours prior to discontinuance. If the company intends to discontinue serve to a multi-tenant dwelling, a notice shall also be

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conspicuously posted in the building ten (10) days prior to the proposed discontinuance. Service of notice by mail is complete upon mailing. Discontinuance shall not occur more than eleven (11) business days after the date given as the discontinuance date.

- (c) The company shall make reasonable effort to communicate with the customer at least twenty-four (24) hours prior to any discontinuance, regarding the reason(s) for discontinuance of service, and the resolution. If discontinuance of service would affect an occupant who is not the company's customer, or is not responsible for payment for the bill, then the company shall make reasonable effort to inform such occupant(s).
- (d) The company shall postpone the discontinuance if personnel will not be available to restore service the same day, or if personnel will not be available to restore service the following day. The company also shall postpone discontinuance if a medical emergency exists on the premises, however the postponement may be limited to 21 day, and the company may require proof of a medical emergency.
- (e) Discontinuance of service will be made during the hours of 8:00 a.m.-4:00 p.m. Company personnel shall identify themselves and announce the intention to disconnect service, or leave a conspicuous notice of the disconnect.
- (f) The provisions of paragraphs (c) and (e) above may be waived if safety of company personnel while at the premises is a consideration.
- (g) Discontinuance of service to a unit for any reason shall not prevent the company from pursuing any lawful remedy by action at law or otherwise for the collection of monies due from the customer.
- (h) In case the company discontinues its service for any violation of these rules, then any monies due the company shall become immediately due and payable.
- (i) The company has the right to refuse or to discontinue service to any unit to protect itself against fraud or abuse.
- (j) The company shall deal with customers and handle customer accounts in accordance with the Public Service Commission's Utility Billing Practices, 4 CSR 240-13.

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GENERAL RULES AND REGULATIONSRule 8 TERMINATION OF SERVICE AT CUSTOMER'S REQUEST

- (a) Service will be terminated at the customer's request, by giving not less than twenty-four (24) hours notice to the company during its regular office hours. The company shall, on the requested day, read the customer's meter and charges for water service rendered up to and including the time of termination shall be computed and will become due and payable immediately.
- (b) A customer may request temporary termination of service for any length of time for his own convenience; however, the customer shall still be charged the minimum usage charge at the appropriate rate during the time service is turned off. Turn off and turn on charges as specified in the schedule of service charges will be applied.

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GENERAL RULES AND REGULATIONSRule 9 INTERRUPTIONS IN SERVICE

- (a) The company reserves the right to discontinue water in its mains at any time, without notice, for making emergency repairs to the water system.
- (b) Whenever service is interrupted for repairs, all customers affected by such interruptions will be notified in advance whenever it is possible to do so. Every effort will be made to minimize interruption of service.
- (c) No refunds of charges for water service will be made for interruptions of service unless due to willful misconduct of the company.
- (d) In order to avoid service problems when extraordinary conditions exist, the company reserves the right, at all times, to determine the limit of and regulate in a reasonable and non-discriminatory manner, and where practical, the maximum amounts of water drawn from the company mains.
- (e) The company shall not be responsible in damages for any failure to supply water to the premises or for interruptions if such failure or interruption is without default or negligence on its part.

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GENERAL RULES AND REGULATIONSRule 10 BILLS FOR SERVICE

- (a) The charges for water service shall be at the rates specified in the rate schedules on file with the Missouri Public Service Commission. Other service charges, such as for turn-off or turn-on, are set forth in the Schedule of Service Charges in these rules.
- (b) A customer who has made application for water service to a unit shall be responsible for payment for all water service provided to him at said unit from the date of connection until the date requested by the customer by proper notification to the company to terminate service.
- (c) Each customer is responsible for furnishing the company with the correct address. Failure to receive bills will not be considered an excuse for non-payment nor reason to permit an extension of the date when the account would be considered delinquent. Bills and notices relating to the company or its business will be mailed or delivered to the mailing address entered in the customer's application unless the company is notified in writing by the customer of a change of address.
- (d) Payments shall be made at the office of the company or at such other places conveniently located as may be designated by the company or by ordinary mail. However, payment must be received by the close of business on the date due.
- (e) Neither the company nor the customer will be bound by bills rendered under mistake of fact as to the quantity of service rendered or as a result of clerical error. Customers will be held responsible for charges based on service provided.
- (f) A separate bill shall be rendered for each customer with itemization of all water service charges. All bills for service shall state the due date. The company shall have the right to render bills monthly.
- (g) Bill shall be due twenty-one (21) calendar days from the date of rendition, unless such due date falls on a Sunday, a legal holiday, or other day when the office is closed, in which case the due

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+ Indicates Changed Rate or Text

Issue Date: August 3, 2009
Month/Day/YearEffective Date: September 30, 2009
Month/Day/YearIssued By: Lois Stanley Secretary
Name & Title of Issuing Officer2538 Alleghany, I. H., Cuba, MO
Company Mailing Address

I. H. Utilities, Inc.
Name of Issuing Company

For: Indian Hills Subdivision
Certificated Service Area

GENERAL RULES AND REGULATIONS

date shall be extended to the next business day. Bills unpaid after the stated due date will be delinquent and the company shall have the right to discontinue service in accordance with Rule 7. The company shall not be required to restore or connect any new service for such delinquent customers until the unpaid account due the company under these Rules and Regulation has been paid in full or arrangements satisfactory to the company have been made to pay said account.

- (h) Bills for metered rate service will be rendered by the Company monthly and cover the month preceding the bill date.
- (i) Bills for flat rate service will be rendered by the Company quarterly on the first day of January, April, July and October and shall cover the service furnished for the three month period preceding the billing date. Bills for flat service shall be due 21 days after the date distributed.
- (j) When bills are rendered for a period of less than a complete billing period due to the connection or termination of service, the billing shall be the monthly minimum plus an amount based on the water used at the commodity (water usage) rate or one-half (1/2) of the flat rate if applicable.
- (k) The Company will read the customer meters monthly. The Company may read absentee customers meters quarterly, providing the absentee customer informs the Company of their absence. The Company will maintain a list of absentee customers for review by the PSC Staff. Absentee customers will receive a monthly bill based on the minimum charge in the Company schedule of rates.
- (l) The company may require a security deposit or other guarantee as a condition of new service if the customer: still has unpaid account with a utility providing the same type of service accrued within the last five years; or has diverted or interfered with the same type of service in a unauthorized manner within the last five (5) years; or is unable to establish a credit rating with the company. Adequate credit rating for a residential customer shall be established if the customer: owns or is purchasing a home; or is and has been regularly employed full time for at least one year; or has an adequate and regular source of income; or can provide credit references from a commercial credit source.

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GENERAL RULES AND REGULATIONS

- (m) The company may require a security deposit or other guarantee of payment as a condition of continued service if: the water service of the customer has been discontinued for non-payment of a delinquent account not in dispute; or the utility service to the unit has been diverted or interfered with in a unauthorized manner; or the customer has failed to pay undisputed bills before the delinquency date for five (5) billing periods out of twelve (12) consecutive monthly billing periods, or two (2) out of four (4) consecutive quarterly billing periods.
- (n) The amount of security deposit shall not exceed two (2) times the highest bill for utility charges incurred or estimated during the most proximate twelve (12) month period.
- (o) Interest at the rate of 6% per annum compounded annually shall be payable on all deposits, but shall not accrue after the utility has made reasonable effort to return the deposit. Interest may be credited to the customer's account.
- (p) After a customer has paid proper and undisputed utility bills by the due dates, for a period not to exceed one year, credit shall be established or re-established, and the deposit and any interest due shall be refunded. The utility may withhold full refund of the deposit pending resolution of a disputed matter.
- (q) The utility shall give a receipt for deposits received, but shall also keep accurate records of deposits, including customer name, service address, amounts, interest, attempts to refund and dates of every activity regarding the deposit.
- (r) All billing matters shall be handled in accordance with the Public Service Commission's Utility Billing Practices, 4 CSR 240-13.

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Company Mailing Address

P.S.C. MO No. 3

Original Sheet No. 22

Cancelling P.S.C. MO No. 2

I. H. Utilities, Inc.

Name of Issuing Company

For: Indian Hills Subdivision

Certificated Service Area

GENERAL RULES AND REGULATIONS

Rule 11 METERS AND METER INSTALLATIONS

- (a) All permanent service connections shall be metered. The company's installed meter shall be the standard for measuring water used to determine the bill.
- (b) All meters and meter installation shall be furnished, installed, maintained and removed by the company and shall remain its property.
- (c) The company shall have the right to determine on the basis of the customer's flow requirements the type and size of meter to be installed and location of same. If flow requirements increase or decrease subsequent to installation and a larger or smaller meter is requested by the customer, the cost of installing such meter shall be paid by the customer.
- (d) Service to any one customer shall be furnished through a single metering installation. Where a building is occupied by more than one tenant, the building shall be served by one meter. Inside piping may be rearranged at the customer's own expense so as to separate the units and meter tenants, then divide the bill accordingly.
- (e) The meters and meter installations furnished by the company shall remain its property and the owners of premises wherein they are located shall be held responsible for their safekeeping. For failure to protect same against damage, the company may refuse to supply water until the company is paid for such damage. The amount of the charge shall be the cost of the necessary replacement parts and the labor cost necessary to make the repair.
- (f) The meter will be installed at or near the customer's property line; it shall be placed in a meter box vault constructed by the company in accordance with its specifications. The company shall furnish and install suitable metering equipment for each customer except where installation in a special setting is necessary, in which case the excess cost of installation shall be paid by the customer.
- (g) The customer shall promptly notify the company of any defect in, or damage to, the meter setting.

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Certificated Service Area

GENERAL RULES AND REGULATIONS

- (h) Any change in the location of any existing meter or meter setting at the request of the customer shall be made at the expense of the customer, and with approval of the company.
- (i) If an existing basement meter location is determined inadequate or inaccessible by the company, the customer must provide for the installation of a meter to be located at or near the customer's property line. The customer shall obtain from the company, or furnish the necessary meter installation appurtenances conforming to the company's specifications, and said appurtenances and labor shall be paid by the customer.
- (j) Approved meter installation locations in dry basements, sufficiently heated to keep the meter from freezing, may remain provided the meter is readily accessible, at the company's and customer's convenience as determined by the company, for servicing and reading and the meter space provided is located where the service line enters the building. The company may, at its discretion, require the customer to install a remote reading device at an approved location, for the purpose of reading. It is the responsibility of the customer and/or the owner of the premises to provide a location for the water or couplings, will not result in damage. The company's liability for damages to any and all property caused by such leakage shall in no event exceed the price of water service to the affected premises for one average billing period in the preceding year. Where damage is caused by the negligence of company personnel at the premises, this limitation will not apply. If a customer refuses to provide an accessible location for a meter as determined by the company, the company will notify the Executive Secretary of the Public Service Commission before ultimately refusing service or proceeding to discontinue service.

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GENERAL RULES AND REGULATIONSRule 12 METER TESTS AND TEST FEES

- (a) Any customer may request the company to make a special test of the accuracy of the meter through which water is supplied to him. This test will be made in accordance with water industry test procedures, and to check for accuracy as required by regulations of the Public Service Commission.
- (b) The company reserves the right to remove and test a meter at any time and to substitute another in its place. In case of a dispute involving a question as to the accuracy of the meter, a test will be made by the company upon the request of the customer without charge if the meter has not been tested within twelve (12) months preceding the requested test; otherwise, an approved charge will be made if the test indicates meter accuracy within five percent (5%).
- (c) A meter test requested by the customer may be witnessed by the customer or his duly authorized representative, except for tests of meters larger than two (2) inch inlet, which will be conducted by the water manufacturer. A certified copy of the test report will be provided to the customer.
- (d) If a test shall show an average error of more than five percent (5%), billings shall be adjusted as provided by these Rules.

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Certificated Service Area

GENERAL RULES AND REGULATIONSRule 13 BILL ADJUSTMENTS BASED ON METER TESTS

- (a) Whenever any test by the company of a meter while in service or upon its removal from service shall show such meter to have an average error of more than five percent (5%) on the test streams prescribed by the Public Service Commission, the company shall adjust the customer's bills by the amount of the actual average error of the meter and not the difference between the allowable error and the error as found. The period of adjustment on account of the under-registration or over-registration shall be determined as follows:
- (1) Where the period of error can be shown, the adjustment shall be made for such period.
- (2) Where the period of error cannot be shown, the error found shall be considered to have existed for three (3) months preceding the test.
- (b) If the meter is found on any such test to under-register, the company may render a bill to the customer concerned for the estimated consumption not covered by bills previously rendered during the period of inaccuracy as above outlined. Such action shall be taken only when the company was not at fault for allowing the inaccurate meter to remain in service.
- (c) If the meter is found faster than allowable, the company shall refund to the customer concerned any overcharge caused thereby during the period of inaccuracy as above defined. Said refund may, at the company's option, be in the form of a credit to the customer's bill.

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GENERAL RULES AND REGULATIONSRule 14 EXTENSION OF WATER MAINS

- (a) This rule shall govern the extension of mains by the company within its certified area where there are no water mains.
- (b) Upon receipt of a written application for a main extension, the company will provide the applicant(s) an itemized estimate of the cost of the proposed extension. Said estimate shall include the cost of all labor and materials required, including valves, fire hydrants, booster stations, storage facilities, reconstruction of existing mains (if necessary), and the direct costs associated with supervision, engineering, permits, and bookkeeping. Applicable income tax cost will be added to this estimate calculated at the maximum rate.
- (c) Applicant(s) shall enter into a contract with the company for the installation of said extension and shall tender to the company a contribution in aid of construction equal to the amount determined in paragraph (b) above, plus any applicable customer connection fee. The contract may allow the customer to contract with an independent contractor for the installation and supply of material, except that main of 12" or greater diameter must be installed by the company, and the reconstruction of existing facilities must be done by the company.
- (d) The cost to an applicant or applicants connecting to a main extension contributed by other applicant(s) shall be as follows:
- (1) For single-family residential applicants that are applying for service in a platted subdivision, the company shall divide the actual cost of the extension by the number of lots abutting said extension to determine the per lot extension cost. When counting lots, corner lots which abut existing main shall be excluded.
- (2) For single-family residential applicants that are applying for service in areas that are unplatted in subdivision lots, the applicants' cost shall be equal to the total cost of the main extension divided by the total length of the main extension in feet times 100 feet.

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Certificated Service Area

GENERAL RULES AND REGULATIONS

(3) For industrial, commercial, or multifamily residential applicants, the cost will be equal to the amount calculated for a single-family residence in paragraphs d(1) or d(2) above multiplied times the flow factors of the applicants' meter. The flow factors of the various sizes of meters are as follows:

<u>Meter Size</u>	<u>Flow Factor</u>
5/8	1
1	2.5
1 ½	5
2	8
3	15
4	25

(e) Refunds of contributions shall be made to applicants(s) as follows:

(1) Should the actual cost of the extension be less than the estimated cost, the company shall refund the difference as soon as the actual cost has been ascertained.

(2) During the first ten years after the main extension is completely, the company will refund to the applicant(s) who paid for the extension moneys collected from applicant(s) in accordance with paragraph (d) above. The refund shall be paid within a reasonable time after the money is collected.

(3) The sum of all refunds to any applicant shall not exceed the total contribution, adjusted for taxes associated with the extension, which the applicant(s) has paid.

(f) Extensions made under this rule shall be and remain the property of the company.

(g) The company reserves the right to further extend the main and to connect mains on intersecting streets and easements. Connecting new customers to such further extensions shall not entitle the applicant(s) paying for the original extension to a refund for the connections of such customers.

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Certificated Service Area

GENERAL RULES AND REGULATIONS

- (h) Extensions made under this rule shall be of company approved pipe sized to meet water service requirements. If the company chooses to size the extension larger in order to meet the company's overall system requirements, the additional cost caused by the large size of pipe shall borne by the company.
- (i) No interest will be paid by the company of payments for the extension made by the applicant(s).
- (j) If extensions are required on private roads, streets, through private property, or on private property adjacent to public right-of-way, a proper deed of easement must be furnished to the company without cost to the company, before the extension will be made.

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Agreement Attachment B

Ratemaking Income Statement

IH UTILITIES

Rate Making Income Statement-Water

Operating Revenues at Current Rates

1	Tariffed Rate Revenues *	\$ 85,057
2	Other Operating Revenues *	\$ -
3	Total Operating Revenues	\$ 85,057
4	* See "Revenues - Current Rates" for Details	

Cost of Service

Item	Amount
1 Pumping Equipment-Purchased Power	\$ 13,772
2 Operation Supervision & Labor	\$ -
3 Water Treatment Expense-Chemicals	\$ 1,829
4 Materials & Supplies	\$ 16,386
5 System Maintenance	\$ 180
6 Repair & Maintenance Expense	\$ 7,963
7 Repair & Maintenance Expense-Road Cut Repairs	\$ 2,260
8 Meters and Supplies	\$ 999
9 Miscellaneous Maintenance Expense	\$ 313
10 Vehical Expense-Fuel	\$ 2,289
11 Meter Reading Labor	\$ 4,844
12 Office Supplies	\$ 3,780
13 Accounting Fees	\$ 622
14 Legal Fees	\$ 6,000
15 Billing & Collections	\$ 2,812
16 Postage	\$ 2,811
17 Administration & General - Salaries	\$ 9,848
18 Employee Pensions & Benefits	\$ -
19 Regulatory Commission Expense	\$ 655
20 DNR Fees	\$ -
21 Dues & Donations	\$ 69
22 Insurance Expense	\$ 1,162
23 Building Rent	\$ 3,243
24 Telephone Expense	\$ 2,736
25 Training	\$ 1,325
26 Sub-Total Operating Expenses	\$ 85,898
27 Property Taxes	\$ 6,292
28 Taxes other than Property	\$ -
29 Employer FICA Taxes	\$ -
30 Federal Unemployment Taxes	\$ -
31 State Unemployment Taxes	\$ -
32 State & Federal Income Taxes	\$ 899
33 Sub-Total Taxes	\$ 7,191
34 Depreciation Expense	\$ 5,441
35 Amortization of Utility Plant (computer system)	\$ -
36 Sub-Total Depreciation/Amortization	\$ 5,441
37 Return on Rate Base	\$ 3,612
38 Total Cost of Service	\$ 102,142
39 Overall Revenue Increase/(Decrease) Needed	\$ 17,085

Agreement Attachment C

Cost of Service Review Workpapers

Exhibit No.: 12345667
Issue: Accounting Schedules
Witness: Dana Eaves
Sponsoring Party: MO PSC Staff
Case No: QW-2007-0003
Date Prepared: July 23, 2009



MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

Revised 7/23/2009

STAFF ACCOUNTING SCHEDULES

I.H. UTILITIES

CASE NO. QW-2007-0003

Jefferson City, Missouri

July 2009

I.H. Utilities
Informal Rate/Certificate Case
Tracking Number QW-2007-0003
Test Year Ending 12/31/2007 Updated to June 30, 2008
Rate Design Schedule - Water

Line Number	Description	Account Number (Optional)	Staff Annualized	Customer Charge	Commodity	Percentage Rate
Rev-1	ANNUALIZED REVENUES					
Rev-2	Annualized Rate Revenues	(1)	\$85,057			
Rev-3	Miscellaneous Revenues	(1)	\$0			
Rev-4	TOTAL ANNUALIZED REVENUES		\$85,057			
1	OPERATIONS EXPENSES	(2)				
2	Management Salary (1)		\$0	\$0	\$0	0.00%
3	Operators Salary/Contract Services (1)		\$0	\$0	\$0	0.00%
4	Electricity-(Pumping)		\$13,772	\$0	\$13,772	0.00%
5	Purchased Power - Propane		\$0	\$0	\$0	0.00%
6	Chemicals-(Chlorine)		\$1,829	\$0	\$1,829	0.00%
7	TOTAL OPERATIONS EXPENSE		\$15,601	\$0	\$15,601	
8	MAINTENANCE EXPENSES					
9	Outside Services Employed (1)		\$0	\$0	\$0	0.00%
10	Material and Supplies		\$16,386	\$0	\$16,386	0.00%
11	Vehicle Expense - Fuel		\$2,289	\$0	\$2,289	0.00%
12	Misc. Supplies		\$0	\$0	\$0	0.00%
13	System Maintenance		\$180	\$0	\$180	0.00%
14	Repair & Maintenance		\$7,963	\$0	\$7,963	0.00%
15	Repair & Maint. Road Cut Repairs		\$2,260	\$0	\$2,260	0.00%
16	Meters and Supplies		\$999	\$0	\$999	0.00%
17	Misc Maintenance Expense		\$313	\$0	\$313	0.00%
18	TOTAL MAINTENANCE EXPENSE		\$30,390	\$0	\$30,390	
19	CUSTOMER ACCOUNT EXPENSE					
20	Meter Reading		\$4,844	\$0	\$4,844	0.00%
21	Accounting Fees		\$622	\$0	\$622	0.00%
22	Legal Fees		\$6,000	\$0	\$6,000	0.00%
23	Billing & Collections		\$2,812	\$0	\$2,812	0.00%
24	Office Supplies		\$3,780	\$0	\$3,780	0.00%
25	Postage		\$2,811	\$0	\$2,811	0.00%
26	Uncollectible Accounts		\$0	\$0	\$0	0.00%
27	TOTAL CUSTOMER ACCOUNT EXPENSE		\$20,869	\$0	\$20,869	
28	ADMINISTRATIVE & GENERAL EXPENSES					
29	Administration & General Salary (1)		\$9,848	\$0	\$9,848	0.00%
30	Office Utilities		\$0	\$0	\$0	0.00%
31	Telephone - Cell Phone		\$2,736	\$0	\$2,736	0.00%
32	Vehicle Insurance		\$0	\$0	\$0	0.00%
33	Vehicle Expense		\$0	\$0	\$0	0.00%
34	Medical Insurance		\$0	\$0	\$0	0.00%
35	Property & Liability Insurance		\$1,162	\$0	\$1,162	0.00%
36	Dues and Donations		\$69	\$0	\$69	0.00%
37	Building Rent		\$3,243	\$0	\$3,243	0.00%
38	Training		\$1,325	\$0	\$1,325	0.00%
39	Other Misc. Expenses		\$0	\$0	\$0	0.00%
40	TOTAL ADMINISTRATIVE AND GENERAL		\$18,383	\$0	\$18,383	
41	OTHER OPERATING EXPENSES					
42	MO DNR Fees		\$0	\$0	\$0	0.00%
43	PSC Assessment		\$655	\$0	\$655	0.00%
44	Corporate Registration		\$0	\$0	\$0	0.00%
45	Amortization Expense		\$0	\$0	\$0	0.00%
46	Depreciation		\$5,441	\$0	\$5,441	0.00%
47	TOTAL OTHER OPERATING EXPENSES		\$6,096	\$0	\$6,096	
48	TAXES OTHER THAN INCOME					
49	Real & Personal Property Taxes		\$6,292	\$0	\$6,292	0.00%
50	Payroll Taxes		\$0	\$0	\$0	0.00%
51	TOTAL TAXES OTHER THAN INCOME		\$6,292	\$0	\$6,292	
52	TOTAL OPERATING EXPENSES		\$97,631	\$0	\$97,631	

I.H. Utilities
Informal Rate/Certificate Case
Tracking Number QW-2007-0003
Test Year Ending 12/31/2007 Updated to June 30, 2008
Rate Design Schedule - Water

Line Number	A Description	B Account Number (Optional)	C Staff Annualized	D Customer Charge	E Commodity	F Percentage Rate
53	Interest Expense	(3)	\$0	\$0	\$0	0.00%
54	Return on Equity	(3)	\$3,612	\$0	\$3,612	0.00%
55	Income Taxes	(3)	\$899	\$0	\$899	0.00%
56	TOTAL INTEREST RETURN & TAXES		\$4,511	\$0	\$4,511	
57	TOTAL COST OF SERVICE		\$102,142	\$0	\$102,142	
58	Less: Miscellaneous Revenues		\$0	\$0	\$0	0.00%
59	COST TO RECOVER IN RATES		\$102,142	\$0	\$102,142	
60	INCREMENTAL INCREASE IN RATE REVENUES		\$17,085			
61	PERCENTAGE OF INCREASE		20.09%			
62	REQUESTED INCREASE IN REVENUES		\$45,000			

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

I.H. Utilities
Informal Rate/Certificate Case
Tracking Number QW-2007-0003
Test Year Ending 12/31/2007 Updated to June 30, 2008
Rate Base Required Return on Investment Schedule - Water

Line Number	A Rate Base Description	B Dollar Amount	
1	Plant In Service	\$111,191	From Plant Schedule
2	Less Accumulated Depreciation Reserve	\$71,059	From Depreciation Reserve Schedule
3	Net Plant In Service	\$40,132	
4	Other Rate Base Items:	\$0	
	Contribution in Aid of Construction	\$0	
	CIAC Depreciation	\$0	
5	Total Rate Base	\$40,132	
6	Total Weighted Rate of Return Including Income Tax	11.24%	From PreTax Return & Taxes Schedule
7	Required Return & Income Tax	\$4,511	

I.H. Utilities
 Informal Rate/Certificate Case
 Tracking Number QW-2007-0003
 Test Year Ending 12/31/2007 Updated to June 30, 2008
 Rate of Return Including Income Tax - Water

A	B formulas
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1	State Income Tax Rate	Statutory / Effective	6.25%	(2)	5.81%	$(1 - (B2 \times .5)) \times A1$
2	Federal Income Tax Rate	Statutory / Effective	14.99%	(1) & (2)	14.12%	$(1 - B1) \times A2$
3	Composite Effective Income Tax Rate				19.93%	$B1 + B2$
4	Equity Tax Factor				1.2489	$1 / (1 - B3)$
5	Recommended Weighted Rate of Return on Equity - Common and Preferred				9.00%	From Capital Structure Schedule
6	Weighted Rate of Return on Equity Including Income Tax				11.24%	$B4 \times B5$
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				11.24%	$B6 + B7$

To Rate Base Schedule

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

N

Equity Income Required \$4,249
 & Preliminary Federal Tax

Tax Rate Table

Net Income Range				
Start	End	Tax Rate	Amount in Range	Tax on Range
\$0	\$50,000	15.00%	\$4,249	\$637
\$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
			\$4,249	\$637
Consolidated Tax Rate:				
Average Tax Rate:				0.1499

I.H. Utilities
 Informal Rate/Certificate Case
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 Capital Structure Schedule - Water

Line Number	Description	Dollar Amount	Percentage of Total Capital Structure	Embedded Cost of Capital	Weighted Cost of Capital
1	Common Stock	\$71,300	100.00%	9.00%	9.000%
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%	0.00%	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	\$71,300	100.00%		9.000%

To PreTax Return Rate Schedule

I.H. Utilities
 Informal Rate/Certificate Case
 Tracking Number QW-2007-0003
 Test Year Ending 12/31/2007 Updated to June 30, 2008
 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	Organization	\$750			100.00%	\$750
3	302.000	Franchises	\$0			100.00%	\$0
4		TOTAL INTANGIBLE PLANT	\$750		\$0		\$750
5		SOURCE OF SUPPLY PLANT					
6	310.000	Land & Land Rights SP	\$1,500			100.00%	\$1,500
7	311.000	Structures & Improvements - SSP	\$1,600			100.00%	\$1,600
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	\$12,619			100.00%	\$12,619
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	\$15,719		\$0		\$15,719
14		PUMPING PLANT					
15	321.000	Structures & Improvements - PP	\$0			100.00%	\$0
16	325.000	Electric Pumping Equipment	\$26,350			100.00%	\$26,350
17	326.000	Diesel Pumping Equipment	\$0			100.00%	\$0
18	328.000	Other Pumping Equipment	\$0			100.00%	\$0
19		TOTAL PUMPING PLANT	\$26,350		\$0		\$26,350
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	\$2,324	P-23	\$0	100.00%	\$2,324
24		TOTAL WATER TREATMENT PLANT	\$2,324		\$0		\$2,324
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	\$13,880			100.00%	\$13,880
29	344.000	Fire Mains	\$0			100.00%	\$0
30	345.000	Services	\$0			100.00%	\$0
31	343.000	Transmission & Distribution Mains	\$14,812	P-31	\$353	100.00%	\$15,165
32	346.000	Meters- Bronze Chamber	\$6,254			100.00%	\$6,254
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	\$34,946		\$353		\$35,299
39		GENERAL PLANT					
40	370.000	Land & Land Rights-GP	\$0			100.00%	\$0
41	371.000	Structures & Improvements - GP	\$0			100.00%	\$0
42	391.000	Office Furniture & Equipment	\$2,697			100.00%	\$2,697
43		Office Computer Equipment	\$0			100.00%	\$0
44	373.000	Transportation Equipment - GP	\$0			100.00%	\$0
45	379.000	Other General Equipment	\$0			100.00%	\$0
46	394.000	Tools, Shop & Garage Equipment	\$352			100.00%	\$352
47	396.000	Power Operated Equipment	\$19,262			100.00%	\$19,262
48	398.000	Miscellaneous Equipment	\$7,438	P-48	\$1,000	100.00%	\$8,438
49		TOTAL GENERAL PLANT	\$29,749		\$1,000		\$30,749
50		TOTAL PLANT IN SERVICE	\$109,838		\$1,353		\$111,191

I.H. Utilities
Informal Rate/Certificate Case
Tracking Number QW-2007-0003
Test Year Ending 12/31/2007 Updated to June 30, 2008
Plant In Service - Water

Line	A Account #	B	C Total	D Adjustment	E	F Jurisdictional	G Adjusted
Number	(Optional)	Plant Account Description	Plant	Number	Adjustments	Allocation	Jurisdictional

To Rate Base & Depreciation Schedules

I.H. Utilities
 Informal Rate/Certificate Case
 Tracking Number QW-2007-0003
 Test Year Ending 12/31/2007 Updated to June 30, 2008
 Schedule of Adjustments for Plant in Service - Water

A	B	C	D	E
Plant Adjustment Number	Plant In Service Adjustment Description	Account Number	Adjustment Amount	Total Adjustment
P-23	Water Treatment Equipment	332.000		\$0
	To reflect the removal of fully depreciated plant		\$0	
P-31	Transmission & Distribution Mains	343.000		\$353
	To reflect labor expense for replacement of roof on well house.		\$353	
	To reflect the removal of fully depreciated plant		\$0	
P-48	Miscellaneous Equipment	398.000		\$1,000
	To reflect the purchase of tires for backhoe		\$1,000	
	Total Plant Adjustments			\$1,353

I.H. Utilities
 Informal Rate/Certificate Case
 Tracking Number QW-2007-0003
 Test Year Ending 12/31/2007 Updated to June 30, 2008
 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	Organization	\$750	0.00%	\$0
3	302.000	Franchises	\$0	0.00%	\$0
4		TOTAL INTANGIBLE PLANT	\$750		\$0
5		SOURCE OF SUPPLY PLANT			
6	310.000	Land & Land Rights SP	\$1,500	0.00%	\$0
7	311.000	Structures & Improvements - SSP	\$1,600	2.50%	\$40
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	\$12,619	2.00%	\$252
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	\$15,719		\$292
14		PUMPING PLANT			
15	321.000	Structures & Improvements - PP	\$0	0.00%	\$0
16	325.000	Electric Pumping Equipment	\$26,350	10.50%	\$2,767
17	326.000	Diesel Pumping Equipment	\$0	0.00%	\$0
18	328.000	Other Pumping Equipment	\$0	0.00%	\$0
19		TOTAL PUMPING PLANT	\$26,350		\$2,767
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	\$2,324	0.00%	\$0
24		TOTAL WATER TREATMENT PLANT	\$2,324		\$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	\$13,880	2.50%	\$347
29	344.000	Fire Mains	\$0	0.00%	\$0
30	345.000	Services	\$0	0.00%	\$0
31	343.000	Transmission & Distribution Mains	\$15,165	0.00%	\$0
32	346.000	Meters- Bronze Chamber	\$6,254	2.70%	\$169
33	346.000	Meters- Plastic Chamber	\$0	0.00%	\$0
34	347.000	Meter Installations- Bronze	\$0	0.00%	\$0
35	347.000	Meter Installations- Plastic	\$0	0.00%	\$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	\$35,299		\$516
39		GENERAL PLANT			

I.H. Utilities
 Informal Rate/Certificate Case
 Tracking Number QW-2007-0003
 Test Year Ending 12/31/2007 Updated to June 30, 2008
 Depreciation Expense - Water

Line Number	A Account Number	B Plant Account Description	C Adjusted Jurisdictional	D Depreciation Rate	E Depreciation Expense
40	370.000	Land & Land Rights-GP	\$0	0.00%	\$0
41	371.000	Structures & Improvements - GP	\$0	0.00%	\$0
42	391.000	Office Furniture & Equipment	\$2,697	5.00%	\$135
43		Office Computer Equipment	\$0	0.00%	\$0
44	373.000	Transportation Equipment - GP	\$0	0.00%	\$0
45	379.000	Other General Equipment	\$0	0.00%	\$0
46	394.000	Tools, Shop & Garage Equipment	\$352	5.00%	\$18
47	396.000	Power Operated Equipment	\$19,262	6.70%	\$1,291
48	398.000	Miscellaneous Equipment	\$8,438	5.00%	\$422
49		TOTAL GENERAL PLANT	\$30,749		\$1,866
50		Total Depreciation	\$111,191		\$5,441

I.H. Utilities
Informal Rate/Certificate Case
Tracking Number QW-2007-0003
Test Year Ending 12/31/2007 Updated to June 30, 2008
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	Organization	\$0			100.00%	\$0
3	302.000	Franchises	\$0			100.00%	\$0
4		TOTAL INTANGIBLE PLANT	\$0		\$0		\$0
5		SOURCE OF SUPPLY PLANT					
6	310.000	Land & Land Rights SP	\$0			100.00%	\$0
7	311.000	Structures & Improvements - SSP	\$53	R-7	\$20	100.00%	\$73
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	\$7,419	R-10	\$126	100.00%	\$7,545
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	\$7,472		\$146		\$7,618
14		PUMPING PLANT					
15	321.000	Structures & Improvements - PP	\$0			100.00%	\$0
16	325.000	Electric Pumping Equipment	\$19,594	R-16	\$1,383	100.00%	\$20,977
17	326.000	Diesel Pumping Equipment	\$0			100.00%	\$0
18	328.000	Other Pumping Equipment	\$0			100.00%	\$0
19		TOTAL PUMPING PLANT	\$19,594		\$1,383		\$20,977
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	\$2,418	R-23	\$58	100.00%	\$2,476
24		TOTAL WATER TREATMENT PLANT	\$2,418		\$58		\$2,476
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	\$7,199	R-28	\$174	100.00%	\$7,373
29	344.000	Fire Mains	\$0			100.00%	\$0
30	345.000	Services	\$0			100.00%	\$0
31	343.000	Transmission & Distribution Mains	\$14,826	R-31	\$220	100.00%	\$15,046
32	346.000	Meters- Bronze Chamber	\$0			100.00%	\$0
33	346.000	Meters- Plastic Chamber	\$4,716	R-33	\$84	100.00%	\$4,800
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	\$26,741		\$478		\$27,219
39		GENERAL PLANT					
40	370.000	Land & Land Rights-GP	\$0			100.00%	\$0
41	371.000	Structures & Improvements - GP	\$0			100.00%	\$0
42	391.000	Office Furniture & Equipment	\$906	R-42	\$135	100.00%	\$1,041
43		Office Computer Equipment	\$0			100.00%	\$0
44	373.000	Transportation Equipment - GP	\$0			100.00%	\$0
45	379.000	Other General Equipment	\$0			100.00%	\$0
46	394.000	Tools, Shop & Garage Equipment	\$44	R-46	\$9	100.00%	\$53
47	396.000	Power Operated Equipment	\$7,176	R-47	\$645	100.00%	\$7,821
48	398.000	Miscellaneous Equipment	\$3,643	R-48	\$211	100.00%	\$3,854
49		TOTAL GENERAL PLANT	\$11,769		\$1,000		\$12,769
50		TOTAL DEPRECIATION RESERVE	\$67,994		\$3,065		\$71,059

I.H. Utilities
Informal Rate/Certificate Case
Tracking Number QW-2007-0003
Test Year Ending 12/31/2007 Updated to June 30, 2008
Accumulated Depreciation Reserve - Water

A	B	C	D	E	F	G
Line	Account	Total	Adjustment		Jurisdictional	Adjusted
Number	Number	Reserve	Number	Adjustments	Allocation	Jurisdictional

To Rate Base Schedule

I.H. Utilities
 Informal Rate/Certificate Case
 Tracking Number QW-2007-0003
 Test Year Ending 12/31/2007 Updated to June 30, 2008
 Schedule of Adjustments for Accumulated Depreciation Reserve - Water

A Reserve Adjustment Number	B Accumulated Depreciation Reserve Adjustments Description	C Account Number	D Adjustment Amount	E Total Adjustment Amount
R-7	Structures & Improvements - SSP	311.000		\$20
	To reflect depreciation reserve for the update period 6/30/2008		\$20	
R-10	Wells & Springs	314.000		\$126
	To reflect depreciation reserve for the update period 6/30/2008		\$126	
R-16	Electric Pumping Equipment	325.000		\$1,383
	To reflect depreciation reserve for the update period 6/30/2008		\$1,383	
R-23	Water Treatment Equipment	332.000		\$58
	To reflect depreciation reserve for the update period 6/30/2008		\$58	
R-28	Distribution Reservoirs & Standpipes	342.000		\$174
	To reflect depreciation reserve for the update period 6/30/2008		\$174	
R-31	Transmission & Distribution Mains	343.000		\$220
	To reflect depreciation reserve for the update period 6/30/2008		\$220	
R-33	Meters- Plastic Chamber	346.000		\$84
	To reflect depreciation reserve for the update period 6/30/2008		\$84	

I.H. Utilities
 Informal Rate/Certificate Case
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 Schedule of Adjustments for Accumulated Depreciation Reserve - Water

A	B	C	D	E
Reserve	Accumulated Depreciation Reserve	Account	Adjustment	Total
Adjustment	Adjustments Description	Number	Amount	Adjustment
Number				Amount
R-42	Office Furniture & Equipment	391.000		\$135
	To reflect depreciation reserve for the update period 6/30/2008		\$135	
R-46	Tools, Shop & Garage Equipment	394.000		\$9
	To reflect depreciation reserve for the update period 6/30/2008		\$9	
R-47	Power Operated Equipment	396.000		\$645
	To reflect depreciation reserve for the update period 6/30/2008		\$645	
R-48	Miscellaneous Equipment	398.000		\$211
	To reflect depreciation reserve for the update period 6/30/2008		\$211	
	Total Reserve Adjustments			\$3,065

I.H. Utilities
 Informal Rate/Certificate Case
 Tracking Number QW-2007-0003
 Test Year Ending 12/31/2007 Updated to June 30, 2008
 Rate Revenue Feeder Schedule - Water

Line Number	Description	Residential 5/8"		Commercial 2"	
		B Amount	C Amount	D Amount	E Amount
1	<u>Customer Charge Revenues:</u>				
2	Customer Number	708		0	
3	Bills Per Year	12		0	
4	Customer Bills Per year	8,496		0	
5	Current Customer Charge	\$9.00		\$0.00	
6	Annualized Customer Charge Revenues		\$76,464		\$0
7	<u>Commodity Charge Revenues:</u>				
8	Total Gallons Sold	18,772,212		0	
9	Less: Base Gallons Included In Customer Charge	33,984,000		0	
10	Commodity Gallons	(15,211,788)		0	
11	Block 1, Commodity Gallons per Block	5,473,250		0	
12	Block 1, Number of Commodity Gallons per Unit	1,000		0	
13	Block 1, Commodity Billing Units	5,473.25		0.00	
14	Block 1, Existing Commodity Charge	\$1.57		\$0.00	
15	Block 1, Annualized Commodity Charge Rev.		\$8,593		\$0
16	Total Annualized Water Rate Revenues		\$85,057		\$0

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.

I.H. Utilities
 Informal Rate/Certificate Case
 Tracking Number QW-2007-0003
 Test Year Ending 12/31/2007 Updated to June 30, 2008
 Rate Revenue Feeder Schedule - Water

Line Number	Description	Total	
		F Amount	G Amount
1	<u>Customer Charge Revenues:</u>		
2	Customer Number	708	
3	Bills Per Year		
4	Customer Bills Per year	8,496	
5	Current Customer Charge		
6	Annualized Customer Charge Revenues		\$76,464
7	<u>Commodity Charge Revenues:</u>		
8	Total Gallons Sold	18,772,212	
9	Less: Base Gallons Included In Customer Charge	33,984,000	
10	Commodity Gallons	(15,211,788)	
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.		\$8,593
16	<u>Total Annualized Water Rate Revenues</u>		<u>\$85,057</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.

I.H. Utilities
Informal Rate/Certificate Case
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Test Year Ending 12/31/2007 Updated to June 30, 2008
Expense Schedule - Water

Line Number	Account Number (Optional)	Expense Description	Company/ Test Year Amount	Adjustment Number	Adjustments	Jurisdictional Allocation	Adjusted Jurisdictional
1		OPERATIONS EXPENSES					
2		Management Salary (1)	\$0			100.00%	\$0
3		Operators Salary/Contract Services (1)	\$0			100.00%	\$0
4		Electricity-(Pumping)	\$12,445	W-4	\$1,327	100.00%	\$13,772
5		Purchased Power - Propane	\$1,147	W-5	-\$1,147	100.00%	\$0
6		Chemicals-(Chlorine)	\$2,408	W-6	-\$579	100.00%	\$1,829
7		TOTAL OPERATIONS EXPENSE	\$16,000		-\$399		\$15,601
8		MAINTENANCE EXPENSES					
9		Outside Services Employed (1)	\$0			100.00%	\$0
10		Material and Supplies	\$16,386			100.00%	\$16,386
11		Vehicle Expense - Fuel	\$2,289			100.00%	\$2,289
12		Misc. Supplies	\$0			100.00%	\$0
13		System Maintenance	\$180			100.00%	\$180
14		Repair & Maintenance	\$3,066	W-14	\$4,897	100.00%	\$7,963
15		Repair & Maint. Road Cut Repairs	\$2,260			100.00%	\$2,260
16		Meters and Supplies	\$999			100.00%	\$999
17		Misc Maintenance Expense	\$313			100.00%	\$313
18		TOTAL MAINTENANCE EXPENSE	\$25,493		\$4,897		\$30,390
19		CUSTOMER ACCOUNT EXPENSE					
20		Meter Reading	\$0	W-20	\$4,844	100.00%	\$4,844
21		Accounting Fees	\$1,244	W-21	-\$622	100.00%	\$622
22		Legal Fees	\$6,052	W-22	-\$52	100.00%	\$6,000
23		Billing & Collections	\$2,812			100.00%	\$2,812
24		Office Supplies	\$3,780			100.00%	\$3,780
25		Postage	\$2,715	W-25	\$96	100.00%	\$2,811
26		Uncollectible Accounts	\$0			100.00%	\$0
27		TOTAL CUSTOMER ACCOUNT EXPENSE	\$16,603		\$4,266		\$20,869
28		ADMINISTRATIVE & GENERAL EXPENSES					
29		Administration & General Salary (1)	\$0	W-29	\$9,848	100.00%	\$9,848
30		Office Utilities	\$0			100.00%	\$0
31		Telephone - Cell Phone	\$3,120	W-31	-\$384	100.00%	\$2,736
32		Vehicle Insurance	\$0			100.00%	\$0
33		Vehicle Expense	\$0	W-33	\$0	100.00%	\$0
34		Medical Insurance	\$0			100.00%	\$0
35		Property & Liability Insurance	\$1,162			100.00%	\$1,162
36		Dues and Donations	\$69			100.00%	\$69
37		Building Rent	\$0	W-37	\$3,243	100.00%	\$3,243
38		Training	\$1,325			100.00%	\$1,325
39		Other Misc. Expenses	\$0			100.00%	\$0
40		TOTAL ADMINISTRATIVE AND GENERAL	\$5,676		\$12,707		\$18,383
41		OTHER OPERATING EXPENSES					
42		MO DNR Fees	\$1,349	W-42	-\$1,349	100.00%	\$0
43		PSC Assessment	\$1,376	W-43	-\$721	100.00%	\$655
44		Corporate Registration	\$0			100.00%	\$0
45		Amortization Expense	\$0			100.00%	\$0
46		Depreciation	\$0	W-46	\$5,441	100.00%	\$5,441
47		TOTAL OTHER OPERATING EXPENSES	\$2,725		\$3,371		\$6,096
48		TAXES OTHER THAN INCOME					
49		Real & Personal Property Taxes	\$8,183	W-49	-\$1,891	100.00%	\$6,292
50		Payroll Taxes	\$0			100.00%	\$0
51		TOTAL TAXES OTHER THAN INCOME	\$8,183		-\$1,891		\$6,292
52		TOTAL OPERATING EXPENSES	\$74,880		\$22,951		\$97,831

I.H. Utilities
 Informal Rate/Certificate Case
 Tracking Number QW-2007-0003
 Test Year Ending 12/31/2007 Updated to June 30, 2008
 Expense Adjustment Schedule - Water

A	B	C	D	E
Expense Adj		Account	Adjustment	Total
Number	Adjustment Description	Number	Amount	Adjustment
W-4	Electricity-(Pumping)			\$1,327
	To reflect the annualized level of purchase power expense.		\$1,327	
W-5	Purchased Power - Propane			-\$1,147
	To reflect the dissallowance of propane expense used to heat the owners home. Included in rent expense		-\$1,147	
W-6	Chemicals-(Chlorine)			-\$579
	To reflect the annualized level of chemical (chorline) expense		-\$579	
W-14	Repair & Maintenance			\$4,897
	To reflect labor costs associated with Repair and Maintenance activities		\$2,970	
	To reflect labor costs associated with Repair and Maintenance activities Jim Stanley		\$1,927	
W-20	Meter Reading			\$4,844
	To reflect meter reading expense for part-time meter reader		\$1,834	
	To reflect meter reading expense for Lois Stanley		\$3,010	
W-21	Accounting Fees			-\$622
	To reflect the normalized level of accounting fees		-\$622	
W-22	Legal Fees			-\$52

I.H. Utilities
 Informal Rate/Certificate Case
 Tracking Number QW-2007-0003
 Test Year Ending 12/31/2007 Updated to June 30, 2008
 Expense Adjustment Schedule - Water

A Expense Adj Number	B Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment
	To reflect annualized level of expense associated with legal fees		-\$52	
W-25	Postage			\$96
	To reflect the annualized level of postage expense		\$96	
W-29	Administration & General Salary (1)			\$9,848
	To reflect A&G salary for Lois Stanley		\$9,848	
W-31	Telephone - Cell Phone			-\$384
	To reflect annualized level for landline and cell phone service		-\$384	
W-33	Vehicle Expense			\$0
	Description		\$0	
W-37	Building Rent			\$3,243
	To reflect annual rent expense		\$3,243	
W-42	MO DNR Fees			-\$1,349
	To reflect curent DNR permitting fees and to eliminate primance fees pass through.		-\$1,349	
W-43	PSC Assessment			-\$721
	To reflect current fiscal 2009 assessment		-\$721	
W-46	Depreciation			\$5,441
	1. To Annualize Depreciation		\$5,441	
	2. Description		\$0	

I.H. Utilities
Informal Rate/Certificate Case
Tracking Number QW-2007-0003
Test Year Ending 12/31/2007 Updated to June 30, 2008
Expense Adjustment Schedule - Water

A Expense Adj Number	B Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment
	Description		\$0	
	Description		\$0	
W-49	Real & Personal Property Taxes			-\$1,891
	To reflect current Personal and Real Property Tax for utility property		-\$1,891	
Total Expense Adjustments				\$22,951

I.H. Utilities
 Informal Rate/Certificate Case
 Tracking Number QW-2007-0003
 Test Year Ending 12/31/2007 Updated to June 30, 2008
 Revenue Schedule - Water

Line Number	A Account Number (Optional)	B Revenue Description	C Company/ Test Year Amount	D Adjustment Number	E Jurisdictional Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
Rev-1		ANNUALIZED REVENUES					
Rev-2		Annualized Rate Revenues	\$103,328	Rev-2	-\$18,271	100.00%	\$85,057
Rev-3		Miscellaneous Revenues	\$0	Rev-3	\$0	100.00%	\$0
Rev-4		TOTAL ANNUALIZED REVENUES	\$103,328		-\$18,271		\$85,057

I.H. Utilities
Informal Rate/Certificate Case
Tracking Number QW-2007-0003
Test Year Ending 12/31/2007 Updated to June 30, 2008
Revenue Adjustment Schedule - Water

A Revenue Adj Number	B Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment
Rev-2	Annualized Rate Revenues			-\$18,271
	1. To Annualize Rate Revenues		-\$18,271	
Rev-3	Miscellaneous Revenues			\$0
	1. To Annualize Miscellaneous Revenues		\$0	
	Description		\$0	
	Description		\$0	
	Total Revenue Adjustments			-\$18,271

I.H. Utilities
Informal Rate/Certificate Case
Tracking Number QW-2007-0003
Test Year Ending 12/31/2007 Updated to June 30, 2008
Miscellaneous Revenues Feeder - Water

Line	A	B
Number	Description	Amount
3	Total Miscellaneous Revenues	<u>\$0</u>

Agreement Attachment D

Rate Design Worksheet

IH UTILITIES

Development of Tariffed Rates-Water

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

Revenues Generated by Current Tariffed Rates	\$ 85,057
Agreed-Upon Overall Revenue Increase	\$ 17,085
Percentage Increase Needed	20.087%

Metered Customer Rates

Meter Size	Current Service Charge	Proposed Service Charge	Current Usage Rate	Proposed Usage Rate
3/4"	\$ 9.00	\$ 10.81	\$ 1.57	\$ 1.89
Yard Hydrant-Unimpr	\$ 4.50	\$ 5.40	\$ -	\$ -
Residential Unmetered	\$ 7.56	\$ 10.81	\$ -	\$ -

Agreement Attachment E

Billing Comparison Worksheet

IH UTILITIES

Residential Customer Bill Comparison-Water

Rates for 5/8" Meter

<u>Current Base Customer Charge</u>	<u>Proposed Base Customer Charge</u>	<u>Current Usage Rate</u>	<u>Proposed Usage Rate</u>
\$9.00	\$10.81	\$1.57	\$1.89

current service charge is monthly charge including 4,000 gallons

usage rate is per 1,000 gallons used

MONTHLY BILL COMPARISON

6,000 gallons/month usage

Current Rates

Customer Charge	\$ 9.00
Usage Charge	\$ 3.14
Total Bill	\$ 12.14

Proposed Rates

Customer Charge	\$ 10.81
Usage Charge	\$ 3.77
Total Bill	\$ 14.58

INCREASES

Customer Charge

\$ Increase	\$1.81
% Increase	20.09%

Usage Charge

\$ Increase	\$0.63
% Increase	20.09%

Total Bill

\$ Increase	\$2.44
% Increase	20.09%

Agreement Attachment F

Schedule of Depreciation Rates

I. H. Utilities Inc.
DEPRECIATION RATES
(WATER Attachment F)
QW-2007-0003

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	DEPRECIATION RATE	AVERAGE SERVICE LIFE (YEARS)	NET SALVAGE
311	Structures & Improvements	2.5%	40	0%
314	Wells & Springs	2.0%	50	0%
325	Electric Pumping Equipment	10.5%	10	-5%
332	Water Treatment Equipment	0.0%	35	0%
342	Distribution Reservoirs & Standpipes	2.5%	40	0%
343	Transmission & Distribution Mains	0.0%	50	0%
346	Meters - Bronze	2.7%	35	5%
391	Office Furniture & Equipment	10.0%	10	0%
394	Tools, Shop, Garage Equipment	5.0%	20	0%
396	Power Operated Equipment	6.7%	15	0%
399	Other Tangible Property	5.0%	20	0%

Agreement Attachment G

EMSD Report

I.H. Utilities, Inc.
Status Report of Customer Service and Business Operations Review
February 2009

This document is a status report of the Company's progress in addressing the recommendations made in the Customer Service and Business Operations Review conducted by the EMSD staff in late 2006. The EMSD staff has conducted previous follow-up reviews with the Company in February 2007, June 2007 and September 2007.

The specific recommendations made to the Company and the implementation status of each are listed below.

Institute a time reporting process for all employees involved in functions associated with water company operations.

This recommendation has been completed by the Company.

The Company is attempting to record the hours associated with various functions. A simple record of the amount of time spent on water company activities in a notebook, timesheet or on a work order will assist in providing documentation regarding the time required to complete activities. The EMSD staff encourages the Company to be consistent and organized in the recording of this time.

Collect signed applications prior to providing water service to customers, as required by the Company's tariffs.

This recommendation has been completed by the Company.

Company personnel indicated that signed applications have been collected from customers prior to providing water service. Although the customer's information is initially taken over the telephone, applications are then mailed to the customer to complete and send back to the Company. The EMSD staff verified that the Company does have signed customer applications on file.

Evaluate various alternatives available to automate customer records and customer bills in order to assure that the Company is able to render accurate and consistent bills.

This recommendation has been completed by the Company.

The Company has purchased an annual maintenance agreement from Continental Computer Solutions that updates billing software used in the past by I.H. Utilities. Lois Stanley attended a training seminar conducted by the software company in Arkansas on February 16 and 17, 2007.

The maintenance agreement that was purchased entitles the Company to automatic software updates from Continental Computer Solutions as well as technical support. This enables the software company to assist I.H. Utilities from their own offices (through an internet connection) if the user is having difficulty using the program. This software has been used for billing purposes since April 2007.

Obtain qualified personnel to assist with business office functions on a continuous basis.

This recommendation has been evaluated but not implemented by the Company. The EMSD staff will consider it completed.

The Company indicated to EMSD staff that the new automated customer records and billing software provides a more efficient method of performing business office functions and also offers technical support. The Company believes for these reasons that additional assistance performing business office functions may not be needed.

The EMSD staff believes that the Company should continue to evaluate its needs for assistance.

Format customer billing statements in a clear, concise and consistent manner.

This recommendation has been completed by the Company.

The Company has begun using pre-formatted billing postcards with the new billing software. These billing postcards are organized in a clear and concise manner. This should resolve the issue of inconsistently formatted billing statements being sent to customers. The new billing system has improved the format of the billing statement.

Print the beginning and ending meter readings on monthly billing statements.

This recommendation has been completed by the Company.

The pre-formatted billing postcards and automated billing system are configured to include this information.

Incorporate the appropriate Company contact telephone number(s) on customers' bills for customers to use when they have an inquiry or complaint.

This recommendation has been completed by the Company.

The pre-formatted billing postcards include the Company's telephone number.

Develop a customer billing statement that itemizes all authorized charges and clearly indicates the total amount due.

This recommendation has been completed by the Company.

The new automated billing system is configured to itemize all charges on the pre-formatted billing postcards and clearly indicates the total amount due.

Assess consistent late fee amounts to all customers after an appropriate tariff revision has been approved.

This recommendation has been completed by the Company.

The Company has indicated that they are no longer assessing late charges to their customers. Once the appropriate tariff has been approved by the Commission allowing for late fees, the Company may reevaluate utilizing them in the future.

Attempt to obtain an actual reading on a monthly basis.

This recommendation has been completed by the Company.

The Company had in the past been able to hire a part-time meter reader which assisted them in obtaining actual meter readings. The Company attempts to and has been able to obtain actual meter readings except in instances of severe weather over the winter months.

Include a clear notation on billing statements that the bill has been estimated when no meter reading has been obtained.

This recommendation has been completed by the Company.

The new automated billing software is able to note when a single customer's bill, an entire route or all customer's bills have been calculated using estimated meter readings.

Calculate estimated bills using an average usage factor.

This recommendation has been completed by the Company.

The Company's automated billing software has the capability to calculate bills using an average usage factor once customer usage history has been established. A twelve month average history of average usage is used to compute an estimated bill.

Take actions to determine who ultimately owns repossessed homes and attempt to collect payment or arrange to discontinue service.

This recommendation has been completed by the Company.

The Company has continued to attempt to collect delinquent bills on the homes in their area that were repossessed. At the present time, only two homes that have delinquent balances are in repossession and the water has been discontinued to these.

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

This recommendation has been implemented by the Company.

The Company has developed an informational brochure that meets the requirements of the Billing Rules 4 CSR 240-13.040(3). The brochure is available at the office and is given to new customers.

Be available during normal business hours to respond to all customer inquiries, service requests and complaints in accordance with 4 CSR 240-13.040(2)(A).

This recommendation has been completed by the Company.

The Company indicated that they are always available to respond to customer inquiries, service requests and complaints. The EMSD staff has noticed an improvement in the number of times the Company answers the telephone as well as the time it takes the Company to return calls in the instance a message is left.

Be available at all times to receive and initiate response to customers regarding discontinuance of service or emergency conditions in accordance with 4 CSR 240-13.040(2)(C).

This recommendation has been completed by the Company.

The Company indicated that they are always available to receive and initiate response to customers regarding discontinuance of service or emergency conditions. The EMSD staff has noticed an improvement in the number of times the Company answers the telephone as well as the time it takes the Company to return calls in the instance a message is left.

Develop and utilize a log that documents all customer complaints received by the Company's personnel.

This recommendation has been completed by the Company.

Company personnel are logging all customer complaints in a notebook.

Store all customer payments, Company billing information and all pertinent business documents in a protected location.

This recommendation has been completed by the Company.

The Company is storing both computer hard drives on a table that is elevated from the floor of the business office, which lessens the risk of losing data in instances of flooding. Paper files have been moved into plastic bins.

Create back-up copies of all pertinent customer records and store them in an alternate location.

This recommendation has not been completed by the Company.

The Company has installed a computer back-up system, which backs up computer data on a daily basis. However, these back ups are not stored in an alternative location.

Provide an office environment that is conducive to transacting business with customers.

The Company is working toward the implementation of this recommendation.

Company personnel have indicated to EMSD Staff that they have taken action to create an office environment that is more conducive to transacting business. However, there are still a significant

number of boxes piled up and no area for a customer to sit and conduct business with the Company. The EMSD staff encourages the Company to continue cleaning and organizing the office area.

Agreement Attachment H

History of Case Events

Summary of Case Events

Date Filed	8/26/06
Day 150	1/25/07
Extension?	Yes
If yes, why?	New billing system & update Company's tariff
Amount Requested	\$ 45,000
Amount Agreed Upon	\$ 17,085
Number of Customers	708
Rate of Return	9.00%
Return on Equity	9.00%
Assessments Current	Owes \$0.03 for 2009
Annual Reports Filed	Yes
Statement of Revenue Filed	Yes
Other Open Cases before Commission	No
Status with Secretary of State	Absolved-See Attachment 2
DNR Violations	No

Agreement Attachment 1

Case Activities Timeline

Attachment 1
Case Activities Timeline

Date - Activity

Sept. 25, 2006- Case Assignment

Nov. 3, 2006-Visit by EMSD Staff, Debbie Bernsen & Martha Davis

Nov. 28, 2006- Letter from PSC Water & Sewer Department to Company specifying issues

Jan. 3, 2007-Staff EMSD report completed and submitted

Feb. 16, 2007-Visit by EMSD Staff

April 11, 2007- Audit Staff completed Cost of Service Recommendation - Eaves

June 5, 2007-Visit by EMSD Staff

Sept. 12, 2007-Visit by Dana Eaves & Debbie Bernsen

April 21, 2008- Letter from Water & Sewer Department to Company regarding status report of Company's actions to date.

May 7, 2008-Visit from Staff members Steve Loethen and Debbie Bernsen

June 19, 2008-Visit from Staff members Debbie Bernsen, Jim Busch, Dana Eaves, Lisa Kremer & Steve Loethen.

July 8, 2008-Staff members Dana Eaves & Debbie Bernsen attend meeting with IRS regarding back taxes owed by I.H. Utilities

Oct. 2008-Staff obtains power of attorney for three PSC Staff to discuss financials of Company with IRS & Missouri Department of Revenue (Dana Eaves, Debbie Bernsen, & Jennifer Heintz)

December 2, 2008 Audit Staff completed COS Recommendation - Eaves

May 6, 2009 – Met with Company to discuss fire damage and recovery plan, annual report, and other financial issues. Dana Eaves & Debbie Bernsen

In addition to the events noted above and Staff follow-up and processing of information from on-site visits and meetings, the Staff has documented numerous phone calls and emails to the Company, the accounting firm utilized by the Company, the Department of Natural Resources, the Secretary of State, the Department of Revenue, and the Internal Revenue Service attempting to investigate and evaluate this case. The Staff has also met internally on numerous occasions over the time frame to discuss the Company's issues and attempt to reach an appropriate resolution to this case.

Agreement Attachment 2

Summary of Obligations

HIGHLY CONFIDENTIAL

APPENDIX A
ATTACHMENT 2

**HAS BEEN DEEMED HIGHLY
CONFIDENTIAL IN ITS ENTIRETY**

Agreement Attachment 3

Letter to the Company



Commissioners

JEFF DAVIS
Chairman

CONNIE MURRAY

ROBERT M. CLAYTON III

TERRY JARRETT

Missouri Public Service Commission

POST OFFICE BOX 360
JEFFERSON CITY MISSOURI 65102
573-751-3234
573-751-1847 (Fax Number)
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WESS A. HENDERSON
Executive Director

DANA K. JOYCE
Director, Administration and
Regulatory Policy

ROBERT SCHALLENBERG
Director, Utility Services

NATELLE DIETRICH
Director, Utility Operations

COLLEEN M. DALE
Secretary/Chief Regulatory Law Judge

KEVIN A. THOMPSON
General Counsel

Ms. Lois Stanley
I.H. Utilities, Inc.
2528 Allegheny
Cuba, MO 65453

April 21, 2008

Dear Ms. Stanley:

As a public utility with a certificate of convenience and necessity issued by the Missouri Public Service Commission (PSC), I.H. Utilities Inc. has a statutory duty to provide safe and adequate service pursuant to Section 393.130, RSMo (2000).

Commission Staff is concerned about the current owners' willingness and/or ability to provide safe and adequate service to its customers. Commission Staff is providing this letter to formalize its position with regard to future actions that must be taken by the company in order for the company to fulfill its statutory authorization to provide safe and adequate service.

The following list of issues must be addressed immediately by the company and must be continuously maintained in order to provide safe and adequate water service:

Operational Issues

- The well house, booster pump house, and chlorine building must be kept locked at all times.
- The well house, booster pump house, and chlorine building must be kept clean at all times.
- Operational testing must be performed at both wells according to PSC and Missouri Department of Natural Resources (DNR) standards.
- Chlorine residuals must be taken and must be maintained according to the standards set by the - -DNR-.
- Maintenance records must be kept and all records must be retained in accordance with the standards set by the Commission and DNR.
- Boil orders must be issued according to DNR standards.

Office Policies

- Actual meter readings must occur on a monthly basis.

- All customer bills must be based on actual meter readings and customers must be billed at the tariffed rates.
- All customer records must be stored in a protected location.
- All company billing records must be stored in a protected location.
- All customer payments must be stored in a protected location.
- Improve the accuracy and format of customer bills.
- The company must provide sample copies of its most recent bills to Staff.
- The company must continue to follow its previously agreed-upon assessment payment plan.
- The company must timely submit its annual report to the Commission.

The following issues must be addressed and resolved by the company within 30 days of the date of the company's plan filing:

Operational Issues:

- The roof on the wellhouse for Well One must be replaced.

Office Policies:

- The company must institute a time reporting process for employees involved with water company operations.

The following issues must be addressed and resolved by the company within 90 days of the date of the company's plan filing:

Operational Issues:

- The company must obtain a contract with a qualified inspector to inspect both water tanks.
- A master meter must be installed at Well Two.
- Automatic controls must be installed in Well Two.

Office Policies:

- The company must provide an office environment that is conducive to transacting business with customers.
- The company must develop and distribute to current and future customers an informational brochure detailing the rights and responsibilities of the utility and its customers.

The following issues must be addressed and resolved by the company within 180 days of the date of the company's plan filing:

Operational Issues:

- An inspection of the water tanks by a qualified inspector must be completed.

Office Policies:

- The company must obtain qualified employees to assist with business office functions on a continuous basis.
- The company must attempt to ascertain the parties responsible for any delinquent accounts and must work with those parties to either bring those accounts up to

date or to discontinue service to those accounts in accordance with Commission rules.

The following issues must be addressed and resolved by the company within 365 days of the date of the company's plan filing:

Operational Issues:

- Any deficiencies to either water tank found during the inspections of the tanks must be corrected.

To ensure compliance with this letter and to achieve resolution of the issues identified herein, Commission Staff will follow up with the company, including performing visits to the company and performing inspections of the operations and procedures.

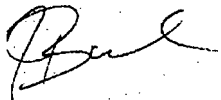
The company must acknowledge receipt of this letter and its willingness to comply by April 30, 2008. The company must also submit a plan for timely addressing and resolving the issues identified in this letter no later than May 15, 2008. Failure to acknowledge receipt of this letter by April 30, 2008 and submit its plan by May 15, 2008 will result in referral of the company to the Commission's Office of General Counsel to commence receivership proceedings in accordance with section 393.145, RSMo (2000) (Supp. 2007).

Please note that any transfer of assets by a regulated utility such as the company must be approved by the Commission pursuant to Section 393.190, RSMo (2000).

Staff is available to assist the company in resolving the issues enumerated in this letter. Staff will also assist the company in locating a receiver in the event that the company is unwilling or unable to continue operating under its current owners and management. Please note that any failure on the part of the company to comply with the terms of this letter will result in referral to the Commission's Office of General Counsel for appropriate legal action.

If you have any questions, please feel free to call me at 573-751-7529. Thank you for your prompt attention to this matter.

Sincerely,



Jim Busch
Manager, Water and Sewer Department