

EXHIBIT

OPC003

Exhibit No.:

Issue(s):

Employee Wages/
Auditing and Income

Tax Preparation Fees/

Property Taxes/

OPC EMS Run Adjustments

Witness/Type of Exhibit:

Roth/Rebuttal

Sponsoring Party:

Public Counsel

Case No.:

WR-2016-0064

FILED

May 25, 2016

Data Center

Missouri Public

Service Commission

REBUTTAL TESTIMONY

OF

KERI ROTH

Submitted on Behalf of the Office of the Public Counsel

HILLCREST UTILITY OPERATING COMPANY, INC.

CASE NO. WR-2016-0064

May 11, 2016

OPC Exhibit No. 003 NP
Date 5/19/16 Reporter SNB
File No. WR-2016-0064

NP

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


In the Matter of the Rate Increase)
Requests of the Hillcrest Utility) File No. WR-2016-0064
Operating Company, Inc)

AFFIDAVIT OF KERI ROTH

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Keri Roth, of lawful age and being first duly sworn, deposes and states:


1. My name is Keri Roth. I am a Public Utility Accountant III for the Office of the Public Counsel.
2. Attached hereto and made a part hereof for all purposes is my rebuttal testimony.
3. I hereby swear and affirm that my statements contained in the attached testimony are true and correct to the best of my knowledge and belief.


Keri Roth
Public Utility Accountant III

Subscribed and sworn to me this 11th day of May 2016.



JERENE A. BUCKMAN
My Commission Expires
August 23, 2017
Cole County
Commission #13754037


Jerene A. Buckman
Notary Public

My Commission expires August, 2017.

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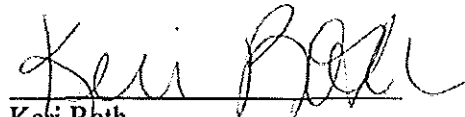
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REBUTTAL TESTIMONY

OF

KERI ROTH

HILLCREST UTILITY OPERATING COMPANY, INC.

CASE NO. WR-2016-0064

I. INTRODUCTION

Q. Please state your name and business address.

A. Keri Roth, P.O. Box 2230, Jefferson City, Missouri 65102-2230.

Q. Are you the same Keri Roth who has filed direct testimony in this case?

A. Yes.

Q. What is the purpose of your rebuttal testimony?

A. The purpose of this rebuttal testimony is to respond to the direct testimony from Hillcrest Utility Operating Company, Inc. ("Hillcrest") witness Mr. Josiah Cox and Missouri Public Service Commission Staff ("Staff") witness Mr. Paul Harrison regarding employee wages, auditing and income tax preparation fees, and property tax expense. OPC will also provide adjustments to the EMS runs from the *Company/Staff Partial Agreement Regarding Disposition of Small Water Company Revenue Increase Request* ("Partial Disposition Agreement") OPC believes are necessary regarding time spent on Hillcrest activities derived from Mr. Cox's deposition testimony.

II. Employee Wages

Q. Does Hillcrest have any employees?

A. No. As shown in my direct testimony, First Round CSWR, LLC ("CSWR") has three employees, Mr. Cox, Mr. Jack Chalfant, and Ms. Brenda Eaves, who allocate a portion of their time to regulated utilities other than Hillcrest. Staff witness, Mr. Paul Harrison,

1 describes Mr. Cox as the Chief Executive Officer (“CEO”), Mr. Chalfant as the Chief
2 Financial Officer (“CFO”), and Ms. Eaves as the office manager.

3 **Q. Has OPC’s recommendation changed as a result of the deposition of Hillcrest witness**
4 **Mr. Cox on April 28, 2016?**

5 A. Yes.

6 **Q. Please describe OPC’s changes.**

7 A. In direct testimony, OPC believed the 14% allocation factor was reasonable to allocate
8 corporate payroll costs to Hillcrest. However, after answers provided by Mr. Cox during his
9 deposition and a review of his timesheet, OPC believes 14% is too high. OPC has re-
10 evaluated Mr. Cox’s timesheet and believes an allocation factor of 10.49% is more
11 reasonable. This is the amount of time actually allocated to Hillcrest per Mr. Cox’s
12 timesheets. OPC’s payroll calculation utilizing an allocation factor of 10.49% can be seen
13 on Schedule KNR-1, marked “Highly Confidential”.

14 **Q. Does Mr. Jack Chalfant or Ms. Brenda Eaves have timesheets for Hillcrest?**

15 A. No. It is OPC’s understanding Mr. Chalfant and Ms. Eaves did not begin recording their
16 time until after the update period of October 31, 2015. Therefore, OPC can only rely on Mr.
17 Cox’s timesheets to calculate an allocation of their time for Hillcrest.

18 **Q. Has OPC utilized the same job titles as Mr. Harrison in his testimony?**

19 A. No. As shown in my direct testimony on Schedule KNR-4, marked “Highly Confidential”, I
20 have re-classified job titles to more appropriately fit job descriptions of Mr. Cox and Mr.
21 Chalfant.

22 **Q. Why does OPC disagree with Mr. Cox’s use of CEO when calculating employee**
23 **wages?**

1 A. As stated in my direct testimony, the top manager of small water and sewer companies in
2 Missouri are usually classified as “general managers” and not as CEO. There is no
3 explanation given as to why a distinction should be made in this case.

4 **Q. Why does OPC disagree with Mr. Cox’s use of CFO for Mr. Chalfant when**
5 **calculating employee wages?**

6 A. Mr. Cox explained Mr. Chalfant does not participate with acquisitions of small water and
7 sewer utilities nor does he participate in any activities relating to the financing of Hillcrest.
8 Mr. Chalfant stated that he is not responsible for providing input on corporate financing,
9 determining the overall financial well being of the company, or determining the overall
10 financial direction of the company. His job is limited to review of invoices, writing checks
11 for Mr. Cox to sign, and assistance with the set up of the Quickbooks financial system as
12 well as some minor accounting and auditing related tasks. These responsibilities are more in
13 line with an auditor/accounting position than the leadership role a CFO suggests and that’s
14 why our office classifies it as such.

15 **Q. How has Staff calculated employee wages?**

16 A. Staff has used the job titles as provided by Hillcrest and applied 2014 pay rates found on the
17 Missouri Economic Research and Information Center (“MERIC”) website as well as
18 utilizing the “mean” or average pay rates for those job titles.

19 **Q. Does Mr. Harrison state in direct testimony that Hillcrest used the experienced level of**
20 **MERIC to annualize CSWR’s payroll?**

21 A. Yes.

22 **Q. Is Mr. Harrison correct?**

23 A. No. In response to questions presented during Mr. Cox’s deposition, Mr. Cox explained he
24 chose his salary for himself and the amount was determined by comparing to other

1 similarly-situated, regulated water and wastewater utilities. Mr. Chalfant and Ms. Eaves
2 salaries were also determined by Mr. Cox and negotiated with each employee. It does not
3 appear Mr. Cox based the salary amounts on MERIC data or any other recognized basis.

4 **Q. Did Mr. Cox provide a listing of other regulated water and sewer companies he**
5 **compared his salary with?**

6 A. Yes but only one: Utilities, Inc. Based on OPC's research of Utilities, Inc., a company that
7 services water and wastewater customers across fifteen different states but does not service
8 any customers in Missouri.

9 **Q. Does Mr. Cox agree with Staff's approach to calculate employee wages?**

10 A. No. Mr. Cox believes Staff's salary amounts should be adjusted for inflation and job titles
11 should reflect the experience level of MERIC pay rates.

12 **Q. Do any of CSWR's employees have experience with regulated water and sewer utilities**
13 **prior to working for CSWR?**

14 A. No. In response to questions presented during depositions, none of the employees of CSWR
15 have experience with regulated water and sewer utilities. Therefore, "mean" or average
16 MERIC rates are acceptable for each employee's job title. As of the update period of this
17 audit, each employee has had less than one year experience with regulated water and
18 wastewater utilities.

19 **III. Auditing and Income Tax Preparation Fees**

20 **Q. Did OPC originally accept Staff's calculation to include \$326 for Hillcrest's accounting**
21 **fees in direct testimony?**

22 A. Yes.

1 **Q. Has OPC's position since changed?**

2 A. Yes. Based on responses provided by Mr. Cox during his deposition, OPC believes
3 Hillcrest's and Staff's corporate allocation percent of 14% for Hillcrest is too high. OPC
4 has calculated the percentage of time Mr. Cox has actually spent on Hillcrest to be 10.49%.
5 Therefore, OPC believes Hillcrest's accounting fees should total \$244 and split equally
6 between water and sewer rates.

7 **Q. Does Hillcrest witness Mr. Cox agree with Staff's calculation of accounting fees?**

8 A. No. Mr. Cox explains that he has submitted requests for proposals and hired an accounting
9 firm to audit and prepare tax documentation for Hillcrest. The quote provided by Mr. Cox is
10 \$17,000 for tax preparation and audit services for Hillcrest only and \$14,850 for tax
11 preparation and audit services for CSWR. Mr. Cox recommends allocating 14% of CSWR
12 fees to Hillcrest.

13 **Q. What is OPC's issue with Mr. Cox's recommendation?**

14 A. Mr. Cox has not provided any invoices showing payment. It is OPC's understanding
15 Hillcrest will not receive any accounting services until mid-to-late 2016. Therefore, invoice
16 documentation will not be available until months after the update period of October 31,
17 2015. This amount is not yet known and measurable so OPC recommends Hillcrest's
18 accounting fees should total \$244.

19 **Q. Will Hillcrest have an opportunity to seek payment for these later expenditures?**

20 A. Yes. In the partial disposition agreement, either Staff will initiate a rate review or Hillcrest
21 will file a rate case within 12 – 18 months of the effective date of the order approving the
22 disposition agreement. Therefore, auditing and income tax preparation fees will be updated
23 during that time to account for any new invoices.

24 **IV. Property Taxes**

1 **Q. Did OPC accept Staff's calculation of property tax expense in direct testimony?**

2 A. Yes.

3 **Q. Has OPC's position since changed?**

4 A. No.

5 **Q. Does Mr. Cox agree with Staff's calculation?**

6 A. No. Mr. Cox believes Staff should include property tax expense associated with the 2016
7 assessment that includes new plant.

8 **Q. Is this amount known and measurable?**

9 A. No. Mr. Cox has stated an *estimate* of what he believes property tax expense will be in
10 2016. However, this amount has not yet been provided by the Cape Girardeau County
11 Assessor's office and Hillcrest will not pay these taxes until December 31, 2016, fourteen
12 months after this case's update period of October 31, 2015. Property tax expense will be
13 updated during that time to account for any new plant and can be decided in Hillcrest's next
14 rate case.

15 **V. OPC EMS RUN ADJUSTMENTS**

16 **Q. Is OPC recommending adjustments to the EMS runs filed as part of the partial**
17 **disposition agreement?**

18 A. Yes. OPC believes the allocation factor of 14% used by Hillcrest and Staff is over-stated.
19 Based on answers provided by Mr. Cox during his deposition and further review of his
20 timesheets, OPC believes an allocation factor of 10.49% is a more accurate reflection of
21 time spent on Hillcrest activities. OPC's adjustments using a 10.49% allocation factor can
22 be seen in Schedule KNR-2.

1 **Q. Does this conclude your rebuttal testimony?**

2 **A. Yes.**

REBUTTAL TESTIMONY
OF
KERI ROTH
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3 A. Keri Roth, P.O. Box 2230, Jefferson City, Missouri 65102-2230.

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Rebuttal Testimony of
Keri Roth
Case No. WR-2016-0064

1 **Q. Does this conclude your rebuttal testimony?**

2 **A. Yes.**

Schedule KNR - 1
has been deemed
"Highly Confidential"
in its entirety.

Schedule KNR-2-Sewer

Hillcrest Utility Operating Company, Inc.
 Informal Rate Case
 Case Number SR-2016-0065
 Test Year Ending 7/31/2016, Update 10/31/2016
 Rate Design Schedule - Sewer

Line Number	Description	OPC Annualized
Rev-1	ANNUALIZED REVENUES	
Rev-2	Annualized Rate Revenues	\$41,431
Rev-3	Miscellaneous Revenues	\$0
Rev-4	TOTAL ANNUALIZED REVENUES	<u>\$41,431</u>
1	OPERATIONS EXPENSES	
2	Management Salary	\$0
3	Operators Salary/Contract Services	\$23,088
4	Electricity - Pumping Treatment	\$4,971
5	Chemicals	\$4,179
6	Sludge Removal	\$0
7	TOTAL OPERATIONS EXPENSE	<u>\$32,238</u>
8	MAINTENANCE EXPENSES	
9	Maintenance of Collection Sewers	\$10,484
10	Maintenance of Pumping Equipment	\$803
11	Treatment & Disposal Plant	\$400
12	TOTAL MAINTENANCE EXPENSE	<u>\$11,687</u>
13	CUSTOMER ACCOUNT EXPENSE	
14	Billing & Collections	\$5,629
15	Office Supplies & Postage	\$58
16	Bank Fees	\$2,331
17	Uncollectible Accounts	\$467
18	Web page - CSWR 14%	\$38
19	TOTAL CUSTOMER ACCOUNT EXPENSE	<u>\$8,523</u>
20	ADMINISTRATIVE & GENERAL EXPENSES	
21	Administration & General Salary - CSWR 14%	\$11,800
22	Travel Expense - CSWR 14%	\$1,598
23	Communication Services - CSWR 14%	\$242
24	Office Supplies - CSWR 14%	\$393
25	Bank Fees	\$90
26	Legal Fees	\$132
27	Legal Fees - CSWR 14%	\$36
28	Accounting Fees - CSWR 14%	\$122
29	Management Consultants - CSWR 14%	\$62
30	Payroll Fees - CSWR 14%	\$216
31	IT Fees - CSWR 14%	\$161
32	Property Ins - Environmental	\$5,143
33	Property Ins - Workers Comp - CSWR 14%	\$82
34	Property Ins - Commercial	\$6,574
35	Emp Benefits - Keyman - CSWR 14%	\$0
36	Emp Benefits - UHC - CSWR 14%	\$2,921
37	Emp Benefits - 401k - CSWR 14%	\$402
38	Emp Benefits - Life/STD/LTD - CSWR 14%	\$1,850
39	Rent Expense - CSWR 14%	\$4,587
40	TOTAL ADMINISTRATIVE & GENERAL	<u>\$36,411</u>
41	OTHER OPERATING EXPENSES	
42	MO DNR Fees	\$3,000
43	PSC Assessment	\$732
44	SOS Fees - CSWR 14%	\$13
45	Corporate Registration/Franchise Fees	\$0
46	Depreciation	\$33,704
47	CIAC Depreciation	(\$2,250)
48	TOTAL OTHER OPERATING EXPENSES	<u>\$35,199</u>
49	TAXES OTHER THAN INCOME	
50	Real & Personal Property Taxes	\$164
51	Payroll Taxes - CSWR 14%	\$1,509
52	TOTAL TAXES OTHER THAN INCOME	<u>\$1,673</u>
53	TOTAL OPERATING EXPENSES	\$125,731
54	Interest Expense	\$40,673
55	Return on Equity	\$19,665
56	Income Taxes	\$4,897
57	TOTAL INTEREST RETURN & TAXES	<u>\$65,235</u>
58	TOTAL COST OF SERVICE	\$190,966
59	Less: Miscellaneous Revenues	<u>\$0</u>
60	COST TO RECOVER IN RATES	<u>\$190,966</u>
61	INCREMENTAL INCREASE IN RATE REVENUES	<u>\$149,535</u>
62	PERCENTAGE OF INCREASE	360.930%
63	REQUESTED INCREASE IN REVENUES	\$216,663

Hillcrest Utility Operating Company, Inc.
Informal Rate Case
Case Number SR-2016-0065
Test Year Ending 7/31/2016, Update 10/31/2016
Rate Base & Required Return on Investment Schedule - Sewer

Line Number	Rate Base Description	Dollar Amount	
1	Plant In Service	\$831,364	From Plant Schedule
2	Less Accumulated Depreciation	<u>\$182,212</u>	From Reserve Sch
3	Net Plant In Service	\$649,152	
4	Other Rate Base Items:		
	Prepayment (Workers Comp)	\$58	
	Contributions in Aid of Construction	(\$121,424)	
	CIAC Depreciation	\$82,915	
5	Total Rate Base	<u>\$610,701</u>	
6	Total Weighted Rate of Return Including Income Tax	<u>10.68%</u>	From PreTax Return Schedule
7	Required Return & Income Tax	<u><u>\$65,234</u></u>	

Hillcrest Utility Operating Company, Inc.
 Informal Rate Case
 Case Number SR-2016-0065
 Test Year Ending 7/31/2016, Update 10/31/2016
 Rate of Return Including Income Tax - Sewer

	Formulas		Amount in Range		Tax on Range
	A	B	Start	End	
1 State Income Tax Rate	6.25%	5.81%	\$ -	50,000	\$3,470
2 Federal Income Tax Rate	15.00%	14.13%	\$ 50,001	75,000	\$0
3 Composite Effective Income Tax Rate		19.94%	\$ 75,001	100,000	\$0
4 Equity Tax Factor		1.2490	\$ 100,001	335,000	\$0
5 Recommended Weighted Rate of Return on Equity - Common and Preferred		3.22%	\$ 335,001	9,999,999,999	\$0
6 Weighted Rate of Return on Equity Inc. Income Tax		4.02%			\$23,135
7 Recommended Weighted Rate of Return on Debt - Long-Term and Short-Term		6.66%			\$0
8 Total Weighted Rate of Return Inc. Income Tax		10.68%			\$0
9 If Sub-Chapter S Corporation, Enter Y:	N				\$3,470
10 Equity Income Required & Preliminary Federal Tax		\$23,135			0.15

Consolidated Tax Rate:
 Average Tax Rate:

Hillcrest Utility Operating Company, Inc.
Informal Rate Case
Case Number SR-2016-0065
Test Year Ending 7/31/2016, Update 10/31/2016
Capital Structure Schedule - Sewer

Line Number	Description	Dollar Amount	Is Preferred Stock Tax Deductible?		Weighted Cost of Capital
			Percentage of Total Capital Structure	Embedded Cost of Capital	
1	Common Stock	\$287,165	25.00%	12.88%	3.220%
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	\$861,498	75.00%	8.88%	6.660%
5	Short-Term Debt	\$0	0.00%	0.00%	0.000%
6	Other Security - Tax Deductible	\$0	0.00%	0.00%	0.000%
7	TOTAL CAPITALIZATION	<u>\$1,148,663</u>	<u>100.00%</u>		<u>9.880%</u>

To PreTax Return Rate Schedule

Hillcrest Utility Operating Company, Inc.
 Informal Rate Case
 Case Number SR-2016-0065
 Test Year Ending 7/31/2016, Update 10/31/2016
 Plant In Service - Sewer

Line Number	Account #	Plant Account Description	Total Plant	Adjustment Number	Adjustments	Jurisdictional Allocation	Adjusted Jurisdictional
1		INTANGIBLE PLANT					
2	301.000	Organization	\$0		\$0	100.00%	\$0
3	302.000	Franchises	\$0		\$0	100.00%	\$0
4	303.000	Miscellaneous Intangible Plant	\$0		\$0	100.00%	\$0
5		TOTAL INTANGIBLE PLANT	\$0		\$0		\$0
6		SOURCE OF SUPPLY PLANT					
7	310.000	Land & Land Rights - SSP	\$0		\$0	100.00%	\$0
8	311.000	Structures & Improvements - SSP	\$0		\$0	100.00%	\$0
9		TOTAL SOURCE OF SUPPLY PLANT	\$0		\$0		\$0
10		COLLECTION PLANT					
11	352.100	Collection Sewers - Force	\$67,184		\$0	100.00%	\$67,184
12	352.200	Collection Sewers - Gravity	\$88,935		\$0	100.00%	\$88,935
13	353.000	Other Collection Plant Facilities	\$0		\$0	100.00%	\$0
14	354.000	Services to Customers	\$7,186		\$0	100.00%	\$7,186
15	355.000	Flow Measuring Devices	\$0		\$0	100.00%	\$0
16		TOTAL COLLECTION PLANT	\$163,305		\$0		\$163,305
17		PUMPING PLANT					
18	362.000	Receiving Wells and Pump Pits	\$0		\$0	100.00%	\$0
19	363.000	Pumping Equipment (Elec., Diesel, other)	\$2,400		\$0	100.00%	\$2,400
20		TOTAL PUMPING PLANT	\$2,400		\$0		\$2,400
21		TREATMENT & DISPOSAL PLANT					
22	371.000	Structures & Improvements	\$22,189		\$0	100.00%	\$22,189
23	372.000	Oxidation Lagoon	\$91,204		\$0	100.00%	\$91,204
24	373.000	Treatment & Disposal Equipment	\$443,285	P-1	\$724	100.00%	\$444,009
25	374.000	Plant Sewers	\$42,757		\$0	100.00%	\$42,757
26	375.000	Outfall Sewer Lines	\$40,870		\$0	100.00%	\$40,870
27	376.000	Other Treatment & Disposal Plant Equip.	\$0		\$0	100.00%	\$0
28		TOTAL TREATMENT & DISPOSAL PLANT	\$640,305		\$724		\$641,029
29		GENERAL PLANT					
30	391.100	Office Furniture & Equipment - CSWR 14%	\$681	P-2	-\$171	100.00%	\$510
31	391.100	Office Computer Equipment - CSWR 14%	\$531	P-3	-\$283	100.00%	\$248
32	393.000	Stores Equipment	\$700		\$0	100.00%	\$700
33	397.000	Communication Equipment	\$23,172		\$0	100.00%	\$23,172
34		TOTAL GENERAL PLANT	\$25,084		-\$454		\$24,630
35		TOTAL PLANT IN SERVICE	\$831,094		\$270		\$831,364

Hillcrest Utility Operating Company, Inc.
Informal Rate Case
Case Number SR-2016-0065
Test Year Ending 7/31/2016, Update 10/31/2016
Schedule of Adjustments for Plant in Service - Sewer

Plant Adjustment Number	Plant in Service Adjustment Description	Account Number	Adjustment Amount	Total Adjustment
P-1	Treatment & Disposal Equipment			\$724
	Adjust PR portion for Chalfant & Eaves		-\$428	
	Adjust PR portion for Cox		\$1,152	
P-2	Office Furniture & Equipment - CSWR 14%			-\$171
	Adjust from Staff 14% allocation to 10.49%		-\$171	
			\$0	
P-3	Office Computer Equipment - CSWR 14%			-\$283
	Adjust from Staff 14% allocation to 10.49%		-\$283	
			\$0	
TOTAL PLANT ADJUSTMENTS				\$270

Hillcrest Utility Operating Company, Inc.
 Informal Rate Case
 Case Number SR-2016-0065
 Test Year Ending 7/31/2016, Update 10/31/2016
 Depreciation Expense

Line Number	Account Number	Plant Description	Adjusted Jurisdictional	Depreciation Rate	Depreciation Expense
1		INTANGIBLE PLANT			
2	301.000	Organization	\$0	0.0000%	\$0
3	302.000	Franchises	\$0	0.0000%	\$0
4	303.000	Miscellaneous Intangible Plant	\$0	0.0000%	\$0
5		TOTAL INTANGIBLE PLANT	<u>\$0</u>		<u>\$0</u>
6		SOURCE OF SUPPLY PLANT			
7	310.000	Land & Land Rights - SSP	\$0	0.0000%	\$0
8	311.000	Structures & Improvements - SSP	\$0	0.0000%	\$0
9		TOTAL SOURCE OF SUPPLY PLANT	<u>\$0</u>		<u>\$0</u>
10		COLLECTION PLANT			
11	352.100	Collection Sewers - Force	\$67,184	2.0000%	\$1,344
12	352.200	Collection Sewers - Gravity	\$88,935	2.0000%	\$1,779
13	353.000	Other Collection Plant Facilities	\$0	0.0000%	\$0
14	354.000	Services to Customers	\$7,186	2.0000%	\$144
15	355.000	Flow Measuring Devices	\$0	0.0000%	\$0
16		TOTAL COLLECTION PLANT	<u>\$163,305</u>		<u>\$3,266</u>
17		PUMPING PLANT			
18	362.000	Receiving Wells and Pump Pits	\$0	0.0000%	\$0
19	363.000	Pumping Equipment (Elec., Diesel, other)	\$2,400	10.0000%	\$240
20		TOTAL PUMPING PLANT	<u>\$2,400</u>		<u>\$240</u>
21		TREATMENT & DISPOSAL PLANT			
22	371.000	Structures & Improvements	\$22,189	3.7000%	\$821
23	372.000	Oxidation Lagoon	\$91,204	4.0000%	\$3,648
24	373.000	Treatment & Disposal Equipment	\$444,009	5.0000%	\$22,200
25	374.000	Plant Sewers	\$42,757	2.5000%	\$1,069
26	375.000	Outfall Sewer Lines	\$40,870	2.0000%	\$817
27	376.000	Other Treatment & Disposal Plant Equip.	\$0	0.0000%	\$0
28		TOTAL TREATMENT & DISPOSAL PLANT	<u>\$641,029</u>		<u>\$28,556</u>
29		GENERAL PLANT			
30	391.100	Office Furniture & Equipment - CSWR 14%	\$510	5.0000%	\$26
31	0.000	Office Computer Equipment - CSWR 14%	\$248	14.3000%	\$35
32	393.000	Stores Equipment	\$700	4.0000%	\$28
33	397.000	Communication Equipment	\$23,172	6.7000%	\$1,553
34		TOTAL GENERAL PLANT	<u>\$24,630</u>		<u>\$1,641</u>
35		TOTAL PLANT DEPRECIATION EXPENSE	<u>\$831,364</u>		<u>\$33,704</u>

Hillcrest Utility Operating Company, Inc.
 Informal Rate Case
 Case Number SR-2016-0065
 Test Year Ending 7/31/2016, Update 10/31/2016
 Depreciation Reserve

Line Number	Account Number	Plant Description	Total Reserve	Adjustment Number	Adjustments	Jurisdictional Allocation	Adjusted Jurisdictional
1		INTANGIBLE PLANT					
2	301.000	Organization	\$0		\$0	100.0000%	\$0
3	302.000	Franchises	\$0		\$0	100.0000%	\$0
4	303.000	Miscellaneous Intangible Plant	\$0		\$0	100.0000%	\$0
5		TOTAL INTANGIBLE PLANT	\$0		\$0		\$0
6		SOURCE OF SUPPLY PLANT					
7	310.000	Land & Land Rights - SSP	\$0		\$0	100.0000%	\$0
8	311.000	Structures & Improvements - SSP	\$0		\$0	100.0000%	\$0
9		TOTAL SOURCE OF SUPPLY PLANT	\$0		\$0		\$0
10		COLLECTION PLANT					
11	352.100	Collection Sewers - Force	\$51,900		\$0	100.0000%	\$51,900
12	352.200	Collection Sewers - Gravity	\$34,702		\$0	100.0000%	\$34,702
13	353.000	Other Collection Plant Facilities	\$0		\$0	100.0000%	\$0
14	354.000	Services to Customers	\$5,601		\$0	100.0000%	\$5,601
15	355.000	Flow Measuring Devices	\$0		\$0	100.0000%	\$0
16		TOTAL COLLECTION PLANT	\$92,203		\$0		\$92,203
17		PUMPING PLANT					
18	362.000	Receiving Wells and Pump Pits	\$0		\$0	100.0000%	\$0
19	363.000	Pumping Equipment (Elec., Diesel, other)	\$100		\$0	100.0000%	\$100
20		TOTAL PUMPING PLANT	\$100		\$0		\$100
21		TREATMENT & DISPOSAL PLANT					
22	371.000	Structures & Improvements	\$342		\$0	100.0000%	\$342
23	372.000	Oxidation Lagoon	\$65,030		\$0	100.0000%	\$65,030
24	373.000	Treatment & Disposal Equipment	\$21,984	R-1	\$15	100.0000%	\$21,999
25	374.000	Plant Sewers	\$445		\$0	100.0000%	\$445
26	375.000	Outfall Sewer Lines	\$341		\$0	100.0000%	\$341
27	376.000	Other Treatment & Disposal Plant Equip.	\$0		\$0	100.0000%	\$0
28		TOTAL TREATMENT & DISPOSAL PLANT	\$88,142		\$15		\$88,157
29		GENERAL PLANT					
30	391.100	Office Furniture & Equipment - CSWR 14%	\$18		\$0	100.0000%	\$18
31	0.000	Office Computer Equipment - CSWR 14%	\$44		\$0	100.0000%	\$44
32	393.000	Stores Equipment	\$1,043		\$0	100.0000%	\$1,043
33	397.000	Communication Equipment	\$647		\$0	100.0000%	\$647
34		TOTAL GENERAL PLANT	\$1,752		\$0		\$1,752
35		TOTAL DEPRECIATION RESERVE	\$182,197		\$15		\$182,212

Hillcrest Utility Operating Company, Inc.

Informal Rate Case

Case Number SR-2016-0065

Test Year Ending 7/31/2016, Update 10/31/2016

Adjustments to Depreciation Reserve

Reserve	Adjustment	Accumulated Depreciation Reserve	Account	Adjustment	Total
Number	Number	Adjustments Description	Number	Amount	Amount
R-1		Treatment & Disposal Equipment			\$15
		Adjust reserve due to PR portion		\$15	
		Description		\$0	
TOTAL RESERVE ADJUSTMENTS					\$15

Hillcrest Utility Operating Company, Inc.
Informal Rate Case
Case Number SR-2016-0065
Test Year Ending 7/31/2016, Update 10/31/2016
Revenue Schedule - Sewer

Line Number	Account Number	Revenue Description	Company/ Test Year Amount	Adjustment Number	Jurisdictional Adjustments	Jurisdictional Allocation	Adjusted Jurisdictional
Rev-1		ANNUALIZED REVENUES					
Rev-2		Annualized Rate Revenues	\$41,431		\$0	100.00%	\$41,431
Rev-3		Miscellaneous Revenues	\$0		\$0	100.00%	\$0
Rev-4		TOTAL ANNUALIZED REVENUES	\$41,431		\$0		\$41,431

Hillcrest Utility Operating Company, Inc.
 Informal Rate Case
 Case Number SR-2016-0065
 Test Year Ending 7/31/2016, Update 10/31/2016
 Revenue Adjustment Schedule - Sewer

Revenue Adjustment Number	Adjustment Description	Account Number	Adjustment Amount	Total Adjustment Amount
	Description		\$0	
	Description		\$0	
TOTAL REVENUES ADJUSTMENTS			\$0	\$0

Hillcrest Utility Operating Company, Inc.
 Informal Rate Case
 Case Number SR-2016-0065
 Test Year Ending 7/31/2016, Update 10/31/2016
 Rate Revenue Feeder Schedule - Sewer

Line Number	Description	Residential		Commercial		Total	
		Amount	Amount	Amount	Amount	Amount	Amount
1	<u>Customer Charge Revenues:</u>						
2	Customer Number	0		0		0	
3	Bills Per Year	0		0		0	
4	Customer Bills Per Year	0		0		0	
5	Current Customer Charge	\$0.00		\$0.00			
6	Annualized Customer Charge Revenues		\$0		\$0		\$0
7	<u>Commodity Charge Revenues:</u>						
8	Total Gallons Sold	0		0		0	
9	Less: Base Gallons Included in Customer Charge	0		0		0	
10	Commodity Gallons	0		0		0	
11	Block 1, Commodity Gallons per Block	0		0			
12	Block 1, Number of Commodity Gallons per Unit	1,000		1,000			
13	Block 1, Commodity Billing Units	0		0			
14	Block 1, Existing Commodity Charge	\$0.00		\$0.00			
15	Block 1, Annualized Commodity Charge Rev.		\$0		\$0		\$0
16	TOTAL ANNUALIZED WATER RATE REVENUES		\$0		\$0		\$0

Hillcrest Utility Operating Company, Inc.
Informal Rate Case
Case Number SR-2016-0065
Test Year Ending 7/31/2016, Update 10/31/2016
Miscellaneous Revenues Feeder - Water

Line Number	Description	Amount
1	Late Charge Fees	\$0
2	Disconnect Fees	\$0
3	TOTAL MISCELLANEOUS REVENUES	\$0

Hillcrest Utility Operating Company, Inc.
 Informal Rate Case
 Case Number SR-2016-0065
 Test Year Ending 7/31/2016, Update 10/31/2016
 Expense Schedule - Sewer

Line Number	Account Number	Expense Description	Company/ Test Year Amount	Adjustment Number	Adjustments	Jurisdictional Allocation	Adjusted Jurisdictional
1		OPERATIONS EXPENSES					
2		Management Salary	\$0		\$0	100.00%	\$0
3		Operators Salary/Contract Services	\$23,088		\$0	100.00%	\$23,088
4		Electricity - Pumping Treatment	\$4,971		\$0	100.00%	\$4,971
5		Chemicals	\$4,179		\$0	100.00%	\$4,179
		Sludge Removal	\$0		\$0	100.00%	\$0
6		TOTAL OPERATIONS EXPENSE	\$32,238		\$0		\$32,238
7		MAINTENANCE EXPENSES					
8		Maintenance of Collection Sewers	\$10,484		\$0	100.00%	\$10,484
9		Maintenance of Pumping Equipment	\$803		\$0	100.00%	\$803
11		Treatment & Disposal Plant	\$400		\$0	100.00%	\$400
12		TOTAL MAINTENANCE EXPENSE	\$11,687		\$0		\$11,687
13		CUSTOMER ACCOUNT EXPENSE					
15		Billing & Collections	\$6,229	S-1	(\$600)	100.00%	\$5,629
16		Office Supplies & Postage	\$58		\$0	100.00%	\$58
17		Bank Fees	\$2,331		\$0	100.00%	\$2,331
18		Uncollectible Accounts	\$467		\$0	100.00%	\$467
19		Web page - CSWR 14%	\$38		\$0	100.00%	\$38
20		TOTAL CUSTOMER ACCOUNT EXPENSE	\$9,123		(\$600)		\$8,523
20		ADMINISTRATIVE & GENERAL EXPENSES					
21		Administration & General Salary - CSWR 14	\$24,153	S-2	(\$12,353)	100.00%	\$11,800
22		Travel Expense - CSWR 14%	\$1,598		\$0	100.00%	\$1,598
23		Communication Services - CSWR 14%	\$323	S-3	(\$81)	100.00%	\$242
24		Office Supplies - CSWR 14%	\$495	S-4	(\$102)	100.00%	\$393
25		Bank Fees	\$90		\$0	100.00%	\$90
26		Legal Fees	\$132		\$0	100.00%	\$132
27		Legal Fees - CSWR 14%	\$47	S-5	(\$11)	100.00%	\$36
28		Accounting Fees - CSWR 14%	\$163	S-6	(\$41)	100.00%	\$122
29		Management Consultants - CSWR 14%	\$82	S-7	(\$20)	100.00%	\$62
30		Payroll Fees - CSWR 14%	\$288	S-8	(\$72)	100.00%	\$216
31		IT Fees - CSWR 14%	\$215	S-9	(\$54)	100.00%	\$161
32		Property Ins - Environmental	\$5,143		\$0	100.00%	\$5,143
33		Property Ins - Workers Comp - CSWR 14%	\$110	S-10	(\$28)	100.00%	\$82
34		Property Ins - Commercial	\$6,574		\$0	100.00%	\$6,574
35		Emp Benefits - Keyman - CSWR 14%	\$0		\$0	100.00%	\$0
36		Emp Benefits - UHC - CSWR 14%	\$3,898	S-11	(\$977)	100.00%	\$2,921
37		Emp Benefits - 401k - CSWR 14%	\$1,070	S-12	(\$668)	100.00%	\$402
38		Emp Benefits - Life/STD/LTD - CSWR 14%	\$2,003	S-13	(\$153)	100.00%	\$1,850
39		Rent Expense - CSWR 14%	\$6,121	S-14	(\$1,534)	100.00%	\$4,587
40		TOTAL ADMINISTRATIVE & GENERAL	\$52,505		(\$16,094)		\$36,411
41		OTHER OPERATING EXPENSES					
42		MO DNR Fees	\$3,000		\$0	100.00%	\$3,000
43		PSC Assessment	\$732		\$0	100.00%	\$732
44		SOS Fees - CSWR 14%	\$13		\$0	100.00%	\$13
45		Corporate Registration/Franchise Fees	\$0		\$0	100.00%	\$0
46		Depreciation	\$33,716	S-15	(\$12)	100.00%	\$33,704
47		CIAC Depreciation	(\$2,250)		\$0	100.00%	(\$2,250)
48		TOTAL OTHER OPERATING EXPENSES	\$35,211		(\$12)		\$35,199
49		TAXES OTHER THAN INCOME					
50		Real & Personal Property Taxes	\$16	S-16	\$148	100.00%	\$164
51		Payroll Taxes - CSWR 14%	\$2,704	S-17	(\$1,195)	100.00%	\$1,509
52		TOTAL TAXES OTHER THAN INCOME	\$2,720		(\$1,047)		\$1,673
53		TOTAL OPERATING EXPENSES	\$143,484		(\$17,753)		\$125,731

Expense Adjustment Number	Adjustment Description	Account Number	Adjustment Amount	Adjustment Percent
5-1	Bring & Corrections		\$600	
	Remove Marketing QTRTY Fees		-\$600	
5-2	Administration & General Salary - CSWR 14%		\$0	
	Adjust from Staff 14% allocation to 10.49%		-\$12,353	
5-3	Consumption Services - CSWR 14%		\$0	
	Adjust from Staff 14% allocation to 10.49%		-\$12,353	
5-4	Office Supplies - CSWR 14%		\$0	
	Adjust from Staff 14% allocation to 10.49%		-\$81	
5-5	Legal Fees - CSWR 14%		\$0	
	Adjust from Staff 14% allocation to 10.49%		-\$102	
5-6	Accounting Fees - CSWR 14%		\$0	
	Adjust from Staff 14% allocation to 10.49%		-\$11	
5-7	Management Consulting - CSWR 14%		\$0	
	Adjust from Staff 14% allocation to 10.49%		-\$41	
5-8	Payroll Fees - CSWR 14%		\$0	
	Adjust from Staff 14% allocation to 10.49%		-\$20	
5-9	IT Fees - CSWR 14%		\$0	
	Adjust from Staff 14% allocation to 10.49%		-\$72	
5-10	Property Tax - Workers Comp - CSWR 14%		\$0	
	Adjust from Staff 14% allocation to 10.49%		-\$54	
5-11	Emp Benefits - UHC - CSWR 14%		\$0	
	Adjust from Staff 14% allocation to 10.49%		-\$28	
5-12	Emp Benefits - 401k - CSWR 14%		\$0	
	Adjust from Staff 14% allocation to 10.49%		-\$977	
5-13	Emp Benefits - Life/STO/ID - CSWR 14%		\$0	
	Adjust from Staff 14% allocation to 10.49%		-\$153	
5-14	Real Estate - CSWR 14%		\$0	
	Adjust from Staff 14% allocation to 10.49%		-\$1,534	
5-15	Depreciation		\$0	
	Adjust property taxes		-\$12	
5-16	Real & Personal Property Taxes		\$0	
	Adjust property taxes		-\$148	
5-17	Payroll Taxes - CSWR 14%		\$0	
	Adjust FR taxes to OFC salaries		-\$1,195	
	Adjust FR taxes to OFC salaries		\$0	
	TOTAL EXPENSE ADJUSTMENTS		-\$12,353	

Schedule KNR-2-Water

Hillcrest Utility Operating Company, Inc.
 Informal Rate Case
 Case Number WR-2016-0064
 Test Year Ending 7/31/2015, Update 10/31/2015
 Rate Design Schedule - Water

Line Number	Description	OPC Annualized
Rev-1	ANNUALIZED REVENUES	
Rev-2	Annualized Rate Revenues	\$32,378
Rev-3	Miscellaneous Revenues	\$15
Rev-4	TOTAL ANNUALIZED REVENUES	<u>\$32,393</u>
1	OPERATIONS EXPENSES	
2	Management Salary	\$0
3	Operators Salary/Contract Services	\$18,479
4	Electricity - Pumping	\$6,129
5	Chemicals	\$1,797
6	TOTAL OPERATIONS EXPENSE	<u>\$26,405</u>
7	MAINTENANCE EXPENSES	
8	Main Break Repairs	\$0
9	Mowing Expense	\$0
10	Maintenance & Repairs	\$1,037
11	Miscellaneous Expense	\$0
12	TOTAL MAINTENANCE EXPENSE	<u>\$1,037</u>
13	CUSTOMER ACCOUNT EXPENSE	
14	Billing & Collections	\$5,653
15	Web Pages	\$38
16	Office Supplies & Postage	\$168
17	Bank Fees	\$2,331
18	Uncollectible Accounts	\$467
19	TOTAL CUSTOMER ACCOUNT EXPENSE	<u>\$8,657</u>
20	ADMINISTRATIVE & GENERAL EXPENSES	
21	Administration & General Salary - CSWR 14%	\$11,800
22	Travel Expense	\$1,598
23	Communication Services - CSWR 14%	\$242
24	Office Supplies - CSWR 14%	\$393
25	Bank Fees	\$90
26	Legal Fees - CSWR 14%	\$36
27	Legal Fees	\$132
28	Accounting Fees - CSWR 14%	\$122
29	Management Consultants - CSWR 14%	\$62
30	Payroll Fees - CSWR 14%	\$216
31	IT Services - CSWR 14%	\$161
32	Property Ins - Environmental	\$5,143
33	Property Ins - Workers Comp - CSWR 14%	\$82
34	Property Ins - Commercial	\$6,574
35	Emp Benefits - Keyman - CSWR 14%	\$0
36	Emp Benefits - UHC - CSWR 14%	\$2,921
37	Emp Benefits - 401k - CSWR 14%	\$402
38	Emp Benefits - Life/STD/LTD - CSWR 14%	\$1,850
39	Rent Expense - CSWR 14%	\$4,587
40	TOTAL ADMINISTRATIVE & GENERAL	<u>\$36,411</u>
41	OTHER OPERATING EXPENSES	
42	MO DNR Fees (Lab Fees)	\$200
43	PSC Assessment	\$722
44	SOS Fees	\$13
45	Corporate Registration/Franchise Fees	\$0
46	Depreciation	\$27,283
47	CIAC Depreciation	(\$637)
48	TOTAL OTHER OPERATING EXPENSES	<u>\$27,581</u>
49	TAXES OTHER THAN INCOME	
50	Real & Personal Property Taxes	\$164
51	Payroll Taxes - CSWR 14%	\$1,509
52	TOTAL TAXES OTHER THAN INCOME	<u>\$1,673</u>
53	TOTAL OPERATING EXPENSES	\$101,764
54	Interest Expense	\$35,860
55	Return on Equity	\$17,338
56	Income Taxes	\$4,317
57	TOTAL INTEREST RETURN & TAXES	<u>\$57,515</u>
58	TOTAL COST OF SERVICE	\$159,279
59	Less: Miscellaneous Revenues	<u>\$15</u>
60	COST TO RECOVER IN RATES	<u>\$159,264</u>
61	INCREMENTAL INCREASE IN RATE REVENUES	<u>\$126,886</u>
62	PERCENTAGE OF INCREASE	391.710%
63	REQUESTED INCREASE IN REVENUES	\$236,016

Hillcrest Utility Operating Company, Inc.
Informal Rate Case
Case Number WR-2016-0064
Test Year Ending 7/31/2015, Update 10/31/2015
Rate Base & Required Return on Investment Schedule - Water

Line Number	Rate Base Description	Dollar Amount	
1	Plant In Service	\$703,462	From Plant Schedule
2	Less Accumulated Depreciation	<u>\$141,955</u>	From Reserve Sch
3	Net Plant In Service	\$561,507	
4	Other Rate Base Items:		
	<u>Prepayments (Workers Comp)</u>	<u>\$58</u>	
	Contributions in Aid of Construction	(\$35,384)	
	CIAC Depreciation	\$12,259	
5	Total Rate Base	<u>\$538,440</u>	
6	Total Weighted Rate of Return Including Income Tax	<u>10.68%</u>	From PreTax Return Schedule
7	Required Return & Income Tax	<u><u>\$57,515</u></u>	

Hillcrest Utility Operating Company, Inc.
Informal Rate Case
Case Number WR-2016-0064
Test Year Ending 7/31/2015, Update 10/31/2015
Rate of Return Including Income Tax - Water

	A	B	Formulas	Net Income Range		Tax Rate	Amount in Range	Tax on Range
				Start	End			
1 State Income Tax Rate	6.25%	5.81%	$(1 - (B2 \times .5)) \times A1$	\$ -	\$ 50,000	15.00%	\$20,398	\$3,060
2 Federal Income Tax Rate	15.00%	14.13%	$(1 - B1) \times A2$	\$ 50,001	\$ 75,000	25.00%	\$0	\$0
3 Composite Effective Income Tax Rate		19.94%	$B1 + B2$	\$ 75,001	\$ 100,000	34.00%	\$0	\$0
4 Equity Tax Factor		1.2490	$1 / (1 - B3)$	\$ 100,001	\$ 335,000	39.00%	\$0	\$0
5 Recommended Weighted Rate of Return on Equity - Common and Preferred		3.22%	From Cap. Struct.	\$ 335,001	\$ 9,999,999,999	34.00%	\$0	\$0
6 Weighted Rate of Return on Equity Inc. Income Tax		4.02%	$B4 \times B5$				\$20,398	\$3,060
7 Recommended Weighted Rate of Return on Debt - Long-Term and Short-Term		6.66%	From Cap. Struct.				Consolidated Tax Rate:	
8 Total Weighted Rate of Return Inc. Income Tax		10.68%	$B6 + B7$ To Rate Base Sch.				Average Tax Rate: 0.15	
9 If Sub-Chapter S Corporation, Enter Y:	N							
10 Equity Income Required & Preliminary Federal Tax		\$20,398						

Hillcrest Utility Operating Company, Inc.
Informal Rate Case
Case Number WR-2016-0064
Test Year Ending 7/31/2015, Update 10/31/2015
Capital Structure Schedule - Water

Line Number	Description	Dollar Amount	Is Preferred Stock Tax Deductible?	Embedded Cost of Capital	Weighted Cost of Capital
			N		
			Percentage of Total Capital Structure		
1	Common Stock	\$287,165	25.00%	12.88%	3.220%
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	\$861,498	75.00%	8.88%	6.660%
5	Short-Term Debt	\$0	0.00%	0.00%	0.000%
6	Other Security - Tax Deductible	\$0	0.00%	0.00%	0.000%
7	TOTAL CAPITALIZATION	<u>\$1,148,663</u>	<u>100.00%</u>		<u>9.880%</u>

To PreTax Return Rate Schedule

Hillcrest Utility Operating Company, Inc.
 Informal Rate Case
 Case Number WR-2016-0064
 Test Year Ending 7/31/2015, Update 10/31/2015
 Plant In Service - Water

Line Number	Account #	Plant Account Description	Total Plant	Adjustment Number	Adjustments	Jurisdictional Allocation	Adjusted Jurisdictional
1		INTANGIBLE PLANT					
2	301.000	Organization	\$0		\$0	100.00%	\$0
3	302.000	Franchises	\$0		\$0	100.00%	\$0
4	303.000	Miscellaneous Intangible Plant	\$0		\$0	100.00%	\$0
5		TOTAL INTANGIBLE PLANT	\$0		\$0		\$0
6		SOURCE OF SUPPLY PLANT					
7	310.000	Land & Land Rights - SSP	\$0		\$0	100.00%	\$0
8	311.000	Structures & Improvements - SSP	\$180,293	P-1	\$724	100.00%	\$181,017
9	312.000	Collections & Impounding Reservoirs	\$0		\$0	100.00%	\$0
10	313.000	Lake, River, & Other Intakes	\$0		\$0	100.00%	\$0
11	314.000	Wells & Springs	\$9,450		\$0	100.00%	\$9,450
12	315.000	Infiltration Galleries & Tunnels	\$0		\$0	100.00%	\$0
13	316.000	Supply Mains	\$1,162		\$0	100.00%	\$1,162
14		TOTAL SOURCE OF SUPPLY PLANT	\$190,905		\$724		\$191,629
15		PUMPING PLANT					
16	323.000	Other Power Production Equipment	\$161,331		\$0	100.00%	\$161,331
17	325.100	Electric Pumping Equipment	\$40,430		\$0	100.00%	\$40,430
18	326.000	Diesel Pumping Equipment	\$0		\$0	100.00%	\$0
19	328.000	Other Pumping Equipment	\$0		\$0	100.00%	\$0
20		TOTAL PUMPING EQUIPMENT	\$201,761		\$0		\$201,761
21		WATER TREATMENT PLANT					
22	330.000	Land & Land Rights - WTP	\$0		\$0	100.00%	\$0
23	331.000	Structures & Improvements - WTP	\$0		\$0	100.00%	\$0
24	332.000	Water Treatment Equipment	\$12,244		\$0	100.00%	\$12,244
25		TOTAL WATER TREATMENT PLANT	\$12,244		\$0		\$12,244
26		TRANSMISSION & DISTRIBUTION PLANT					
27	340.000	Land & Land Rights - T&D	\$0		\$0	100.00%	\$0
28	341.000	Structures & Improvements - T&D	\$0		\$0	100.00%	\$0
29	342.000	Distribution Reservoirs & Standpipes	\$127,295		\$0	100.00%	\$127,295
30	343.000	Transmission & Distribution Mains	\$88,593		\$0	100.00%	\$88,593
31	344.000	Fire Mains	\$0		\$0	100.00%	\$0
32	345.000	Services	\$1,335		\$0	100.00%	\$1,335
33	346.000	Meters - Bronze Chamber	\$0		\$0	100.00%	\$0
34	346.000	Meters - Plastic Chamber	\$59,004		\$0	100.00%	\$59,004
35	347.000	Meter Installations - Bronze	\$0		\$0	100.00%	\$0
36	347.000	Meter Installations - Plastic	\$500		\$0	100.00%	\$500
37	348.000	Other Transmission & Distribution Plant	\$0		\$0	100.00%	\$0
38	349.000	Hydrants	\$13,420		\$0	100.00%	\$13,420
39		TOTAL TRANS. & DISTRIBUTION PLANT	\$290,147		\$0		\$290,147
40		GENERAL PLANT					
41	370.000	Land & Land Rights - GP	\$0		\$0	100.00%	\$0
42	371.000	Structures & Improvements - GP	\$0		\$0	100.00%	\$0
43	372.000	Office Furniture & Equipment - CSWR 14%	\$681	P-2	-\$171	100.00%	\$510
44	372.100	Office Computer Equipment - CSWR 14%	\$531	P-3	-\$283	100.00%	\$248
45	379.000	Other General Equipment 1	\$0		\$0	100.00%	\$0
46	395.000	Laboratory Equipment	\$0		\$0	100.00%	\$0
47	397.000	Communication Equipment	\$6,923		\$0	100.00%	\$6,923
48		TOTAL GENERAL PLANT	\$8,135		-\$454		\$7,681
49		TOTAL PLANT IN SERVICE	\$703,192		\$270		\$703,462

Hillcrest Utility Operating Company, Inc.
Informal Rate Case
Case Number WR-2016-0064
Test Year Ending 7/31/2015, Update 10/31/2015
Schedule of Adjustments for Plant in Service - Water

Plant Adjustment Number	Plant in Service Adjustment Description	Account Number	Adjustment Amount	Total Adjustment
P-1	Structures & Improvements - SSP			\$724
	Adjust PR portion for Chalfant & Eaves		-\$428	
	Adjust PR portion for Cox		\$1,152	
P-2	Office Furniture & Equipment - CSWR 14%			-\$171
	Adjust from Staff 14% allocation to 10.49%		-\$171	
			\$0	
P-3	Office Computer Equipment - CSWR 14%			-\$283
	Adjust from Staff 14% allocation to 10.49%		-\$283	
			\$0	
TOTAL PLANT ADJUSTMENTS				\$270

Hillcrest Utility Operating Company, Inc.
 Informal Rate Case
 Case Number WR-2016-0064
 Test Year Ending 7/31/2015, Update 10/31/2015
 Depreciation Expense

Line Number	Account Number	Plant Description	Adjusted Jurisdictional	Depreciation Rate	Depreciation Expense
1		INTANGIBLE PLANT			
2	301.000	Organization	\$0	0.0000%	\$0
3	302.000	Franchises	\$0	0.0000%	\$0
4	303.000	Miscellaneous Intangible Plant	\$0	0.0000%	\$0
5		TOTAL INTANGIBLE PLANT	\$0		\$0
6		SOURCE OF SUPPLY PLANT			
7	310.000	Land & Land Rights - SSP	\$0	0.0000%	\$0
8	311.000	Structures & Improvements - SSP	\$181,017	2.5000%	\$4,525
9	312.000	Collections & Impounding Reservoirs	\$0	0.0000%	\$0
10	313.000	Lake, River, & Other Intakes	\$0	0.0000%	\$0
11	314.000	Wells & Springs	\$9,450	2.0000%	\$189
12	315.000	Infiltration Galleries & Tunnels	\$0	0.0000%	\$0
13	316.000	Supply Mains	\$1,162	2.0000%	\$23
14		TOTAL SOURCE OF SUPPLY PLANT	\$191,629		\$4,738
15		PUMPING PLANT			
16	323.000	Other Power Production Equipment	\$161,331	4.0000%	\$6,453
17	325.100	Electric Pumping Equipment	\$40,430	10.0000%	\$4,043
18	326.000	Diesel Pumping Equipment	\$0	0.0000%	\$0
19	328.000	Other Pumping Equipment	\$0	0.0000%	\$0
20		TOTAL PUMPING EQUIPMENT	\$201,761		\$10,496
21		WATER TREATMENT PLANT			
22	330.000	Land & Land Rights - WTP	\$0	0.0000%	\$0
23	331.000	Structures & Improvements - WTP	\$0	0.0000%	\$0
24	332.000	Water Treatment Equipment	\$12,244	2.9000%	\$355
25		TOTAL WATER TREATMENT PLANT	\$12,244		\$355
26		TRANSMISSION & DISTRIBUTION PLANT			
27	340.000	Land & Land Rights - T&D	\$0	0.0000%	\$0
28	341.000	Structures & Improvements - T&D	\$0	0.0000%	\$0
29	342.000	Distribution Reservoirs & Standpipes	\$127,295	2.5000%	\$3,182
30	343.000	Transmission & Distribution Mains	\$88,593	2.0000%	\$1,772
31	344.000	Fire Mains	\$0	0.0000%	\$0
32	345.000	Services	\$1,335	2.5000%	\$33
33	346.000	Meters - Bronze Chamber	\$0	0.0000%	\$0
34	346.000	Meters - Plastic Chamber	\$59,004	10.0000%	\$5,900
35	347.000	Meter Installations - Bronze	\$0	0.0000%	\$0
36	347.000	Meter Installations - Plastic	\$500	2.5000%	\$13
37	348.000	Other Transmission & Distribution Plant	\$0	0.0000%	\$0
38	349.000	Hydrants	\$13,420	2.0000%	\$268
39		TOTAL TRANS. & DISTRIBUTION PLANT	\$290,147		\$11,169
40		GENERAL PLANT			
41	370.000	Land & Land Rights - GP	\$0	0.0000%	\$0
42	371.000	Structures & Improvements - GP	\$0	0.0000%	\$0
43	372.000	Office Furniture & Equipment - CSWR 14%	\$510	5.0000%	\$26
44	372.100	Office Computer Equipment - CSWR 14%	\$248	14.3000%	\$35
45	379.000	Other General Equipment 1	\$0	0.0000%	\$0
46	395.000	Laboratory Equipment	\$0	0.0000%	\$0
47	397.000	Communication Equipment	\$6,923	6.7000%	\$464
48		TOTAL GENERAL PLANT	\$7,681		\$525
49		TOTAL PLANT DEPRECIATION EXPENSE	\$703,462		\$27,283

Hillcrest Utility Operating Company, Inc.
 Informal Rate Case
 Case Number WR-2016-0064
 Test Year Ending 7/31/2015, Update 10/31/2015
 Depreciation Reserve

Line Number	Account Number	Plant Description	Total Reserve	Adjustment Number	Adjustments	Jurisdictional Allocation	Adjusted Jurisdictional
1		INTANGIBLE PLANT					
2	301.000	Organization	\$0		\$0	100.0000%	\$0
3	302.000	Franchises	\$0		\$0	100.0000%	\$0
4	303.000	Miscellaneous Intangible Plant	\$0		\$0	100.0000%	\$0
5		TOTAL INTANGIBLE PLANT	\$0		\$0		\$0
6		SOURCE OF SUPPLY PLANT					
7	310.000	Land & Land Rights - SSP	\$0		\$0	100.0000%	\$0
8	311.000	Structures & Improvements - SSP	\$17,147	R-1	\$7	100.0000%	\$17,154
9	312.000	Collections & Impounding Reservoirs	\$0		\$0	100.0000%	\$0
10	313.000	Lake, River, & Other Intakes	\$0		\$0	100.0000%	\$0
11	314.000	Wells & Springs	\$8,694		\$0	100.0000%	\$8,694
12	315.000	Infiltration Galleries & Tunnels	\$0		\$0	100.0000%	\$0
13	316.000	Supply Mains	\$1,111		\$0	100.0000%	\$1,111
14		TOTAL SOURCE OF SUPPLY PLANT	\$26,952		\$7		\$26,959
15		PUMPING PLANT					
16	323.000	Other Power Production Equipment	\$3,361		\$0	100.0000%	\$3,361
17	325.100	Electric Pumping Equipment	\$12,214		\$0	100.0000%	\$12,214
18	326.000	Diesel Pumping Equipment	\$0		\$0	100.0000%	\$0
19	328.000	Other Pumping Equipment	\$0		\$0	100.0000%	\$0
20		TOTAL PUMPING EQUIPMENT	\$15,575		\$0		\$15,575
21		WATER TREATMENT PLANT					
22	330.000	Land & Land Rights - WTP	\$0		\$0	100.0000%	\$0
23	331.000	Structures & Improvements - WTP	\$0		\$0	100.0000%	\$0
24	332.000	Water Treatment Equipment	\$148		\$0	100.0000%	\$148
25		TOTAL WATER TREATMENT PLANT	\$148		\$0		\$148
26		TRANSMISSION & DISTRIBUTION PLANT					
27	340.000	Land & Land Rights - T&D	\$0		\$0	100.0000%	\$0
28	341.000	Structures & Improvements - T&D	\$0		\$0	100.0000%	\$0
29	342.000	Distribution Reservoirs & Standpipes	\$4,660		\$0	100.0000%	\$4,660
30	343.000	Transmission & Distribution Mains	\$46,789		\$0	100.0000%	\$46,789
31	344.000	Fire Mains	\$0		\$0	100.0000%	\$0
32	345.000	Services	\$1,152		\$0	100.0000%	\$1,152
33	346.000	Meters - Bronze Chamber	\$0		\$0	100.0000%	\$0
34	346.000	Meters - Plastic Chamber	\$40,379		\$0	100.0000%	\$40,379
35	347.000	Meter Installations - Bronze	\$0		\$0	100.0000%	\$0
36	347.000	Meter Installations - Plastic	\$404		\$0	100.0000%	\$404
37	348.000	Other Transmission & Distribution Plant	\$0		\$0	100.0000%	\$0
38	349.000	Hydrants	\$5,634		\$0	100.0000%	\$5,634
39		TOTAL TRANS. & DISTRIBUTION PLANT	\$99,018		\$0		\$99,018
40		GENERAL PLANT					
41	370.000	Land & Land Rights - GP	\$0		\$0	100.0000%	\$0
42	371.000	Structures & Improvements - GP	\$0		\$0	100.0000%	\$0
43	372.000	Office Furniture & Equipment - CSWR 14%	\$18		\$0	100.0000%	\$18
44	372.100	Office Computer Equipment - CSWR 14%	\$44		\$0	100.0000%	\$44
45	379.000	Other General Equipment 1	\$0		\$0	100.0000%	\$0
46	395.000	Laboratory Equipment	\$0		\$0	100.0000%	\$0
47	397.000	Communication Equipment	\$193		\$0	100.0000%	\$193
48		TOTAL GENERAL PLANT	\$255		\$0		\$255
49		TOTAL DEPRECIATION RESERVE	\$141,948		\$7		\$141,955

Hillcrest Utility Operating Company, Inc.
Informal Rate Case
Case Number WR-2016-0064
Test Year Ending 7/31/2015, Update 10/31/2015
Adjustments to Depreciation Reserve

Reserve Adjustment Number	Accumulated Depreciation Reserve Adjustments Description	Account Number	Adjustment Amount	Total Adjustment Amount
R-1	Structures & Improvements - SSP			\$7
	Adjust reserve due to PR adjustment		\$7	
	Description		\$0	
TOTAL RESERVE ADJUSTMENTS				\$7

Hillcrest Utility Operating Company, Inc.
Informal Rate Case
Case Number WR-2016-0064
Test Year Ending 7/31/2015, Update 10/31/2015
Revenue Schedule - Water

Line Number	Account Number	Revenue Description	Company/ Test Year Amount	Adjustment Number	Jurisdictional Adjustments	Jurisdictional Allocation	Adjusted Jurisdictional
Rev-1		ANNUALIZED REVENUES					
Rev-2		Annualized Rate Revenues	\$32,378		\$0	100.00%	\$32,378
Rev-3		Miscellaneous Revenues	\$15		\$0	100.00%	\$15
Rev-4		TOTAL ANNUALIZED REVENUES	\$32,393		\$0		\$32,393

Hillcrest Utility Operating Company, Inc.
Informal Rate Case
Case Number WR-2016-0064
Test Year Ending 7/31/2015, Update 10/31/2015
Revenue Adjustment Schedule - Water

Revenue Adjustment Number	Adjustment Description	Account Number	Adjustment Amount	Total Adjustment Amount
Rev-1				\$0
	Description		\$0	
	Description		\$0	
TOTAL REVENUES ADJUSTMENTS				\$0

Hillcrest Utility Operating Company, Inc.
Informal Rate Case
Case Number WR-2016-0064
Test Year Ending 7/31/2015, Update 10/31/2015
Rate Revenue Feeder Schedule - Water

Line Number	Description	Residential		Commercial		Total	
		Amount	Amount	Amount	Amount	Amount	Amount
1	<u>Customer Charge Revenues:</u>						
2	Customer Number	0		0		0	
3	Bills Per Year	0		0		0	
4	Customer Bills Per Year	0		0		0	
5	Current Customer Charge	\$0.00		\$0.00			
6	Annualized Customer Charge Revenues		\$0		\$0		\$0
7	<u>Commodity Charge Revenues:</u>						
8	Total Gallons Sold	0		0		0	
9	Less: Base Gallons Included in Customer Charge	0		0		0	
10	Commodity Gallons	0		0		0	
11	Block 1, Commodity Gallons per Block	0		0			
12	Block 1, Number of Commodity Gallons per Unit	1,000		1,000			
13	Block 1, Commodity Billing Units	0		0			
14	Block 1, Existing Commodity Charge	\$0.00		\$0.00			
15	Block 1, Annualized Commodity Charge Rev.		\$0		\$0		\$0
16	TOTAL ANNUALIZED WATER RATE REVENUES		\$0		\$0		\$0

Hillcrest Utility Operating Company, Inc.
Informal Rate Case
Case Number WR-2016-0064
Test Year Ending 7/31/2015, Update 10/31/2015
Miscellaneous Revenues Feeder - Water

Line Number	Description	Amount
1	Late Charge Fees	\$0
2	Disconnect Fees	\$0
3	TOTAL MISCELLANEOUS REVENUES	\$0

Hilcrest Utility Operating Company, Inc.
 Informal Rate Case
 Case Number WR-2016-0064
 Test Year Ending 7/31/2015, Update 10/31/2015
 Expense Schedule - Water

Line Number	Account Number	Expense Description	Company/ Test Year Amount	Adjustment Number	Adjustments	Jurisdictional Allocation	Adjusted Jurisdictional
1		OPERATIONS EXPENSES					
2		Management Salary	\$0		\$0	100.00%	\$0
3		Operators Salary/Contract Services	\$18,479		\$0	100.00%	\$18,479
4		Electricity - Pumping	\$6,129		\$0	100.00%	\$6,129
5		Chemicals	\$1,797		\$0	100.00%	\$1,797
6		TOTAL OPERATIONS EXPENSE	\$26,405		\$0		\$26,405
7		MAINTENANCE EXPENSES					
8		Main Break Repairs	\$0		\$0	100.00%	\$0
9		Mowing Expense	\$0		\$0	100.00%	\$0
10		Maintenance & Repairs	\$1,037		\$0	100.00%	\$1,037
11		Miscellaneous Expense	\$0		\$0	100.00%	\$0
12		TOTAL MAINTENANCE EXPENSE	\$1,037		\$0		\$1,037
13		CUSTOMER ACCOUNT EXPENSE					
14		Billing & Collections	\$6,253	W-1	(\$600)	100.00%	\$5,653
15		Web Pages	\$38		\$0	100.00%	\$38
16		Office Supplies & Postage	\$168		\$0	100.00%	\$168
17		Bank Fees	\$2,331		\$0	100.00%	\$2,331
18		Uncollectible Accounts	\$467		\$0	100.00%	\$467
19		TOTAL CUSTOMER ACCOUNT EXPENSE	\$9,257		(\$600)		\$8,657
20		ADMINISTRATIVE & GENERAL EXPENSES					
21		Administration & General Salary - CSWR 14	\$24,153	W-2	(\$12,353)	100.00%	\$11,800
22		Travel Expense	\$1,598		\$0	100.00%	\$1,598
23		Communication Services - CSWR 14%	\$323	W-3	(\$81)	100.00%	\$242
24		Office Supplies - CSWR 14%	\$495	W-4	(\$102)	100.00%	\$393
25		Bank Fees	\$90		\$0	100.00%	\$90
26		Legal Fees - CSWR 14%	\$47	W-5	(\$11)	100.00%	\$36
27		Legal Fees	\$132		\$0	100.00%	\$132
28		Accounting Fees - CSWR 14%	\$163	W-6	(\$41)	100.00%	\$122
29		Management Consultants - CSWR 14%	\$82	W-7	(\$20)	100.00%	\$62
30		Payroll Fees - CSWR 14%	\$288	W-8	(\$72)	100.00%	\$216
31		IT Services - CSWR 14%	\$215	W-9	(\$54)	100.00%	\$161
32		Property Ins - Environmental	\$5,143		\$0	100.00%	\$5,143
33		Property Ins - Workers Comp - CSWR 14%	\$110	W-10	(\$28)	100.00%	\$82
34		Property Ins - Commercial	\$6,574		\$0	100.00%	\$6,574
35		Emp Benefits - Keyman - CSWR 14%	\$0		\$0	100.00%	\$0
36		Emp Benefits - UHC - CSWR 14%	\$3,898	W-11	(\$977)	100.00%	\$2,921
37		Emp Benefits - 401k - CSWR 14%	\$1,070	W-12	(\$668)	100.00%	\$402
38		Emp Benefits - Life/STD/LTD - CSWR 14%	\$2,003	W-13	(\$153)	100.00%	\$1,850
39		Rent Expense - CSWR 14%	\$6,121	W-14	(\$1,534)	100.00%	\$4,587
40		TOTAL ADMINISTRATIVE & GENERAL	\$52,505		(\$16,094)		\$36,411
41		OTHER OPERATING EXPENSES					
42		MO DNR Fees (Lab Fees)	\$200		\$0	100.00%	\$200
43		PSC Assessment	\$722		\$0	100.00%	\$722
44		SOS Fees	\$13		\$0	100.00%	\$13
45		Corporate Registration/Franchise Fees	\$0		\$0	100.00%	\$0
46		Depreciation	\$27,314	W-15	(\$31)	100.00%	\$27,283
47		CIAC Depreciation	(\$637)		\$0	100.00%	(\$637)
48		TOTAL OTHER OPERATING EXPENSES	\$27,612		(\$31)		\$27,581
49		TAXES OTHER THAN INCOME					
50		Real & Personal Property Taxes	\$16	W-16	\$148	100.00%	\$164
51		Payroll Taxes - CSWR 14%	\$2,704	W-17	(\$1,195)	100.00%	\$1,509
52		TOTAL TAXES OTHER THAN INCOME	\$2,720		(\$1,047)		\$1,673
53		TOTAL OPERATING EXPENSES	\$119,536		(\$17,772)		\$101,764

Expense Adjustment Number	Adjustment Description	Account Number	Adjustment Amount	Total Adjustment Amount
W-1	Billing & Collections		\$600	\$600
W-2	Remove Metering OTR Fees		\$500	\$500
W-2	Adjustment on General Salary - CSVM 14%		\$0	\$0
W-2	Adjustment on Staffs 14% Allocation to 10.45%		-\$12,253	-\$12,253
W-3	Construction Services - CSVM 14%		\$0	\$0
W-3	Adjustment on Staffs 14% Allocation to 10.45%		-\$81	-\$81
W-4	Office Supplies - CSVM 14%		\$0	\$0
W-4	Adjustment on Staffs 14% Allocation to 10.45%		-\$102	-\$102
W-5	Lease Fees - CSVM 14%		\$0	\$0
W-5	Adjustment on Staffs 14% Allocation to 10.45%		-\$11	-\$11
W-6	Accounting Fees - CSVM 14%		\$0	\$0
W-6	Adjustment on Staffs 14% Allocation to 10.45%		-\$41	-\$41
W-7	Management Consultant - CSVM 14%		\$0	\$0
W-7	Adjustment on Staffs 14% Allocation to 10.45%		-\$20	-\$20
W-8	Retiree Fees - CSVM 14%		\$0	\$0
W-8	Adjustment on Staffs 14% Allocation to 10.45%		-\$72	-\$72
W-9	IT Services - CSVM 14%		\$0	\$0
W-9	Adjustment on Staffs 14% Allocation to 10.45%		-\$54	-\$54
W-10	Property Ins - Working Comp - CSVM 14%		\$0	\$0
W-10	Adjustment on Staffs 14% Allocation to 10.45%		-\$28	-\$28
W-11	Emp Benefits - UHC - CSVM 14%		\$0	\$0
W-11	Adjustment on Staffs 14% Allocation to 10.45%		-\$977	-\$977
W-12	Emp Benefits - AOLA - CSVM 14%		\$0	\$0
W-12	Adjustment on Staffs 14% Allocation to 10.45%		-\$668	-\$668
W-13	Adjust 401k to ODC salaries		-\$668	-\$668
W-13	Emp Benefits - LG/SITD/TD - CSVM 14%		\$0	\$0
W-13	Adjustment on Staffs 14% Allocation to 10.45%		-\$153	-\$153
W-14	Real Expense - CSVM 14%		\$0	\$0
W-14	Adjustment on Staffs 14% Allocation to 10.45%		-\$1,534	-\$1,534
W-15	Depreciation		\$0	\$0
W-15	Adjust depreciation due to plant adjustments		-\$31	-\$31
W-16	Real & Personal Property Taxes		\$0	\$0
W-16	Adjust property tax expense		\$148	\$148
W-17	Payroll Taxes - CSVM 14%		\$0	\$0
W-17	Adjust FR taxes to ODC salaries		-\$1,195	-\$1,195
TOTAL EXPENSE ADJUSTMENTS			\$0	-\$17,272