

Exhibit No .: Issue(s):

Employee Wages/ Auditing and Income Tax Preparation Fees/ Property Taxes/

**OPC EMS Run Adjustments** 

Witness/Type of Exhibit:

Sponsoring Party:

Case No.:

Roth/Rebuttal Public Counsel WR-2016-0064

REBUTTAL TESTIMONY

**FILED** May 25, 2016 **Data Center** Missouri Public Service Commission

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

Date 5/19/16 Reporter PMS
File No. W.R. - 2016 - 0064



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

In the Matter of the Rate Increase	)	
Requests of the Hillcrest Utility	j	File No. WR-2016-0064
Operating Company, Inc	)	
<u>AFFIDAY</u>	/IT OF K	ERI 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.

NOTARY SEAL OF INT

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

Jerene A. Buckman Notary Public

My Commission expires August, 2017.

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

#### REBUTTAL TESTIMONY

#### **OF**

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Submitted on Behalf of the Office of the Public Counsel

## HILLCREST UTILITY OPERATING COMPANY, INC.

CASE NO. WR-2016-0064

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

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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.
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My Commission Expires
August 23, 2017
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#### REBUTTAL TESTIMONY

**OF** 

## KERI ROTH HILLCREST UTILITY OPERATING COMPANY, INC.

#### CASE NO. WR-2016-0064

W	TRITTI	ALL LANGUE ALL
	INIK	DUCTION

- 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.

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- 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,

Keri R	al Testimony of oth No. WR-2016-0064
	describes Mr. Cox as the Chief Executive Officer ("CEO"), Mr. Chalfant as the Chief
	Financial Officer ("CFO"), and Ms. Eaves as the office manager.
Q.	Has OPC's recommendation changed as a result of the deposition of Hillcrest witness
	Mr. Cox on April 28, 2016?
A.	Yes.
Q.	Please describe OPC's changes.
A.	In direct testimony, OPC believed the 14% allocation factor was reasonable to allocate corporate payroll costs to Hillcrest. However, after answers provided by Mr. Cox during his deposition and a review of his timesheet, OPC believes 14% is too high. OPC has reevaluated Mr. Cox's timesheet and believes an allocation factor of 10.49% is more reasonable. This is the amount of time actually allocated to Hillcrest per Mr. Cox's timesheets. OPC's payroll calculation utilizing an allocation factor of 10.49% can be seen on Schedule KNR-1, marked "Highly Confidential".
Q.	Does Mr. Jack Chalfant or Ms. Brenda Eaves have timesheets for Hillcrest?
A.	No. It is OPC's understanding Mr. Chalfant and Ms. Eaves did not begin recording their time until after the update period of October 31, 2015. Therefore, OPC can only rely on Mr. Cox's timesheets to calculate an allocation of their time for Hillcrest.
Q.	Has OPC utilized the same job titles as Mr. Harrison in his testimony?
A.	No. As shown in my direct testimony on Schedule KNR-4, marked "Highly Confidential", I have re-classified job titles to more appropriately fit job descriptions of Mr. Cox and Mr. Chalfant.

wages?

Why does OPC disagree with Mr. Cox's use of CEO when calculating employee

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- As stated in my direct testimony, the top manager of small water and sewer companies in A. Missouri are usually classified as "general managers" and not as CEO. There is no explanation given as to why a distinction should be made in this case.
- Why does OPC disagree with Mr. Cox's use of CFO for Mr. Chalfant when Q. calculating employee wages?
- Mr. Cox explained Mr. Chalfant does not participate with acquisitions of small water and A. sewer utilities nor does he participate in any activities relating to the financing of Hillcrest. Mr. Chalfant stated that he is not responsible for providing input on corporate financing, determining the overall financial well being of the company, or determining the overall financial direction of the company. His job is limited to review of invoices, writing checks for Mr. Cox to sign, and assistance with the set up of the Quickbooks financial system as well as some minor accounting and auditing related tasks. These responsibilities are more in line with an auditor/accounting position than the leadership role a CFO suggests and that's why our office classifies it as such.
- How has Staff calculated employee wages? Q.
- Staff has used the job titles as provided by Hillcrest and applied 2014 pay rates found on the A. Missouri Economic Research and Information Center ("MERIC") website as well as utilizing the "mean" or average pay rates for those job titles.
- Does Mr. Harrison state in direct testimony that Hillcrest used the experienced level of Q. MERIC to annualize CSWR's payroll?
- Is Mr. Harrison correct? Q.

Yes.

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

	Rebutt Keri R	tal Testimony of
	Case N	No. WR-2016-0064
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	Α.	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	2	fees in direct testimony?
22	A.	Yes.
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	<b>!</b> !	$oldsymbol{4}$

#### Q. Has OPC's position since changed?

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

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

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

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

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

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

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

#### IV. Property Taxes

	Keri Ro	at Testimony of other of the state of the st
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
LO		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
1.2 1.3		months after this case's update period of October 31, 2015. Property tax expense will be 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
1.6	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.
1.9		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.

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

- 1 | Q. Does this conclude your rebuttal testimony?
- 2 A. Yes.

#### REBUTTAL TESTIMONY

OF

#### KERI ROTH

#### HILLCREST UTILITY OPERATING COMPANY, INC.

#### CASE NO. WR-2016-0064

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- 3 A. Keri Roth, P.O. Box 2230, Jefferson City, Missouri 65102-2230.
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  - Why does OPC disagree with Mr. Cox's use of CEO when calculating employee O. wages?

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

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

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

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Q. Is Mr. Harrison correct?

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Keri R	al Testimony of oth No. WR-2016-0064
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Q.	Do any of CSWR's employees have experience with regulated water and sewer utilities prior to working for CSWR?
A.	No. In response to questions presented during depositions, none of the employees of CSWR have experience with regulated water and sewer utilities. Therefore, "mean" or average MERIC rates are acceptable for each employee's job title. As of the update period of this audit, each employee has had less than one year experience with regulated water and wastewater utilities.
III.	Auditing and Income Tax Preparation Fees
Q.	Did OPC originally accept Staff's calculation to include \$326 for Hillcrest's accounting fees in direct testimony?

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	A.	No.
	Q.	Does Mr. Cox agree with Staff's calculation?
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	Q.	Is this amount known and measurable?
	A.	No. Mr. Cox has stated an <i>estimate</i> of what he believes property tax expense will be in 2016. However, this amount has not yet been provided by the Cape Girardeau County Assessor's office and Hillcrest will not pay these taxes until December 31, 2016, fourteen months after this case's update period of October 31, 2015. Property tax expense will be updated during that time to account for any new plant and can be decided in Hillcrest's next rate case.
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be seen in Schedule KNR-2.

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 Angualized
domos	Description	Aillidalded
Rev-1	ANNUALIZED REVENUES	
Rev-2 Rev-3	Annualized Rate Revenues Miscellaneous Revenues	\$41,431 \$0
Rev-4	TOTAL ANNUALIZED REVENUES	\$41,431
1	OPERATIONS EXPENSES	
2	Management Salary	\$0
3	Operators Salary/Contract Services	\$23,088
4 5	Electricity - Pumping Treatment Chemicals	\$4,971 \$4,179
6	Sludge Removal	\$0
7	TOTAL OPERATIONS EXPENSE	\$32,238
8	MAINTENANCE EXPENSES	
9	Maintenance of Collection Sewers	\$10,484
10	Maintenance of Pumping Equipment	\$803
11 12	Treatment & Disposal Plant TOTAL MAINTENANCE EXPENSE	\$400 \$11,687
12	TOTAL IMPRILED FOR EAST,	Q11,00 <i>7</i>
13	CUSTOMER ACCOUNT EXPENSE	44.520
14 15	Billing & Collections Office Supplies & Postage	\$5,629 \$58
16	Bank Fees	\$2,331
17	Uncollectible Accounts	\$467
18	Web page - CSWR 14% TOTAL CUSTOMER ACCOUNT EXPENSE	\$38 \$8,523
19	TOTAL COSTOMER ACCOUNT EXPENSE	<del>30</del> ,323
20	ADMINISTRATIVE & GENERAL EXPENSES	
21	Administration & General Salary - CSWR 14%	\$11,800
22 23	Travel Expense - CSWR 14% Communication Services - CSWR 14%	\$1,598 \$242
24	Office Supplies - CSWR 14%	\$393
25	Bank Fees	\$90
26	Legal Fees	\$132 \$36
27 28	Legal Fees - CSWR 14% Accounting Fees - CSWR 14%	\$122
29	Management Consultants - CSWR 14%	\$62
30	Payroll Fees - CSWR 14%	\$216
31 32	IT Fees - CSWR 14% Property Ins - Environmental	\$161 \$5,143
33	Property Ins - Workers Comp - CSWR 14%	\$82
34	Property Ins - Commercial	\$6,574
35	Emp Benefits - Keyman - CSWR 14%	\$0 \$2,921
36 37	Emp Benefits - UHC - CSWR 14% 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	\$36,411
41	OTHER OPERATING EXPENSES	
42	MO DNR Fees	\$3,000 \$732
43 44	PSC Assessment SOS Fees - CSWR 14%	\$13
45	Corporate Registration/Franchise Fees	\$0
46	Depreciation	\$33,704
47	CIAC Depreciation TOTAL OTHER OPERATING EXPENSES	(\$2,250) \$35,199
48	TOTAL OTTER OPERATING EXITENSES	<b>7727</b>
49	TAXES OTHER THAN INCOME	\$164
50 51	Real & Personal Property Taxes Payroll Taxes - CSWR 14%	\$1,509
52	TOTAL TAXES OTHER THAN INCOME	\$1,673
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	\$65,235
58	TOTAL COST OF SERVICE	\$190,966
59	Less: Miscellaneous Revenues	\$0
60	COST TO RECOVER IN RATES	\$190,966
61	INCREMENTAL INCREASE IN RATE REVENUES	\$149,535
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	\$182,212	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	\$610,701	
6	Total Weighted Rate of Return Including Income Tax	10.68%	From PreTax Return Sche
7	Required Return & Income Tax	\$65,234	

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

,	Change Income Tay Boars	6.050	5 010/	Formulas	Mot Hooms Dang	0.000		A market A	ļ
4	פומות זורסווות ומא עמות	0.77.0	0.10.0	TWY ((C: Y 70)-T)	Start	End	Tax Rate	Amount in Range	on Range
7	Federal Income Tax Rate	15.00%	14.13%	(1-B1) x A2	\$ - \$	50,000	15.00%	\$23,135	\$3,470
					\$ 50,001 \$	75,000	25.00%	\$0	Ş
m	Composite Effective Income Tax Rate		19.94%	B1+B2	\$ 75,001 \$	100,000	34.00%	\$0	\$0
					\$ 100,001 \$	335,000	39.00%	\$0	\$0
4	Equity Tax Factor		1.2490	1/(1-83)	\$ 335,001 \$ 9,	666'666'666'6	34.00%	\$0	80
								\$23,135	\$3,470
ស	Recommended Weighted Rate of Return on Equity -		3.22%	From Cap. Struct.			Consolidated Tax Rate:	ed Tax Rate:	
	Common and Preferred						Averag	Average Tax Rate:	0.15
							-		
9	Weighted Rate of Return on Equity Inc. Income Tax		4.02%	84×85					
7	Recommended Weighted Rate of Return on Debt -		6.66%	From Cap. Struct.					
	Long-Term and Short-Term								
œ	Total Weighted Rate of Return Inc. Income Tax		10.68%	86+87					
				To Rate Base Sch.					
				_					
თ	If Sub-Chapter S Corporation, Enter Y:	z							
10	Equity Income Required & Preliminary Federal Tax		\$23,135						

#### Case Number SR-2016-0065

#### Test Year Ending 7/31/2016, Update 10/31/2016 Capital Structure Schedule - Sewer

Is Preferred Stock Tax Deductible? N Percentage Weighted of Total Embedded Dollar Cost of Line Capital Cost of Amount Number Description Structure Capital 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% \$861,498 4 Long-Term Debt 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%

\$1,148,663

7

**TOTAL CAPITALIZATION** 

To PreTax Return Rate Schedule

100.00%

9.880%

#### Case Number SR-2016-0065

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

Plant	ln	Service	-	Sewer
-------	----	---------	---	-------

Line Number	Account#	Plant Account Description	Total Plant	Adjustment Number	Adjustments	Jurisdictional Allocation	Adjusted Jurisdictional
	·.						
1	204.000	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%	
9		TOTAL SOURCE OF SUPPLY PLANT	\$0	•	\$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	100.0075	\$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)				100.00%	\$2,400
20	303.000	TOTAL PUMPING PLANT	\$2,400 \$2,400	•	\$0 \$0	100.00%	\$2,400
20		TOTAL FOWERING FLANT	\$2,400		<b>30</b>		\$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		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	- <u> </u>	TOTAL PLANT IN SERVICE	\$831,094		\$270		\$831,364

#### 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		Account	Adjustment	Total
Number	Plant in Service Adjustment Description	Number	Amount	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

#### 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 D Rate	epreciation 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 \$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	\$0	0.0000%	\$0
9		TOTAL SOURCE OF SUPPLY PLANT	\$0		\$0
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	\$163,305		\$3,266
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	\$2,400		\$240
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	\$641,029		\$28,556
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	\$24,630		\$1,641
35		TOTAL PLANT DEPRECIATION EXPENSE	\$831,364		\$33,704

#### 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
					Visidania, establica de productiva del Va		Journal
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	H	\$0	100.0000%	\$18
31	0.000	Office Computer Equipment - CSWR 14%	\$44		\$0	100.0000%	\$44
32	393.000	Stores Equipment	\$1,043	materials and defect ( ) ( ) ( ) ( ) ( ) ( ) ( ) ( ) ( ) (	\$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

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#### 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 Account Number Number		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	Miscelianeous Revenues	\$0		\$0	100.00%	\$0
Rev-4	TOTAL ANNUALIZED REVENUE	S \$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

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#### 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		Residential	Comn	nercial	Tot	ál
Number	Description	Amount Amount	Amount	Amount	Amount	Amount
1	Customer Charge Revenues:					
2	Customer Number	0	0		0	
3	Bills Per Year	0	0			
4	Customer Bills Per Year	O	0		0	
5	Current Customer Charge	\$0.00	\$0.00			
6	Annualized Customer Charge Revenues		so	\$0		\$0
7	Commodity Charge Revenues:					
8	Total Gallons Sold	0	0		0.	
9	Less: Base Gallons Included in Customer Charge	00	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	o	0			
14	Block 1, Existing Commodity Charge	\$0.00	\$0.00			
15	Block 1, Annualized Commodity Charge Rev.	\$	50   	\$0	+ + + + + + + + + + + + + + + + + + +	\$0
16	TOTAL ANNUALIZED WATER RATE REVENUES		o': "	\$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

STATE OF STREET	ine mber	Description Amo	ount
	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 Account		Company/ Test Year	Adjustment		Jurisdictional	Adjusted
Number Number	Expense Description	Amount	Number	Adjustments	Allocation	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 \$0	100.00%	\$4,179
6	Sludge Removal TOTAL OPERATIONS EXPENSE	\$0 \$32,238		\$0 \$0	100.00%_	\$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	<b>S-1</b>	(\$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 35	Property Ins - Commercial	\$6,574		\$0 \$0	100.00%	\$6,574
36	Emp Benefits - Keyman - CSWR 14% Emp Benefits - UHC - CSWR 14%	\$0 \$2.800		\$0 (60 <del>73</del> )	100.00%	\$0
an a filologica y complementation and probabilities and a designation	Emp Benefits - 401k - CSWR 14%	\$3,898 \$1,070	S-11 S-12	(\$977) (\$669)	100,00%	\$2,921
38	Emp Benefits - Life/STD/LTD - CSWR 14%	\$2,003	S-12 S-13	(\$668) (\$153)	100.00%	\$402
	Rent Expense - CSWR 14%	\$6,121	3-13 S-14	(\$1,534)	100.00% 100.00%	\$1,850
40	TOTAL ADMINISTRATIVE & GENERAL	\$52,505		(\$16,094)	100.00%	\$4,587 \$36,411
41	OTHER OPERATING EXPENSES					
42	MO DNR Fees	\$3,000		\$0	100.00%	\$3,000
43	PSC Assessment	\$732		\$0 \$0	100.00%	\$5,000 \$732
44	SOS Fees - CSWR 14%	\$13		\$0	100.00%	\$13
	Corporate Registration/Franchise Fees	\$0		\$0	100.00%	\$0
46	Depreciation	\$33,716	-S-15	(\$12)	100.00%	\$33,704
	CIAC Depreciation	(\$2,250)	) dienius II (1800 N.). Tad sinistriki (1800 N.).	\$0	100.00%	(\$2,250)
	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
Charles and the Control of the Contr	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

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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

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

#### 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	\$141,955	From Reserve Sch
3	Net Plant In Service	\$561,507	
4	Other Rate Base Items:		
	Prepayments (Workers Comp)	\$58	
	Contributions in Aid of Construction	(\$35,384)	
	CIAC Depreciation	\$12,259	
5	Total Rate Base	\$538,440	
6	Total Weighted Rate of Return	40.055	
	Including Income Tax	10.68%	From PreTax Return Sche
7	Required Return & Income Tax	\$57,515	

#### 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 STATE OF THE STA				*****		100
1	State Income Tax Rate	<b>A.</b> 6.25%	<b>B</b> 5.81%	Formulas (1-(B2 x .5)) x A1	T		come R	_	
2	Federal Income Tax Rate	15.00%	14.13%	(1-B1) x A2	\$	Start	\$	50,000	Ta:
3	Composite Effective Income Tax Rate		19.94%	B1 + B2	\$	/	\$	75,000 100,000 335,000	9
4	Equity Tax Factor		1.2490	1 / (1-B3)	\$	-		99,999,999	3
5	Recommended Weighted Rate of Return on Equity - Common and Preferred		3.22%	From Cap. Struct.	<u></u>				
6	Weighted Rate of Return on Equity Inc. Income Tax		4.02%	B4 x B5					
7	Recommended Weighted Rate of Return on Debt - Long-Term and Short-Term		6.66%	From Cap. Struct.					
8	Total Weighted Rate of Return Inc. Income Tax		10.68%	B6 + B7 To Rate Base Sch.					
9	If Sub-Chapter S Corporation, Enter Y:	N							

10 Equity Income Required & Preliminary Federal Tax

\$20,398

	Net Income Range		Net Income Range		Amount	Tax
L	Start		End	Tax Rate	in Range	on Range
\$	-	\$	50,000	15.00%	\$20,398	\$3,060
\$	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
					\$20,398	\$3,060
				Consolida	ted Tax Rate:	
				Aver	age Tax Rate:	0.15

#### Case Number WR-2016-0064

#### Test Year Ending 7/31/2015, Update 10/31/2015

Capital Structure Schedule - Water

Is Preferred Stock Tax Deductible?

N

			is Preferred Stock 18	ix Deductible?	IN
Line Number	Description	Döllar Amount	Percentage of Total Capital Structure	Embedded Cost of Capital	Weighted 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	\$1,148,663	100.00%		9.880%

To PreTax Return Rate Schedule

#### 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 Adjustme Plant Numbe		Jurisdictional Allocation	Adjusted Iurisdictional
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	303,000	TOTAL INTANGIBLE PLANT	\$0	\$0	200,0070	\$0
10,100	**					
6 7	210 000	SOURCE OF SUPPLY PLANT	ćn	\$0	100.00%	\$0
	310.000	Land & Land Rights - SSP	\$0 \$180,293 P-1	\$0 \$724	100.00%	\$181,017
8	311.000	Structures & Improvements - SSP		\$724 \$0	100.00%	\$0
9 10	312.000 313.000	Collections & Impounding Reservoirs	\$0 \$0	\$0 \$0	100.00%	\$0
11	314.000	Lake, River, & Other Intakes		\$0 \$0	100.00%	\$9,450
12	315.000	Wells & Springs	\$9,450 \$0	\$0 \$0	100.00%	\$0
4.73		Infiltration Galleries & Tunnels		\$0 \$0	100.00%	\$1,162
13 14	316.000	Supply Mains TOTAL SOURCE OF SUPPLY PLANT	\$1,162 \$190,905	\$724	100,0070	\$191,629
14		TOTAL SOURCE OF SUPPLY PLAINT	\$130,303	7/24		<b>V</b> 101,011
15		PUMPING PLANT		•-		A454 224
16	323.000	Other Power Production Equipment	\$161,331	<b>\$</b> 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 Treament 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	<b>\$</b> 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	<b>\$</b> 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	3,5.000	TOTAL TRANS. & DISTRIBUTION PLANT	\$290,147	\$0		\$290,147
40		GENERAL PLANT				
40 41	370.000	Land & Land Rights - GP	\$0	\$0	100.00%	\$0
41 42	370.000	Structures & Improvements - GP	\$0 \$0	\$0 \$0	100.00%	\$0
	ere en	Office Furniture & Equipment - CSWR 14%	\$681 P-2	-\$171	100.00%	\$510
43 44	372.000 372.100	Office Computer Equipment - CSWR 14%	\$531 P-3	-\$283	100.00%	\$248
	and the second s	The state of the s	\$0	\$0	100.00%	\$0
45 46	379.000	Other General Equipment 1	\$0 \$0	\$0 \$0	100.00%	\$0
46 47	395.000	Laboratory Equipment		\$0 \$0	100.00%	\$6,923
47 48	397.000	Communication Equipment TOTAL GENERAL PLANT	\$6,923 \$8,135	-\$454	100,0070	\$7,681
40		TO THE GENERAL I CANT			war -	\$703,462
				\$270		

#### 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

	Ny avon'ny tanàna mandritry ny taona 2008–2014.		Alteria	
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	
a salah	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

	Rate	Jurisdictional	Plant Description	Number	Number
			INTANGIBLE PLANT	in the	1
\$0	0.0000%	\$0	Organization	301.000	2
\$0	0.0000%	\$0 \$0	Franchises	302,000	3
\$0	0.0000%	\$0 \$0	Miscellaneous Intangible Plant	303.000	4
\$0	0.0000%	\$0 \$0	TOTAL INTANGIBLE PLANT	303.000	5
			·		
\$0	0.0000%	\$0	SOURCE OF SUPPLY PLANT Land & Land Rights - SSP	310.000	6 7
ەر \$4,525	2.5000%	\$181,017	Structures & Improvements - SSP	311,000	8
رجو \$0	0.0000%	\$181,017 \$0	Collections & Impounding Reservoirs	312.000	9
\$0 \$0	0.0000%	\$0 \$0	Lake, River, & Other Intakes	313,000	10
\$189			Wells & Springs	314.000	11
	2.0000%	\$9,450	· -	315.000	12
\$0 \$23	0.0000%	\$0 \$1.163	Infiltration Galleries & Tunnels Supply Mains	316,000	13
\$4,738	2.0000%	\$1,162 \$191,629	TOTAL SOURCE OF SUPPLY PLANT	310.000	14
\$4,73 <b>0</b>		\$191,629	TOTAL SOURCE OF SUPPLY PLANT		14
			PUMPING PLANT		15
\$6,453	4.0000%	\$161,331	Other Power Production Equipment	323.000	16
\$4,043	10.0000%	\$40,430	Electric Pumping Equipment	325.100	17
\$0	0.0000%	\$0	Diesel Pumping Equipment	326.000	18
\$0	0.0000%	\$0_	Other Pumping Equipment	328.000	19
\$10,496		\$201,761	TOTAL PUMPING EQUIPMENT		20
			WATER TREATMENT PLANT		21
\$0	0.0000%	\$0	Land & Land Rights - WTP	330.000	22
\$0	0.0000%	\$0	Structures & Improvements - WTP	331.000	23
\$355	2.9000%	\$12,244	Water Treament Equipment	332,000	24
\$355	2.500070	\$12,244	TOTAL WATER TREATMENT PLANT	332,000	25
			TRANSMISSION & DISTRIBUTION PLANT		26
\$0	0.0000%	\$0	Land & Land Rights - T&D	340.000	27
\$0	0.0000%	\$0	Structures & Improvements - T&D	341.000	28
\$3,182	2.5000%	\$127,295	Distribution Reservoirs & Standpipes	342.000	29
\$1,772	2.0000%	\$88,593	Transmission & Distribution Mains	343,000	30
\$0	0.0000%	\$0	Fire Mains	344.000	31
\$33	2.5000%	\$1,335	Services	345.000	32
\$0	0.0000%	\$0	Meters - Bronze Chamber	346.000	33
\$5,900	10.0000%	\$59,004	Meters - Plastic Chamber	346.000	34
\$0	0.0000%	\$0	Meter Installations - Bronze	347.000	35
\$13	2.5000%	\$500	Meter Installations - Plastic	347.000	36
\$0	0.0000%	\$0	Other Transmission & Distribution Plant	348.000	37
\$268	2.0000%	\$13,420	Hydrants	349.000	38
\$11,169		\$290,147	TOTAL TRANS. & DISTRIBUTION PLANT		39
			GENERAL PLANT		40
\$0	0.0000%	\$0	Land & Land Rights - GP	370.000	41
\$0	0.0000%	\$0	Structures & Improvements - GP	371.000	42
\$26	5.0000%	\$5 <b>10</b>	Office Furniture & Equipment - CSWR 14%	371.000	42 43
\$35	14.3000%	\$248	Office Computer Equipment - CSWR 14%	372.000	44
\$0	0.0000%	\$0	Office Computer Equipment - CSWK 14%  Other General Equipment 1	372,100 379,000	44 45
\$0 \$0	0.0000%	\$0 \$0	• •		
\$464	6.7000%		Laboratory Equipment	395.000	46 43
\$525	0.700076	\$6,923 \$7,681	Communication Equipment	397.000	47
3323		\$7,081	TOTAL GENERAL PLANT		48

### Case Number WR-2016-0064 Test Year Ending 7/31/2015, Update 10/31/2015 Depreciation Reserve

Line -	Account	Plant Description	Total Réserve	Adjustment Number	Adjustments	Jurisdictional Allocation	Adjusted Jurisdictional
Number	Number	Plant Description	neserve	Mannber	Aujustments	Allocation	oursaictional
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			<b>.</b>		4
7	310.000	Land & Land Rights - SSP	\$0		\$0 ***	100.0000%	\$0
8	311,000	Structures & Improvements - SSP	\$17,147	R-1	97	100.0000%	\$17,154
9	312.000	Collections & Impounding Reservoirs	\$0 \$0		\$0 \$0	100.0000%	\$0
10	313.000	Lake, River, & Other Intakes	\$0		\$0 \$0	100.0000%	\$0
11	314.000	Wells & Springs	\$8,694		\$0 \$0	100.0000%	\$8,694
12	315.000	Infiltration Galleries & Tunnels	\$0		\$0 \$0	100.0000%	\$0
13	316.000	Supply Mains	\$1,111		<u>\$0</u>	100.0000%	\$1,111
14		TOTAL SOURCE OF SUPPLY PLANT	\$26,952		\$/		\$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 Treament 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		<b>\$</b> 0	100.0000%	\$0
47	397.000	Communication Equipment	\$193		\$0	100.0000%	\$193
48		TOTAL GENERAL PLANT	\$255	,	\$0	· · ·	\$255
4D		TOTAL DEPRECIATION RESERVE	\$141,948		64		CAMP BEE
49		TOTAL DEGREENIUM DESCRIPTION OF THE SECOND O	3141/340		\$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			Total
Adjustment	Accumulated Depreciation Reserve	Account Adjustment	Adjustment
Number	Adjustments Description	Number Amount	Amount
		N. Grand	Constitution of the Consti
R-1 Stru	ctures & Improvements - SSP	Constitution of the second sec	\$7
Adjı	ust reserve due to PR adjustment	\$:	7
Dao	avintia n	\$0	,
Des	cription	γι	,
TOT	AL RESERVE ADJUSTMENTS		
101	WE HEREIGAE ADYOR HARIATA		

## 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 Account Number Number	Revenue Description	Company/ Test Year Amount	Adjustment Number	Jurisdictional Adjustments	Jurisdictional Allocation	Adjusted Jurisdictional
Rev-1	ANNUALIZED REVENUES	4 W				
Rev-2	Annualized Rate Revenues	\$32,378	. 4	<del>)</del> \$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
Descript	ion		\$0	
Descript	ion		\$0	
TOTALR	EVENUES ADJUSTMENTS			\$0

#### Case Number WR-2016-0064

#### Test Year Ending 7/31/2015, Update 10/31/2015 Rate Revenue Feeder Schedule - Water

Line		Residential		Commercia	l	Total	
Number	Description	Ámount Ám	ount	Amount An	nount	Amount An	ount
1	Customer Charge Revenues:						
2	Customer Number	0		o		0	
3	Bills Per Year	0		0	- 11		
4	Customer Bills Per Year	0		0		0	
5	Current Customer Charge	\$0.00		\$0.00			Ì
6	Annualized Customer Charge Revenues	***************************************	\$0		\$0		\$0
7	Commodity Charge Revenues:						
8	Total Gallons Sold	0		o		0	
9	Less: Base Gallons Included in Customer Charge	0		0		0	
10	Commodity Gallons	0		0	i	0	
11	Block 1, Commodity Gallons per Block	0		O		ě	
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		ı	
15	Block 1, Annualized Commodity Charge Rev.		\$0		\$0		\$0
16	TOTAL ANNUALIZED WATER RATE REVENUES	I	\$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

#### Case Number WR-2016-0064

#### Test Year Ending 7/31/2015, Update 10/31/2015 Expense Schedule - Water

Line	Account	Company/ Test Year	Adjustment		Jurisdictional	Adjusted
Number	Number Expense Description	Amount	Number	Adjustments	Allocation	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	W3	(\$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	ALIEN MINISTER PROPERTY OF THE PARTY OF THE	\$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
: 3 <b>7</b>	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	out that are about the same of the	\$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			and the same of th	Andrew and the second	
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

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