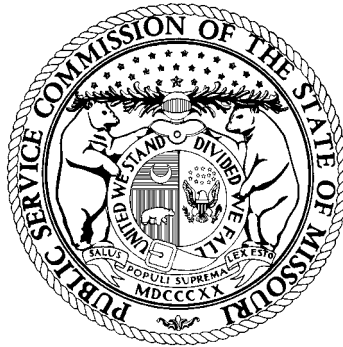


# **MISSOURI PUBLIC SERVICE COMMISSION**

## **STAFF RATE DESIGN REPORT**



### **LAKE REGION WATER & SEWER**

**CASE NO. WR-2010-0111 &  
SR-2010-0110**

*Jefferson City, Missouri  
January 21, 2010*

# STAFF RATE DESIGN REPORT

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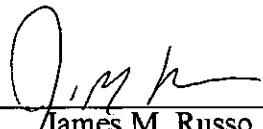
**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

In the Matter of Lake Region Water & Sewer	)	
Company's Application to Implement a	)	Case No. WR-2010-0111 &
General Rate Increase in Water and Sewer	)	SR-2010-0110
Service.	)	

**AFFIDAVIT OF JAMES M. RUSSO**

**STATE OF MISSOURI     )**  
                                      **) ss**  
**COUNTY OF COLE        )**

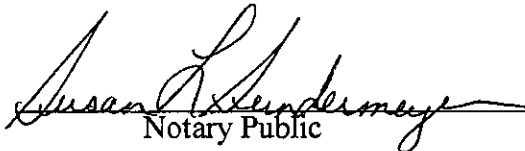
James M. Russo, employee of the Staff of the Missouri Public Service Commission, being of lawful age and after being duly sworn, states that he has participated in the preparation of the accompanying Staff Report on pages 1 - 7, and the facts therein are true and correct to the best of his knowledge and belief..

  
\_\_\_\_\_  
James M. Russo

Subscribed and sworn to before me this 20<sup>th</sup> day of January, 2010.



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

  
\_\_\_\_\_  
Notary Public

# **STAFF RATE DESIGN REPORT**

## **I. Executive Summary**

### **A. Staff's Rate Design Objectives**

The Staff's rate design objectives are:

1. To develop rates reflecting the cost-of-service (COS). Customers pay their actual cost of receiving service and the Company has an opportunity to recover its actual cost of providing service (including an opportunity to receive a return on its investment) by assigning the results of the COS to each water and sewer operation;
2. To continue the existing rate design for the Shawnee Bend water and Shawnee Bend sewer operations and change the calculation of the customer charge for the Horseshoe Bend sewer operations to be consistent with the Shawnee Bend operations;
3. To collect the Commission-ordered overall change in revenues.

### **B. Staff's Plan to Accomplish These Objectives**

To accomplish these objectives, Staff recommends the following actions:

1. Adoption of Staff's proposed rates, which reflect the results of Staff's COS Report that allocates costs to each water and sewer operation;
2. The Commission adopts the rates for each water and sewer operation recommended by Staff; and
3. Any Commission ordered overall revenue change is implemented according to each rate component of each rate schedule recommended by Staff.

## **II. Rate Design Water Operations**

### **A. Overview**

Staff did not perform a Class Cost of Service Study (CCOS) for the Company's water operations. The Company's water customers consist of 615 residential customers and 33 commercial customers. The commercial customers are primarily restaurants, hotels and condominium units. Due to the size of this Company, Staff did not feel it was necessary to do a CCOS that is normally done in a large utility rate case.

Staff's rate design for the Company's water operations is based on the Water & Sewer Departments small company rate design methodology. The current rates consist of a fixed monthly customer charge and a usage (commodity) charge.

### **B. Design of Rates**

Staff is proposing an equal percentage increase for the customer and commodity charge. Schedules 1, 2, 3, 4, and 5 are the rate design worksheets for the Company's water operations and contain the following pages: Rate-Making Income Statement, Revenue Annualization at Current Rates Worksheet, Development of Tariff Rates Worksheet, Revenue Annualizations at Proposed Worksheet and Billing Comparison Worksheet.

The Rate-Making Income Statement is a summary of the Company's operating revenues at current rates and the Company's COS determined by Staff's auditing department. The last line on the worksheet is the overall revenue increase that Staff is recommending for each water district. See Schedule 1.

The Revenue Annualization at Current Rates worksheet summarizes Staff's annualized number of the Company's water customers. The Company's other revenues

are summarized and the bottom of the page summarizes the total water operating revenues. See Schedule 2.

The Development of Tariff Rates worksheet computes the amount of the increase from the Company's current approved rates to Staff's proposed rates. As stated earlier, Staff is proposing an equal percentage increase for the customer and commodity charge. See Schedule 3.

The Revenue Annualizations at Proposed worksheet is similar in layout to the Revenue Annualization at Current Rates worksheet. The primary differences between the two sheets are this sheet computes Staff's proposed rates based on the proposed rates listed on the preceding Rate Design worksheet and the last two lines compares Staff's increase in revenues at proposed rates verse Staff's recommended increase in operating revenues. See Schedule 4.

The Billing Comparison worksheet compares a typical residential customer's current water rates to Staff's proposed residential customer water rates. This worksheet also summarizes the proposed increase by dollar and percentage amounts. See Schedule 5.

### **C. Results of Rate Design**

The proposed changes in the customer charge and commodity rates are consistent with Staff's expectations in rate design for small water and sewer company's.

## **III. Rate Design Sewer Operations**

### **A. Overview**

Staff did not perform a CCOS for the Company's sewer operations. The Company's Shawnee Bend sewer customers consist of 612 residential customers and 11

commercial customers. The Company's Horseshoe Bend sewer customers consist of 131 residential customers, 2 multi-unit customers and 17 commercial customers. The Company's commercial customers in Shawnee Bend and Horseshoe Bend are primarily restaurants, hotels and condominium units. The usage for the majority of the commercial customers is similar to residential customers.

Staff's rate design for the Company's sewer operations is based on the Water & Sewer Departments small company rate design methodology. The residential customers of Shawnee Bend Service Area and the Horseshoe Bend Service Area are based on a flat rate. The multi-unit and commercial customers of the Shawnee Bend Service Area have a customer charge and a commodity charge for any usage above 6,000 gallons. The commercial customers of the Horseshoe Bend Service Area have a base charge calculated on the highest month's sewer or water use during the previous calendar year with the base charge adjusted in January and a commodity charge.

Staff is proposing a change in rate design for the commercial sewer customers located in the Horseshoe Bend operations area. Staff proposes the design of the commercial sewer customer's customer charge be similar to the design of the customer charge for the Shawnee Bend operations. This rate design is the typical rate design used by Staff in the majority of the company's regulated by the Commission.

## **B. Design of Rates**

Staff is proposing an equal percentage increase for the customer and commodity charge in the Company's water operations and Shawnee Bend sewer operations. Staff is proposing the base charge for the Horseshoe Bend Commercial customers be changed to

a traditional customer charge similar to the customer charge for the Shawnee Bend commercial customers

Schedules 6HB, 6SB, 7HB, 7SB, 8HB, 8SB, 9HB, 9SB, 10HB and 10SB are the rate design worksheets for the Company's Horseshoe Bend and Shawnee Bend sewer operations and contain the following pages: Rate-Making Income Statement, Revenue Annualization at Current Rates Worksheet, Development of Tariff Rates Worksheet, Revenue Annualizations at Proposed Worksheet and Billing Comparison Worksheet.

The Rate-Making Income Statement is a summary of the Company's operating revenues at current rates and the Company's cost-of-service determined by the Staff's auditing department. The last line on the worksheet is the overall revenue increase that Staff is recommending for each sewer district. See Schedules 6HB and 6SB.

The Revenue Annualization at Current Rates worksheet summarizes Staff's annualized number of the Company's water customers. The Company's other revenues are summarized and the bottom of the page summarizes the total sewer operating revenues. See Schedules 7HB and 7SB.

The Development of Tariff Rates worksheet computes the amount of the increase from the Company's current approved rates to Staff's proposed rates. As stated earlier, Staff is proposing an equal percentage increase for the customer and commodity charge. See Schedules 8HB and 8SB.

The Revenue Annualizations at Proposed worksheet is similar in layout to the Revenue Annualization at Current Rates worksheet. The primary differences between the two sheets is that this sheet computes Staff's proposed rates based on the proposed rates listed on the preceding Rate Design worksheet and the last two lines compares Staff's



increase in revenues at proposed rates verse Staff's recommended increase in operating revenues. See Schedules 9HB and 9SB.

The Billing Comparison worksheet compares a typical residential customer's current sewer rates to Staff's proposed residential customer sewer rates. This worksheet also summarizes the proposed increase by dollar and percentage amounts. See Schedules 10HB and 10SB.

### **C. Results of Rate Design**

The proposed change in the customer charge for the Horseshoe Bend Operations results in consistent rate design for all of the customers of the Company. Staff believes the increase in the commodity charge provides an added economic incentive to customers with high Inflow and Infiltration (I/I) to make necessary repairs and improvements to their collection systems.

Overall, the proposed changes in the customer charge and commodity rates are consistent with Staff's expectations in rate design for small water and sewer company's.

## **IV. Miscellaneous Tariff Changes**

The Staff is recommending two changes in the Company's Schedule of Service Charges. The proposed changes are increasing the returned check charge in both the water and sewer tariffs and adding language to the Disconnect for Non-payment, Special Request Service Termination or Reconnection Charge section of the Company's water tariff.

The Company's returned check charge is currently \$15.00. Staff proposes increasing this cost to \$25.00. The cost incurred by the Company for such items as bank charges, accounting, tracking, monitoring and additional notices exceeds the current fee.

In addition, this would bring the returned check charge to a level that is consistent with Staff's findings for similar Company's.

Current language does not include any language that allows the Company to disconnect a customer for any reason except upon the request of the customer. Staff proposes the following language be added to the beginning of the paragraph under the heading Disconnect for Non-payment, Special Request Service Termination or Reconnection Charge located on sheet 7-A of the Company's water tariff:

The Company may disconnect a customer for non-payment, pursuant to 4 CSR 240-13.050 of the Commission Rules, or,

Schedule 11 is a Sample Tariff Sheet 7-A with Staff's proposed tariff language change.

*Staff Expert: James M. Russo*

# LAKE REGION WATER & SEWER COMPANY

## Rate Making Income Statement-Water

### Operating Revenues at Current Rates

1	Tariffed Rate Revenues *	\$	173,441
2	Other Operating Revenues *	\$	966
3	<b>Total Operating Revenues</b>	<b>\$</b>	<b>174,407</b>

4 \* See "Revenues - Current Rates" for Details

### Cost of Service

Item	Amount
1 Pumping Equipment-Purchased Power	\$ 11,519
2 Water Treatment Expense-Chemicals	\$ 3,367
3 Water Treatment -Testing/Laboratory Fees	\$ 1,025
4 Supplies & Materials	\$ 1,173
5 Tools & Shop Supplies	\$ 83
6 Maintenance of Well #1	\$ 460
7 Maintenance of Well #2	\$ 223
8 Maintenance of Mains	\$ 2,000
9 Maintenance of Services	\$ 1,120
10 Maintenance of Other Plant	\$ 706
11 Accounting Fee-Contracted	\$ 2,789
12 Legal Fees-Contracted	\$ 1,652
13 PWSD #4 Labor-Contracted	\$ 37,215
14 Rent	\$ 4,594
15 Rent-Lake Region	\$ 2,063
16 Property Insurance	\$ 463
17 Auto Insurance	\$ 663
18 General Liability Insurance	\$ 720
19 Other Insurance	\$ -
20 Office Supplies	\$ 4,207
21 Billing Expenses	\$ 1,351
22 Executive Management Oversight	\$ 27,901
23 Outside Services	\$ 242
24 Telephone Expense	\$ 318
25 Travel & Entertainment	\$ 40
26 Transportation Expense	\$ 6,784
27 Rate Case Expense	\$ 150
28 Customer Refunds	\$ 222
29 Bad Debt Expense	\$ 176
30 MO DNR Fees	\$ 200
31 Secretary of State	\$ 10
32 Regulatory Commission Expense	\$ 1,441
33 Miscellaneous General Expenses	\$ 338
34 <b>Sub-Total Operating Expenses</b>	<b>\$ 115,215</b>
35 Property Taxes	\$ 146
36 Real Estate Taxes	\$ 1,306
37 Other Taxes	\$ -
38 Federal Unemployment Taxes	\$ -
39 State Unemployment Taxes	\$ -
40 State & Federal Income Taxes	\$ 4,203
41 <b>Sub-Total Taxes</b>	<b>\$ 5,655</b>
42 Depreciation Expense	\$ 84,207
43 Interest Expense	\$ 50,843
44 Amortization Expense	\$ -
45 Amortization Expense-Other	\$ -
46 Amortization Expense-CIAC	\$ (48,889)
47 <b>Sub-Total Depreciation/Amortization</b>	<b>\$ 86,161</b>
48 <b>Return on Rate Base</b>	<b>\$ 16,879</b>
49 <b>Total Cost of Service</b>	<b>\$ 223,910</b>

50	<b>Overall Revenue Increase Needed</b>	<b>\$</b>	<b>49,503</b>
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# LAKE REGION WATER & SEWER COMPANY

## Revenue Annualizations at Current Rates-Water

### Annualized Customer Counts and Customer Charge Revenues

#### Retail Metered Customers

Meter Size	Residential	Commercial	Total Meters	Rate *	Annual Revenue
5/8" (inc. 3,000 gpm)	573	10	583	\$ 11.29	\$ 78,986
3/4" (inc. 4,500 gpm)	0	0	0	\$ 14.53	\$ -
1" (inc. 7,500 gpm)	13	7	20	\$ 21.01	\$ 5,042
1.5" (inc. 15,000 gpm)	23	2	25	\$ 37.21	\$ 11,163
2" (inc. 24,000 gpm)	6	10	16	\$ 56.65	\$ 10,877
4" (inc. 75,000 gpm)	0	3	3	\$ 166.81	\$ 6,005
6"+ (inc. 150,000 gpm)	0	1	1	\$ 328.81	\$ 3,946
<b>Total</b>	<b>615</b>	<b>33</b>	<b>648</b>		<b>\$ 116,019</b>

\*monthly service charge  
gpm=gallons per month

### Annualized Commodity Sales - Volumes and Revenues

sales shown in Mgalions

Meter Size	Residential	Commercial	Total Sales	Rate	Annual Revenue
5/8"	-	26,584.3	26,584.3	\$ 2.160	\$ 57,422
3/4"	-	-	-	\$ 2.160	\$ -
1"	-	-	-	\$ 2.160	\$ -
1.5"	-	-	-	\$ 2.160	\$ -
2"	-	-	-	\$ 2.160	\$ -
4"	-	-	-	\$ 2.160	\$ -
6"+	-	-	-	\$ 2.160	\$ -
<b>Total</b>	<b>-</b>	<b>26,584.3</b>	<b>26,584.3</b>		<b>\$ 57,422</b>

**Net Annualized Commodity Revenues**

**\$ 57,422**

### Other Operating Revenues

Bulk Water Sales	\$ -
Sales to Other Public Authorities	\$ -
Late Charge Fees	\$ 280
Turn-Off/Turn-On/Penalty Charges	\$ -
Other Water Revenues	\$ 686
Rents from Water Property - Tower Rental	\$ -
Discounts Earned	\$ -
<b>Total Other Revenues</b>	<b>\$ 966</b>

### Total Operating Revenues

Service Charges - Retail Customers	\$ 116,019
Commodity Revenues - Retail Customers	\$ 57,422
<b>Sub-Total Tariffed Rate Revenues</b>	<b>\$ 173,441</b>
<b>Other Operating Revenues</b>	<b>\$ 966</b>
<b>Total Operating Revenues</b>	<b>\$ 174,407</b>

# LAKE REGION WATER & SEWER COMPANY

## Development of Tariffed Rates-Water

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

Revenues Generated by Current Tariffed Rates	\$ 173,441
Agreed-Upon Overall Revenue Increase	\$ 49,503
Percentage Increase Needed	28.542%

### Metered Customer Rates

Meter Size	Current Service Charge	Proposed Service Charge	Current Usage Rate	Proposed Usage Rate
5/8" (inc. 3,000 gpm)	\$ 11.29	\$ 14.51	\$ 2.160	\$ 2.78
3/4" (inc. 4,500 gpm)	\$ 14.53	\$ 18.68	\$ 2.160	\$ 2.78
1" (inc. 7,500 gpm)	\$ 21.01	\$ 27.01	\$ 2.160	\$ 2.78
1.5" (inc. 15,000 gpm)	\$ 37.21	\$ 47.83	\$ 2.160	\$ 2.78
2" (inc. 24,000 gpm)	\$ 56.65	\$ 72.82	\$ 2.160	\$ 2.78
4" (inc. 75,000 gpm)	\$ 166.81	\$ 214.42	\$ 2.160	\$ 2.78
6"+ (inc. 150,000 gpm)	\$ 328.81	\$ 422.66	\$ 2.160	\$ 2.78

# LAKE REGION WATER & SEWER COMPANY

## Revenue Annualizations at Proposed Rates-Water

### Annualized Customer Counts and Customer Charge Revenues

#### Retail Metered Customers

Meter Size	Residential	Commercial	Total Meters	Residential Rate *	Annual Revenue
5/8" (inc. 3,000 gpm)	573	10	583	\$ 14.51	\$ 101,528
3/4" (inc. 4,500 gpm)	0	0	0	\$ 18.68	\$ -
1" (inc. 7,500 gpm)	13	7	20	\$ 27.01	\$ 6,482
1.5" (inc. 15,000 gpm)	23	2	25	\$ 47.83	\$ 14,349
2" (inc. 24,000 gpm)	6	10	16	\$ 72.82	\$ 13,981
4" (inc. 75,000 gpm)	0	3	3	\$ 214.42	\$ 7,719
6"+ (inc. 150,000 gpm)	0	1	1	\$ 422.66	\$ 5,072
<b>Total</b>	<b>615</b>	<b>33</b>	<b>648</b>		<b>\$ 149,131</b>

monthly service charge

### Annualized Commodity Sales - Volumes and Revenues

sales shown in Mgalions

Meter Size	Residential	Commercial	Total Sales	Residential Rate	Annual Revenue
5/8"	-	26,584.3	26,584.3	\$ 2.777	\$ 73,811
3/4"	-	-	-	\$ 2.777	\$ -
1"	-	-	-	\$ 2.777	\$ -
1.5"	-	-	-	\$ 2.777	\$ -
2"	-	-	-	\$ 2.777	\$ -
4"	-	-	-	\$ 2.777	\$ -
6"+	-	-	-	\$ 2.777	\$ -
<b>Total</b>	<b>-</b>	<b>26,584.3</b>	<b>26,584.3</b>		<b>\$ 73,811</b>

volumes adjusted as needed per net revenue annualization at current rates

### Other Operating Revenues

Bulk Water Sales	
Sales to Other Public Authorities	
Late Charge Fees	\$ 280
Turn-Off/Turn-On/Penalty Charges	
Other Water Revenues	\$ 686
Rents from Water Property - Tower Rental	
Discounts Earned	
<b>Total Other Revenues</b>	<b>\$ 966</b>

### Total Operating Revenues

Service Charges - Retail Customers	\$ 149,131
Commodity Revenues - Retail Customers	\$ 73,811
<b>Sub-Total Tariffed Rate Revenues</b>	<b>\$ 222,943</b>
<b>Other Operating Revenues</b>	<b>\$ 966</b>
<b>Total Revenues at Proposed Rates</b>	<b>\$ 223,909</b>

Revenue Check - Proposed Rates vs. Current Rates

Total Revenues at Proposed Rates	\$ 223,909
Total Revenues at Current Rates	\$ 174,407
Increase In Revenues at Proposed Rates	\$ 49,502
Agreed-Upon Increase in Operating Revenues	\$ 49,503

# LAKE REGION WATER & SEWER COMPANY

## Residential Customer Bill Comparison-Water

### Rates for 5/8" Meter

<u>Current Base Customer Charge</u>	<u>Proposed Base Customer Charge</u>	<u>Current Usage Rate</u>	<u>Proposed Usage Rate</u>
<b>\$11.29</b>	<b>\$14.51</b>	<b>\$2.16</b>	<b>\$2.78</b>

current service charge is monthly charge for 5/8" meter.

current service charge includes 3,000 gallons

usage rate is per 1,000 gallons used

### MONTHLY BILL COMPARISON

6,000 gallons/month usage

#### Current Rates

Customer Charge	\$ 11.29
Usage Charge	\$ 6.48
Total Bill	\$ 17.77

#### Proposed Rates

Customer Charge	\$ 14.51
Usage Charge	\$ 8.33
Total Bill	\$ 22.84

#### INCREASES

##### Customer Charge

<b>\$ Increase</b>	<b>\$3.22</b>
<b>% Increase</b>	<b>28.54%</b>

##### Usage Charge

<b>\$ Increase</b>	<b>\$1.85</b>
<b>% Increase</b>	<b>28.54%</b>

##### Total Bill

<b>\$ Increase</b>	<b>\$5.07</b>
<b>% Increase</b>	<b>28.54%</b>

# LAKE REGION WATER & SEWER COMPANY

## Shawnee Bend

### Rate Making Income Statement-Sewer

#### Operating Revenues at Current Rates

1	Tariffed Rate Revenues *	\$	181,197
2	Other Operating Revenues *	\$	-
3	<b>Total Operating Revenues</b>	<b>\$</b>	<b>181,197</b>

4 \* See "Revenues - Current Rates" for Details

#### Cost of Service

Item	Amount
1 Purchased Wastewater Maintenance	\$ 1,827
2 Power for Treatment Plant	\$ 18,490
3 Sludge Removal	\$ 2,750
4 Effluent Testing Expense	\$ 3,397
5 Chemicals	\$ 2,514
6 Shawnee Bend Operating Expense	\$ 1,344
7 Maintenance Expense-Supplies & Materials	\$ 1,218
8 Maintenance Expense-Sewer Supplies	\$ 1,369
9 Maintenance Expense-Lagoon Supplies	\$ -
10 Maintenance Expense-Operating Expense	\$ 639
11 Maintenance Expense-Tools & Shop Supplies	\$ 387
12 Maintenance Expense-Treatment Equipment	\$ 946
13 Maintenance Expense-Misc. Operating Expense	\$ 352
14 Accounting Fees-Contracted	\$ 2,928
15 PWSD #4 Labor-Contracted	\$ 39,067
16 Legal Fees-Contracted	\$ 1,800
17 Rent	\$ 4,822
18 Rent-Lake Office	\$ 2,165
19 Property Insurance	\$ 463
20 Auto Insurance	\$ 1,912
21 General Liability	\$ 755
22 Other Insurance	\$ -
23 Office Supplies	\$ 4,336
24 Billing Expenses	\$ 1,299
25 Executive Management Oversight	\$ 27,901
26 Outside Services	\$ 254
27 Telephone Expense	\$ 334
28 Travel & Entertainment Expense	\$ 42
29 Transportation Expense	\$ 7,121
30 Rate Case Expense	\$ 150
31 Customer Refunds	\$ 233
32 Bad Debt Expense	\$ 185
33 Interest Expense	\$ 65,305
34 License & Permits	\$ 3,147
35 License & Permits-Other	\$ -
36 Regulatory Commission Expense	\$ 19,896
37 Miscellaneous General Expenses	\$ 355
38 <b>Sub-Total Operating Expenses</b>	<b>\$ 219,703</b>
39 Property Taxes	\$ 148
40 Real Estate Taxes	\$ 1,324
41 Employer FICA Taxes	\$ -
42 Federal Unemployment Taxes	\$ -
43 Other Taxes	\$ -
44 State & Federal Income Taxes	\$ 5,399
45 <b>Sub-Total Taxes</b>	<b>\$ 6,871</b>
46 Depreciation Expense	\$ 115,174
47 Amortization Expense	\$ -
48 Amortization Expense-Other	\$ -
49 Amortization of CIAC	\$ (59,228)
50 <b>Sub-Total Depreciation/Amortization</b>	<b>\$ 55,946</b>
51 Return on Rate Base	\$ 21,680
52 <b>Total Cost of Service</b>	<b>\$ 304,200</b>
53 <b>Overall Revenue Increase Needed</b>	<b>\$ 123,003</b>



# LAKE REGION WATER & SEWER COMPANY

## Shawnee Bend

### Revenue Annualizations at Current Rates-Sewer

#### Annualized Customer Counts and Customer Charge Revenues

##### Retail Customers

##### Shawnee Bend Service Area

Customer Type	Total Meters	Rate *	Annual Revenue
Single Family	612	\$ 21.96	\$ 161,274
Multi-Unit	0	\$ 21.96	\$ -
Commercial	11	\$ 21.96	\$ 2,899
<b>Total</b>	<b>623</b>		<b>\$ 164,173</b>

\*monthly service charge

\*\*base charge is commuted on highest month's sewer or water usage in previous calendar year.

#### Annualized Commodity Sales - Volumes and Revenues

##### Shawnee Bend Service Area

Customer Type	Residential	Business	Total Sales	Rate*	Annual Revenue
Single Family	-	-	-	\$ -	\$ -
Multi-Unit	-	-	-	\$ 3.66	\$ -
Commercial	-	4,651.4	4,651.4	\$ 3.66	\$ 17,024
<b>Total</b>	<b>-</b>	<b>4,651.4</b>	<b>4,651.4</b>		<b>\$ 17,024</b>

\*per thousand gallons over 6,000 gallons  
sales in mgallons

#### Other Operating Revenues

Sales to Other Public Authorities	\$ -
Late Charge Fees	\$ -
Turn-Off/Turn-On/Penalty Charges	\$ -
Miscellaneous Revenues - Service Lines	\$ -
Rents from Water Property - Tower Rental	\$ -
Discounts Earned	\$ -
<b>Total Other Revenues</b>	<b>\$ -</b>

#### Total Operating Revenues

Service Charges - Retail Customers	\$ 164,173
Commodity Revenues - Retail Customers	\$ 17,024
<b>Sub-Total Tariffed Rate Revenues</b>	<b>\$ 181,197</b>
<b>Other Operating Revenues</b>	<b>\$ -</b>
<b>Total Operating Revenues</b>	<b>\$ 181,197</b>

# LAKE REGION WATER & SEWER COMPANY

## Shawnee Bend

### Development of Tariffed Rates-Sewer

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

Revenues Generated by Current Tariffed Rates	\$ 181,197
Agreed-Upon Overall Revenue Increase	\$ 123,003
Percentage Increase Needed	67.884%

#### Metered Customer Rates

Customer Type	Current Service Charge	Proposed Service Charge	Current Usage Rate	Proposed Usage Rate
Single Family	\$ 21.96	\$ 36.87	\$ -	\$ -
Multi-Unit	\$ 21.96	\$ 36.87	\$ 3.660	\$ 6.145
Commercial	\$ 21.96	\$ 36.87	\$ 3.660	\$ 6.145

# LAKE REGION WATER & SEWER COMPANY

## Shawnee Bend

### Revenue Annualizations at Proposed Rates-Sewer

#### Annualized Customer Counts and Customer Charge Revenues

##### Retail Metered Customers

Customer Type	Total Meters	Rate *	Annual Revenue
Single Family	612	\$ 36.87	\$ 270,753
Multi-Unit	0	\$ 36.87	\$ -
Commercial	11	\$ 36.87	\$ 4,866
<b>Total</b>	<b>623</b>		<b>\$ 275,619</b>

monthly service charge

#### Annualized Commodity Sales - Volumes and Revenues

Customer Type	Residential	Business	Total Sales	Rate	Annual Revenue
Single Family	-	-	-	\$ -	\$ -
Multi-Unit	-	-	-	\$ 6.145	\$ -
Commercial	-	4,651.4	4,651.4	\$ 6.145	\$ 28,581
<b>Total</b>	<b>-</b>	<b>4,651.4</b>	<b>4,651.4</b>		<b>\$ 28,581</b>

sales in mgallons

volumes adjusted as needed per net revenue annualization at current rates

#### Other Operating Revenues

Sales to Other Public Authorities

Late Charge Fees

Turn-Off/Turn-On/Penalty Charges

Miscellaneous Revenues - Service Lines

Rents from Water Property - Tower Rental

Discounts Earned

**Total Other Revenues** **\$ -**

#### Total Operating Revenues

Service Charges - Retail Customers	\$ 275,619
Commodity Revenues - Retail Customers	\$ 28,581
<b>Sub-Total Tariffed Rate Revenues</b>	<b>\$ 304,200</b>
<b>Other Operating Revenues</b>	<b>\$ -</b>
<b>Total Revenues at Proposed Rates</b>	<b>\$ 304,200</b>

##### Revenue Check - Proposed Rates vs. Current Rates

Total Revenues at Proposed Rates	\$ 304,200
Total Revenues at Current Rates	\$ 181,197
Increase In Revenues at Proposed Rates	\$ 123,003
Agreed-Upon Increase in Operating Revenues	\$ 123,003

# LAKE REGION WATER & SEWER COMPANY

## Shawnee Bend

### Residential Customer Bill Comparison-Sewer

#### Rates for Single Family Customer

<u>Current Base</u>	<u>Proposed Base</u>
<u>Customer Charge</u>	<u>Customer Charge</u>
<b>\$21.96</b>	<b>\$36.87</b>

current service charge is monthly charge

#### MONTHLY BILL COMPARISON

##### Current Rates

Customer Charge	\$ 21.96
Usage Charge	\$ -
Total Bill	\$ 21.96

##### Proposed Rates

Customer Charge	\$ 36.87
Usage Charge	\$ -
Total Bill	\$ 36.87

##### INCREASES

##### Customer Charge

<b>\$ Increase</b>	<b>\$14.91</b>
<b>% Increase</b>	<b>67.88%</b>

##### Total Bill

<b>\$ Increase</b>	<b>\$14.91</b>
<b>% Increase</b>	<b>67.88%</b>

# LAKE REGION WATER & SEWER COMPANY

## Horseshoe Bend

### Rate Making Income Statement-Sewer

#### Operating Revenues at Current Rates

1	Tariffed Rate Revenues *	\$	369,657
2	Other Operating Revenues *	\$	2,342
3	<b>Total Operating Revenues</b>	<b>\$</b>	<b>371,999</b>

4 \* See "Revenues - Current Rates" for Details

#### Cost of Service

Item	Amount
1 Purchased Wastewater Maintenance	\$ 3,250
2 Power for Treatment Plant	\$ 12,331
3 Sludge Removal	\$ 10,930
4 Chemicals	\$ 4,615
5 Effluent Testing Expense	\$ 4,761
6 Sewer Operating Expenses	\$ 2,561
7 Maintenance Expense-Supplies & Materials	\$ 2,167
8 Maintenance Expense-Sewer Supplies	\$ 2,437
9 Maintenance Expense-Lagoon Supplies	\$ -
10 Maintenance Expense-Operating Expense	\$ 1,137
11 Maintenance Expense-Tools & Shop Supplies	\$ 688
12 Maintenance Expense-Treatment Equipment	\$ 1,682
13 Maintenance Expense-Misc. Operating Expense	\$ -
14 Accounting Fees-Contracted	\$ 5,210
15 Legal Fees-Contracted	\$ 2,250
16 PWSD #4 Labor-Contracted	\$ 69,516
17 Rent	\$ 8,581
18 Rent-Lake Region	\$ 3,853
19 Property Insurance	\$ 2,809
20 Auto Insurance	\$ 3,401
21 General Liability	\$ 1,343
22 Other Insurance	\$ -
23 Office Supplies	\$ 974
24 Billing Expenses	\$ 313
25 Executive Management Oversight	\$ 13,303
26 Outside Services	\$ 452
27 Telephone Expense	\$ 595
28 Travel & Entertainment Expense	\$ 74
29 Transportation Expense	\$ 12,673
30 Rate Case Expense	\$ 150
31 Customer Refunds	\$ 414
32 Bad Debt Expense	\$ 329
33 Interest Expense	\$ 15,565
34 License & Permits	\$ 9,292
35 License & Permits-Other	\$ -
36 Regulatory Commission Expense	\$ 35,403
37 Miscellaneous General Expenses	\$ 632
38 <b>Sub-Total Operating Expenses</b>	<b>\$ 233,691</b>
39 Property Taxes	\$ 78
40 Real Estate Taxes	\$ 695
41 Employer FICA Taxes	\$ -
42 Federal Unemployment Taxes	\$ -
43 Other Taxes	\$ -
44 State & Federal Income Taxes	\$ 1,287
45 <b>Sub-Total Taxes</b>	<b>\$ 2,060</b>
46 Depreciation Expense	\$ 105,198
47 Amortization Expense	\$ -
48 Amortization Expense-Other	\$ -
49 Amortization of CIAC	\$ (29,931)
50 <b>Sub-Total Depreciation/Amortization</b>	<b>\$ 75,267</b>
51 <b>Return on Rate Base</b>	<b>\$ 5,167</b>
52 <b>Total Cost of Service</b>	<b>\$ 316,185</b>
53 <b>Overall Revenue Increase Needed</b>	<b>\$ (55,814)</b>

# LAKE REGION WATER & SEWER COMPANY

## Horseshoe Bend

### Revenue Annualizations at Current Rates-Sewer

#### Annualized Customer Counts and Customer Charge Revenues

##### Retail Customers

Customer Type	Total Meters	Rate *	Annual Revenue
Residential	131	\$ 25.34	\$ 39,834
Multi-Unit	2	\$ 25.34	\$ 608
Commercial**	17	\$ 377.34	\$ 76,977
<b>Total</b>	<b>150</b>		<b>\$ 117,419</b>

\*monthly service charge

\*\*base charge is average for all commercial customers based on highest month's sewer or water usage in previous calendar year.

#### Annualized Commodity Sales - Volumes and Revenues

##### Horseshoe Bend Service Area

Customer Type	Non Racquet Club	Racquet Club	Total Sales	Rate*	Annual Revenue
Commercial	46,327.5	24,327.5	70,655.0	\$ 3.57	\$ 252,238
<b>Total</b>	<b>46,327.5</b>	<b>24,327.5</b>	<b>70,655.0</b>		<b>\$ 252,238</b>

sales in mgallons

#### Other Operating Revenues

Sales to Other Public Authorities	\$ -
Late Charge Fees	\$ 372
Turn-Off/Turn-On/Penalty Charges	\$ -
Miscellaneous Revenues - Other	\$ 1,970
Rents from Water Property - Tower Rental	\$ -
Discounts Earned	\$ -
<b>Total Other Revenues</b>	<b>\$ 2,342</b>

#### Total Operating Revenues

Service Charges - Retail Customers	\$ 117,419
Commodity Revenues - Retail Customers	\$ 252,238
<b>Sub-Total Tariffed Rate Revenues</b>	<b>\$ 369,657</b>
<b>Other Operating Revenues</b>	<b>\$ 2,342</b>
<b>Total Operating Revenues</b>	<b>\$ 371,999</b>

# LAKE REGION WATER & SEWER COMPANY

## Horseshoe Bend

### Development of Tariffed Rates-Sewer

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

Revenues Generated by Current Tariffed Rates	\$ 369,657
Agreed-Upon Overall Revenue Increase	\$ (55,814)
Percentage Increase Needed	-15.099%

#### Metered Customer Rates

Customer Type	Current Service Charge	Proposed Service Charge	Current Usage Rate	Proposed Usage Rate
Single Family	\$ 25.34	\$ 21.51	\$ 3.570	\$ 3.031
Multi-Unit	\$ 25.34	\$ 21.51	\$ 3.570	\$ 3.031
Commercial	\$ 377.34	\$ 21.51	\$ 3.570	\$ 3.894

Commercial customer service charge is proposed to be the same as for single family and multi-unit customers. The additional funds required to be collected have been added to the commercial customers commodity charge.

# LAKE REGION WATER & SEWER COMPANY

## Horseshoe Bend

### Revenue Annualizations at Proposed Rates-Sewer

#### Annualized Customer Counts and Customer Charge Revenues

##### Retail Metered Customers

Customer Type	Total Meters	Rate *	Annual Revenue
Single Family	131	\$ 21.51	\$ 33,820
Multi-Unit	2	\$ 21.51	\$ 516
Commercial	17	\$ 21.51	\$ 4,388
<b>Total</b>	<b>150</b>		<b>\$ 38,724</b>

monthly service charge

#### Annualized Commodity Sales - Volumes and Revenues

Customer Type	Residential	Business	Total Sales	Rate	Annual Revenue
Commercial	46,327.5	24,327.5	70,655.0	\$ 3.894	\$ 275,119
<b>Total</b>	<b>46,327.5</b>	<b>24,327.5</b>	<b>70,655.0</b>		<b>\$ 275,119</b>

sales in mgallons

#### Other Operating Revenues

Sales to Other Public Authorities	
Late Charge Fees	\$ 372
Turn-Off/Turn-On/Penalty Charges	
Miscellaneous Revenues - Other	\$ 1,970
Rents from Water Property - Tower Rental	
Discounts Earned	
<b>Total Other Revenues</b>	<b>\$ 2,342</b>

#### Total Operating Revenues

Service Charges - Retail Customers	\$ 38,724
Commodity Revenues - Retail Customers	\$ 275,119
<b>Sub-Total Tariffed Rate Revenues</b>	<b>\$ 313,843</b>
<b>Other Operating Revenues</b>	<b>\$ 2,342</b>
<b>Total Revenues at Proposed Rates</b>	<b>\$ 316,185</b>

##### Revenue Check - Proposed Rates vs. Current Rates

Total Revenues at Proposed Rates	\$ 316,185
Total Revenues at Current Rates	\$ 371,999
Increase In Revenues at Proposed Rates	\$ (55,814)
Agreed-Upon Increase in Operating Revenues	\$ (55,814)



# LAKE REGION WATER & SEWER COMPANY

## Horseshoe Bend

### Residential Customer Bill Comparison-Sewer

#### Rates for Single Family Customer

<u>Current Base</u> <u>Customer Charge</u>	<u>Proposed Base</u> <u>Customer Charge</u>
<b>\$25.34</b>	<b>\$21.51</b>

current service charge is monthly charge

#### MONTHLY BILL COMPARISON

##### Current Rates

Customer Charge	\$ 25.34
Usage Charge	\$ -
Total Bill	\$ 25.34

##### Proposed Rates

Customer Charge	\$ 21.51
Usage Charge	\$ -
Total Bill	\$ 21.51

##### INCREASES

##### Customer Charge

\$ Increase	(\$3.83)
% Increase	-15.10%

##### Total Bill

\$ Increase	(\$3.83)
% Increase	-15.10%

Lake Region Water & Sewer CompanyFor: Missouri Service Areas

### SCHEDULE OF RATES FOR WATER SERVICE

#### DISCONNECT FOR NON-PAYMENT, SPECIAL REQUEST SERVICE TERMINATION OR RECONNECTION CHARGE: \*

The Company may disconnect a customer for non-payment, pursuant to 4 CSR 240-13.050 of the Commission Rules, or, upon request of the customer, the company will either terminate or reconnect a water service. The cost for either service during normal working hours of 8:30 A.M. to 4:00 P.M. Monday through Friday excluding holidays, shall be \$31.00 payable in advance. The cost during other than normal working hours shall be \$70.00. Routine request for termination or reconnection which allows the Company five (5) business days lead time will be done at no charge.

**LATE PAYMENT CHARGE:** \$6.50 per notice month  
 May be assessed in accordance with Rule 10  
 Applies only when disconnect is mailed.  
 Only one charge applies to a customer that is billed  
 For water and sewer service on the same bill.

**RETURN CHECK CHARGE:** \$15.00  
 May be assessed in accordance with Rule 10.  
 Only one charge per returned check

**METER TESTING CHARGE:** \$55.00  
 May be assessed in accordance with Rule 12.

\* Indicates New Rate or Text

+ Indicates Changed Rate or Text

Issue Date: January 4, 2007  
 Month/Day/Year

Effective Date: January 14, 2010  
 Month/Day/Year

Issued By: John R. Summers, General Manager

Lake Region Water & Sewer Company  
P.O. Box 9, Lake Ozark, MO 65049