

# APPENDIX A

CASE No. SR-2013-0544

# STAFF/COMPANY DISPOSITION AGREEMENT WITH ATTACHMENTS AND STAFF AFFIDAVITS

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# Company/Staff Disposition Agreement

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

**ROY-L UTILITIES, INC.**

**MO PSC FILE NO. SR-2013-0544**

**BACKGROUND**

Roy-L Utilities, Inc. ("Company") initiated the small company revenue increase request ("Request") for sewer service that is the subject of the above-referenced Missouri Public Service Commission ("Commission") File Number by submitting a letter to the Secretary of the Commission in accordance with the provisions of Commission Rule 4 CSR 240-3.050, Small Utility Rate Case Procedure ("Small Company Procedure"). In its request letter, which was received at the Commission's offices on June 26, 2013, the Company set forth its request for an increase of \$10,378 in its total annual sewer service operating revenues. The Company also acknowledged that the design of its customer rates, its service charges, its customer service practices, its general business practices and its general tariff provisions would be reviewed during the Commission Staff's ("Staff") review of the revenue increase request, and could thus be the subject of Staff recommendations. The Company provides service to approximately 57 residential customers, located in Montgomery County, Missouri.

Pursuant to the provisions of the Small Company Procedure and related internal operating procedures, Staff initiated an audit of the Company's books and records, a review of the Company's customer service and general business practices, a review of the Company's existing tariff, an inspection of the Company's facilities and a review of the Company's operation of its facilities. (These activities are collectively referred to hereinafter as "Staff's investigation of the Company's Request" or "Staff's investigation.")

Upon completion of Staff's investigation of the Company's Request, Staff provided the Company and the Office of the Public Counsel ("Public Counsel") with information regarding Staff's investigation and the results of the investigation, including Staff's initial recommendations for the resolution of the Company's Request.



## **RESOLUTION OF THE COMPANY'S RATE INCREASE REQUEST**

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

- (1) The agreed upon revenue requirement increase of \$8,609 (120.79% increase) added to the level of previous revenues of \$7,127 results in overall revenues of \$15,736. This revenue requirement is just and reasonable and designed to recover the Company's cost of service. These amounts are shown on the ratemaking income statement found in Attachment A, incorporated by reference herein;
- (2) The Auditing Unit conducted a full and complete audit of the Company's books and records using the 12-month period ending December 31, 2012, updated to December 31, 2013, as the basis for the revenue requirement determined above. The audit findings can be found in Attachment B, incorporated by reference herein;
- (3) The agreed upon net rate base is \$34,678. The development of this amount is shown on the rate base worksheet that is found in Attachment C, incorporated by reference herein. This amount is included in the audit work papers in the ultimate determination of the revenue requirement shown in (1) above;
- (4) Included in Attachment B is the agreed upon capital structure which includes 25.00 % equity for the Company and a return on that equity of 14.82%;
- (5) The schedule of depreciation rates in Attachment D, incorporated by reference herein, includes the depreciation rates used by Staff in its revenue requirement analysis and shall be the prescribed schedule of sewer plant depreciation rates for the Company;
- (6) To allow the Company the opportunity to collect the revenue requirement agreed to in (1) above, the rates as shown on Attachment E, incorporated by reference herein, are just and reasonable rates that the Company will be allowed to charge its customers. The impact of these rates will be as shown on Attachment F, also attached and incorporated by reference herein;
- (7) For the purposes of implementing the agreements set out in this disposition agreement, the Company will file with the Commission proposed tariff revisions containing the rates, charges, and language set out in the example tariff sheet(s) attached as Attachment E. The proposed tariff revisions will bear an effective date of May 23, 2014;
- (8) The current PSC MO Number 2 tariff will be cancelled and replaced by PSC MO Number 4, which is included in the example tariff described above;
- (9) Within ninety (90) days of the effective date of an order approving this Company/Staff Disposition Agreement, the Company shall implement the

recommendations contained in the Water & Sewer Unit Memorandum, attached hereto as Attachment G and incorporated by reference herein, and provide proof of implementing the recommendation to the Manager of the Commission's Water & Sewer Unit:

(a) The Company will develop a written plan to address system deficiencies;

(10) Within thirty (30) days of the effective date of an order approving this Company/Staff Disposition Agreement, the Company shall implement the recommendations contained in the EMSU Report attached hereto as Attachment H and incorporated by reference herein, and provide proof of implementing the recommendations to the Manager of the Commission's EMSU Unit:

(a) The Company will update and distribute, to all current and future customers, written information specifying the rights and responsibilities of the Company and its customers;

(11) Within ninety (90) days of the effective date of an order approving this Company/Staff Disposition Agreement, the Company shall implement the recommendations contained in the EMSU Report attached hereto as Attachment H and incorporated by reference herein, and provide proof of implementing the recommendations to the Manager of the Commission's EMSU Unit:

(a) The Company will evaluate and consistently apply late fees to adequately cover the Company costs associated with processing and handling delinquent accounts;

(12) Within one hundred eighty (180) days of the effective date of an order approving this Company/Staff Disposition Agreement, the Company shall implement the recommendations contained in the Auditing Unit Report attached hereto as Attachment I and incorporated by reference herein and provide proof of implementing the recommendations to the Manager of the Commission's Auditing Unit:

(a) The Company will maintain the Company's books and records in accordance with National Association of Regulated Utility Commissioners (NARUC) Uniform System of Accounts (USOA). Staff provided the Company with a copy of the NARUC USOA Class D for both water and sewer;

(b) The Company will develop continuing property records (CPRs) for all of the Company's Plant in Service and Contribution in Aid of Construction (CIAC) that include, where applicable, the amount of plant, depreciation reserve, CIAC, and CIAC reserve used by Staff in this case;

(c) The Company will keep the Company CPR's up to date and complete;

(d) The Company will develop a general ledger for its entire rate base, revenues and expenses;

- (e) The Company will calculate depreciation expense on a monthly basis and include the amounts in the Company's books and records;
  - (f) The Company will maintain a record of the additional hours, cost of materials and mileage reimbursements, if the Company incurs additional contract operator costs for additional maintenance or emergency services per the operator contract; and
  - (g) The Company will develop a list of duties and responsibilities for any employee that performs work for the Company and maintains records of the number of hours worked with a description of the functions performed by the employee;
- (13) The Company and Staff agree plant, weighted cost of capital and rate case expense will be updated prior to the Commission deciding this case;
- (14) The Company shall mail its customers a final written notice of the rates and charges included in its proposed tariff revisions prior to or with its next billing cycle after issuance of the Commission order approving the terms of this Company/Staff Disposition Agreement. The notice shall include a summary of the impact of the proposed rates on an average residential customer's bill. When the Company mails the notice to its customers, it shall also send a copy to Staff Case Coordinator who will file a copy in this case;
- (15) Staff or Public Counsel may conduct follow-up reviews of the Company's operations to ensure that the Company has complied with the provisions of this Company/Staff Disposition Agreement;
- (16) Staff or Public Counsel may file a formal complaint against the Company, if the Company does not comply with the provisions of this Company/Staff Disposition Agreement;
- (17) The Company, Staff and Public Counsel agree that they have read the foregoing Company/Staff Disposition Agreement, that facts stated therein are true and accurate to the best of the Company's knowledge and belief, that the foregoing conditions accurately reflect the agreement reached between the Company and Staff; and that the Company freely and voluntarily enters into this Disposition Agreement; and
- (18) The above agreements satisfactorily resolve all issues identified by Staff, Public Counsel and the Company regarding the Company's Request, except as otherwise specifically stated herein.

### **ADDITIONAL MATTERS**

Other than the specific conditions agreed upon and expressly set out herein, the terms of this Company/Staff Disposition Agreement reflect compromises between Staff and the Company. In

arriving at the amount of the annual operating revenue increase specified herein, neither party has agreed to any particular ratemaking principle.

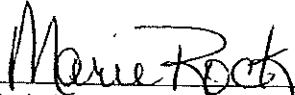
Staff has completed a Summary of Case Events and has included that summary as Attachment J to this Company/Staff Disposition Agreement.

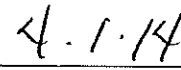
The Company acknowledges that Staff will be filing this Company/Staff Disposition Agreement and the attachments hereto. The Company also acknowledges that Staff may make other filings in this case.

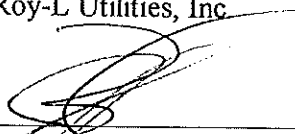
Additionally, the Company agrees that subject to the rules governing practice before the Commission, Staff shall have the right to provide whatever oral explanation the Commission may request regarding this Company/Staff Disposition Agreement at any agenda meeting at which this case is noticed to be considered by the Commission. Subject to the rules governing practice before the Commission, Staff will be available to answer Commission questions regarding this Company/Staff Disposition Agreement. To the extent reasonably practicable, Staff shall provide the Company with advance notice of any such agenda meeting so that they may have the opportunity to be present and/or represented at the meeting.

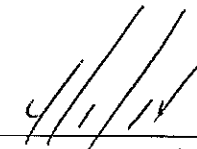
**SIGNATURES**

Agreement Signed and Dated:

  
\_\_\_\_\_  
Marie Rock  
Secretary  
Roy-L Utilities, Inc.

  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
James Busch  
Manager  
Water & Sewer Unit  
Missouri Public Service Commission Staff

  
\_\_\_\_\_  
Date

**List of Attachments**

- Attachment A – Ratemaking Income Statement
- Attachment B – EMS Run
- Attachment C – Rate Base Worksheet
- Attachment D – Schedule of Depreciation Rates
- Attachment E – Example Tariff Sheets
- Attachment F – Billing Comparison Worksheet
- Attachment G – Water & Sewer Unit Memorandum
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- Attachment J – Summary of Events

Agreement Attachment A

Ratemaking Income Statement

# ROY-L UTILITIES, INC.

## Rate Making Income Statement-Sewer

### Operating Revenues at Current Rates

1	Tariffed Rate Revenues *	\$	6,914
2	Other Operating Revenues *	\$	213
3	<b>Total Operating Revenues</b>	<b>\$</b>	<b>7,127</b>
4	* See "Revenues - Current Rates" for Details		

### Cost of Service

Item	Amount
1 Management salary	\$ 3,080
2 Operators Salary	\$ 757
3 Sewer Treatment -Chemicals	\$ 600
4 System Repairs & Maintenance	\$ 635
5 Mowing Expense	\$ 422
6 Outside Services	\$ 105
7 Office Supplies	\$ 147
8 Postage Expense	\$ 163
9 Administration & General - Salaries	\$ 311
10 Telephone & Internet Expense	\$ 441
11 Transportation Expense	\$ 2,238
12 Rent Expense	\$ 580
13 Permit Fees	\$ 200
14 Regulatory Commission Expense	\$ 767
15 Miscellaneous Expense	\$ 80
16 Property & Liability Insurance	\$ 259
17 Rate Case Expense	\$ 363
18 Corporate Registration/Franchise Fees	\$ 20
19 <b>Sub-Total Operating Expenses</b>	<b>\$ 11,168</b>
20 Property Taxes	\$ 195
21 MO Franchise Taxes	\$ -
22 Employer FICA Taxes	\$ 24
23 Federal Unemployment Taxes	\$ -
24 State Unemployment Taxes	\$ -
25 State & Federal Income Taxes	\$ 320
26 <b>Sub-Total Taxes</b>	<b>\$ 539</b>
27 Depreciation Expense	\$ 1,444
28 Interest Expense	\$ 1,300
29 Amortization of Utility Plant	\$ -
30 <b>Sub-Total Depreciation/Interest/Amortization</b>	<b>\$ 2,744</b>
31 <b>Return on Rate Base</b>	<b>\$ 1,285</b>
32 <b>Total Cost of Service</b>	<b>\$ 15,736</b>
33 <b>Overall Revenue Increase Needed</b>	<b>\$ 8,609</b>

## Agreement Attachment B

### EMS Run





**MISSOURI PUBLIC SERVICE COMMISSION**

**UTILITY SERVICES DIVISION**

**Initial Run**

**STAFF ACCOUNTING SCHEDULES**

**ROY - L UTILITIES, INC. SEWER**

**CASE NO. SR-2013-0544**

**Jefferson City, Missouri**

**September 2013**

Roy - L Utilities, Inc. Sewer  
Informal Rate Case  
Case Number SR-2013-0544  
Test Year Ending 12-31-2012, Update 12/31/2013  
Rate Design Schedule - Sewer

Line Number	A Description	B Account Number (Optional)	C Staff Annualized	D Customer Charge	E Commodity	F Percentage Rate
Rev-1	ANNUALIZED REVENUES					
Rev-2	Annualized Rate Revenues		(1) \$6,914			
Rev-3	Miscellaneous Revenues		(1) \$213			
Rev-4	TOTAL ANNUALIZED REVENUES		\$7,127			
1	OPERATIONS EXPENSES	(2)				
2	Management Salary (Ms. Rock Contract Labor)		\$3,080	\$3,080	\$0	100.00%
3	Operators Salary / Contractor Services		\$757	\$757	\$0	100.00%
4	Electricity - Pumping Treatment		\$0	\$0	\$0	100.00%
5	Chemicals (Chlorinator tablets)		\$600	\$600	\$0	100.00%
6	Sludge Removal		\$0	\$0	\$0	100.00%
7	TOTAL OPERATIONS EXPENSE		\$4,437	\$4,437	\$0	
8	MAINTENANCE EXPENSES					
9	System Repairs and Maintenance		\$635	\$635	\$0	100.00%
10	Mowing Expense		\$422	\$422	\$0	100.00%
11	Miscellaneous Expense		\$80	\$0	\$80	0.00%
12	TOTAL MAINTENANCE EXPENSE		\$1,137	\$1,057	\$80	
13	CUSTOMER ACCOUNT EXPENSE					
14	Outside Services (Accounting Fees)		\$105	\$105	\$0	100.00%
15	Office Supplies		\$147	\$147	\$0	100.00%
16	Postage Expense		\$163	\$163	\$0	100.00%
17	Uncollectible Accounts		\$0	\$0	\$0	100.00%
18	TOTAL CUSTOMER ACCOUNT EXPENSE		\$415	\$415	\$0	
19	ADMINISTRATIVE & GENERAL EXPENSES					
20	Administration & General Salaries (Ms. Longstreet)		\$311	\$311	\$0	100.00%
21	Telephone Expense		\$441	\$441	\$0	100.00%
22	Vehicle Expense		\$2,238	\$2,238	\$0	100.00%
23	Property & Liability Insurance		\$259	\$259	\$0	100.00%
24	Rent		\$580	\$580	\$0	100.00%
25	Membership Dues		\$0	\$0	\$0	100.00%
26	TOTAL ADMINISTRATIVE AND GENERAL		\$3,829	\$3,829	\$0	
27	OTHER OPERATING EXPENSES					
28	MO DNR Fees		\$200	\$200	\$0	100.00%
29	PSC Assessment		\$767	\$767	\$0	100.00%
30	Rate Case Expense		\$363	\$0	\$363	0.00%
31	Corporate Registration/Franchise Fees		\$20	\$20	\$0	100.00%
32	Depreciation		\$1,444	\$1,444	\$0	100.00%
33	TOTAL OTHER OPERATING EXPENSES		\$2,794	\$2,431	\$363	
34	TAXES OTHER THAN INCOME					
35	Real & Personal Property Taxes		\$195	\$195	\$0	100.00%
36	Payroll Taxes		\$24	\$24	\$0	100.00%
37	TOTAL TAXES OTHER THAN INCOME		\$219	\$219	\$0	
38	TOTAL OPERATING EXPENSES		\$12,831	\$12,388	\$443	
39	Interest Expense	(3)	\$1,300	\$1,300	\$0	100.00%
40	Return on Equity	(3)	\$1,285	\$1,285	\$0	100.00%
41	Income Taxes	(3)	\$320	\$320	\$0	100.00%
42	TOTAL INTEREST RETURN & TAXES		\$2,905	\$2,905	\$0	
43	TOTAL COST OF SERVICE		\$15,736	\$15,293	\$443	

Roy - L Utilities, Inc. Sewer  
Informal Rate Case  
Case Number SR-2013-0544  
Test Year Ending 12-31-2012, Update 12/31/2013  
Rate Design Schedule - Sewer

Line Number	A Description	B Account Number (Optional)	C Staff Annualized	D Customer Charge	E Commodity	F Percentage Rate
44	Less: Miscellaneous Revenues		\$213	\$213	\$0	100.00%
45	COST TO RECOVER IN RATES		\$15,523	\$15,080	\$443	
46	INCREMENTAL INCREASE IN RATE REVENUES		<u>\$8,609</u>			
47	PERCENTAGE OF INCREASE		<u>120.79%</u>			
48	REQUESTED INCREASE IN REVENUES		\$10,378			

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

Roy - L Utilities, Inc. Sewer  
 Informal Rate Case  
 Case Number SR-2013-0544  
 Test Year Ending 12-31-2012, Update 12/31/2013  
 Rate Base Required Return on Investment Schedule - Sewer

Line Number	A Rate Base Description	B Dollar Amount
1	Plant In Service	\$36,202 From Plant Schedule
2	Less Accumulated Depreciation Reserve	<u>\$1,524</u> From Depreciation Reserve Schedule
3	Net Plant In Service	\$34,678
4	Other Rate Base Items:	\$0
	Contribution of Aid of Construction	\$0
	CIAC Depreciation Offset	\$0
5	Total Rate Base	<u>\$34,678</u>
6	Total Weighted Rate of Return Including Income Tax	<u>8.38%</u> From PreTax Return & Taxes Schedule
7	Required Return & Income Tax	<u><u>\$2,905</u></u>

Roy - L Utilities, Inc. Sewer  
Informal Rate Case  
Case Number SR-2013-0544  
Test Year Ending 12-31-2012, Update 12/31/2013  
Rate of Return Including Income Tax - Sewer

	A	B	formulas
1 State Income Tax Rate Statutory / Effective	6.25% (2)	5.81%	$(1 - (B2 \times .5)) \times A1$
2 Federal Income Tax Rate Statutory / Effective	15.01% (1) & (2)	14.14%	$(1 - B1) \times A2$
3 Composite Effective Income Tax Rate		19.95%	$B1 + B2$
4 Equity Tax Factor		1.2492	$1 / (1 - B3)$
5 Recommended Weighted Rate of Return on Equity - Common and Preferred		3.71%	From Capital Structure Schedule
6 Weighted Rate of Return on Equity Including Income Tax		4.63%	$B4 \times B5$
7 Recommended Weighted Rate of Return on Debt - Long-Term and Short-Term		3.75%	From Capital Structure Schedule
8 Total Weighted Rate of Return Including Income Tax		8.38%	$B6 + B7$

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

N

To Rate Base Schedule

Equity Income Required \$1,512  
& Preliminary Federal Tax

Tax Rate Table

Net Income Range				
Start	End	Tax Rate	Amount in Range	Tax on Range
\$0	\$50,000	15.00%	\$1,512	\$227
\$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
			\$1,512	\$227
Consolidated Tax Rate:				
Average Tax Rate:				0.1501

Roy - L Utilities, Inc. Sewer  
Informal Rate Case  
Case Number SR-2013-0544  
Test Year Ending 12-31-2012, Update 12/31/2013  
Capital Structure Schedule - Sewer

A		B	C	D	E
Line Number	Description	Dollar Amount	Percentage of Total Capital Structure	Embedded Cost of Capital	Weighted Cost of Capital
1	Common Stock	\$8,669	25.00%	14.82%	3.705%
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	\$26,009	75.00%	5.00%	3.750%
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	\$34,678	100.00%		7.455%

To PreTax Return Rate Schedule

Roy - L Utilities, Inc. Sewer  
Informal Rate Case  
Case Number SR-2013-0544  
Test Year Ending 12-31-2012, Update 12/31/2013  
Plant In Service - Sewer

Line Number	A Account # (Optional)	B Plant Account Description	C Total Plant	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
1		INTANGIBLE PLANT					
2	301.000	Organization	\$0			100.00%	\$0
3	302.000	Franchises	\$0			100.00%	\$0
4	303.000	Miscellaneous Intangible Plant	\$0	P-4	\$2,298	100.00%	\$2,298
5		TOTAL INTANGIBLE PLANT	\$0		\$2,298		\$2,298
6		SOURCE OF SUPPLY PLANT					
7	310.000	Land & Land Rights	\$1,840			100.00%	\$1,840
8	311.000	Structures & Improvements	\$0			100.00%	\$0
9		TOTAL SOURCE OF SUPPLY PLANT	\$1,840		\$0		\$1,840
10		COLLECTION PLANT					
11	352.100	Collection Sewers - Force	\$0			100.00%	\$0
12	352.200	Collection Sewers - Gravity	\$0			100.00%	\$0
13	353.000	Other Collection Plant Facilities	\$0			100.00%	\$0
14	354.000	Services to Customers	\$0			100.00%	\$0
15	355.000	Flow Measuring Devices	\$0			100.00%	\$0
16		TOTAL COLLECTION PLANT	\$0		\$0		\$0
17		PUMPING PLANT					
18	362.000	Receiving Wells and Pump Pits	\$0			100.00%	\$0
19	363.000	Pumping Equipment (Elec., Diesel, other)	\$0			100.00%	\$0
20		TOTAL PUMPING PLANT	\$0		\$0		\$0
21		TREATMENT & DISPOSAL PLANT					
22	371.000	Structures & Improvments	\$0	P-22	\$1,326	100.00%	\$1,326
23	372.000	Oxidation Lagoon	\$4,943			100.00%	\$4,943
24	373.000	Treatment and Disposal Equipment	\$3,250	P-24	\$21,500	100.00%	\$24,750
25	374.000	Plant Sewers	\$0			100.00%	\$0
26	375.000	Outfall Sewer Lines	\$0			100.00%	\$0
27	376.000	Other Treatment & Disposal Plant Equip.	\$0			100.00%	\$0
28		TOTAL TREATMENT & DISPOSAL PLANT	\$8,193		\$22,826		\$31,019
29		GENERAL PLANT					
30	391.100	Office Furniture & Equipment	\$994			100.00%	\$994
31		Office Computer Equipment	\$0			100.00%	\$0
32	392.000	Transportation Equipment	\$0			100.00%	\$0
33	393.000	Other General Equipment, includes stores, tools shop & garage, lab, power operated, communication, and other tangible equipment.	\$51			100.00%	\$51
34		TOTAL GENERAL PLANT	\$1,045		\$0		\$1,045
35		TOTAL PLANT IN SERVICE	\$11,078		\$25,124		\$36,202

To Rate Base & Depreciation Schedules

Roy - L Utilities, Inc. Sewer  
Informal Rate Case  
Case Number SR-2013-0544  
Test Year Ending 12-31-2012, Update 12/31/2013  
Schedule of Adjustments for Plant in Service - Sewer

<u>A</u> Plant Adjustment Number	<u>B</u> Plant In Service Adjustment Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment
P-4	Miscellaneous Intangible Plant	303.000		\$2,298
	To capitalize the lawyer fees associated with the Commission finance case. (Harrison		\$1,000	
	To capitalize the closing costs associated with the Loan (Harrison		\$1,298	
P-22	Structures & Improvments	371.000		\$1,326
	To include Labor & Materials for Installation of Lagoion Fence (Harrison)		\$1,326	
P-24	Treatment and Disposal Equipment	373.000		\$21,500
	To purchase new Chlorinator/Dechlorinator chambers (Harrison)		\$11,600	
	To install new Chlorinator/Dechlorinator chambers (Harrison)		\$9,900	
Total Plant Adjustments				<u>\$25,124</u>



Roy - L Utilities, Inc. Sewer  
Informal Rate Case  
Case Number SR-2013-0544  
Test Year Ending 12-31-2012, Update 12/31/2013  
Depreciation Expense - Sewer

Line Number	A Account Number	B Plant Account Description	C Adjusted Jurisdictional	D Depreciation Rate	E Depreciation Expense
1		INTANGIBLE PLANT			
2	301.000	Organization	\$0	0.00%	\$0
3	302.000	Franchises	\$0	0.00%	\$0
4	303.000	Miscellaneous Intangible Plant	\$2,298	0.00%	\$0
5		TOTAL INTANGIBLE PLANT	\$2,298		\$0
6		SOURCE OF SUPPLY PLANT			
7	310.000	Land & Land Rights	\$1,840	0.00%	\$0
8	311.000	Structures & Improvements	\$0	2.50%	\$0
9		TOTAL SOURCE OF SUPPLY PLANT	\$1,840		\$0
10		COLLECTION PLANT			
11	352.100	Collection Sewers - Force	\$0	0.00%	\$0
12	352.200	Collection Sewers - Gravity	\$0	0.00%	\$0
13	353.000	Other Collection Plant Facilities	\$0	0.00%	\$0
14	354.000	Services to Customers	\$0	0.00%	\$0
15	355.000	Flow Measuring Devices	\$0	0.00%	\$0
16		TOTAL COLLECTION PLANT	\$0		\$0
17		PUMPING PLANT			
18	362.000	Receiving Wells and Pump Pits	\$0	0.00%	\$0
19	363.000	Pumping Equipment (Elec., Diesel, other)	\$0	0.00%	\$0
20		TOTAL PUMPING PLANT	\$0		\$0
21		TREATMENT & DISPOSAL PLANT			
22	371.000	Structures & Improvements	\$1,326	0.00%	\$0
23	372.000	Oxidation Lagoon	\$4,943	2.50%	\$124
24	373.000	Treatment and Disposal Equipment	\$24,750	4.50%	\$1,114
25	374.000	Plant Sewers	\$0	0.00%	\$0
26	375.000	Outfall Sewer Lines	\$0	2.00%	\$0
27	376.000	Other Treatment & Disposal Plant Equip.	\$0	0.00%	\$0
28		TOTAL TREATMENT & DISPOSAL PLANT	\$31,019		\$1,238
29		GENERAL PLANT			
30	391.100	Office Furniture & Equipment	\$994	20.00%	\$199
31		Office Computer Equipment	\$0	0.00%	\$0
32	392.000	Transportation Equipment	\$0	0.00%	\$0
33	393.000	Other General Equipment, includes stores, tools shop & garage, lab, power operated, communication, and other tangible equipment.	\$51	14.30%	\$7
34		TOTAL GENERAL PLANT	\$1,045		\$206
35		Total Depreciation	\$36,202		\$1,444

Roy - L Utilities, Inc. Sewer  
Informal Rate Case  
Case Number SR-2013-0544  
Test Year Ending 12-31-2012, Update 12/31/2013  
Accumulated Depreciation Reserve - Sewer

Line Number	A Account Number	B Depreciation Reserve Description	C Total Reserve	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
1		INTANGIBLE PLANT					
2	301.000	Organization	\$0			100.00%	\$0
3	302.000	Franchises	\$0			100.00%	\$0
4	303.000	Miscellaneous Intangible Plant	\$0			100.00%	\$0
5		TOTAL INTANGIBLE PLANT	\$0		\$0		\$0
6		SOURCE OF SUPPLY PLANT					
7	310.000	Land & Land Rights	\$0			100.00%	\$0
8	311.000	Structures & Improvements	\$0			100.00%	\$0
9		TOTAL SOURCE OF SUPPLY PLANT	\$0		\$0		\$0
10		COLLECTION PLANT					
11	352.100	Collection Sewers - Force	\$0			100.00%	\$0
12	352.200	Collection Sewers - Gravity	\$0			100.00%	\$0
13	353.000	Other Collection Plant Facilities	\$0			100.00%	\$0
14	354.000	Services to Customers	\$0			100.00%	\$0
15	355.000	Flow Measuring Devices	\$0			100.00%	\$0
16		TOTAL COLLECTION PLANT	\$0		\$0		\$0
17		PUMPING PLANT					
18	362.000	Receiving Wells and Pump Pits	\$0			100.00%	\$0
19	363.000	Pumping Equipment (Elec., Diesel, other)	\$0			100.00%	\$0
20		TOTAL PUMPING PLANT	\$0		\$0		\$0
21		TREATMENT & DISPOSAL PLANT					
22	371.000	Structures & Improvements	\$0			100.00%	\$0
23	372.000	Oxidation Lagoon	\$573			100.00%	\$573
24	373.000	Treatment and Disposal Equipment	\$259			100.00%	\$259
25	374.000	Plant Sewers	\$0			100.00%	\$0
26	375.000	Outfall Sewer Lines	\$0			100.00%	\$0
27	376.000	Other Treatment & Disposal Plant Equip.	\$0			100.00%	\$0
28		TOTAL TREATMENT & DISPOSAL PLANT	\$832		\$0		\$832
29		GENERAL PLANT					
30	391.100	Office Furniture & Equipment	\$648			100.00%	\$648
31		Office Computer Equipment	\$0			100.00%	\$0
32	392.000	Transportation Equipment	\$0			100.00%	\$0
33	393.000	Other General Equipment, includes stores, tools shop & garage, lab, power operated, communication, and other tangible equipment.	\$44			100.00%	\$44
34		TOTAL GENERAL PLANT	\$692		\$0		\$692
35		TOTAL DEPRECIATION RESERVE	\$1,524		\$0		\$1,524

To Rate Base Schedule

Roy - L Utilities, Inc. Sewer  
 Informal Rate Case  
 Case Number SR-2013-0544  
 Test Year Ending 12-31-2012, Update 12/31/2013  
 Schedule of Adjustments for Accumulated Depreciation Reserve - Sewer

<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>
Reserve Adjustment Number	Accumulated Depreciation Reserve Adjustments Description	Account Number	Adjustment Amount	Total Adjustment Amount
Total Reserve Adjustments				<u>\$0</u>

Roy - L Utilities, Inc. Sewer  
Informal Rate Case  
Case Number SR-2013-0544  
Test Year Ending 12-31-2012, Update 12/31/2013  
Revenue Schedule - Sewer

Line Number	A Account Number (Optional)	B Revenue Description	C Company/ Test Year Amount	D Adjustment Number	E Jurisdictional Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
Rev-1		ANNUALIZED REVENUES					
Rev-2		Annualized Rate Revenues	\$7,396	Rev-2	-\$482	100.00%	\$6,914
Rev-3		Miscellaneous Revenues	\$0	Rev-3	\$213	100.00%	\$213
Rev-4		TOTAL ANNUALIZED REVENUES	\$7,396		-\$269		\$7,127

Roy - L Utilities, Inc. Sewer  
 Informal Rate Case  
 Case Number SR-2013-0544  
 Test Year Ending 12-31-2012, Update 12/31/2013  
 Revenue Adjustment Schedule - Sewer

<u>A</u> Revenue Adj Number	<u>B</u> Adjustment Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment
<b>Rev-2</b>	<b>Annualized Rate Revenues</b>			<b>-\$482</b>
	1. To Annualize Rate Revenues		-\$482	
<b>Rev-3</b>	<b>Miscellaneous Revenues</b>			<b>\$213</b>
	1. To Annualize Miscellaneous Revenues		\$213	
	2. Description		\$0	
<b>Total Revenue Adjustments</b>				<b>-\$269</b>

Roy - L Utilities, Inc. Sewer  
Informal Rate Case  
Case Number SR-2013-0544  
Test Year Ending 12-31-2012, Update 12/31/2013  
Revenue Summary Schedule - Sewer

Line Number	A Description	Residential Full Time Flat Rate		Residential Part Time Flat Rate	
		B Amount	C Amount	D Amount	E Amount
1	<u>Customer Charge Revenues:</u>				
2	Customer Number	18		39	
3	Bills Per Year	12		12	
4	Customer Bills Per year	216		468	
5	Current Customer Charge	<u>\$10.82</u>		<u>\$9.78</u>	
6	Annualized Customer Charge Revenues		\$2,337		\$4,577
7	<u>Commodity Charge Revenues:</u>				
8	Total Gallons Sold	0		0	
9	Less: Base Gallons Included In Customer Charge	<u>0</u>		<u>0</u>	
10	Commodity Gallons	0		0	
11	Block 1, Commodity Gallons per Block	0		0	
12	Block 1, Number of Commodity Gallons per Unit	<u>0</u>		<u>0</u>	
13	Block 1, Commodity Billing Units	0.00		0.00	
14	Block 1, Existing Commodity Charge	<u>\$0.00</u>		<u>\$0.00</u>	
15	Block 1, Annualized Commodity Charge Rev.		\$0		\$0
16	<b>Total Annualized Sewer Rate Revenues</b>		<u><b>\$2,337</b></u>		<u><b>\$4,577</b></u>

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

Roy - L Utilities, Inc. Sewer  
Informal Rate Case  
Case Number SR-2013-0544  
Test Year Ending 12-31-2012, Update 12/31/2013  
Revenue Summary Schedule - Sewer

Line Number	A Description	Total	
		E Amount	G Amount
1	<u>Customer Charge Revenues:</u>		
2	Customer Number	57	
3	Bills Per Year		
4	Customer Bills Per year	684	
5	Current Customer Charge		
6	Annualized Customer Charge Revenues		\$6,914
7	<u>Commodity Charge Revenues:</u>		
8	Total Gallons Sold	0	
9	Less: Base Gallons Included In Customer Charge	0	
10	Commodity Gallons	0	
11	Block 1, Commodity Gallons per Block		
12	Block 1, Number of Commodity Gallons per Unit		
13	Block 1, Commodity Billing Units		
14	Block 1, Existing Commodity Charge		
15	Block 1, Annualized Commodity Charge Rev.		\$0
16	<b>Total Annualized Sewer Rate Revenues</b>		<b>\$6,914</b>

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

Roy - L Utilities, Inc. Sewer  
Informal Rate Case  
Case Number SR-2013-0544  
Test Year Ending 12-31-2012, Update 12/31/2013  
Miscellaneous Revenues Feeder - Sewer

Line Number	A Description	B Amount
1	Late Charge Fees	\$213
2	Description of Miscellaneous Revenue Item2	<u>\$0</u>
3	Total Miscellaneous Revenues	<u><u>\$213</u></u>



Roy - L Utilities, Inc. Sewer  
Informal Rate Case  
Case Number SR-2013-0544  
Test Year Ending 12-31-2012, Update 12/31/2013  
Expense Schedule - Sewer

Line Number	A Account Number (Optional)	B Expense Description	C Company/ Test Year Amount	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
1		OPERATIONS EXPENSES					
2		Management Salary (Ms. Rock Contract Labor)	\$0	S-2	\$3,080	100.00%	\$3,080
3		Operators Salary / Contractor Services	\$757	S-3	\$0	100.00%	\$757
4		Electricity - Pumping Treatment	\$0			100.00%	\$0
5		Chemicals (Chlorinator tablets)	\$113	S-5	\$487	100.00%	\$600
6		Sludge Removal	\$0			100.00%	\$0
7		TOTAL OPERATIONS EXPENSE	\$870		\$3,567		\$4,437
8		MAINTENANCE EXPENSES					
9		System Repairs and Maintenance	\$600	S-9	\$35	100.00%	\$635
10		Mowing Expense	\$422			100.00%	\$422
11		Miscellaneous Expense	\$80			100.00%	\$80
12		TOTAL MAINTENANCE EXPENSE	\$1,102		\$35		\$1,137
13		CUSTOMER ACCOUNT EXPENSE					
14		Outside Services (Accounting Fees)	\$105			100.00%	\$105
15		Office Supplies	\$78	S-15	\$69	100.00%	\$147
16		Postage Expense	\$49	S-16	\$114	100.00%	\$163
17		Uncollectible Accounts	\$0			100.00%	\$0
18		TOTAL CUSTOMER ACCOUNT EXPENSE	\$232		\$183		\$415
19		ADMINISTRATIVE & GENERAL EXPENSES					
20		Administration & General Salaries (Ms. Longstreet)	\$0	S-20	\$311	100.00%	\$311
21		Telephone Expense	\$441			100.00%	\$441
22		Vehicle Expense	\$0	S-22	\$2,238	100.00%	\$2,238
23		Property & Liability Insurance	\$0	S-23	\$259	100.00%	\$259
24		Rent	\$580			100.00%	\$580
25		Membership Dues	\$0			100.00%	\$0
26		TOTAL ADMINISTRATIVE AND GENERAL	\$1,021		\$2,808		\$3,829
27		OTHER OPERATING EXPENSES					
28		MO DNR Fees	\$200			100.00%	\$200
29		PSC Assessment	\$801	S-29	-\$34	100.00%	\$767
30		Rate Case Expense	\$0	S-30	\$363	100.00%	\$363
31		Corporate Registration/Franchise Fees	\$20			100.00%	\$20
32		Depreciation	\$0	S-32	\$1,444	100.00%	\$1,444
33		TOTAL OTHER OPERATING EXPENSES	\$1,021		\$1,773		\$2,794
34		TAXES OTHER THAN INCOME					
35		Real & Personal Property Taxes	\$33	S-35	\$162	100.00%	\$195
36		Payroll Taxes	\$0	S-36	\$24	100.00%	\$24
37		TOTAL TAXES OTHER THAN INCOME	\$33		\$186		\$219
38		TOTAL OPERATING EXPENSES	\$4,279		\$8,552		\$12,831

Roy - L Utilities, Inc. Sewer  
Informal Rate Case  
Case Number SR-2013-0544  
Test Year Ending 12-31-2012, Update 12/31/2013  
Expense Adjustment Schedule - Sewer

<b>A</b> Expense Adj Number	<b>B</b> Adjustment Description	<b>C</b> Account Number	<b>D</b> Adjustment Amount	<b>E</b> Total Adjustment
<b>S-2</b>	<b>Management Salary (Ms. Rock Contract Labor)</b>			<b>\$3,080</b>
	To adjust test year payroll for Ms. Rock to an annualized level. (Green)		\$3,080	
<b>S-3</b>	<b>Operators Salary / Contractor Services</b>			<b>\$0</b>
	To adjust test year operator salary to a normalized level. (Green)		\$0	
<b>S-5</b>	<b>Chemicals (Chlorinator tablets)</b>			<b>\$487</b>
	To adjust test year chemical expense to a normalized level. (Green)		\$487	
<b>S-9</b>	<b>System Repairs and Maintenance</b>			<b>\$35</b>
	To adjust test year maintenance & Repair expense to a normalized level. (Green)		\$35	
<b>S-15</b>	<b>Office Supplies</b>			<b>\$69</b>
	To adjust test year office supplies to a normalized level. (Green)		\$69	
<b>S-16</b>	<b>Postage Expense</b>			<b>\$114</b>
	To adjust test year postage expense to a annualized level. (Green)		\$114	
<b>S-20</b>	<b>Administration &amp; General Salaries (Ms. Longstreet)</b>			<b>\$311</b>
	To adjust test year payroll for Ms. Longstreet to an annualized level. (Green)		\$311	
<b>S-22</b>	<b>Vehicle Expense</b>			<b>\$2,238</b>
	To adjust test year vehicle expense to an annualized level. (Green)		\$2,238	

Roy - L Utilities, Inc. Sewer  
 Informal Rate Case  
 Case Number SR-2013-0544  
 Test Year Ending 12-31-2012, Update 12/31/2013  
 Expense Adjustment Schedule - Sewer

<b>A</b> Expense Adj Number	<b>B</b> Adjustment Description	<b>C</b> Account Number	<b>D</b> Adjustment Amount	<b>E</b> Total Adjustment
<b>S-23</b>	<b>Property &amp; Liability Insurance</b>			<b>\$259</b>
	To adjust test year insurance expense to a annualize amount. (Green)		\$259	
<b>S-29</b>	<b>PSC Assessment</b>			<b>-\$34</b>
	To adjust test year PSC Assessment to a annualize amount. (Green)		-\$34	
<b>S-30</b>	<b>Rate Case Expense</b>			<b>\$363</b>
	To normalize rate case expense (Harrison)		\$363	
<b>S-32</b>	<b>Depreciation</b>			<b>\$1,444</b>
	1. To Annualize Depreciation		\$1,444	
<b>S-35</b>	<b>Real &amp; Personal Property Taxes</b>			<b>\$162</b>
	To adjust test year property taxes to current level. (Harrison)		\$162	
<b>S-36</b>	<b>Payroll Taxes</b>			<b>\$24</b>
	To adjust test year payroll taxes for Ms. Longstreet to an annualized level. (Green)		\$24	
<b>Total Expense Adjustments</b>				<b>\$8,552</b>

# Agreement Attachment C

## Rate Base Worksheet

Roy L Sewer  
WR-2013-0543  
Rate Base

Plant In Service	\$36,202
Depreciation Reserve	<u>\$1,524</u>
Net Plant In Service	\$34,678
Materials & Supplies	\$0
Contributions in Aid of Construc	\$0
CIAC Depreciation	<u>\$0</u>
Total Rate Base	\$34,678

Agreement Attachment D

Schedule of Depreciation Rates

**Roy-L Utilities, Inc.**  
**DEPRECIATION RATES**  
**(SEWER)**  
**SR-2013-0544**

<u>Acct. No.</u>	<u>Description of Account</u>	<u>Annual Rate</u>
352.2	Collection Sewers (Gravity)	2.0%
354	Services to Customers	2.0%
372	Oxidation Lagoons	4.0%
373	Treatment & Disposal Facilities	4.5%
375	Outfall Sewers	2.0%

## Agreement Attachment E

### Example Tariff Sheets



Name of Utility: Roy-L Utilities, Inc.  
Service Area: Golden Eagle Reserve Montgomery County, Missouri

Rules Governing Rendering of  
Sewer Service

INDEX

Sheet No.

- 1 ..... Index  
2 ..... Map of Service Area  
3 ..... Legal Description of Service Area  
4 ..... Schedule of Rates  
5 ..... Schedule of Service Charges

<u>Sheet No.</u>	<u>Rule No.</u>	<u>Rule Title</u>
6 .....	1.	Definitions
10 .....	2.	General Matters
11 .....	3.	Limited Authority of Company Employees
12 .....	4.	Applications for Sewer Service
14 .....	5.	Inside Piping and Customer Service Sewer
17 .....	6.	Improper or Excessive Use
19 .....	7.	Discontinuance of Service by Company
22 .....	8.	Interruptions in Service
23 .....	9.	Bills for Service
25 .....	10.	Extension of Collecting Sewers

- \* Indicates new rate or text  
+ Indicates change

Issue Date: April 7, 2014  
Month/Day/Year

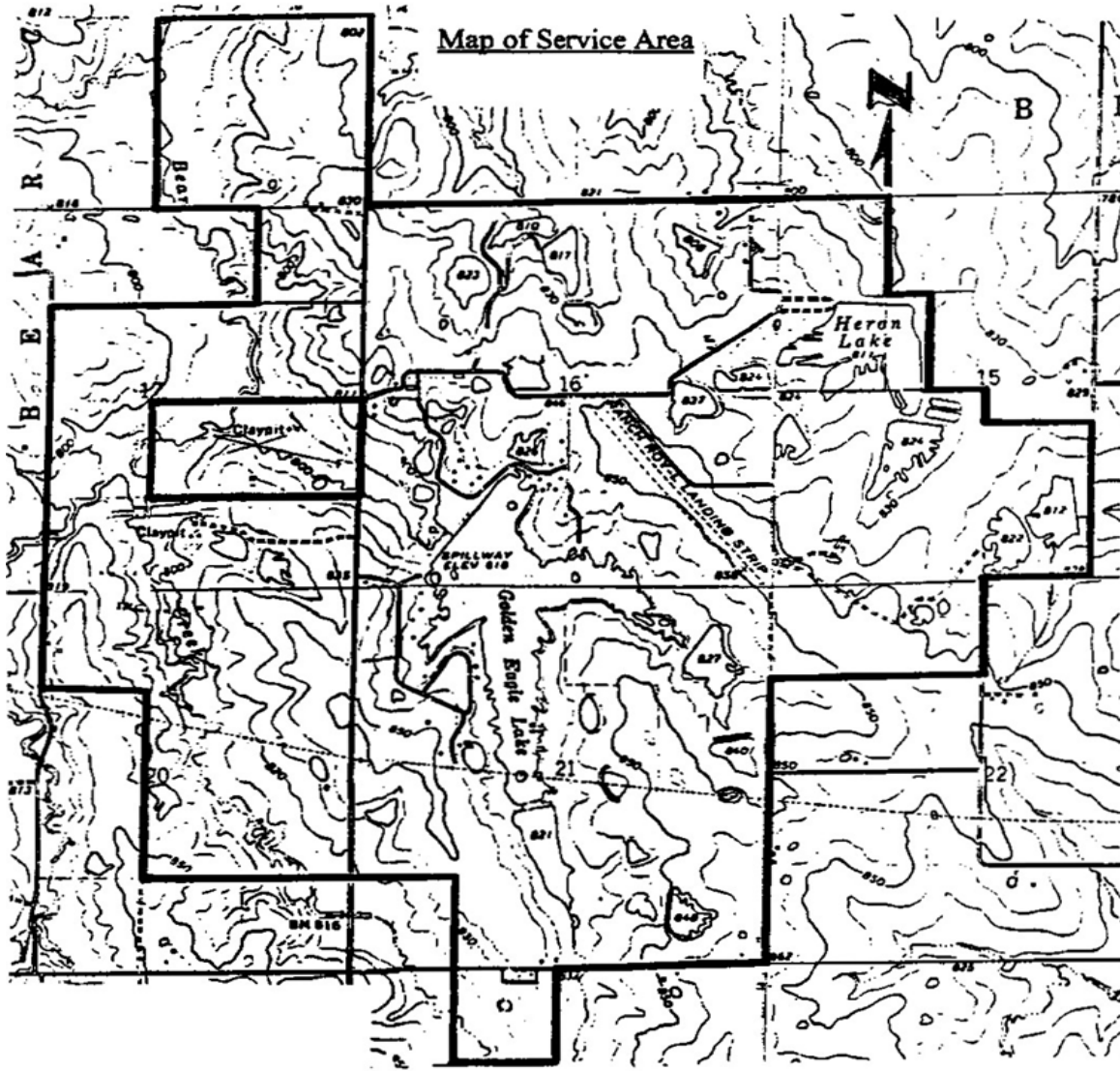
Effective Date: May 23, 2014  
Month/Day/Year

ISSUED BY Marie Rock, Secretary 366 Highway F, High Hill, MO 63350  
Name & Title of Issuing Officer Company Mailing Address

Name of Utility: Roy-L Utilities, Inc.

Service Area: Golden Eagle Reserve Montgomery County, Missouri

Rules Governing Rendering of  
Sewer Service



- \* Indicates new rate or text
- + Indicates change

Issue Date: April 7, 2014  
Month/Day/Year

Effective Date: May 23, 2014  
Month/Day/Year

ISSUED BY Marie Rock, Secretary  
Name & Title of Issuing Officer

366 Highway F, High Hill, MO 63350  
Company Mailing Address

Name of Utility: Roy-L Utilities, Inc.  
Service Area: Golden Eagle Reserve Montgomery County, Missouri

Rules Governing Rendering of  
Sewer Service

Legal Description of Service Area

The northeast fourth of the northwest quarter of Section 28 except approximately 3 acres described as follows: Beginning at a point on the south line of the public road 298 feet west of the northeast corner of said northeast fourth of the northwest quarter, thence south 155 feet, thence west parallel with said road 444 feet, thence north 155 feet, thence east along south line of said road 444 feet to the point of beginning; the southeast quarter of Section 8, the northeast one-fourth of the northeast quarter of Section 17; the south one-half of the northeast quarter of Section 17; the southeast quarter of the northwest quarter of Section 17; the east one-half of the southwest quarter of Section 17; the south one-half of the southeast quarter of Section 17; the northeast quarter of Section 20; the north east quarter of the northwest quarter of Section 20; the north one-half of the southeast quarter of Section 20; all of Section 16; the north one-half of Section 21; the southeast quarter of Section 21; the east one-half of the southwest quarter of Section 21; the northwest one-fourth of the southwest quarter of Section 21; the north one-half of the north-west quarter of Section 22; the southwest quarter of Section 15; the west one-half of the southeast quarter of Section 15; except 15.34 acres, part of the northwest fourth of the southeast quarter of Section 15 described as follows: Beginning at the center of said Section 15, thence east along the east-west center line 1357.34 feet to the center of the County road, thence 16' 30" west along the center of said road 492.82 feet, thence west 1354.42 feet, thence north 3'50" west 492.82 feet to the point of beginning; the west half of the northwest quarter of Section 15; 14.934 acres part of the southeast fourth of the northwest quarter of Section 15, described as follows: Commencing at the center of said Section 15, run thence west along the east-west center line of said Section 815 feet to the point of beginning, thence continuing west along said east-west center line 492.82 feet, thence north 32' 30" west 1320 feet, thence east 492.82 feet, thence south 32' 30" west 1320 feet to the point of beginning. All in Township 48 of Range 4 West of the Fifth Principal Meridian in Montgomery County, Missouri.

- \* Indicates new rate or text
- + Indicates change

Issue Date: April 7, 2014  
Month/Day/Year

Effective Date: May 23, 2014  
Month/Day/Year

ISSUED BY Marie Rock, Secretary  
Name & Title of Issuing Officer

366 Highway F, High Hill, MO 63350  
Company Mailing Address

Name of Utility: Roy-L Utilities, Inc.  
Service Area: Golden Eagle Reserve Montgomery County, Missouri

Rules Governing Rendering of  
Sewer Service

Schedule of Rates

Availability:

Available to any sewer Customer located on Company's collecting sewer suitable for supplying the service requested.

Rate:

Full-time Customer	\$24.29
Part-time Customer	\$21.96

Taxes:

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

- \* Indicates new rate or text
- + Indicates change

Issue Date: April 7, 2014  
Month/Day/Year

Effective Date: May 23, 2014  
Month/Day/Year

ISSUED BY	<u>Marie Rock, Secretary</u>	<u>366 Highway F, High Hill, MO 63350</u>
	Name & Title of Issuing Officer	Company Mailing Address

Name of Utility: Roy-L Utilities, Inc.  
Service Area: Golden Eagle Reserve Montgomery County, Missouri

Rules Governing Rendering of  
Sewer Service

Schedule of Service Charges

Discontinuance of Service for Non-Payment of Bill

For Customers with Roy-L water service:

Disconnection / turn-off charge	\$15.00
Reconnection / turn-on charge	\$15.00

For Customers without Roy-L water service:

Reconnection charges for discontinued sewer service for non-payment of bill shall be the actual expenses incurred by the Company for disconnection and reconnection.

New Service Connection

Tap-on	Actual Cost
Inspection of service connection	\$25

Late Charge

For any bill not paid within the period stated thereon, a late charge in the amount of five dollars (\$5.00) per month or three percent (3%) per month times the unpaid balance, whichever is more, shall be added to the total amount due plus all disconnection and reconnection costs.

Returned Check Charge

A charge of twenty-five dollars (\$25.00) will be added to any account for a check returned from the bank unpaid.

- \* Indicates new rate or text
- + Indicates change

Issue Date: April 7, 2014  
Month/Day/Year

Effective Date: May 23, 2014  
Month/Day/Year

ISSUED BY	<u>Marie Rock, Secretary</u>	<u>366 Highway F, High Hill, MO 63350</u>
	Name & Title of Issuing Officer	Company Mailing Address

Name of Utility: Roy-L Utilities, Inc.

Service Area: Golden Eagle Reserve Montgomery County, Missouri

Rules Governing Rendering of  
Sewer Service

Rule 1 Definitions

- A. An "APPLICANT" is a person, firm, corporation, governmental body, or other entity that has applied for sewer service and/or an extension of collecting sewers along with additional plant facilities; two or more such entities may make one application for a sewer extension, and be considered one APPLICANT. An "ORIGINAL APPLICANT" is an APPLICANT who entered into any contract or agreement with the Company for an extension of collecting sewers and/or additional plant facilities, contributed funds or utility plant assets to the Company under the terms of the contract or agreement, and is eligible for refunds under the terms of the contract or agreement as additional Applicants connect to such extensions or plant facilities.
- B. "B.O.D" denotes Biochemical Oxygen Demand. It is the quantity of oxygen utilized in the biochemical oxidation of waste matter under standard laboratory conditions expressed in milligrams per liter.
- C. "C.O.D" denotes Chemical Oxygen Demand. It is the quantity of oxygen utilized in the chemical oxidation of waste matter under standard laboratory conditions, expressed in milligrams per liter.
- D. A "COLLECTING SEWER" is a pipeline, including force pipelines, gravity sewers, interceptors, laterals, trunk sewers, manholes, lampholes, and necessary appurtenances, including service wyes and saddles, which is owned and maintained by the Company, located on public property or on private easements, and used to transport sewage waste from the Customer's service connection to the point of disposal. A "PRESSURE COLLECTING SEWER" is a collecting sewer pipeline, including wyes, tees, and saddles, operated under pressure from pump units owned and operated by customers connected to the pipeline, and is sometimes referred to generically as a COLLECTING SEWER.

\* Indicates new rate or text

+ Indicates change

Issue Date: April 7, 2014  
Month/Day/Year

Effective Date: May 23, 2014  
Month/Day/Year

ISSUED BY Marie Rock, Secretary  
Name & Title of Issuing Officer

366 Highway F, High Hill, MO 63350  
Company Mailing Address

Name of Utility: Roy-L Utilities, Inc.  
Service Area: Golden Eagle Reserve Montgomery County, Missouri

Rules Governing Rendering of  
Sewer Service

Rule 1 continued

- E. The "COMPANY" is Roy-L Utilities, Inc, acting through its officers, managers, or other duly authorized employees or agents.
- F. A "CUSTOMER" is any person, firm, corporation or governmental body which has contracted with the Company for sewer service, or is receiving service from the Company, or whose facilities are connected for utilizing such service.
- G. The "DATE OF CONNECTION" shall be the date the permit for a service connection is issued by the Company. In the event no permit is taken and a service connection is made, the date of connection shall be determined based on available information, such as construction/occupancy permits, or water or electric service turn-on dates.
- H. A "DEVELOPER" is any person, firm, corporation, partnership or any entity that, directly or indirectly, holds title to, or sells or leases, or offers to sell or lease, or advertises for sale or lease, any lots in a subdivision.
- I. "DISCONTINUANCE OF SERVICE" is intentional cessation of the use of sewer service by action of the Company not at the request of the Customer. Such DISCONTINUANCE OF SERVICE may be accomplished by methods including physical disconnection of the service sewer, or turn-off of water service by the water utility at the request of the Company.
- J. "DOMESTIC SEWAGE" is sewage, excluding storm and surface water, resulting from normal household activities; and, "NON-DOMESTIC SEWAGE" is all sewage other than DOMESTIC SEWAGE including, but not limited to, commercial or industrial wastes. See Rule 7 - Improper Waste or Excessive Use.
- K. A "FOUNDATION DRAIN" is a pipe installed inside or outside the foundation of a structure for the purpose of draining ground or subsurface water away from the foundation.

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Rule 1 continued

- L. "pH" is the relative degree of acidity or alkalinity of water as indicated by the hydrogen ion concentration. pH is indicated on a scale reading from 1-14, with 7.0 being neutral, below 7.0 acid, and above 7.0 alkaline; more technically defined as the logarithm of the reciprocal of the hydrogen ion concentration.
- M. A "SADDLE" is a fitting that connects the Customer's Service Sewer to the collecting sewer whether it be a gravity collecting sewer or a pressure collecting sewer; the saddle clamps around the collecting sewer pipeline into which pipeline a hole is cut, and the Service Sewer is connected to the Saddle thereby connecting it to the collecting sewer.
- N. A "SERVICE CONNECTION" is the connection of a service sewer to the Company's collecting sewer either at the bell of a wye branch or the bell of a saddle placed on the barrel of the collecting sewer.
- O. A "SERVICE SEWER" or "CUSTOMER'S SERVICE SEWER" is a pipe with appurtenances installed, owned and maintained by the Customer, used to conduct sewage from the Customer's premises to the collecting sewer, excluding service wyes or saddles. For Customers connected to a pressure collecting sewer and utilizing a pump unit, the portion of the Service Sewer between the pump unit and the collecting sewer is a pressurized portion of the Service Sewer. In addition to other parts and fittings this shall include a stop cock accessible to the Company for turn-off of sewage flow and a check valve to prevent backflow of waste-water under pressure in the pressure collecting sewer. The SERVICE SEWER is constructed, owned and maintained by the Customer.
- P. A "SUBDIVISION" is any land in the state of Missouri which is divided or proposed to be divided into two or more lots or other divisions of land, whether contiguous or not, or uniform in size or not, for the purpose of sale or lease, and includes resubdivision thereof.

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Rule 1 continued

- Q. A "TEE" is a three-way one-piece pipe fitting in the shape of the letter "T" that is a part of the Collecting Sewer pipeline and to which the Customer's Service Sewer is connected.
- R. "TEMPORARY TERMINATION OF SERVICE" is termination or disconnection from service at the Customer's request for a period of time less than one year in length.
- S. "TERMINATION OF SERVICE" is the cessation of the use of sewer service requested by the Customer. Such TERMINATION OF SERVICE shall be accomplished by a method verified and recognized by the Company, and may include physical disconnection of the service sewer, termination or disconnection of water service by the water utility, or the Company's observation of non-occupancy of the unit served.
- T. The word "UNIT" or "LIVING UNIT" shall be used herein to define the premises or property of a single sewer user, whether or not that sewer user is the Customer. It shall pertain to any building whether multi-tenant or single occupancy, residential or commercial, owned or leased. Each mobile home in a mobile home park, and each rental unit of a multi-tenant rental property are considered as separate Units for each single family or firm occupying same as a residence or place of business.
- U. A "WYE" or "WYE BRANCH" or "Y" or "Y BRANCH" is a three-way one-piece pipe fitting in the shape of the letter "y" that is a part of the collecting sewer pipeline, and to which the Customer's service sewer is connected.

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Rule 2 General Matters

- A. Every Customer, upon signing an application for service or accepting service rendered by the Company, shall be considered to have expressed consent to be bound by these rates and rules.
- B. The Company's rules governing rendering of service are set forth in the numbered sheets of this tariff. The rates applicable to appropriate class of service are set forth in rate schedules and constitute a part of this tariff.
- C. The Company reserves the right, subject to approval from the Missouri Public Service Commission, to prescribe additional rates or to alter existing rates or rules as it may deem necessary or proper.
- D. At the effective date of these rules, all new facilities, construction contracts and written agreements shall conform to these rules in accordance with the statutes of the State of Missouri and authority of the Missouri Public Service Commission. Pre-existing facilities that do not conform with these rules may remain, if said facilities do not cause any service problems and reconstruction is impractical.
- E. The Company shall have the right to enter upon the Customer's premises for the purpose of inspecting for compliance with these rules. Company personnel shall identify themselves and such inspections shall be conducted during reasonable hours.

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Rule 3 Limited Authority Of Company Employees

- A. Employees or agents of the Company are expressly forbidden to demand or accept any compensation for any service rendered to its Customers except as covered in the Company's rules.
- B. No employee or agent of the Company shall have the right or authority to bind it by any promise, agreement or representation contrary to the letter or intent of these rules.
- C. The Company shall not be responsible in damages for any failure to remove waste water from the premises or for interruption if such failure or interruption is without willful default or negligence on its part.
- D. The Company shall not be liable for damages because of any interruption of sewer service or for damages caused by defective piping and appliances on the Customer's premises.
- E. The Company shall not be liable for damages due to damages from Acts of God, civil disturbances, war, government actions, and other uncontrollable occurrences.

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Rule 4 Applications For Sewer Service

- A. A written application for service, signed by the Customer, and accompanied by the appropriate fees as provided in the Schedule of Rates, the Schedule of Service Charges, Rule 11 - Extension of Collecting Sewers, and other information required by these rules, must be received from each Customer. Said application must be filed in writing twenty-four (24) hours in advance stating the street, house number, name of the applicant, name of the property owner, and the time, at which connection is to be made. The Company shall have the right to refuse service for failure to comply with the rules herein, or if the Customer owes a past due bill not in dispute for sewer service at any location within the Company's service area. In any case where a collecting sewer extension or unusual construction or equipment expense is necessary to furnish the service, the Company may require a contract for service specifying a reasonable period of time for the Company to provide the service. If the Customer is a tenant, the Company shall notify the owner of the property or owner's property manager or other agent that the owner or property manager may be responsible for payment of the sewer service bill associated with the application.
- B. A prospective Commercial or Industrial Customer shall, upon request of the Company, present in writing to the Company a list of devices that will discharge to the collecting sewers, the amount and specifications of any discharge, and the location of any buildings. The Company will then advise the Customer of the form and the character of the wastewater collection facilities available. If a sewer extension as provided for in Rule 11-Extension of Collecting Sewers will be necessary, or if the Customer will be required to own, operate, and maintain a pretreatment facility, the Customer will also be so advised.
- C. When sewer charges are based on water usage, the Company reserves the right to refuse sewer service to any applicant unless said applicant agrees to install a water meter accessible by the Company, so that there will be a basis for sewer charges. The Company and Customer may agree to an estimated water use amount, on an interim basis for a period not to exceed six (6) months, to allow time to install suitable metering equipment.

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Rule 4 continued

- D. The Company will determine or approve the location of the service connection. Service sewers will not be extended along public streets or roadways or through property of others in connecting with collecting sewers. If a service connection is requested at a point not already served by a collecting sewer of adequate capacity, the collecting sewer shall be extended in accordance with Rule 11 - Extension of Collecting Sewers, unless in the Company's judgment such a collecting sewer would serve no other purpose and a service sewer may be constructed to serve the Customer's premises in a reasonable manner.
- E. A new service connection shall be authorized when all conditions in Paragraphs A., B., C., and D., above, and Rule 5 – Inside Piping and Customer Service Sewer, regarding application, construction and inspection provisions, are met.
- F. No substantial addition to the water using equipment or appliances connected to the sewer system shall be made by Commercial or Industrial Customers except upon written notice to and with the written consent of the Company.

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Rule 5 Inside Piping And Customer Service Sewer

- A. The Customer is obligated to construct, repair, and maintain the service sewer from the collecting sewer to the building, and make the connection to the collecting sewer. The Customer shall notify the Company prior to cleaning or repairing the service sewer.
- B. When a service sewer is to be connected to the collecting sewer, the plumber shall advise the Company twenty-four (24) hours in advance of when the connection is expected to be made so a representative of the Company can inspect the installation and connection. No backfill shall be placed until the work has been inspected by the Company. In the event the Customer or the Customer's agent shall damage a wye branch or saddle, or cause damage to the collecting sewer, then the Customer shall be responsible for the cost to repair any such damage, including replacement of pipe or appurtenances as necessary.
- C. Plumbing specifications of all governmental agencies having jurisdiction, and the Company's rules, in effect at the time of connection, must be met. The Company may deny service or may discontinue service where foundation drains, downspouts, or other sources of surface or storm water are permitted to enter the sewer system through either the inside piping or through the building sewer.
- D. A separate and independent service sewer shall generally be required for every building. Exceptions are:
  - 1. When one building stands at the rear of another building on an interior lot where a proper service sewer cannot be constructed through an adjoining easement. In that situation, the service sewer from the front building may be extended to the rear building and it will be considered as one service sewer.
  - 2. When two or more buildings are a part of a complex that cannot be subdivided.

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Rule 5 continued

- E. The service sewer shall be one of the following: ductile iron pipe, vitrified clay sewer pipe (VCP), or polyvinyl chloride pipe (PVC), ASTM specification or equal; or other suitable material approved by the Company. Only those jointing materials and methods that are approved by the Company may be used. Joints shall be tight and waterproof. Any part of the service sewer that is located within ten (10) feet of a water main or water service pipe shall be constructed of ductile iron or PVC pressure pipe. The pipe shall be bedded according to the manufacturer's specifications and on undisturbed earth or fill compacted to at least ninety-five percent (95%) proctor density. Fill may be non-organic soil or aggregate.
- F. The size and slope of the service sewer shall be subject to the approval of the Company, but in no event shall the diameter be less than four (4) inches. The slope of such four (4) inch pipe shall not be less than one-eighth (1/8) inch per foot.
- G. Whenever possible, the service sewer shall be brought to the building at an elevation below the basement floor. No building sewer shall be laid parallel to or within three (3) feet of any bearing wall. The depth shall be sufficient to afford protection from frost. The service sewer shall be laid at a uniform grade and in straight alignment insofar as possible. Changes in direction shall be made only with properly curved pipes and fittings.
- H. Existing service sewers may be used in connection with new buildings only when they are found on examination and test to meet all requirements of the Company.
- I. In any building in which a building drain is too low to permit the required slope of the service sewer, sanitary sewage carried by such drain shall be lifted by approved artificial means and discharged to the service sewer. No water operated sewage ejector shall be used.

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Rule 5 continued

- J. All excavations required for the installation of a service sewer and connection to the collecting sewer shall be open trench work unless otherwise approved by the Company. Pipe laying and backfill shall be performed in accordance with the latest published engineering specifications of the manufacturer of the materials used, and all applicable local plumbing codes.
- K. The connection of the service sewer to the collecting sewer shall be made at the wye branch, if such branch is available at a suitable location. If the collecting sewer is vitrified clay pipe of twelve inch (12") diameter or less and there is no properly located wye branch at a suitable location, a wye branch shall be installed at a location specified by the Company. If the collecting sewer is greater than twelve inches (12") in diameter, or is PVC of any size, a neat hole may be cut at a location specified by the Company, and a saddle installed to which the service sewer will be connected. The invert of the service sewer at the point of connection shall be at the centerline or higher elevation of the collecting sewer. The connection shall be secure and watertight.
- L. Any change in the location of an existing service connection and/or service sewer requested by the Customer shall be made at the Customer's expense.
- M. Company personnel may not work on piping or facilities not owned by the Company unless authorized by the Customer.

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Rule 6 – Improper or Excessive Use

- A. The following requirements for the use of sewer service provided by the Company shall be observed. Violation of the requirements will result in the discontinuance of service to the Customer, and the Customer may be required to comply with paragraph B., below.
- B. In the event that the Customer to be served proposes to discharge an abnormally high volume or strength of waste, the Company may require:
1. The Customer to install a pretreatment facility, grease trap or other device on the premises, to prevent the exceeding of discharge limits, or other adverse impacts upon the Company's system. The installation of any such device as well as its operation and maintenance shall be the responsibility of the Customer, and subject to approval and inspection by the Company.
  2. The Customer to enter into a special contract with the Company for treatment of the Customer's discharge, that could require an enlargement of the Company's existing sewage treatment plant or the construction of a temporary sewage treatment plant, and/or the construction or reconstruction of sewer lines or pump facilities, in a form approved by the Missouri Public Service Commission with a rate applicable to the Customer to be included within this Schedule of Rates, Rules, and Regulations, that is fair and reasonable to both parties and so as not to constitute a burden upon the Company or the existing Customers of the Company.
- C. No Customer shall discharge or cause to be discharged any storm water, surface water, ground water, swimming pool water, roof runoff, sub-surface drainage, or cooling water into the collecting sewers.
- D. Except as may be provided in Rule B.2., above, the Customer shall be required to take any action necessary to meet the following described wastewater limits before the wastewater is discharged into the collection sewer:

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Rule 6 continued

1. Maximum temperature of 150 degrees Fahrenheit.
2. Maximum strength of four-hundred (400) parts per million Biological Oxygen Demand (B.O.D.).
3. A maximum of one-hundred (100) parts per million, by weight, any fat, oil or grease.
4. A maximum of twenty-five (25) parts per million, by weight, any soluble oils.
5. No gasoline, benzene, naphtha, fuel oil, or other flammable or explosive liquid, solid or gas.
6. No garbage that has not been properly shredded.
7. No ashes, cinders, sand, mud, straw, shavings, metal, glass, rags, feathers, tar, plastics, wood or any other solid or viscous substance capable of causing obstruction to the flow in sewers or other interference with the proper operation of the sewer system.
8. No waste-water having a pH less than 5.0 or greater than 9.0, or having any other corrosive property, capable of causing damage or hazard to structures, equipment or personnel of the Company.
9. No waste-water containing heavy metals, toxic material, or Chemical Oxygen Demand (C.O.D.), in sufficient quantity to disrupt the operation of treatment facilities, or exceeding any limits which may be specified in a service contract for any such substance.

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Rule 7 – Discontinuance of Service by Company

A. The Company reserves the right of discontinuance of service for any of the following reasons:

1. For nonpayment of the sewer utility bill (see Rule 9); or
2. For unauthorized resale of sewer service; or
3. For an unauthorized service connection to the Company's collecting sewer; or
4. For failure to comply with these Rules.

B. Discontinuance of service may be accomplished, but not limited to, physical disconnection of the Customer's service sewer from the Company's collecting sewer. Discontinuance of sewer service for non-payment of a sewer bill may be accomplished either by physical disconnection or by discontinuance by turn-off of water service by the Customer's water utility at the request of the Company. In such cases where discontinuance is accomplished by turn-off of water service:

1. If sewer billing is combined with water billing, Customers will be notified by the water utility by the terms of its rules normally practiced for discontinuance of water service; or
2. If sewer billing is not combined with water billing, Customers will be notified by the terms of paragraphs F. and H., below, and not by those of any water utility.

C. Discontinuance of service to a Customer for any reason as outlined in A., above, shall not prevent the Company from pursuing any lawful remedy by action at law or otherwise for the collection of monies due from the Customer.

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Rule 7 continued

- D. In the event of discontinuance of service by the Company for any reason as outlined in A., above, then any monies due the Company shall become immediately due and payable.
- E. The Company reserves the right of discontinuance of service to a Customer, or to refuse service to any applicant or for any unit to reasonably protect itself against fraud or abuse.
- F. Unless discontinuance is accomplished by turn-off of water service and discontinuance notice is provided by the water utility, then at least thirty (30) days prior to discontinuance of service, the Company will mail a written notice to the Customer by certified mail, return receipt requested, with a copy of the notice sent to the Public Service Commission and a copy to the property owner if different than the Customer and if known by the Company. Said notice shall state the reasons for discontinuance of service, the amount of money owed if for a past due bill including the amount of any service charges owed, and that service may be discontinued at any time after the expiration of the notice period, provided satisfactory arrangements for continuance of the service have not been made by the Customer. The thirty (30) day notice may be waived if there is any waste discharge that might be detrimental to the health and safety of the public, or cause damage to the sewer system. In the event of discontinuance of service without the thirty (30) day notice as above provided, the Customer and the Missouri Public Service Commission shall be notified immediately with a statement of the reasons for such discontinuance of service. If service is provided to a multi-tenant building or complex, the Company will make an effort to notify tenants by door hangers or other type of notice of the possibility of discontinuance of service.
- G. Reconnection of any Customer after discontinuance of service by authority of this rule will be made subject to payment of the cost of reconnection.
- H. Where the owner of rental property is the Customer and has been notified of the intent of disconnection, the tenants shall be given the opportunity in a reasonable and timely manner to pay delinquent bills in lieu of disconnection of service.

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- I. Termination of service at the Customer's request may be accomplished at the expense of the Customer. If termination of service must be accomplished by physical disconnection, the Customer shall notify the Company of the date and time of the disconnection in writing at least five (5) days prior to the disconnection. If termination is accomplished by turn-off of water service, such notice shall be on or before the date of the water turn-off. Service may not be terminated for one unit of a multi-unit building if the building is served by one service sewer, unless accomplished by turnoff of water service to that unit. The method used for termination of service shall be determined by the Company.

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Rule 8 Interruptions in Service

- A. The Company reserves the right to limit sewer service in its collecting sewers at any time, in a reasonable and non-discriminatory manner, for the purpose of making repairs to the sewer system.
- B. Whenever service is limited for repairs, all Customers affected by such limitation will be notified in advance whenever it is practicable to do so. Every effort will be made to minimize limitation of service.
- C. No refunds of charges for sewer service will be made for limitations of service unless due to willful misconduct of the Company.

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Rule 9 Bills for Service

- A. The charges for sewer service shall be at the rates specified in this tariff, which is on file with the Missouri Public Service Commission and at the Company's office. The point of assumption of sewer service shall be at the service connection. Service charges for connection or disconnection are set forth in the Schedule of Service Charges.
- B. A Customer who is or has been taking sewer service at one or more units connected to the collecting sewer shall be held liable for payment of any applicable charges for service furnished to such units from the date of connection until the date requested by the Customer in writing for service to be terminated, or until service is discontinued by the Company.
- C. Bills for sewer service will be mailed or delivered to the Customer's last address as shown by the records of the Company, but failure to receive the bill will not relieve the Customer from the obligation to pay the same.
- D. Payments shall be made at the office of the Company or at a convenient location designated by the Company, or by mailing to the Company's mailing address.
- E. Separate bills shall be rendered for each location at which sewer service is provided, even though one entity may be the Customer at such separate locations.
- F. The Company shall have the right to render bills monthly in advance, or on a monthly basis in arrears when the sewer charges are based on water usage. Bills shall have the due date indicated on the bill.
- G. Neither the Company nor the Customer will be bound by bills rendered under mistake of fact as to the quantity of service rendered or as a result of clerical error. Customers will be held responsible for charges based on service provided.

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Rule 9 continued

- H. Billings will be made and distributed at monthly intervals. Bills will be rendered net, bearing the last date on which payment will then be considered delinquent. The period after which the payment is considered delinquent is a minimum of 21 days after rendition of the bill. Service may be discontinued after thirty (30) days written notice by certified mail return receipt requested from the Company as provided by Rule 7 - Discontinuance or Termination of Service, unless discontinuance of sewer service is accomplished by turn-off of water service and sewer billing is combined with water billing (see Rule 7 B. 1.). Delinquent bills are subject to a late charge as provided in the Schedule of Service Charges.
- I. When bills are rendered for a period of less than a complete billing period due to the connection or termination of service, the billing shall be for the proportionate part of the monthly charge, or where water usage is the basis for the charge, at the appropriate rate for water used. Customers terminating after taking service for less than one month shall pay not less than the monthly minimum.
- J. The owner of the property served will be held responsible for ultimate payment of a bill. Copies of all notices of violations of the rules, or of disconnection of service shall also be sent to the owner of the property

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Rule 10 Extension Of Collecting Sewers

- A. Collecting sewers will be extended within the company's certificated service area, at the applicant's cost, if service is requested by the applicant at a location where facilities do not exist (the "applicant" is sometimes referred to in this rule as the "original applicant"). The applicant shall enter into a contract with the company. The applicant may choose to have the company perform all work under the terms and conditions of Paragraph C, following, or have a private contractor perform the work under the terms and conditions of Paragraph D, following. For purposes of this rule, an extension could include, in addition to a collecting sewer, one or more pump station or treatment plant facilities, as necessary to provide the service.
- B. The pipe used in making extensions shall be of a type and size which will be reasonably adequate for the area to be served. Such determination as to size and type of pipe shall be left solely to the judgment of the company. If the company desires a pipe size, lift station, treatment plant, or any other facility larger than reasonably required to provide service to the applicant, the additional cost due to larger size shall be borne by the company.
- C. The company will extend collecting sewers for the applicant under the following terms and conditions:
1. Upon receipt of written application for service as provided in Rule 4, Applications for Service, the company will provide the applicant an itemized estimate of the cost of the proposed extension. Said estimate shall include the cost of all labor and materials required, including reconstruction of existing facilities if necessary, and the direct costs associated with supervision, engineering, permits, and bookkeeping.
  2. The applicant shall enter into a contract with the company for the installation of said extension and shall tender to the company a contribution-in-aid-of-construction equal to the amount determined in Paragraph C (1) above, plus any appropriate fees as provided in the Schedule of Rates or the Schedule of Service Charges.

\* Indicates new rate or text

+ Indicates change

Issue Date: April 7, 2014  
Month/Day/Year

Effective Date: May 23, 2014  
Month/Day/Year

ISSUED BY Marie Rock, Secretary  
Name & Title of Issuing Officer

366 Highway F, High Hill, MO 63350  
Company Mailing Address

Name of Utility: Roy-L Utilities, Inc.  
Service Area: Golden Eagle Reserve Montgomery County, Missouri

Rules Governing Rendering of  
Sewer Service

Rule 10 continued

3. If, as a result of reasonably unforeseen circumstances, the actual cost of the extension exceeds the estimated cost of the extension, the applicant shall pay the additional cost.
- D. When the applicant elects to construct an extension, the company will connect said extension to its existing collecting sewers under the following terms and conditions:
1. Applicant shall enter into a contract with the company which provides that the applicant construct said collecting sewers and/or other facilities to meet the requirements of all governmental agencies and the company's rules. Plans for the extension shall be submitted to the company for approval prior to construction. Applicant's choice of construction contractor is subject to approval by the company. Applicant shall contribute said facilities to the company with a detailed accounting of the actual cost of construction, and contribute to the company the estimated reasonable cost of the company's inspection.
  2. The company, or its representative, shall have the right to inspect and test the extension prior to connecting it to the existing collecting sewers and acceptance of ownership.
  3. Connection of the extension to existing company collecting sewers shall be made by, or under direct supervision of, the company or its representative.
  4. The company shall have the right to refuse ownership and responsibility for the sewer extension until applicant has met the contractual obligations as provided in Paragraph D (1).
- E. The cost to additional applicants connecting to the sewer contributed by the original applicant shall be as follows:
1. For a single-family residential applicant applying for service in a platted subdivision, the company shall divide the actual cost of the extension, including income tax

\* Indicates new rate or text

+ Indicates change

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Service Area: Golden Eagle Reserve Montgomery County, Missouri

Rules Governing Rendering of  
Sewer Service

Rule 10 continued

impact if any, by the number of lots abutting said extension to determine the per lot extension cost. When counting lots, corner lots which abut existing sewers shall be excluded.

2. For a single-family residential applicant requesting service to areas that are not platted in subdivision lots, the applicant's cost shall be equal to the total cost of the extension times 100 feet divided by the total length of the extension in feet.
3. For an industrial, commercial, or multi-family residential applicant, the cost will be equal to the amount calculated for a single-family residence in E (1) above or E (2) above, as appropriate, multiplied by a water usage factor. The water usage factor shall be determined by dividing the average monthly usage in gallons by 7,000 gallons, but shall not be less than 1.

F. Refunds of contributions shall be made to the original applicant as follows:

1. Should the actual cost of an extension constructed by the company under Paragraph C, or actual costs for inspection by the company under Paragraph D, above, be less than the estimated cost, the company shall refund the difference as soon as the actual cost has been ascertained.
2. During the first ten years after the extension is completed, the company will refund to the original applicant who paid for the extension monies collected from additional applicants in accordance with Paragraph E above.
3. The sum of all refunds to the applicant shall not exceed the total contribution, including income tax and inspection costs associated with the extension, which the applicant has paid.
4. If two or more entities are considered an original applicant, the refund shall be distributed to each entity based upon the percentage of the actual extension cost contributed by each entity.

\* Indicates new rate or text

+ Indicates change

Issue Date: April 7, 2014  
Month/Day/Year

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Month/Day/Year

ISSUED BY Marie Rock, Secretary  
Name & Title of Issuing Officer

366 Highway F, High Hill, MO 63350  
Company Mailing Address

Name of Utility: Roy-L Utilities, Inc.  
Service Area: Golden Eagle Reserve Montgomery County, Missouri

Rules Governing Rendering of  
Sewer Service

Rule 10 continued

- G. Any extension made under this rule shall be and remain the property of the company in consideration of its perpetual upkeep and maintenance.
- H. The company reserves the right to connect additional extensions to a collecting sewer contributed by the applicant. The connection of new customers to such additional extensions shall not entitle the applicant to any refund.

\* Indicates new rate or text  
+ Indicates change

Issue Date: April 7, 2014  
Month/Day/Year

Effective Date: May 23, 2014  
Month/Day/Year

ISSUED BY Marie Rock, Secretary 366 Highway F, High Hill, MO 63350  
Name & Title of Issuing Officer Company Mailing Address

Agreement Attachment F

Billing Comparison Worksheet

# ROY-L UTILITIES, INC.

## Residential Customer Bill Comparison-Sewer

### Rates for Full-time Customer

**Current Base  
Customer Charge**  
**\$10.82**

**Proposed Base  
Customer Charge**  
**\$24.29**

current service charge is monthly charge

### Monthly Bill Comparison-Full-Time Customer

#### Current Rates

Customer Charge	\$	10.82
Total Bill	\$	10.82

#### Proposed Rates

Customer Charge	\$	24.29
Total Bill	\$	24.29

#### INCREASES

#### Total Bill-Full-time

<b>\$ Increase</b>	<b>\$13.47</b>
<b>% Increase</b>	<b>124.51%</b>

## Agreement Attachment G

### Water & Sewer Unit Memorandum

**REPORT OF WATER AND SEWER UNIT**  
**FIELD OPERATIONS AND TARIFF REVIEW**

**Case No. WR-2013-0543 and SR-2013-0544**

**Roy-L Utilities, Inc.**  
**Steve Loethen/James Russo**

**Introduction**

This Report was prepared jointly by Staff members Steve Loethen and James Russo. The Staff member responsible for each section is denoted at the end of each section.

Roy L-Utilities (Company) received its certificate of convenience and necessity from the Missouri Public Service Commission (Commission) August 27, 1968, in case numbers 16,379 (water) and 16,380 (sewer). The Company provides service to approximately 61 water customers and approximately 57 sewer customers in the High Hill area. On June 26, 2013, the Company filed a request for increase in sewer revenues of \$10,387 and an increase in water revenues of \$8,072. The Commission's Water and Sewer Staff (Staff) performed an inspection on the water and sewer systems on August 9, 1913, and findings and suggested improvements are listed below. (Loethen)

**Facilities:**

The water system is a one-well system. The master meter is located beyond the storage tank so actual gallons per minute is not known. The approximate production according to past records is 120 gallons per minute. Storage consists of an 18,000 gallon ground storage tank. Pressure to the distribution system is provided and maintained by a booster pump and a 1,000 gallon pneumatic tank. Currently there are approximately 25 meter settings with only a few meters installed. (Loethen)

The Sewer system consists of a single-cell lagoon with a capacity of 77,000 gallons per day. The collection system is made up of a gravity sewer main. (Loethen)

**Staff's Summary of Inspection and List of Deficiencies:**

1. The well-head is located near a road and not protected by barricades or any other structure to prevent vandalism or it being accidentally hit by a motor vehicle. Vandals can access the well vent which is a direct line to the well through which chemicals or other toxins could be introduced to the system. This well is the only source of supply for the system. If the well head were hit by a vehicle, it could be significantly damaged which can result in extensive outages and expensive repairs.
2. Within the well-house there is significant corrosion to the piping, controls, and storage tank. The storage tank is currently leaking because of the corrosion. Corrosion lessens



the integrity of the tank and piping. If the storage tank leak continues to worsen or if a pipe would burst, this could result in excess water loss, loss of pressure and extended outages.

3. The well-house in general is in poor condition. The roof leaks, and the insulation is falling down; a poorly insulated well-house can lead to freezing and possible bursting of piping in the well-house which would result in costly damage to the system and extended outages. The chlorination equipment is located in the well-house. Chlorine gases are highly corrosive and damage electrical equipment and piping in the well-house. This can cause electrical failure or pipes to burst which will cause extensive, costly outages.
4. The system experiences significant short term outage “flickers” or surges from the electric provider. This issue causes malfunctions in the controls and causes the well and/or booster pump to not function properly unless a breaker is reset. This condition causes water outages and/or low pressure situations which can be a contamination threat.
5. The deficiencies listed (1-4) in this memo are part of, but not limited to, deficiencies pointed out in the most recent inspection performed by the Department of Natural Resources (DNR) on April 19, 2013 (inspection report attached, pictures included). They are not only DNR issues that deal with water quality but are also significant concerns to the ability of the Company to provide safe and adequate service to commission regulated customers. The Company provided the Commission bids to make the necessary improvements that will alleviate most, if not all, of the concerns listed in this memo and the DNR Significant Deficiencies. The Company stated funding to perform the projects is not available. If unattended, the system may be put into enforcement with DNR and/or significant outages can occur.
6. According to the most recent discharge operating permit, the sewer system has to have disinfection installed by December 31, 2013. There is also a section of fence around the back side of the lagoon that needs to be installed; having no fence is a significant safety issue. The Company has bids and a construction permit to install the disinfection. The Company also has a bid to install the fence but again states the funds are not available to perform the projects. (Loethen)

## **Tariff Review**

Roy L-Utilities’ current water and sewer tariffs became effective May 5, 2008. A definition for Temporary Termination of Service was not included in the tariffs filed on May 5, 2008. This omission was corrected with a first revised water sheet number 7 and a first revised sewer sheet number 8 being filed on July 2, 2008.

A new rate schedule will be developed to reflect the new rates the customers will be required to pay based on the Company’s current cost of service. In addition, Staff reviewed the existing miscellaneous service charges, including returned check fees, late fees, disconnect/reconnect fees and meter installation fee with the Company. Miscellaneous charges have been calculated by Staff to allow the Company to recover the actual costs related to these items used in its

operations from the customers causing the event. The rates and miscellaneous service charges proposed are reasonable for the costs incurred for the services and are consistent with the majority of other regulated sewer companies in the state of Missouri.

In the process of updating the current tariff, and after discussions with the Company, Staff has updated the meter installation fee. The current fee allowed the Company to collect \$300 from the customer when a meter is installed. The Company would like to invest one half of the cost to install a meter and to collect one half of the cost to install a meter from the customer. The Company currently has approximately 25 customers that have partial meter pits installed. The cost to complete these projects will be less than the \$300 fee in the current tariff. The proposed language is to allow the Company to collect up to one half of the actual cost of installing the meter. The new and updated tariffs for Roy L-Utilities will be filed by the Company as part of this current rate case proceeding. The current PSC MO Number 2 tariffs will be cancelled and replaced by PSC MO Number 3 tariff for water and PSC MO Number 4 tariff for sewer. (Russo)

### **Rate Design**

Staff also reviewed the Company's current rate design in its investigation. The current rate structure consists of a monthly service charge for both water and sewer service. With the Company in the process of installing water meters, Staff is developing a commodity charge for water customers in this case. Staff is not making any recommendations to change the Company's current rate structure for sewer service in this case. (Russo)

### **WATER AND SEWER UNIT STAFF RECOMMENDATIONS:**

1. A structure should be constructed or barricades should be put in place to provide protection to the well head. If funding can be acquired, a structure should be built over the well head to protect it from freezing, accidental damage and vandalism within 180 days of the effective date of an order approving the resolution of this case.
2. The pneumatic tank should be repaired or replaced to prevent water loss, excessive cycling of the booster pump and the possibility of total tank malfunction. If funding can be acquired, a new tank or equal size tanks should be installed within 180 days of the effective date of an order approving the resolution of this case.
3. A new well-house should be constructed with a separate room for the chlorination equipment to prevent further corrosion of piping and controls. If funding can be acquired, a new well-house should be constructed within 180 days of the effective date of an order approving the resolution of this case.
4. Proper electrical equipment should be installed to protect against the discontinuance of service or an alarm installed to provide warning to the operator of equipment malfunction which will allow time to reset the pumps before low pressure occurrences. If funding can

be acquired, electrical protection equipment and/or an alarm should be installed within 180 days of the effective date of an order approving the resolution of this case.

5. Significant deficiencies should be addressed to avoid DNR and/or PSC taking enforcement actions against the Company. If the deficiencies are not addressed and continue to worsen, these problems could result in outages and contamination issues which could lead to DNR and PSC enforcement actions against the Company. At the very least, a written plan should be developed to address the deficiencies within 90 days of the effective date of an order approving the resolution of this case.
6. Disinfection must be installed by December 31, 2013, and the section of fence not complete needs to be constructed or the Company will be in violation with DNR. The meter installation fee charged to the customer will be changed from \$300 per installation to one half the actual cost.
7. The current PSC MO Number 2 tariffs will be cancelled and replaced by PSC MO Number 3 tariff for water and PSC MO Number 4 tariff for sewer.





Jeremiah W. (Jay) Nixon, Governor • Sara Parker Pauley, Director

## DEPARTMENT OF NATURAL RESOURCES

[www.dnr.mo.gov](http://www.dnr.mo.gov)

June 13, 2013

Ms. Jean Longstreet  
Roy-L Utilities  
366 Highway F  
High Hill, MO 63350

Dear Ms. Longstreet:

Enclosed is a Compliance and Operation Inspection Report for the Roy-L Utilities community public water system serving the Roy-L Ranch Community, PWSID#MO6251710, of Montgomery County, Missouri. The purpose of the inspection was to determine the system's compliance with the Missouri Safe Drinking Water Act and the Missouri Public Drinking Water Program Regulations.

This report contains compliance requirements and recommendations, which the inspector had determined are warranted based on his findings at the facility. **Significant Deficiencies** were identified during this inspection that requires your immediate attention. The water system must **consult with the Regional Office before July 15, 2013** to determine what actions will be taken or have been taken to correct the Significant Deficiencies. Significant deficiencies can be defects in design, operation or maintenance that can cause a failure in the system or have the potential to introduce contamination. Steps must be taken to correct all unsatisfactory features identified in the inspection report with the designated deadlines. **Failure to respond within the designated deadlines is a violation and may lead to enforcement action.**

Other deficiencies and recommendations require a **written response within 60 days** from the date of this letter. Your response should be specific in detailing how you intend to correct the problems identified.

Please direct your attention to the deficiencies, findings, and recommendations contained in the report. If you have questions or concerns regarding the enclosed inspection report, **please contact Mr. Mashburn or Mr. Patrick Dwyer, Drinking Water Unit Chief, of this office at (314) 416-2960.** Our address is **7545 South Lindbergh Blvd., Suite 210, St. Louis, MO 63125.**





Thank you for your cooperation.

Sincerely,

ST. LOUIS REGIONAL OFFICE

*Quinty Lumbkin for Jim Rhodes*

Jim Rhodes, P.E.  
Water Section Manager

JR/FM/jh

Enclosures

c: Kimberly Wilkins, Public Drinking Water Branch (electronic copy)  
Chad Rhutasel, Hydroservices, Inc.  
Public Service Commission  
Montgomery County Health Department

This is a Compliance and Operation Inspection Report for the Roy-L, Public community water system serving the Roy-L Ranch Community, PWSID#MO6251710, of Montgomery County, Missouri. The purpose of the inspection was to determine the system's compliance with the Missouri Safe Drinking Water Act and the Missouri Public Drinking Water Program Regulations.

This report contains compliance requirements and recommendations, which the inspector has determined are warranted based on his findings at the facility. Significant Deficiencies were identified during the inspection that requires your immediate attention. The water system must consult with the Regional Office before July 15, 2013 to determine what actions will be taken or have been taken to correct the Significant Deficiencies. Significant deficiencies are defects in design, operation or maintenance that can cause a failure in the system or have the potential to introduce contamination. Steps must be taken to correct all unsatisfactory issues identified in the inspection report with the designated deadlines. Failure to respond within the designated deadline is a violation and may lead to enforcement action.

Other deficiencies and recommendations require a written response within 60 days from the date of this letter. Your response should be specific in detailing how you intend to correct the problems identified.

Please direct your attention to the deficiencies, findings, and recommendations contained in the report. If you have questions or concerns regarding the enclosed inspection report, please contact Mr. Mashburn or Mr. Patrick Dwyer, Drinking Water Unit Chief, of this office at (314) 416-2940. Our address is 7545 South Lindbergh Blvd., Suite 218, St. Louis, MO 63125.



REPORT ON INSPECTION OF  
COMMUNITY WATER SUPPLY

Roy-L Utilities  
366 Highway F  
High Hill, MO 63350  
PWS ID #MO6251710

An inspection of the Roy-L Utilities drinking water system was conducted by Mr. Fred Mashburn of the MO Department of Natural Resources on April 19, 2013. Ms. Marie Rock, the Manager for Roy-L Utilities, represented the system at the inspection. The findings of this inspection, comments on the findings, and corresponding recommendations are presented below. In addition to this inspection report, an electronic sanitary survey (ESS) was completed to fully document the system's condition at the time of the inspection. Prior to the inspection, an incomplete copy of the ESS was provided to Roy-L Utilities to prepare for the inspection. If you would like a completed copy of this ESS, please contact Fred Mashburn of the St. Louis Regional Office (SLRO).

**SYSTEM DESCRIPTION**

Roy-L Utilities is a community public water supply system consisting of about 60 service connections, dispensing water to an average of about 30 people. This is a primary ground water system with one active well. Storage and pressure for Roy-L Utilities is provided by a 1000 gallon steel hydropneumatic storage tank housed in the well house. Roy-L Utilities requires, at a minimum, a DS-I level certified operator. The Designated Operator for Roy-L Utilities is Mr. Chad Rhutasel of Hydroservices, Inc. Mr. Rhutasel is a DS-II level certified distribution system operator and a D level certified drinking water treatment operator (Certificate #5924).

The last full compliance and operations inspection of Roy-L Utilities was done on January 25, 2007 by Ms. Tracy Haag with MDNR's St. Louis Regional Office (SLRO). Several deficiencies from the previous inspection have not been corrected. Specifically, these are:

- No Emergency Operating Plan was on file for Roy-L Utilities.
- No lead ban ordinance was located for Roy-L Utilities.
- An abandoned well (Well #1/Old Hickory Well) was formerly located on the property. There was no information in the file to indicate that this well was properly abandoned.
- The wellhead was not located in the well house.
- The well casing was corroding.
- There was no drawdown gauge.
- The well house had a dirt/gravel floor.
- The equipment inside the well house had moderate corrosion due to age.
- The surface of the hydropneumatic tank had moderate rust and corrosion.
- Records were not being maintained for the requisite time.

**SIGNIFICANT DEFICIENCIES**

1. Records for Roy-L Utilities are not being maintained (see System Management, Operations, and TMF, Finding 3).



## **ADDITIONAL FINDINGS AND COMMENTS**

### **System Management, Operations, and TMF**

2. A standard written Emergency Operating Plan (EOP) was not located in the files for this facility. On the date of the inspection, the system did not have an adequate Emergency Operation Plan (EOP) as required by Public Drinking Water Regulation 10 CSR 60-12.010.

A list of emergency contacts was posted on the door of the well house. Although some of the requisite EOP information was available in this posting, this is not sufficient for an EOP.

Community public water systems must develop and implement a plan for assuring, to the extent practicable, continuous water service under emergency conditions. The emergency operation plan must be available for key operating employees. This emergency operations plan must include the following:

- A. Designation of a coordinator and key personnel to be on call under emergency conditions;
- B. Designation of personnel authorized to expend funds under emergency conditions;
- C. A list of quarterly updated home and office telephone numbers of the coordinator, operational personnel, and state and local assistance sources;
- D. A list of alternative water systems that could be made available if the basic system were incapacitated;
- E. An inventory of emergency equipment; and
- F. Written emergency procedures including those for tank truck disinfection and protection, installation of emergency chlorinators, and disinfection of trucked water.

The system must develop a plan and maintain a copy available for review during inspection. A model plan may be obtained from the Department by contacting the Public Drinking Water Branch at 573-751-5331. Once the plan is completed, it is to be reviewed and updated quarterly.

3. Records for Roy-L Utilities were generally unavailable. The system has failed to maintain water system records as required by Missouri Public Drinking Water Regulation 10 CSR 60-9.010. The following records should be maintained for Roy-L Utilities:
- A. Bacteriological analysis for the previous 5 years;
  - B. Chemical analysis for the previous 10 years;



- C. Operational analysis for the previous 5 years;
- D. Records of actions taken to correct violations for the previous 3 years;
- E. Inspection reports, surveys, letters, evaluations, schedules, state determinations for the previous 10 years;
- F. Variance or exemption records for the previous 5 years;
- G. Public notices for the previous 3 years.

Beginning immediately, the water system must develop policies and procedures to maintain public water system records for the minimum time periods. All records must be retained by the water system on the premises or at a convenient location near the premises. If you cannot locate system records, please contact SLRO for assistance.

- 4. Roy-L Utilities was issued a valid Permit of Approval on March 5, 1997, to operate the drinking water system.
- 5. Roy-L Utilities has failed to develop and/or implement a Bacteriological Site Sampling Plan meeting the requirements of Missouri Safe Drinking Water Regulation 10 CSR 60-4.020(1)(A).

At the time of inspection, there was no plan available for review. The latest Site Sampling Plan record in the file for this system was from 2007.

By August 15, 2013, the water system must submit an updated written bacteriological site sampling plan to the Regional Office for review and approval. See the enclosed instructions for details on how to develop a written bacteriological site sampling plan.

Once this plan is approved, this system should use it as a guide for sampling locations to use for monthly bacterial sampling. Monthly bacterial samples are intended to be representative of drinking water conditions within the system, indicating the quality of water actually received by customers in this drinking water system.

#### Monitoring and Reporting

- 6. In the past two years, Roy-L Utilities has had no Monitoring or Reporting deficiencies.

#### System Source

- 7. Roy-L Utilities has one currently active well (see Photo 1). The well pump for this system is a submersible pump of about 120 gallons per minute production capacity. The wellhead is underneath a bucket about eight feet from the wellhouse.

This system should consider placing the wellhead under a permanent, secure structure. The current bucket does not provide adequate protection against vandalism by unauthorized persons. All critical areas should be locked in order to prevent tampering, vandalism, and possible contamination. Access to the water system facilities should only be made available to key water system personnel and should be guarded to prevent



unauthorized access. Protection of facilities should include security fencing with locked gates, locked hatches, and other access openings. Security of your water system is extremely important. One security breach can cost your water system money and threaten the public health of your customers.

The water system is recommended to provide this office an outline of how the system will improve security and restrict access to the system's various facilities. Ideally, this would consist of housing all critical system components (wellhead, raw sample taps, storage tanks, and treatment facilities) in a locked, dedicated utility building.

8. There was significant corrosion on the wellhead casing and other metallic components of the system (see Photo 2).

Corrosion on pipes and other metallic components of the system should be removed; the components should be repainted with an appropriate AWWA approved coating to further prevent corrosion.

9. Currently, the Roy-L community system has only one source of drinking water, Well 1. The water system should look into establishing a redundant source of water for emergency purposes.

The water system is recommended to include an alternate source of water should basic systems become incapacitated. Currently, the water systems only alternative is to haul in water using tanker trucks. A redundant source of water can include, but is not limited to: a permanent or temporary emergency connection with a neighboring water system(s) or the addition of another well with an auxiliary power source.

10. The well has a master meter and pressure gauge connected near the source (see Photos 3, 4). No drawdown gauge was located on the day of this inspection.

A drawdown gauge is used to detect the well water level. If the water is drawn down to the pump intake point, pump damage may occur. Drawdown gauges are intended to make it possible for the operator to detect and prevent such problems. A drawdown reading should be taken at least monthly and a record kept. This can alert the system to decreasing water levels and avoid a water outage.

11. The well house for this system is a cinder block and wood building, with a dirt/gravel floor, located off of Roy-L Drive (see Photos 5, 6).

Approved construction criteria require that the pump house floor shall be constructed of water proof material (concrete) and have a smooth finish. This is to provide protection for the well and related equipment. A waterproof (concrete) floor will reduce the amount of moisture that will rise up from the ground into the well house and reduce the rate of rusting or corrosion. Within 60 days, contact this office and provide us with a plan or schedule for installing a proper floor for the well house.

12. The well house was in poor physical condition. The wooden boards making up the outside of the well house were weathered and had numerous openings to the outside. There was extensive moisture damage to the internal walls and roof of the building. Several ceiling panels of the well house had collapsed and ceiling insulation was hanging into the well house (see Photos 3, 4). Although an electric heater was present in the well



house, no outside air vent or other ventilation/moisture control was installed. The outside window for the well house was boarded over and could not be opened. The well house was in a state of clutter and disarray. Debris, parts, and equipment were scattered around the floor making access to the equipment difficult. Such a situation increases the difficulty of proper maintenance and operation.

The poor condition of the well house increases the potential for damage and wear to system components. Additionally, it poses a security risk. **By August 15, 2013**, please provide a written response describing how the system will either repair the current well house to render it secure or a plan for constructing a properly secure well house.

**By August 15, 2013**, the well house for this system should be thoroughly cleaned.

13. A second, inactive well (Well #1/Old Hickory Well) was formerly used to supply water to this system. It is believed to be currently abandoned, although no documents in the file for this system show that it was ever properly abandoned, and the inspector was unable to locate the well.

State regulations (10 CSR 23 3.020) require that all abandoned wells be properly sealed to prevent any possible contamination of the state's ground water supply. There is no information in the file to indicate that this well was properly sealed. If records indicating a DNR-compliant abandonment was performed are available, please provide them to SLRO so that we may update our records.

If the well has not been properly abandoned, please contact Mr. Ken Tomlin, Missouri Department of Natural Resources- Public Drinking Water Branch, P.O. Box 176, Jefferson City Missouri 65102 or by calling 527-751-5331 to discuss how to properly abandon Well #1.

14. Roy-L Utilities does not have a Department approved wellhead protection program. A wellhead protection program identifies the area of recharge for each well, identifies existing sources of contamination within these recharge areas, protects recharge areas from new sources of contamination through zoning and land acquisition, plans for problems from existing sources of contamination, and locates new wells in protected areas.

For more information on development of a wellhead protection program or the Department's approval process, contact Mr. Ken Tomlin, Missouri Department of Natural Resources-Public Drinking Water Branch, P.O. Box 176, Jefferson City, Missouri 65102 or by calling 573-751-5331.

#### Distribution System

15. No updated maps or diagrams of the distribution system for Roy-L Utilities were available on the day of this inspection. No updated maps or diagrams of the distribution system were located in the drinking water files for Roy-L Utilities at SLRO. Accurate information is currently unavailable for Roy-L Utilities regarding the locations, sizes, lengths, construction materials, and condition of the pipes in the distribution system.



As-built plans of the water system were not available. It is understood that the water system's engineer will prepare as-built drawings of the distribution system. The water system is encouraged to have the entire water system mapped and have copies of the maps available to water system operators and others involved in operation, maintenance, and management of the system. It is recommended that the water system set a strict policy requiring detailed construction measurements be taken and "as-built" plans be developed on any new water mains and related components, such as valves and hydrants.

16. Roy-L Utilities does not have (or is not implementing) a written leak detection, main break, and leak repair program. Public water systems should have a main break and leak repair program with the following elements:
  - A. Records of each main break and leak repair with date, location, and materials used for repairs, whether pressure was lost, disinfection procedures used, flushing procedures used, bacteriological results of samples taken immediately after repairs, and cause of the leak or break;
  - B. Records of water sold versus water pumped each month with a goal of no more than 10 percent difference;
  - C. Leak detection equipment and trained employees (or a contract with a professional leak detection company) that are prepared to search for leaks when they are suspected;
  - D. At least two sets of main repair fittings on hand for each type (and diameter) of mains in the system;
  - E. Written procedures for flushing and disinfecting mains in accordance with AWWA standards and employees (or contractors) trained in the use of these procedures;
  - F. Excavation equipment and employees trained in the use of the equipment (or ready access to a contractor with equipment and trained personnel);
  - G. Customer meter testing equipment and employees trained in the use of this equipment and conduct a customer meter testing/change out program for each meter at a 10-year frequency; and
  - H. Plans to systematically upgrade water lines based on records generated by this leak detection program.

It is recommended that the system maintain an adequate main break, leak detection, and repair program.

17. The system does not maintain individual records for fire hydrants, flush hydrants, and/or water valves. Furthermore, it appears that the facility does not have updated written procedures for distribution system operation including, but not limited to: a valve exercising program, a water main flushing program or a leak detection program. Routine procedures for water line flushing and maintenance can also extend the life of distribution system components and better assure good quality water throughout the



system. Good and meaningful plans for system operation such as hydrant flushing, and valve maintenance programs can be a critical part of a water system's emergency operations plan.

It is recommended that the system (with the assistance from a consulting engineer or the MRWA) develop written procedures for valve maintenance, hydrant maintenance, water main flushing, and leak detection programs. Computer modeling of the water distribution system should be considered as a tool maintaining the distribution of water and for handling emergencies.

18. Roy-L Utilities does not have or is not maintaining an adequate valve maintenance program. Roy-L Utilities should have a valve maintenance program that includes exercising every valve annually, repairing valves as needed, and recording exercising and repairs on the individual valve record sheets. It is recommended that the facility start and properly maintain an adequate valve maintenance program.
19. Roy-L Utilities does not have a written valve and hydrant inspection and exercising program. In addition to good distribution system maps of water lines, hydrants, and valves it is important that valves (and hydrants) be periodically exercised to prevent them from locking. A good valve exercising program is important to assure proper operation of valves during routine maintenance and emergencies. The program should include routinely operating each valve and keeping accurate records to assure all valves are exercised.
20. Roy-L Utilities does not have a program for or does not practice routine unidirectional water main flushing. A well designed and implemented unidirectional flushing program is crucial to keeping good water quality and properly maintaining a water distribution system. Proper flushing moves water through the lines in an organized fashion at velocities high enough to create a scouring action inside the pipe. Water velocities during flushing should reach at least 2.5 and preferably 5 feet per second. Flushing velocities should not exceed 8 feet per second. To accomplish this, operators must know the diameter of water lines being flushed and have adequate equipment to measure system pressures and hydrant flows. Employees flushing the lines must also be properly trained to avoid pressure loss and unwanted movement of water back into pipes that were previously flushed.

It is recommended that the system develop and institute a proper water main flushing program that will begin at or near the water source(s) and move outward through the distribution system. The entire system should be flushed at least semi-annually unless water quality requires more frequent total system flushing. When flushing isolated parts of the system it is important not to cause problems in other parts of the system. Hydrants and valves should always be opened and closed slowly to minimize water hammer. Water tower levels and system pressures must be managed to prevent low pressures and low available storage should a fire fighting incident occur during the flushing event. All details of the flushing event (pressures, flows, velocities, minutes each hydrant is flushed, and the open or closed configuration of each valve) must be recorded. Special bacteria samples should be taken throughout the system after flushing to make sure the high water velocities did not cause bacteriological problems.



21. The system is not tracking backflow prevention assembly inspections to ensure the backflow assemblies are being tested on an annual basis. The Missouri Public Drinking Water Regulation 10 CSR 60 11.010 prohibits unprotected cross-connections and requires yearly inspections of the assemblies that protect the public system from contamination. The water customer is required to have the device inspected yearly by a certified tester and the tester is to submit a copy to the system.

System officials are required to assure these protective assemblies are inspected yearly and must keep records of the inspections for five years. If a customer refuses to have an assembly tested, the system must discontinue water service to that customer. System officials must set up a method of tracking the backflow assemblies within the system to assure that the yearly inspection is done.

#### System Storage

22. Storage for Roy-L Utilities is provided by one approximately 18,000-gallon in ground concrete holding tank, located behind the well house. The surface condition of the visible areas of this tank was generally good; no cracks or other significant defects were noticeable during this inspection
23. Pressure for Roy-L Utilities is provided by one approximately 1000-gallon steel hydropneumatic storage tank, located inside the well house (see Photo 8). The pressure tank was provided with a pressure gauge, sight glass, pressure relief valve a means of adding air to the tank, and other appurtenances as required. There was significant corrosion on the surface of the tank and significant moisture underneath the tank.
24. The system does not have a report of the last inspection of the two tanks and no one was certain when the last inspection was conducted. Water storage tanks should be inspected for sanitary and structural features at least every three to five years and drained and cleaned, as necessary. The water system personnel should inspect the storage tanks at least twice each year, once in the spring and once again in the fall.

Within 60 days, contract with a tank inspection company for a structural and sanitary inspection. If significant structural or sanitary defects are found (for example, if the moisture underneath the pressure tank is due to an unsealed opening) this system must notify SLRO of the defect immediately and provide a plan for correcting the defect.

#### System Treatment

25. This system disinfects using liquid sodium hypochlorite solution injection. The sodium hypochlorite injector system consists of one approximately 30 gallon (about 2 foot diameter by 3 foot height) white plastic hypochlorite solution storage barrel, connected to an electronic solution pump (see Photo 9).

#### Pumping Facilities

26. Roy-L Utility's distribution system does not include any auxiliary pumping facilities.



## **COMPLIANCE REQUIREMENTS**

1. By August 15, 2013, the system must develop a complete EOP and maintain a copy available for review during inspection. A model plan may be obtained from the Department by contacting the Public Drinking Water Branch at 573-751-5331. Once the plan is completed, it is to be reviewed and updated quarterly.
2. Beginning immediately, the water system must develop policies and procedures to maintain public water system records for the minimum time periods. All records must be retained by the water system on the premises or at a convenient location near the premises. If you cannot locate system records, please contact SLRO for assistance.
3. By August 15, 2013, the water system must submit an updated written bacteriological site sampling plan to the Regional Office for review and approval.
4. System officials must set up a method of tracking the backflow assemblies within the system to assure that the yearly inspection is done.
5. Within 60 days, contract with a tank inspection company for a structural and sanitary inspection of the storage and pressure tanks. If significant structural or sanitary defects are found (for example, if the moisture underneath the pressure tank is due to an unsealed opening) this system must notify SLRO of the defect immediately and provide a plan for correcting the defect.

## **RECOMMENDATIONS**

1. Corrosion on pipes and other metallic components of the system should be removed; the components should be repainted with an appropriate AWWA approved coating to further prevent corrosion.
2. A functional drawdown gauge should be installed on this system.
3. The water system is recommended to include an alternate source of water should basic systems become incapacitated.
4. Contact this office and provide us with a plan or schedule for installing a proper floor for the well house.
5. Please provide a written response describing how the system will either repair the current well house to render it secure or a plan for constructing a properly secure well house. The well house should be thoroughly cleaned.
6. There is no information in the file to indicate that Well #1 was properly plugged. If records indicating a DNR-compliant abandonment was performed are available, please provide them to SLRO so that we may update our records.

If the well has not been properly abandoned, please contact Mr. Ken Tomlin, Missouri Department of Natural Resources- Public Drinking Water Branch, P.O. Box 176, Jefferson City Missouri 65102 or by calling 527-751-5331 to discuss how to properly abandon Well #1.



7. This system should draft a wellhead protection plan. For more information on development of a wellhead protection program or the Department's approval process, contact Mr. Ken Tomlin, Missouri Department of Natural Resources-Public Drinking Water Branch, P.O. Box 176, Jefferson City, Missouri 65102 or by calling 573-751-5331.
8. The water system is encouraged to have the entire water system mapped and have copies of the maps available to water system operators and others involved in operation, maintenance, and management of the system.
9. It is recommended that the system maintain an adequate main break, leak detection, and repair program.
10. It is recommended that the system (with the assistance from a consulting engineer or the MRWA) develop written procedures for valve maintenance, hydrant maintenance, water main flushing, and leak detection programs.
11. It is recommended that the facility start and properly maintain an adequate valve maintenance program.
12. A good valve exercising program is important to assure proper operation of valves during routine maintenance and emergencies. The program should include routinely operating each valve and keeping accurate records to assure all valves are exercised.
13. It is recommended that the system develop and institute a proper water main flushing program that will begin at or near the water source(s) and move outward through the distribution system. The entire system should be flushed at least semi-annually unless water quality requires more frequent total system flushing.

### **ADDITIONAL COMMENTS**

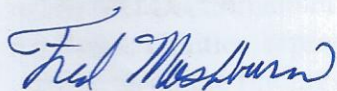
REMINDER TO ALL WATER SYSTEMS: All community and all non-transient non-community public water systems are required to submit a construction application with engineered plans and specifications to the Department for review and approval prior to any new construction, modification, alteration or extension of your water system source, treatment, storage or distribution piping. This requirement includes modifications made to your treatment process that would significantly change or alter plant capacity or treatment processes. Adding, removing or changing chemical additives and/or their injection locations may significantly alter your treatment process. Community water systems must notify the Department at least 60 days in advance of making any changes to the treatment process. Please make sure your water system has written approval prior to beginning any construction or modifications.

Missouri Public Drinking Water Regulation 10 CSR 60-7.010(2) requires that public water systems notify the Department within 48 hours of a failure to comply with any regulation or monitoring requirement. Since Regulation 10 CSR 60-4.080(9) requires all public water systems to maintain a minimum pressure of 20 psi, all public water systems must notify the Department when pressures in their system fall below 20 psi.



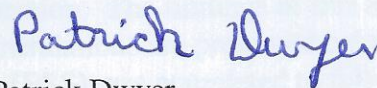
Please contact Fred Mashburn or Pat Dwyer, Unit Chief of the Public Drinking Water Unit of the St. Louis Regional Office at (314) 416-2960, for technical assistance or if you have any questions concerning this report. Our mailing address is 7545 South Lindbergh Blvd., Suite 210, St. Louis, Missouri 63125.

Submitted by:



Fred Mashburn  
Environmental Specialist  
St. Louis Regional Office

Reviewed by:



Patrick Dwyer  
Drinking Water Unit Chief  
St. Louis Regional Office

FM/PD/jh

### SYSTEM DESCRIPTION

Roy-L Utilities is a municipally owned public water supply system consisting of about 60 service connections supplying water to an average of about 30 people. This is a primary ground water system with one active well. Storage and pressure for Roy-L Utilities is provided by a 1000 gallon hydro-pneumatic storage tank housed in the well house. Roy-L Utilities employs a full-time, a DSI level certified operator. The Designated Operator for Roy-L Utilities is Mr. Chad Rumsel of Hydro Services, Inc. Mr. Rumsel is a DSI level certified distribution system operator and a D level certified drinking water treatment operator (Certificate #2224).

The last full compliance and operations inspection of Roy-L Utilities was done on January 25, 2007 by Mr. Tracy Hays with MDEQ's St. Louis Regional Office (SLRO). Several deficiencies from the previous inspection have not been corrected. Specifically, these are:

- No Emergency Operating Plan was on file for Roy-L Utilities.
- The third hour monitoring was not done for Roy-L Utilities.
- The scheduled well test of the Hickory Well was not done for the 2006-2007 season. The scheduled information in the file shows the well was scheduled for a well test on 12/15/06.
- The wellhead was not on file in the well house.
- The well house was corroding.
- There was a hydro-pneumatic tank in the well house.
- The well head had a 1/2 inch gap.
- The equipment inside the well house had moderate corrosion due to age.
- The surface of the hydro-pneumatic tank had moderate rust and corrosion.
- Records were not being maintained for the 2006-2007 season.

### DEFICIENCY CONCERNS

1. Records for Roy-L Utilities are not being maintained (see System Management, Operations, and TAP Funding).





Photo #: 1  
By: Fred Mashburn  
Facility: Roy-L Utilities  
Permit: MO6251710  
Location: Well #2, well house exterior.  
Description: Overview of wellhead.

Date: April 19, 2013  
Program: PDW Unit



Photo #: 2  
By: Fred Mashburn  
Facility: Roy-L Utilities  
Permit: MO6251710  
Location: Well #2, well house exterior.  
Description: Close up of well casing.

Date: April 19, 2013  
Program: PDW Unit



Photo #: 3  
By: Fred Mashburn  
Facility: Roy-L Utilities  
Permit: MO6251710  
Location: Well #2, well house interior.  
Description: Well #2 Master Meter.

Date: April 19, 2013  
Program: PDW Unit



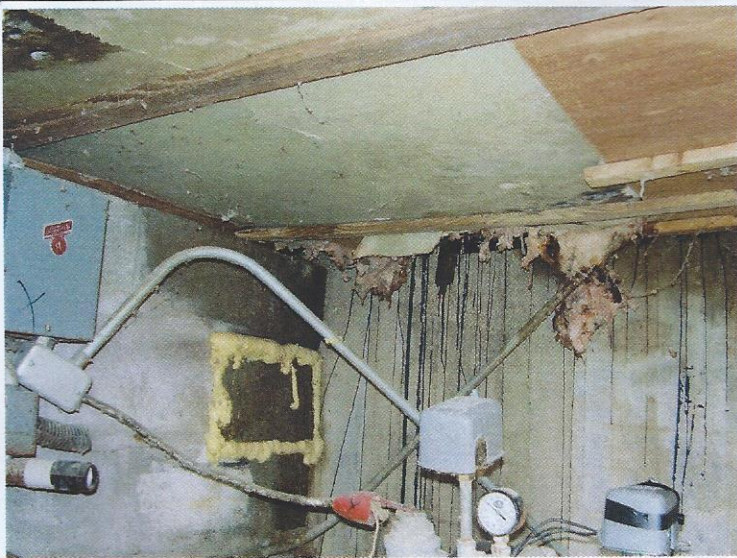


Photo #: 4

By: Fred Mashburn

Facility: Roy-L Utilities

Permit: MO6251710

Location: Well #2, well house interior.

Description: View of pressure gauge, roof.

Date: April 19, 2013

Program: PDW Unit



Photo #: 5

By: Fred Mashburn

Facility: Roy-L Utilities

Permit: MO6251710

Location: Well #2, well house exterior.

Description: Overview of well house exterior.

Date: April 19, 2013

Program: PDW Unit



Photo #: 6

By: Fred Mashburn

Facility: Roy-L Utilities

Permit: MO6251710

Location: Well #2, well house interior.

Description: View of well house roof.

Date: April 19, 2013

Program: PDW Unit



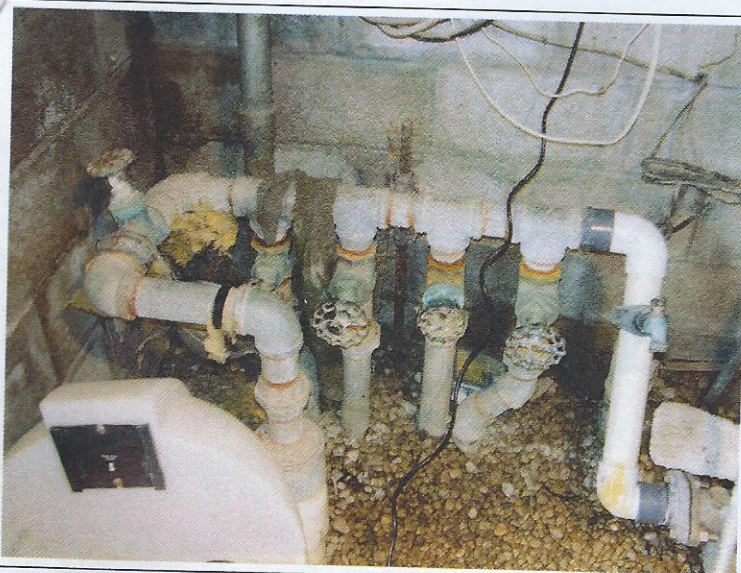


Photo #: 7

By: Fred Mashburn

Facility: Roy-L Utilities

Permit: MO6251710

Location: Well #2, well house interior.

Description: View of well house floor, piping.

Date: April 19, 2013

Program: PDW Unit



Photo #: 8

By: Fred Mashburn

Facility: Roy-L Utilities

Permit: MO6251710

Location: Well #2, well house interior.

Description: View of storage tank.

Date: April 19, 2013

Program: PDW Unit

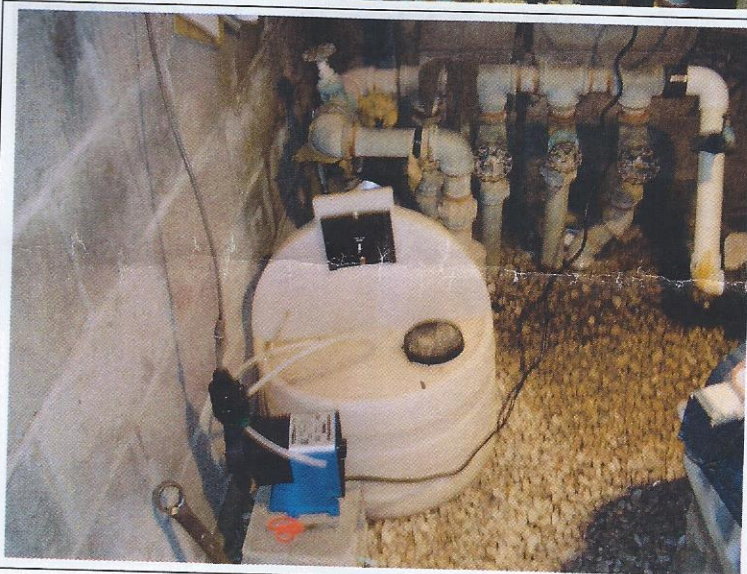


Photo #: 9

By: Fred Mashburn

Facility: Roy-L Utilities

Permit: MO6251710

Location: Well #2, well house interior.

Description: View of chlorination system.

Date: April 19, 2013

Program: PDW Unit



# Agreement Attachment H

## EMSU Report

# **REPORT OF CUSTOMER SERVICE AND BUSINESS OPERATIONS REVIEW**

## **Engineering and Management Services Unit**

### **Small Company Rate Increase Request**

**File No. SR-2013-0544**

**Roy-L Utilities, Inc.**

**Tammy Vieth and Patricia Smith**

The Engineering and Management Services Unit (EMSU) staff of the Missouri Public Service Commission (“Commission”) initiated an informal review of the customer service and business processes, procedures, and practices of Roy-L Utilities, Inc. (“Roy-L” or “Company”) in High Hill, Missouri, in June 2013. The review was performed in response to the Company’s request for a rate increase in File No. SR-2013-0544, filed June 26, 2013. The Company is requesting an increase of \$10,378 in its annual sewer system operating revenues, which represents an increase of approximately 150.8%.

The EMSU staff examined the Company’s tariffs, Commission complaint and inquiry records, as well as other documentation related to the Company’s customer service and business operations. In preparation of this report, the EMSU staff submitted data requests to the Company on July 2, 2013, and conducted interviews with Company personnel on August 9, 2013. The EMSU staff’s review of the Company resulted in the following two (2) recommendations for Company management.

#### **THE EMSU STAFF RECOMMENDS THAT COMPANY MANAGEMENT:**

1. Evaluate and consistently apply late fees to adequately cover the Company costs associated with processing and handling delinquent accounts. This recommendation should be completed within ninety (90) days of the effective date of any Commission order issued in this case, SR-2013-0544.
2. Update and distribute, to all current and future customers, written information specifying the rights and responsibilities of the Company and its customers. This recommendation should be completed within ninety (90) days of the effective date of any Commission order issued in this case, SR-2013-0544.

The purpose of the EMSU is to promote and encourage efficient and effective utility management. This purpose contributes to the Commission's overall mission to ensure that customers receive safe and adequate utility service at reasonable rates while providing utilities the opportunity to earn a fair return on their investment.

The objectives of this review were to analyze and document the management control processes, procedures, and practices used by the Company to ensure that its customers' service needs are met and to make recommendations, where appropriate, by which the Company may improve the quality of services provided to its customers. The findings of this review will also provide the Commission with information regarding the Company's customer service and business operations.

The scope of this review focused on processes, procedures, and practices related to:

- Customer Billing
- Payment Remittance
- Credit and Collections
- Complaints and Inquiries
- Customer Communication
- Records and Documentation Retention

## **History**

The EMSU staff previously performed a customer service review of the Company in November 2007. This review was performed in conjunction with the small company rate request submitted by the Company and assigned Case No. SR-2008-0303. The review resulted in a written report and included recommendations for improvement in the areas of applications for service, customer communications, customer billing, late payment notices, and document storage. The Unanimous Agreement Regarding Disposition of Small Company Rate Increase Request that was approved in the prior case addressed specific timeframes for the completion of each of the recommendations suggested in the report. The EMSU staff assisted the Company to ensure that these recommendations were addressed. The actions taken by the Company were considered appropriate for meeting the intent of the majority of the recommendations contained in the EMSU report. Implementations of actions that have not been completed are noted in the section of this report titled Findings, Conclusions, and Recommendations.

## **Overview**

Roy-L was certificated by the Missouri Secretary of State in May of 1966 and by the Commission in April 1975, to provide sewer services in the Golden Eagle Reserve Subdivision in the City of High Hill, Missouri, located in Montgomery County. The Company currently provides sewer service to fifty-seven (57) hook-ups. Of the fifty-seven (57) hook-ups, twenty-one (21) of the customers are full-time residents in the subdivision.

Activities associated with the operations are performed by the President/Owner and the Manager/Secretary in the owner's home located at 366 Highway F, High Hill, Missouri. The Manager/Secretary is responsible for business office functions, which includes: billing preparation and distribution, bank deposits, accounts payable, accounts receivable, correspondence, and maintenance of customer account and contact information. The President/Owner is responsible for oversight of all day-to-day operations, providing office space and equipment, assisting with customer comments and complaints, and is available at all times during emergency situations or in the absence of the Manager/Secretary. Roy-L currently contracts for the maintenance, operation, and repairs associated with its facilities.

The President/Owner and the Manager/Secretary use detailed time sheets on a consistent basis to record the hours spent performing work activities. Vehicle logs are incorporated on the time sheet to track vehicle usage associated with performing work activities.

## **Customer Billing**

The billing software utilized by the Company to maintain customer account records and prepare monthly billing statements is QuickBooks. The Company currently does not utilize meters, so monthly customers pay a flat rate for sewer service. EMSU staff discussed with Company personnel the format and requirements of billing statements in the event the Company install meters. The current full-time monthly flat rate charge is \$10.82 for sewer service. The part-time monthly flat rate charge is \$9.78 for sewer service. The billing statements are prepared and mailed prior to or on the first business day of each month.

### **Payment Remittance**

The payment options available to customers include cash, check, and money order. These payments are received by the President/Owner at the Company mailing address. The majority of customers remit payment by check with approximately two (2) instances of cash payment during the three (3) years in review. The Company currently allows twenty-five (25) days for customers to pay their utility charges. The Company typically makes bank deposits on a weekly basis or more often if necessary during the week customer payments are due.

### **Credit and Collections**

Customers requesting services are required to complete a written application. Company personnel indicated they do not require a security deposit as a condition for providing sewer service. The Company's tariff includes procedures allowing a credit check and security deposit if it is necessary to perform or collect a deposit from a potential customer.

The customers are allowed a minimum of twenty-five (25) days from the rendition of the bill to pay the utility charges before they are considered delinquent each month. A late fee of \$5.00 or 3% of the amount due, whichever amount is larger, is applied on accounts in which payment is received beyond the delinquent date. Roy-L indicated a late fee is assessed to the same customers on a regular basis and does not feel the amount of the late charge is adequate to encourage customers to pay by the delinquent date. The Company indicated it does not consistently apply the late fee to every customer each month.

As a result of a recommendation in the previous rate case, the Company developed a delinquent notice including discontinuance of service information. The notice includes information regarding all fees associated with discontinuance of service, restoration of service, the date on which services will be terminated for non-payment, and instructions on how to avoid discontinuance of service. Although the Company developed a notice, it has not mailed a notice for nonpayment or discontinuance of service to date. Payments have been received prior to preparation of the next month's billing statement for delinquent customers.

The Company indicated they have not received insufficient funds checks during the time period reviewed from January 2010 through December 2012. The Company tariff allows for a \$25.00 returned check fee charge. The Company reported it did not have any bad debt write-offs from 2010 through 2012.



### **Complaints and Inquiries**

Customers that have a complaint or inquiry with the Company may call or come by the office. The Company maintains a customer complaint log which includes documentation of the issue and the resolution if an investigation or maintenance check is warranted. The Manager/Secretary investigates complaints and inquiries. According to the Commission's Electronic Filing Information System (EFIS), there were no reported complaints on file with the Commission from January 2010 through December 2012.

### **Customer Communication**

The Company developed an informational brochure as a result of a recommendation from the last rate case. The brochure currently reflects an incorrect flat rate for sewer service and does not include contact information for customers to contact the Missouri Public Service Commission or the Office of the Public Counsel staff. The Company is working with EMSU staff to include this information in the brochure for distribution to existing and future customers.

### **Records and Documentation Retention**

Roy-L maintains a copy of customer files at the business office. Customer billing records are kept electronically in QuickBooks. The Company's electronic records are backed up monthly on a flash drive and stored at an off-site location in a fireproof safe.

### **Findings, Conclusions, and Recommendations**

The following discussion presents a summary of the findings, conclusions, and recommendations pertaining to the Company's customer service operations. Recommendations resulting from rule or tariff violations are specifically noted and associated with a thirty (30) day implementation requirement. The information presented in this section focuses on the following two (2) issues that require Company management's attention:

- Credit and Collections
- Customer Communication

## **Credit and Collections**

The Company does not consistently apply late fees to all delinquent paying customers each month. The Company has not performed an analysis of the number of late paying customers. Roy-L provided the EMSU staff a query of late charges for the time period of January 2010 through December 2012. Additional time is required of the Company to record and apply late fees to customer accounts that pay beyond the delinquent date. The intent of the late fee is to encourage all customers to pay for service they have received prior to the delinquent date. Roy-L could benefit from consistently applying the allowed late fees to customers that do not remit payment prior to the delinquent date.

### ***THE EMSU STAFF RECOMMENDS THAT COMPANY MANAGEMENT:***

*Evaluate and consistently apply late fees to adequately cover the Company costs associated with processing and handling delinquent accounts. This recommendation should be completed within ninety (90) days of the effective date of any Commission order issued in this case, SR-2013-0544.*

## **Customer Communication**

The Company's written information form or brochure currently reflects an incorrect flat rate for sewer service and does not include contact information for customers to contact the Missouri Public Service Commission or the Office of the Public Counsel staff. EMSU staff discussed this requirement with Company personnel, and they are currently working with EMSU staff to update the brochure to distribute to existing and future customers.

### ***THE EMSU STAFF RECOMMENDS THAT COMPANY MANAGEMENT:***

*Update and distribute, to all current and future customers, written information specifying the rights and responsibilities of the Company and its customers. This recommendation should be completed within ninety (90) days of the effective date of any Commission order issued in this case, SR-2013-0544.*

## **Implementation Review**

The EMSU staff will conduct a review of the Company's progress regarding the implementation of the two (2) recommendations made in this report.

## Agreement Attachment I

### Auditing Unit Recommendation Memorandum

## ***AUDITING UNIT RECOMMENDATION MEMORANDUM***

**FROM: Paul R. Harrison**  
**Jermaine Green**  
**Auditing Unit Staff**

**TO: Jim Russo**  
**Water and Sewer Unit, Case Coordinator**

**CC: Amy Moore**  
**Staff Counsel's Office**

**SUBJECT: Auditing Unit's Findings and Recommendation**  
**Roy-L Utilities, Inc.**  
**Case No. WR-2013-0543 and SR-2013-0544**

**DATE: Updated March 31, 2013**

---

Roy-L Utilities, Inc. ("Roy-L Utilities" or "Company") filed a rate increase request with the Missouri Public Service Commission ("Commission") on June 26, 2013. On that date, the Company filed a request to implement a rate increase of \$10,378 in its annual sewer system operating revenues and an increase of \$8,072 in its annual water system operating revenues, which, if approved, would result in an increase over current revenues of approximately 150.8% for sewer service and 47.9% for water service. Roy-L Utilities currently serves approximately 57 sewer customers and 61 water customers in Montgomery County, Missouri. Roy-L Utilities' current sewer and water rates became effective on May 5, 2008.

The specific reasons for the requested increases in the Company's annual operating revenues for sewer service include: addition of Missouri Department of Resources (DNR) mandated chlorinator and de-chlorinator system to be installed at the lagoon. Roy-L Utilities also stated that this would be an opportune time to rock the edge of the lagoon to prevent muskrat holes and complete the fence around the new system as mandated by DNR.

The specific reasons for the requested increases in the Company's annual operating revenues for water service include: erecting a new pump house building as the existing building is not adequate. The new building is intended to cover the reserve tank and include a concrete floor so that the well, tanks and pipes will not corrode from being exposed to the weather. Other reasons for the proposed water rate increase are replacement of the pressure tank, as the existing tank has corrosion and is leaking, replacement of the rock floor with concrete, replacement of some of the pipes and improvement of the electric system. DNR recently inspected Roy-L Utilities' pump house and issued many "strong recommendations" to the Company, which include these changes.

### **BRIEF HISTORY**

Currently, the principal owner of the Company is Ms. Jean Longstreet, and she contracted Ms. Marie Rock to manage and operate the systems for her. Ms. Longstreet and Ms. Rock are the wife and daughter of Mr. James Longstreet, respectively, who was the former owner of Roy-L Utilities. It is our understanding that the Company was in a very tenuous position when Ms. Longstreet and Ms. Rock assumed operational responsibility for the Company in 2005 when Mr. Longstreet died. We observed during our review that Ms. Longstreet and Ms. Rock appear to be doing a good job of addressing some of the many problems faced by the Company.

## **AUDIT UNITS FINDINGS**

The Audit Staff comprised of Paul R. Harrison and Jermaine Green conducted an audit of the books and records of the Company and this audit provides a reasonable basis for our recommendation presented in this Memorandum. The Audit Staff used the twelve months ending December 31, 2012, as its test year, updated for known and measurable changes through December 31, 2013. Based upon the examination of the Company's books and records, the Audit Staff cost of service calculations show the need for a rate increase of \$ 8,609 for sewer and a rate increase of \$2,243 for water, representing an overall increase of about 120.79% for the sewer system and a increase of 12.41% for the water system respectively. Audit Staff's Accounting Schedules are attached to this Memorandum. Audit Unit's workpapers were provided to the case coordinator (Jim Russo).

Included in the computation of the revenue requirements in the Accounting Schedules is an 7.455% weighted average cost of capital (rate of return); the analysis supporting this result was provided by Ms. Shana Atkinson of the Financial Analysis Unit of the Commission

## **DNR PROJECTS**

### **Sewer System**

DNR is requiring Roy-L Utilities to install a chlorinator and dechlorinator system and install fencing around the utility's lagoon. Roy-L Utilities provided Staff with bids for the installation of chlorinator and dechlorinator system at the lagoon and the installation of the fencing. Roy-L Utilities does not currently have the funding to finance these projects; therefore Staff is recommending that these costs be recovered in rates through the use of a surcharge to be recovered over a five-year period and has included these costs in this case as a surcharge. However, before this surcharge to customers is included in rates, Staff wants to ensure that the owners have a loan in place or money available from some other source to pay for these projects. Therefore, Staff's recommended surcharge to customers is conditioned upon the Company providing documentation (i.e. loan documents, contractor invoices, check register, bank statements, etc.) that it has funds available and that the funds are to be used only for these projects. In addition, the surcharge shall be "subject to refund" in the next Roy-L Utilities rate case if the money is not used for the specific DNR projects. Steve Loethen of Staff's Water and Sewer Unit (W&SU) is sponsoring the necessity of these projects, and the Audit Staff is sponsoring the dollar adjustments related to the projects. The estimated cost for the DNR projects for sewer is \$27,784. The monthly surcharge per customer for sewer would be \$8.12.

## **Water System**

In addition, DNR identified several deficiencies during its inspection of Roy-L Utilities' water system on June 13, 2012, and noted that several of these deficiencies have existed since their previous inspection conducted on January 25, 2007. These include the wellhead, which should be located inside of the well house, the well house roof, which is in need of repair and or replacement, the well casing, which is corroded and should be repaired or replaced, the dirt/gravel floor of the well house, which should be replaced with a concrete floor, the equipment inside of the well house, which is showing corrosion due to age, and the surface of the hydro pneumatic tank, which is showing moderate rust and corrosion. The current DNR report states the following:

The well pump for this system is a submersible pump of about 120 gallons per minute production capacity. The system wellhead is underneath a bucket about eight feet from the wellhead. This system should consider placing the wellhead under a permanent, secure structure. The current bucket does not provide adequate protection against vandalism by unauthorized persons. All critical areas should be locked in order to prevent tampering, vandalism, and possible contamination. Protection of facilities should include security fencing with locked gates, locked hatches, and other access openings. Security of your water system is extremely important. One security breach can cost your water system money and threaten the public health of your customers. By August 15, 2013, please provide a written response describing how the system will either repair the current well house to render it secure or a plan for constructing a properly secure well house.

Roy-L Utilities has provided Staff several bids for constructing a new well house, installing concrete flooring, performing electrical work for the well house, replacing the pressure tank and replacing some of the water piping. Once again, Roy-L Utilities does not currently have the funding to finance these projects; therefore, Staff is recommending that these costs be recovered in rates through the use of a surcharge to be recovered over a five-year period and has included these costs in this case as such. However, before this surcharge to customers is included in rates, Staff wants to ensure that the owners have a loan in place or money available from some other source to pay for these projects. Therefore, Staff's recommended surcharge to customers is conditioned upon the owners providing documentation (i.e. loan documents, contractor invoices, check register, bank statements, etc.) that it has funds available and that the funds are to be used only for these projects. In addition, the surcharge shall be "subject to refund" in the next Roy-L Utilities rate case if the money is not used for the specific DNR projects. Steve Loethen of the W&SU is sponsoring the necessity of these projects, and the Audit Staff is sponsoring the dollar adjustments related to the projects. The estimated cost for the DNR projects for water including the purchase of 25 meters discussed below is \$29,079. The monthly surcharge per customer for water would be \$7.95.

Roy-L Utilities does not have water meters installed for all of its 61 customers. However, Roy-L Utilities has approximately 25 meter sets currently installed. Steve Loethen from W&SU

has been working with the Company in an effort to get meters installed for all of Roy-L water customers. He has found meters that cost approximately \$70 each, and Staff is including the cost of these water meters in its recommended surcharge for this case. The same caveat as discussed previously for the DNR projects for inclusion in the surcharge also applies for these meters, it is conditioned upon the Company providing documentation (i.e. loan documents, contractor invoices, check register, bank statements, etc.) that it has funds available and that the funds are to be used only for these projects. The estimated cost for these meters is approximately \$1,750.

### **RATE BASE**

The Audit Staff and the Engineering and Management Services Unit (EMSU) updated plant in service and depreciation reserve for Roy-L Utilities by beginning with the amounts that were agreed upon by all parties in Roy-L Utilities' last rate case (Case Nos. SR-2008-0303 & WR-2008-0304) and making adjustments for any subsequent plant additions or retirements. Total plant in service for the sewer system is \$34,678, and the water system is \$36,638,, while depreciation reserve for sewer is \$1,524, and water is \$3,565, respectively, as of June 30, 2013. The net investment in plant at the end of the update period for sewer is \$34,678, and water is \$33,949. In addition, Contributions in Aid of Construction (CIAC) and CIAC Amortization as of June 30, 2013, is \$414 and \$92, respectively.

The depreciation rates used in Staff's calculations for depreciation expense were provided and recommended by Mr. John Robinett of the Engineering and Management Services Unit of the Commission. These depreciation rates were used to develop an annualized level of depreciation expense for Roy-L Utilities based on its plant in service as of June 30, 2013.

### **REVENUES**

Roy-L Utilities provides service to 57 sewer and 61 water customers. Roy-L Utilities has 19 full-time and 38 part-time sewer customers. The sewer customers' current rates are a flat monthly rate of \$10.82 for full-time and \$9.78 for part-time customers. In addition, Roy-L Utilities has 23 full-time and 38 part-time water customers. The water customer's current rates are a monthly flat rate of \$28.23 for full-time and \$21.78 for part-time customers. Roy-L Utilities' current level of revenues for sewer and water is \$6,927 and \$17,893, respectively.

Per Roy-L Utilities' Tariff, the Company charges \$5.00 or 3% per month multiplied by the unpaid balance, whichever is more, as a late fee for its customers. During calendar years 2010 through 2012, the Company collected \$640 for sewer and \$765 for water in late fees, which are considered as miscellaneous revenues for rate making purposes. Therefore, Staff used a three-year average to normalize miscellaneous sewer and water revenues for this case and included \$213 for sewer and \$255 for water.

### **EXPENSES**

Audit Staff's audit of the expenses for this case consisted of an onsite interview of Roy-L Utilities employees, Mrs. Rock and Ms. Longstreet, on August 5, 2013, a review of the Company's books and records from calendar year (CY) 2010 through June 30, 2013, and a review of the Company's Annual Reports and Tariffs that are filed with the Commission. While

on site with the Company, Staff requested copies of all documents (i.e. invoices, timesheets, contracts, etc.) that were available for Roy-L Utilities from CY 2010 through June, 30, 2013. The Company was unable to provide Staff copies of these documents. Therefore, Staff requested that we be allowed to take the original documents with us to our Jefferson City office to copy and subsequently return them to the Company. Using these documents, Audit Staff developed the expense items identified below for the current case based upon a normalized level of these expenses over a three-year period.

### **Payroll**

Ms. Rock and Ms. Longstreet have been managing and operating Roy-L Utilities since 2005. Staff used a three-year average of the number of hours that Ms. Rock worked for the Company to normalize her hours and multiplied that number of hours by her updated contracted hourly salary of \$19.09 to annualize her payroll. In addition, Staff used the number of hours that Ms. Longstreet worked for the Company during calendar year 2012 and multiplied that number of hours by her hourly salary of \$10 per hour to annualize her payroll.

Staff used a four-year average of the number of miles driven by Ms. Rock and Ms. Longstreet and multiplied this average by the current Internal Revenue Service rate of 56.5 cents per mile to normalize the Company's travel expenses.

Both payroll and travel expenses were included in Staff's cost of service and allocated evenly between sewer and water operations.

### **Rent and Telephone Expense**

Currently the company is operated out of Ms. Longstreet's personal residence. Staff included \$1,200 for annual rent expense in Roy-L Utilities' last rate case, and we are recommending that this same amount of rent expense be included in the current cost of service. This recommendation allows for a reasonable amount of utilities, property taxes and other expenses that would be associated with a stand-alone office. In addition, Mrs. Longstreet's telephone is used to conduct business for Roy-L Utilities. The Company separates the telephone usage between business and personnel use, and Staff has included the business portion of this expense in the amount of \$928 in its cost of service. Both the rent and telephone expense is split evenly between sewer and water.

### **Property Insurance**

Staff used the actual amount of property insurance that Roy-L Utilities paid during the test year in its cost of service.

### **Property Taxes**

Staff used the actual amount of property taxes that Roy-L Utilities paid during the test year in its cost of service.

### **Utility Expense**



Electricity costs were annualized based on the current rate level paid by Roy-L Utilities for its electrical expense. The test year electric cost was adjusted by using a three-year average to reflect a normalized level of electricity

### **Additional Adjustments**

Staff has reflected adjustments in its cost of service to normalize amounts related to: 1) various operations and maintenance expenses, 2) postage increases due to new postage rates, 3) permit and degradation fees, 4) DNR lab fees, 5) Commission's annual assessment, and 6) amortization of a portion of prior Contributions in Aid of Construction (CIAC).

### **AUDIT STAFF RECOMMENDATIONS:**

**The Company should fully comply with these recommendations within 90 days of the effective date of the Commission Order for this case:**

There has been an on-going discussion between the Company and Staff concerning the Company's ability to complete the DNR projects and install the water meters in order to provide safe and adequate service to Roy-L Utilities' customers. The Company does not have the funds available to complete these projects without obtaining some type of a loan. Therefore, Staff is recommending that the costs of these projects be recovered in rates as a surcharge to customers for a period of five-year only if the Company has an approved loan within 90 days from the time that rates go into effect for this case. Staff's recommended surcharge to customers is conditioned upon the Company providing documentation (i.e. loan documents, contractor invoices, check register, bank statements, etc.) that it has funds available and that the funds are to be only used for these projects. In addition, the surcharge shall be "subject to refund" in the next Roy-L Utilities rate case if the money is not used for these specific DNR projects.

**The Company should fully comply with these recommendations within 180 days of the effective date of the Commission Order for this case:**

- a) The Company shall maintain the Company's books and records in accordance with National Association of Regulated Utility Commissioners (NARUC) Uniform System of Accounts (USOA). Staff provided the Company with a copy of the NARUC USOA Class D for both water and sewer;
- b) The Company shall develop continuing property records (CPRs) for all of the Company's Plant in Service and Contribution in Aid of Construction (CIAC) that include, where applicable, the amount of plant, depreciation reserve, CIAC, and CIAC reserve used by Staff in this case;
- c) The Company shall keep the Company's CPRs up to date and complete;
- d) The Company shall develop a general ledger for its entire rate base, revenues and expenses;
- e) The Company shall calculate depreciation expense on a monthly basis and include the amounts in the Company's books and records;
- f) The Company shall maintain a record of the additional hours, cost of materials and mileage reimbursements, if the Company incurs additional contract operator costs for additional maintenance or emergency services per the operator contract; and

- g) The Company shall develop a list of duties and responsibilities for any employee that performs work for the Company and maintain records of the number of hours worked with a description of the functions performed by the employee.

## Agreement Attachment J

### Summary of Case Events

Roy-L Utilities, Inc.  
Case #SR-2013-0544  
Summary of Case Events

Date Filed	June 26, 2013
Day 150	November 25, 2013
Extension?	No
If yes, why?	

Amount Requested	\$10,378
Amount Agreed Upon	\$8,609

Item(s)/Dollar(s) Driving Rate Increase

Number of Customers	57
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Weighted Rate of Return inc. Income Tax	10.58%
Return on Equity	8.47%

Assessments Current	Yes
Annual Reports Filed	Yes
Statement of Revenue Filed	Yes
Other Open Cases before Commission	WR-2013-0543

Status with Secretary of State	Good
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DNR Violations	None
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Significant Service/Quality Issues

## Staff Participant Affidavits

James M. Russo – Water & Sewer Department

Paul Harrison-Auditing Department

John Robinett – Engineering & Management Services Department

Tammy Huber – Engineering & Management Services Department

**BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION**

**OF THE STATE OF MISSOURI**


In the Matter of Roy-L Utilities Request for an     )  
Increase in Sewer System Operating Revenue     )

SR-2013-0544


**AFFIDAVIT OF JAMES M. RUSSO**

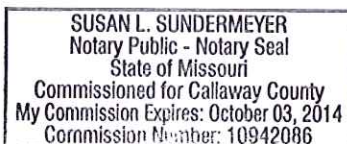
STATE OF MISSOURI     )  
                                      ) ss  
COUNTY OF COLE     )

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

  
\_\_\_\_\_  
James M. Russo  
Rate & Tariff Examination Supervisor  
Water and Sewer Unit

Subscribed and sworn to before me this 1st day of April, 2014.

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



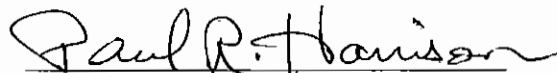
**BEFORE THE PUBLIC SERVICE COMMISSION**  
**OF THE STATE OF MISSOURI**

In the Matter of Roy-L Utilities Request for ) an Increase in Water System Operating ) Revenue. ) )	File No. WR-2013-0543
In the Matter of Roy-L Utilities Request for ) an Increase in Sewer System Operating ) Revenue. ) )	File No. SR-2013-0544

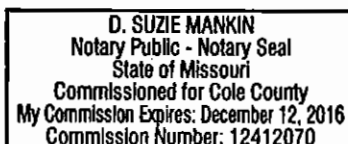
AFFIDAVIT OF PAUL R. HARRISON

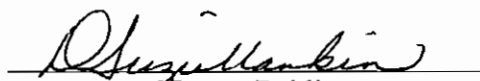
STATE OF MISSOURI     )  
                                  )  
COUNTY OF COLE     )     ss.

**COMES NOW** Paul R. Harrison, being of lawful age, and on his oath states the following: (1) that he is a Utility Regulatory Auditor IV in the Missouri Public Service Commission's Regulatory Review, Utility Services Department, Auditing Unit; (2) that he participated in the Staff's investigation of the small company rate increase request that is the subject of the instant case; (3) that he has knowledge of the foregoing *Company/Staff Agreement Regarding Disposition of Small Sewer Company Revenue Increase Request* ("Disposition Agreement"); (4) that he was responsible for the preparation of Attachment B, C & I to the Disposition Agreement; (5) that he has knowledge of the matters set forth in Attachment B, C, & I to the Disposition Agreement; and (6) that the matters set forth Attachment B, C & I to the Disposition Agreement are true and correct to the best of his knowledge, information, and belief.

  
Paul R. Harrison  
Utility Regulatory Auditor IV  
Auditing Unit

Subscribed and sworn to before me this 1<sup>st</sup> day of April, 2014.



  
Notary Public

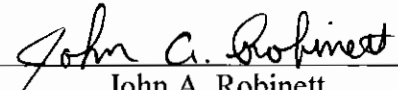
**BEFORE THE PUBLIC SERVICE COMMISSION**  
**OF THE STATE OF MISSOURI**

In the Matter of Roy-L Utilities Request for ) an Increase in Water System Operating ) Revenue. ) )	File No. WR-2013-0543
In the Matter of Roy-L Utilities Request for ) an Increase in Sewer System Operating ) Revenue. ) )	File No. SR-2013-0544

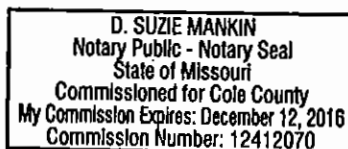
AFFIDAVIT OF JOHN A. ROBINETT

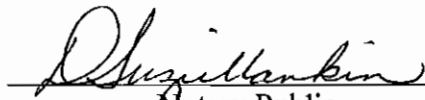
STATE OF MISSOURI	)	
	)	ss.
COUNTY OF COLE	)	

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

  
\_\_\_\_\_  
John A. Robinett  
Utility Engineering Specialist III  
Engineering and Management  
Services Unit

Subscribed and sworn to before me this 15<sup>th</sup> day of April, 2014.



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



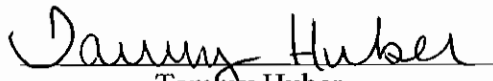
**BEFORE THE PUBLIC SERVICE COMMISSION**  
**OF THE STATE OF MISSOURI**

In the Matter of Roy-L Utilities Request for ) an Increase in Water System Operating ) Revenue. ) )	File No. WR-2013-0543
In the Matter of Roy-L Utilities Request for ) an Increase in Sewer System Operating ) Revenue. ) )	File No. SR-2013-0544

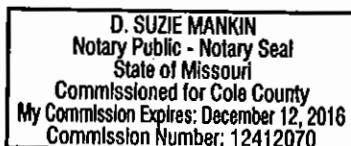
AFFIDAVIT OF TAMMY HUBER

STATE OF MISSOURI     )  
                                  )     ss.  
COUNTY OF COLE     )

**COMES NOW** Tammy Huber, being of lawful age, and on her oath states the following: (1) that she is a(n) Utility Management Analyst III in the Missouri Public Service Commission's Regulatory Review Division, Utility Services Department, Engineering and Management Services Unit; (2) that she participated in the Staff's investigation of the small company rate increase request that is the subject of the instant case; (3) that she has knowledge of the foregoing *Company/Staff Agreement regarding disposition of small water company revenue increase request* ("Disposition Agreement"); (4) that she was responsible for the preparation of Attachment H to the Disposition Agreement; (5) that she has knowledge of the matters set forth in Attachment H to the Disposition Agreement; and (6) that the matters set forth in Attachment H to the Disposition Agreement are true and correct to the best of her knowledge, information, and belief.

  
Tammy Huber  
Utility Management Analyst III  
Engineering and Management  
Services Unit

Subscribed and sworn to before me this 1<sup>st</sup> day of April, 2014.



  
Notary Public