

APPENDIX A

STAFF PARTICIPANT AFFIDAVITS AND COMPANY/STAFF & ATTACHMENTS

CASE NO. SR-2009-0419

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Staff Participant Affidavits

James M. Russo – Water & Sewer Department

Kofi Boateng – Auditing Department

Arthur Rice – Engineering & Management Services Department

Gary Bangert – Engineering & Management Services Department

BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

AFFIDAVIT OF JAMES M. RUSSO

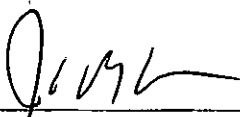
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CASE NO. SR-2009-0419

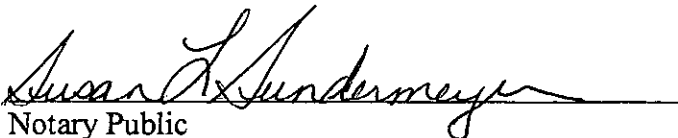
COUNTY OF COLE)

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



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

Subscribed and sworn to before me this 6th day of October, 2009.



Notary Public



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

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI
AFFIDAVIT OF KOFI AGYENIM BOATENG, CPA, CIA

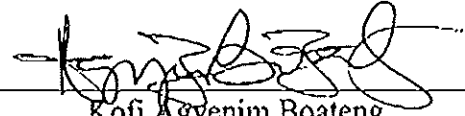
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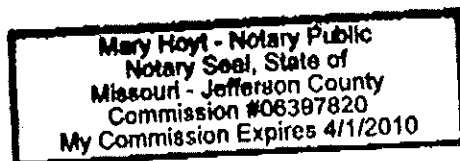
COUNTY OF COLE

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) Case No. SR-2009-0419
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COMES NOW Kofi Agyenim Boateng, being of lawful age, and on his oath states the following: (1) that he is a(n) Utility Regulatory Auditor III in the Missouri Public Service Commission's Auditing Department; (2) that he participated in the Staff's investigation of the small company rate increase request that is the subject of the instant case; (3) that he has knowledge of the 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 C to the Disposition Agreement; (5) that he has knowledge of the matters set forth in Attachment C to the Disposition Agreement; and (6) that the matters set forth in Attachment C to the Disposition Agreement are true and correct to the best of his knowledge, information, and belief.


Kofi Agyenim Boateng
Utility Regulatory Auditor III
Auditing Department

Subscribed and sworn to before me this 6th day of October, 2009.




Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

AFFIDAVIT OF GARY R. BANGERT

STATE OF MISSOURI

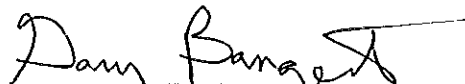
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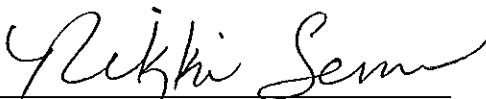
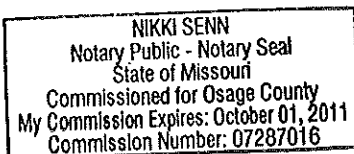
Case No. SR-2009-0419

COMES NOW Gary R. Bangert, being of lawful age, and on his oath states the following: (1) that he is a(n) Utility Management Analyst III in the Missouri Public Service Commission's Engineering & Management Services Department; (2) that he participated in the Staff's investigation of the small company rate increase request that is the subject of the instant case; (3) that he has knowledge of the 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 G to the Disposition Agreement; (5) that he has knowledge of the matters set forth in Attachment G to the Disposition Agreement; and (6) that the matters set forth in Attachment G to the Disposition Agreement are true and correct to the best of his knowledge, information, and belief.



Gary R. Bangert
Utility Management Analyst III
Engineering & Management
Services Department

Subscribed and sworn to before me this 5th day of October, 2009.



Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

AFFIDAVIT OF ARTHUR W. RICE, PE

STATE OF MISSOURI

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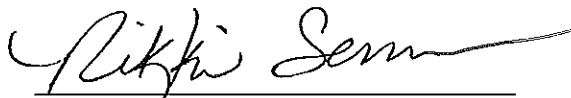
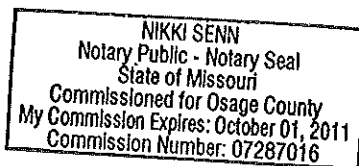
Case No. SR-2009-0419

COMES NOW Arthur W. Rice, being of lawful age, and on his oath states the following: (1) that he is a(n) Utility Regulatory Engineer in the Missouri Public Service Commission's Engineering & Management Services Department; (2) that he participated in the Staff's investigation of the small company rate increase request that is the subject of the instant case; (3) that he has knowledge of the 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 F to the Disposition Agreement; (5) that he has knowledge of the matters set forth in Attachment F to the Disposition Agreement; and (6) that the matters set forth in Attachment F to the Disposition Agreement are true and correct to the best of his knowledge, information, and belief.



Arthur W. Rice
Utility Regulatory Engineer
Engineering & Management
Services Department

Subscribed and sworn to before me this 5th day of October, 2009.



Notary Public

Company/Staff Disposition Agreement

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

GLADLO WATER AND SEWER COMPANY, INC.

MO PSC CASE NO SR-2009-0419

BACKGROUND

Gladlo Water & Sewer Company, 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") Case 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 May 20, 2009, the Company set forth its request for an increase of \$7,095 in its total annual sewer service operating revenues. In its request letter, 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 65 residential customers.

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. Hereafter, these activities are collectively referred to as Staff's "investigation" of the Company's Request.

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

RESOLUTION OF THE COMPANY'S RATE INCREASE REQUEST

Pursuant to negotiations held subsequent to the Company's and OPC'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) That for the purpose of implementing the agreements set out herein, the Company will file proposed tariff revisions with the Commission containing the rates, charges, and language set out in the example tariff sheets attached hereto as Attachment A and incorporated herein, with those proposed tariff revisions bearing an effective date of December 7, 2009.
- (2) That except as otherwise noted in the agreements below, the ratemaking income statement attached hereto as Attachment B and incorporated herein, accurately reflects the Company's annualized revenues generated by its current customer rates, the agreed-upon total annualized cost of service for the Company, and the resulting agreed-upon annualized operating revenue increase of \$4,494 is just and reasonable to recover the Company's cost of service.
- (3) That the audit workpapers attached hereto as Attachment C and incorporated herein, which include consideration of a hypothetical capital structure consisting of 51.00% equity for the Company and a return on that equity of 11.22%, accurately reflect the agreed-upon total annualized cost of service for the Company and provide the basis for the ratemaking income statement referenced in item (2) above.
- (4) That the rates set out in the attached example tariff sheets, the development of which is shown on the rate design worksheet attached hereto as Attachment D and incorporated herein, are designed to generate revenues sufficient to recover the agreed-upon total annualized cost of service for the Company.
- (5) That the rates included in the attached example tariff sheets will result in the residential customer impacts shown on the billing comparison worksheet attached hereto as Attachment E and incorporated herein.
- (6) That the rates included in the attached example tariff sheets are just and reasonable, and that the provisions of the attached example tariff sheets also properly reflect all other agreements set out herein, where necessary.
- (7) That the schedule of depreciation rates attached hereto as Attachment F and incorporated herein, which includes the depreciation rates used by Staff in its revenue requirement analysis, should be the prescribed schedule of sewer plant depreciation rates for the Company.
- (8) Within thirty (30) days of the effective date of an order approving this Disposition Agreement, the Company will implement the recommendations contained in the Engineering & Management Services Department ("EMSD") Report

attached hereto as Attachment G and incorporated herein. These recommendations include the following:

- a. Develop and distribute to all current and future customers written information specifying the rights and responsibilities of the Company and its customers.
 - b. Incorporate the delinquent date on customers' bills in order to inform customers when customers are subject to the late payment charge.
 - c. Require a signed customer application prior to service being provided by the Company as provided in its tariff. The Company's customer application shall include the date, the customer's signature, and a statement indicating that the customer agrees to abide by the Company's rates, rules and regulations, and applicable state statutes.
- (9) Within sixty (60) days of the effective date of an order approving this Company/Staff Disposition Agreement, the Company will file all necessary documentation with the Missouri Secretary of State (SOS) required to obtain a Certificate of Good Standing. The Company further agrees to file a Statement of Change of Registered Agent and/or Registered Office with the SOS within thirty (30) days of the granting of a Certificate of Good Standing.
- (10) The Company will mail its customers a written notice of the rates and charges included in its proposed tariff revisions within fifteen (15) days or during its next billing cycle after issuance of the Commission Order approving the terms of this Company/Staff Disposition Agreement. The notice will include a summary of the impact of the proposed rates on an average residential customer's bill. When the Company mails the notice to its customers, it will also send a copy to Staff Case Coordinator who will file a copy in the subject case file.
- (11) That Staff will conduct follow-up reviews of the Company's operations to ensure that the Company has complied with the provisions of this Disposition Agreement.
- (12) That Staff may file a formal complaint against it, if the Company does not comply with the provisions of this Disposition Agreement.
- (13) That the Company agrees that it has read the foregoing Company/Staff Agreement Regarding Disposition of Small Sewer Company Revenue Increase Request; that upon the Company's best knowledge and belief the facts stated therein are true; that the foregoing conditions accurately reflect the agreement reached between the Company and Staff; and that the Company freely and voluntarily enters into this agreement.
- (14) That the above agreements satisfactorily resolve all issues identified by the Staff and the Company regarding the Company's Request, except as otherwise specifically stated herein.

ADDITIONAL MATTERS

Other than the specific conditions agreed upon and expressly set out herein, the terms of this 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.

The Company has not filed its annual report for the 2007 calendar year nor its statement of revenue for 2007 and 2008. In addition, the Company is delinquent on the Missouri Public Service Commission Assessment Fees for fiscal years 2004, 2006, and 2008. The Company has made arrangements and is in the process of making payments for fiscal year 2009.

The Department of Natural Resources (DNR) has issued Notice of Violations in October 6, 2006 for operating a facility without a permit, July 25, 2008 and October 29, 2008 for allowing wastewater bypasses. In addition, DNR did not receive Disinfectant Monitoring Reports (DMR) for the second, third and fourth quarters of 2008. The Company is delinquent on the operating permit fee for 2006 thru 2008. However, the Company has made arrangements to resolve these financial issues with DNR.

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

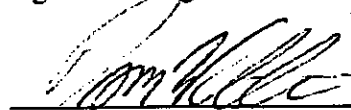
The Company acknowledges that the Staff will be filing this Company/Staff Disposition Agreement and the attachments hereto, in the existing case after the Company files the proposed tariff revisions mandated by this agreement. The Company also acknowledges that Staff may make other filings in this case.

Additionally the Company agrees that 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 that case is noticed to be considered by 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 advanced notice of any such agenda meeting so that they may have the opportunity to also be represented at the meeting.

EFFECTIVE DATE AND SIGNATURES

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

Agreement Signed and Dated:



Jason Williamson
Receiver
Gladlo Water & Sewer Company, Inc.

10-6-09

Date



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

10/6/09

Date

List of Attachments

- Attachment A – Example Tariff Sheets
- Attachment B – Rate-making Income Statement
- Attachment C – Audit Workpapers
- Attachment D – Rate Design Worksheet
- Attachment E – Billing Comparison Worksheet
- Attachment F – Schedule of Depreciation Rates
- Attachment G – EMSD Report
- Attachment H – Summary of Events

Agreement Attachment A

Example Tariff Sheets

P.S.C. MO No. 2

2nd Revised Sheet No. 4

Canceling 1st Revised Sheet No. 4

Gladlo Water & Sewer Company, Inc.

Name of Issuing Company

For: Whispering Pines Subdivision

Certificated Service Area

Phelps County Missouri

Rules and Regulations Governing Rendering of Sewer Service

Schedule of Rates

Availability:

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

Rate:

The charge for sewer service is \$18.42 per month or portion thereof for each sewer service. +

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 Changed Rate or Text

Issue Date: October 8, 2009
Month/Day/Year

Effective Date: November 30, 2009
Month/Day/Year

Issued By: Jason Williamson, Receiver 6825 E. Tennessee Ave. Suite 547 Denver CO 80224
Name & Title of Issuing Officer Company Mailing Address

P.S.C. MO No. 2

2nd Revised Sheet No. 5

Canceling 1st Revised Sheet No. 5

Gladlo Water & Sewer Company, Inc.
Name of Issuing Company

For: Whispering Pines Subdivision
Certificated Service Area
Phelps County Missouri

Rules and Regulations Governing Rendering of Sewer Service

Schedule of Rates

Discontinuance of Service for Non-Payment of Bill

For Customers with Gladlo water service:

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

For Customers without Gladlo water service:

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

New Service Connection Charge

Tap-on and Inspection	\$10.00
-----------------------	---------

Late Charge

For any bill not paid within the period stated thereon, a late charge in the amount of \$3.00 per month, not to exceed three months or \$9.00 per customer, shall be added to the total amount due plus all disconnection and reconnect costs, collection costs, and reasonable attorney's fees for collection.

Returned Check Charge *

A charge of \$25 will be added to any account for a check returned from the bank unpaid.

* Indicates New Rate or Text

+ Indicates Changed Rate or Text

Issue Date: October 8, 2009
Month/Day/Year

Effective Date: November 30, 2009
Month/Day/Year

Issued By: Jason Williamson, Receiver 6825 E. Tennessee Ave. Suite 547 Denver CO 80224
Name & Title of Issuing Officer Company Mailing Address

Agreement Attachment B

Ratemaking Income Statement

GLADLO WATER & SEWER COMPANY, INC.

Rate Making Income Statement-Sewer

Operating Revenues at Current Rates

1	Tariffed Rate Revenues *	\$	9,435
2	Other Operating Revenues *	\$	-
3	Total Operating Revenues	\$	9,435
4	* See "Revenues - Current Rates" for Details		

Cost of Service

Item	Amount
1 Contractual Service-Management Expense	\$ 4,680
2 Contractual Service-Operators Expense	\$ 2,688
3 Sewer Treatment -Testing/Laboratory Fees	\$ 768
4 System Maintenance & Repairs	\$ 960
5 System Maintenance & Repairs-Mowing	\$ 1,320
6 Maintenance Expense-Supplies	\$ 250
7 Outside Services-Accounting, Tax	\$ 400
8 Receivership Fee	\$ 450
9 Office Supplies	\$ -
10 General Liability & Property Insurance	\$ 306
11 MO DNR Fees	\$ 225
12 Regulatory Commission Expense	\$ 786
13 Miscellaneous General Expenses	\$ 180
14 Sub-Total Operating Expenses	\$ 13,013
15 Property Taxes	\$ 178
16 MO Franchise Taxes	\$ -
17 Employer FICA Taxes	\$ -
18 Federal Unemployment Taxes	\$ -
19 State Unemployment Taxes	\$ -
20 State & Federal Income Taxes	\$ 60
21 Sub-Total Taxes	\$ 238
22 Depreciation Expense	\$ 293
23 Interest Expense	\$ 144
24 Sub-Total Depreciation/Amortization	\$ 437
25 Return on Rate Base	\$ 241
26 Total Cost of Service	\$ 13,929
27 Overall Revenue Increase Needed	\$ 4,494

Agreement Attachment C

Audit Workpapers

Exhibit No.:
Issue: Accounting Schedules
Witness: MO PSC Auditors
Sponsoring Party: MO PSC Staff
Case No: SR-2009-0419
Date Prepared: August 13, 2009



MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

DIRECT (Revised)

STAFF ACCOUNTING SCHEDULES

GLADLO WATER & SEWER COMPANY, INC.

CASE NO. SR-2009-0419

Jefferson City, Missouri

August 2009

Gladlo Water Sewer Company, Inc.
 Informal Rate Case
 Case No. SR-2009-00419
 Test Year Ending 06-30-2009
 Rate Design Schedule - Sewer

Line Number	Description	Account Number (Optional)	Staff Annualized	Customer Charge	Commodity	Percentage Rate
Rev-1	ANNUALIZED REVENUES					
Rev-2	Annualized Rate Revenues	(1)	\$9,435			
Rev-3	Miscellaneous Revenues	(1)	\$0			
Rev-4	TOTAL ANNUALIZED REVENUES		\$9,435			
1	OPERATIONS EXPENSES	(2)				
2	Contractual Service-Management Expense		\$4,680	\$0	\$4,680	0.00%
3	Contractual Service-Operators Expense		\$2,688	\$0	\$2,688	0.00%
4	Electricity - Pumping Treatment		\$0	\$0	\$0	0.00%
5	Testing		\$768	\$0	\$768	0.00%
6	TOTAL OPERATIONS EXPENSE		\$8,136	\$0	\$8,136	
7	MAINTENANCE EXPENSES					
8	System Repairs and Maintenance		\$960	\$0	\$960	0.00%
9	Mowing Expense		\$1,320	\$0	\$1,320	0.00%
10	Supplies Expense		\$250	\$0	\$250	0.00%
11	TOTAL MAINTENANCE EXPENSE		\$2,530	\$0	\$2,530	
12	ADMINISTRATIVE & GENERAL EXPENSES					
13	Outside Services - Accounting Fees		\$400	\$0	\$400	0.00%
14	Receivership Fee (Amortized over 2 years)		\$450	\$0	\$450	0.00%
15	Other Misc. Expenses		\$180	\$0	\$180	0.00%
16	General Liability & Property Insurance		\$306	\$0	\$306	0.00%
17	TOTAL ADMINISTRATIVE AND GENERAL		\$1,336	\$0	\$1,336	
18	OTHER OPERATING EXPENSES					
19	MO DNR Fees		\$225	\$0	\$225	0.00%
20	PSC Assessment		\$786	\$0	\$786	0.00%
21	Depreciation		\$293	\$0	\$293	0.00%
22	TOTAL OTHER OPERATING EXPENSES		\$1,304	\$0	\$1,304	
23	TAXES OTHER THAN INCOME					
24	Real & Personal Property Taxes		\$178	\$0	\$178	0.00%
25	TOTAL TAXES OTHER THAN INCOME		\$178	\$0	\$178	
26	TOTAL OPERATING EXPENSES		\$13,484	\$0	\$13,484	
27	Interest Expense	(3)	\$144	\$0	\$144	0.00%
28	Return on Equity	(3)	\$241	\$0	\$241	0.00%
29	Income Taxes	(3)	\$60	\$0	\$60	0.00%
30	TOTAL INTEREST RETURN & TAXES		\$445	\$0	\$445	
31	TOTAL COST OF SERVICE		\$13,929	\$0	\$13,929	
32	Less: Miscellaneous Revenues		\$0	\$0	\$0	0.00%
33	COST TO RECOVER IN RATES		\$13,929	\$0	\$13,929	
34	INCREMENTAL INCREASE IN RATE REVENUES		\$4,494			
35	PERCENTAGE OF INCREASE		47.63%			
36	REQUESTED INCREASE IN REVENUES		\$7,095			

(1) From Revenue Schedule
 (2) From Expense Schedule

Gladio Water Sewer Company, Inc.
 Informal Rate Case
 Case No. SR-2009-00419
 Test Year Ending 06-30-2009
 Rate Design Schedule - Sewer

	A	B	C	D	E	F
Line Number	Description	Account Number (Optional)	Staff Annualized	Customer Charge	Commodity	Percentage Rate

(3) From PreTax Rate of Return Schedule, Rate Base & Return Schedule

Gladio Water Sewer Company, Inc.
 Informal Rate Case
 Case No. SR-2009-00419
 Test Year Ending 06-30-2009
 Rate Base Required Return on Investment Schedule - Sewer

Line Number	A Rate Base Description	B Dollar Amount
1	Plant In Service	\$36,482 From Plant Schedule
2	Less Accumulated Depreciation Reserve	<u>\$32,276</u> From Depreciation Reserve Schedule
3	Net Plant In Service	\$4,206
4	Other Rate Base Items:	\$0
	Contribution in Aid of Construction	\$0
	CIAC Amortization Reserve	\$0
5	Total Rate Base	<u>\$4,206</u>
6	Total Weighted Rate of Return Including Income Tax	<u>10.59%</u> From PreTax Return & Taxes Schedule
7	Required Return & Income Tax	<u><u>\$445</u></u>

Gladjo Water Sewer Company, Inc.
 Informal Rate Case
 Case No. SR-2009-00419
 Test Year Ending 06-30-2009
 Rate of Return Including Income Tax - Sewer

		A	B	formulas
1	State Income Tax Rate Statutory / Effective	6.25% (2)	5.80%	$(1 - (B2 \times .5)) \times A1$
2	Federal Income Tax Rate Statutory / Effective	15.14% (1) & (2)	14.26%	$(1 - B1) \times A2$
3	Composite Effective Income Tax Rate		20.07%	$B1 + B2$
4	Equity Tax Factor		1.2510	$1 / (1 - B3)$
5	Recommended Weighted Rate of Return on Equity - Common and Preferred		5.72%	From Capital Structure Schedule
6	Weighted Rate of Return on Equity Including Income Tax		7.16%	$B4 \times B5$
7	Recommended Weighted Rate of Return on Debt - Long-Term and Short-Term		3.43%	From Capital Structure Schedule
8	Total Weighted Rate of Return Including Income Tax		10.59%	$B6 + B7$

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

N

To Rate Base Schedule

Equity Income Required \$284
 & Preliminary Federal Tax

Tax Rate Table

Net Income Range				
Start	End	Tax Rate	Amount in Range	Tax on Range
\$0	\$50,000	15.00%	\$284	\$43
\$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
			\$284	\$43
Consolidated Tax Rate:				
Average Tax Rate:				0.1514

Gladjo Water Sewer Company, Inc.
 Informal Rate Case
 Case No. SR-2009-00419
 Test Year Ending 06-30-2009
 Capital Structure Schedule - Sewer

Line Number	A Description	B Dollar Amount	C Percentage of Total Capital Structure	D Embedded Cost of Capital	E Weighted Cost of Capital
1	Common Stock	\$7,201	51.00%	11.22%	5.722%
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	\$6,919	49.00%	7.00%	3.430%
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	\$14,120	100.00%		9.152%

To PreTax Return Rate Schedule

Gladlo Water Sewer Company, Inc.
 Informal Rate Case
 Case No. SR-2009-00419
 Test Year Ending 06-30-2009
 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	\$1,000	P-2	\$0	100.00%	\$1,000
3	302.000	Franchises	\$0			100.00%	\$0
4	303.000	Miscellaneous Intangible Plant	\$0			100.00%	\$0
5		TOTAL INTANGIBLE PLANT	\$1,000		\$0		\$1,000
6		SOURCE OF SUPPLY PLANT					
7	310.000	Land & Land Rights	\$2,400			100.00%	\$2,400
8	311.000	Structures & Improvements	\$0			100.00%	\$0
9		TOTAL SOURCE OF SUPPLY PLANT	\$2,400		\$0		\$2,400
10		COLLECTION PLANT					
11	352.100	Collection Sewers - Force	\$0			100.00%	\$0
12	352.200	Collection Sewers - Gravity	\$14,646			100.00%	\$14,646
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	\$14,646		\$0		\$14,646
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	372.000	Oxidation Lagoon	\$18,436			100.00%	\$18,436
23	373.000	Treatment and Disposal Equipment	\$0			100.00%	\$0
24	374.000	Plant Sewers	\$0			100.00%	\$0
25	375.000	Outfall Sewer Lines	\$0			100.00%	\$0
26	376.000	Other Treatment & Disposal Plant Equip.	\$0			100.00%	\$0
27		TOTAL TREATMENT & DISPOSAL PLANT	\$18,436		\$0		\$18,436
28		GENERAL PLANT					
29	391.000	Office Furniture & Equipment	\$0			100.00%	\$0
30		Office Computer Equipment	\$0			100.00%	\$0
31	392.000	Transportation Equipment	\$0			100.00%	\$0
32	393.000	Other General Equipment	\$0			100.00%	\$0
33		TOTAL GENERAL PLANT	\$0		\$0		\$0
34		TOTAL PLANT IN SERVICE	\$36,482		\$0		\$36,482

To Rate Base & Depreciation Schedules

Gladlo Water Sewer Company, Inc.
 Informal Rate Case
 Case No. SR-2009-00419
 Test Year Ending 06-30-2009
 Schedule of Adjustments for Plant in Service - Sewer

A	B	C	D	E
Plant Adjustment Number	Plant In Service Adjustment Description	Account Number	Adjustment Amount	Total Adjustment
P-2	Organization	301.000		\$0
	Description		\$0	
Total Plant Adjustments				\$0

Gladlo Water Sewer Company, Inc.
 Informal Rate Case
 Case No. SR-2009-00419
 Test Year Ending 06-30-2009
 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	\$1,000	0.00%	\$0
3	302.000	Franchises	\$0	0.00%	\$0
4	303.000	Miscellaneous Intangible Plant	\$0	0.00%	\$0
5		TOTAL INTANGIBLE PLANT	\$1,000		\$0
6		SOURCE OF SUPPLY PLANT			
7	310.000	Land & Land Rights	\$2,400	0.00%	\$0
8	311.000	Structures & Improvements	\$0	0.00%	\$0
9		TOTAL SOURCE OF SUPPLY PLANT	\$2,400		\$0
10		COLLECTION PLANT			
11	352.100	Collection Sewers - Force	\$0	0.00%	\$0
12	352.200	Collection Sewers - Gravity	\$14,646	2.00%	\$293
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	\$14,646		\$293
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	372.000	Oxidation Lagoon	\$18,436	0.00%	\$0
23	373.000	Treatment and Disposal Equipment	\$0	0.00%	\$0
24	374.000	Plant Sewers	\$0	0.00%	\$0
25	375.000	Outfall Sewer Lines	\$0	0.00%	\$0
26	376.000	Other Treatment & Disposal Plant Equip.	\$0	0.00%	\$0
27		TOTAL TREATMENT & DISPOSAL PLANT	\$18,436		\$0
28		GENERAL PLANT			
29	391.000	Office Furniture & Equipment	\$0	0.00%	\$0
30		Office Computer Equipment	\$0	0.00%	\$0
31	392.000	Transportation Equipment	\$0	0.00%	\$0
32	393.000	Other General Equipment	\$0	10.00%	\$0
33		TOTAL GENERAL PLANT	\$0		\$0
34		Total Depreciation	\$36,482		\$293

Gladjo Water Sewer Company, Inc.
Informal Rate Case
Case No. SR-2009-00419
Test Year Ending 06-30-2009
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	\$8,100	R-12	\$5,747	100.00%	\$13,847
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	\$8,100		\$5,747		\$13,847
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	372.000	Oxidation Lagoon	\$24,168	R-22	-\$5,739	100.00%	\$18,429
23	373.000	Treatment and Disposal Equipment	\$0			100.00%	\$0
24	374.000	Plant Sewers	\$0			100.00%	\$0
25	375.000	Outfall Sewer Lines	\$0			100.00%	\$0
26	376.000	Other Treatment & Disposal Plant Equip.	\$8	R-26	-\$8	100.00%	\$0
27		TOTAL TREATMENT & DISPOSAL PLANT	\$24,176		-\$5,747		\$18,429
28		GENERAL PLANT					
29	391.000	Office Furniture & Equipment	\$0			100.00%	\$0
30		Office Computer Equipment	\$0			100.00%	\$0
31	392.000	Transportation Equipment	\$0			100.00%	\$0
32	393.000	Other General Equipment	\$0			100.00%	\$0
33		TOTAL GENERAL PLANT	\$0		\$0		\$0
34		TOTAL DEPRECIATION RESERVE	\$32,276		\$0		\$32,276

To Rate Base Schedule

Gladlo Water Sewer Company, Inc.
 Informal Rate Case
 Case No. SR-2009-00419
 Test Year Ending 06-30-2009
 Schedule of Adjustments for Accumulated Depreciation Reserve - Sewer

A Reserve Adjustment Number	B Accumulated Depreciation Reserve Adjustments Description	C Account Number	D Adjustment Amount	E Total Adjustment Amount
R-12	Collection Sewers - Gravity	352.200		\$5,747
	To transfer the of over-accrued depreciation reserve amount from Account 372 (Rice)		\$5,739	
	2. Transfer from Account 376		\$8	
R-22	Oxidation Lagoon	372.000		-\$5,739
	To transfer the over-accrued depreciation reserve amount to Account 352.2 (Rice)		-\$5,739	
R-26	Other Treatment & Disposal Plant Equip.	376.000		-\$8
	To adjust reserve (Boateng)		-\$8	
	Total Reserve Adjustments			\$0

Gladlo Water Sewer Company, Inc.
Informal Rate Case
Case No. SR-2009-00419
Test Year Ending 06-30-2009
Revenue Summary Schedule - Sewer

Line Number	A Description	Residential 5/8"		Commercial 2"	
		B Amount	C Amount	D Amount	E Amount
1	<u>Customer Charge Revenues:</u>				
2	Customer Number	63		0	
3	Bills Per Year	12		0	
4	Customer Bills Per year	756		0	
5	Current Customer Charge	\$12.48		\$0.00	
6	Annualized Customer Charge Revenues		\$9,435		\$0
7	<u>Commodity Charge Revenues:</u>				
8	Total Gallons Sold	0		0	
9	Less: Base Gallons Included In Customer Charge	0		0	
10	Commodity Gallons	0		0	
11	Block 1, Commodity Gallons per Block	0		0	
12	Block 1, Number of Commodity Gallons per Unit	0		0	
13	Block 1, Commodity Billing Units	0.00		0.00	
14	Block 1, Existing Commodity Charge	\$0.00		\$0.00	
15	Block 1, Annualized Commodity Charge Rev.		\$0		\$0
16	Total Annualized Sewer Rate Revenues		\$9,435		\$0

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

Gladlo Water Sewer Company, Inc.
 Informal Rate Case
 Case No. SR-2009-00419
 Test Year Ending 06-30-2009
 Revenue Summary Schedule - Sewer

Line Number	A Description	Total	
		F Amount	G Amount
1	<u>Customer Charge Revenues:</u>		
2	Customer Number	63	
3	Bills Per Year		
4	Customer Bills Per year	756	
5	Current Customer Charge		
6	Annualized Customer Charge Revenues		\$9,435
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	Total Annualized Sewer Rate Revenues		\$9,435

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.

Gladio Water Sewer Company, Inc.
Informal Rate Case
Case No. SR-2009-00419
Test Year Ending 06-30-2009
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		Contractual Service-Management Expense	\$1,284	S-2	\$3,396	100.00%	\$4,680
3		Contractual Service-Operators Expense	\$840	S-3	\$1,848	100.00%	\$2,688
4		Electricity - Pumping Treatment	\$80	S-4	-\$80	100.00%	\$0
5		Testing	\$192	S-5	\$576	100.00%	\$768
6		TOTAL OPERATIONS EXPENSE	\$2,396		\$5,740		\$8,136
7		MAINTENANCE EXPENSES					
8		System Repairs and Maintenance	\$80	S-8	\$880	100.00%	\$960
9		Mowing Expense	\$0	S-9	\$1,320	100.00%	\$1,320
10		Supplies Expense	\$0	S-10	\$250	100.00%	\$250
11		TOTAL MAINTENANCE EXPENSE	\$80		\$2,450		\$2,530
12		ADMINISTRATIVE & GENERAL EXPENSES					
13		Outside Services - Accounting Fees	\$0	S-13	\$400	100.00%	\$400
14		Receivership Fee (Amortized over 2 years)	\$900	S-14	-\$450	100.00%	\$450
15		Other Misc. Expenses	\$78	S-15	\$102	100.00%	\$180
16		General Liability & Property Insurance	\$0	S-16	\$306	100.00%	\$306
17		TOTAL ADMINISTRATIVE AND GENERAL	\$978		\$358		\$1,336
18		OTHER OPERATING EXPENSES					
19		MO DNR Fees	\$56	S-19	\$169	100.00%	\$225
20		PSC Assessment	\$262	S-20	\$524	100.00%	\$786
21		Depreciation	\$0	S-21	\$293	100.00%	\$293
22		TOTAL OTHER OPERATING EXPENSES	\$318		\$986		\$1,304
23		TAXES OTHER THAN INCOME					
24		Real & Personal Property Taxes	\$612	S-24	-\$434	100.00%	\$178
25		TOTAL TAXES OTHER THAN INCOME	\$612		-\$434		\$178
26		TOTAL OPERATING EXPENSES	\$4,384		\$9,100		\$13,484

Gladlo Water Sewer Company, Inc.
 Informal Rate Case
 Case No. SR-2009-00419
 Test Year Ending 06-30-2009
 Expense Adjustment Schedule - Sewer

A Expense Adj Number	B Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment
S-2	Contractual Service-Management Expense			\$3,396
	To annualize management fees based on 65 customers (Boateng)		\$3,396	
S-3	Contractual Service-Operators Expense			\$1,848
	To annualize operations and supervision costs (Boateng)		\$1,848	
S-4	Electricity - Pumping Treatment			-\$80
	To eliminate electricity expense (Boateng)		-\$80	
S-5	Testing			\$576
	To annualize sewer testing expense (Boateng)		\$576	
S-8	System Repairs and Maintenance			\$880
	1. To reflect additional expense for repairs and maintenance (Boateng)		\$880	
S-9	Mowing Expense			\$1,320
	To reflect mowing expense (Boateng)		\$1,320	
S-10	Supplies Expense			\$250
	To include cost of operating supplies (Boateng)		\$250	
S-13	Outside Services - Accounting Fees			\$400
	To include accounting and tax preparation cost (Boateng)		\$400	
S-14	Receivership Fee (Amortized over 2 years)			-\$450

Gladlo Water Sewer Company, Inc.
 Informal Rate Case
 Case No. SR-2009-00419
 Test Year Ending 06-30-2009
 Expense Adjustment Schedule - Sewer

A Expense Adj Number	B Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment
	To amortize initial receivership fees over a two year period (Boateng)		-\$450	
S-15	Other Misc. Expenses			\$102
	To allocate miscellaneous expenses evenly between water and sewer (Boateng)		\$102	
S-16	General Liability & Property Insurance			\$306
	To include general liability and property insurance premium (Boateng)		\$306	
S-19	MO DNR Fees			\$169
	To annualize DNR fees (Boateng)		\$169	
S-20	PSC Assessment			\$524
	To annualize PSC Assessment (Boateng)		\$524	
S-21	Depreciation			\$293
	1. To Annualize Depreciation		\$293	
S-24	Real & Personal Property Taxes			-\$434
	To adjust property taxes to reflect current taxes (Boateng)		-\$434	
	Total Expense Adjustments			\$9,100

Gladlo Water Sewer Company, Inc.
 Informal Rate Case
 Case No. SR-2009-00419
 Test Year Ending 06-30-2009
 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	\$0	Rev-2	\$9,435	100.00%	\$9,435
Rev-3		Miscellaneous Revenues	\$0	Rev-3	\$0	100.00%	\$0
Rev-4		TOTAL ANNUALIZED REVENUES	\$0		\$9,435		\$9,435

Gladlo Water Sewer Company, Inc.
 Informal Rate Case
 Case No. SR-2009-00419
 Test Year Ending 06-30-2009
 Revenue Adjustment Schedule - Sewer

A Revenue Adj Number	B Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment
Rev-2	Annualized Rate Revenues			\$9,435
	1. To Annualize Rate Revenues		\$9,435	
	2. Description		\$0	
	3. Description		\$0	
Rev-3	Miscellaneous Revenues			\$0
	1. To Annualize Miscellaneous Revenues		\$0	
	2. Description		\$0	
Total Revenue Adjustments				\$9,435

Gladlo Water Sewer Company, Inc.
Informal Rate Case
Case No. SR-2009-00419
Test Year Ending 06-30-2009
Miscellaneous Revenues Feeder - Sewer

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

Agreement Attachment D

Rate Design Worksheet

GLADLO WATER & SEWER COMPANY, INC.

Development of Tariffed Rates-Sewer

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

Revenues Generated by Current Tariffed Rates	\$ 9,435
Agreed-Upon Overall Revenue Increase	\$ 4,494
Percentage Increase Needed	47.633%

Metered Customer Rates

	Current Service Charge	Proposed Service Charge
Flat Rate	\$ 12.48	\$ 18.42

Agreement Attachment E

Billing Comparison Worksheet

GLADLO WATER & SEWER COMPANY, INC.

Residential Customer Bill Comparison-Sewer

Rates for 5/8" Meter

<u>Current Base</u>	<u>Proposed Base</u>
<u>Customer Charge</u>	<u>Customer Charge</u>
\$12.48	\$18.42

current service charge is monthly charge

MONTHLY BILL COMPARISON

Current Rates

Customer Charge	\$ 12.48
Total Bill	\$ 12.48

Proposed Rates

Customer Charge	\$ 18.42
Total Bill	\$ 18.42

INCREASES

Customer Charge

\$ Increase	\$5.94
% Increase	47.63%

Total Bill

\$ Increase	\$5.94
% Increase	47.63%

Agreement Attachment F

Schedule of Depreciation Rates

Gladlo Water & Sewer Company

DEPRECIATION RATES

(SEWER Class D)

SR-2009-0419

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	DEPRECIATION RATE	AVERAGE SERVICE LIFE (YEARS)	NET SALVAGE
352.2	Collection Sewers (Gravity)	2.0%	50	
372	Oxidation Lagon	0.0%	fully depreciated	
393	Other General Equipment	10.0%	9	9%

Agreement Attachment G

EMSD Report

REPORT OF CUSTOMER SERVICE AND BUSINESS OPERATIONS REVIEW

Engineering and Management Services Department

Small Company Rate Increase Request

Case Nos: WR-2009-0418 and SR-2009-0419

Gladlo Water and Sewer Company

Gladlo Water and Sewer Company (Gladlo or Company) filed a rate increase request on April 30, 2009, for water and sewer service provided in its certificated service area, Whispering Pines Subdivision, near Rolla, Missouri. The Engineering and Management Services Department (EMSD) staff initiated an informal review of customer service processes, procedures, and practices at Gladlo on June 22, 2009. The EMSD staff's review included an examination of Company tariffs, annual reports, Missouri Public Service Commission (Commission) complaint records, and other documentation related to the Company's customer service operations.

The purpose of the Engineering and Management Services Department 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 service at a reasonable cost, while providing utilities the opportunity to earn a fair return on their investment.

The objectives of this review were to document and analyze 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 also provide the Commission with information regarding the Company's customer service operations.

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

- Meter Reading
- Customer Billing
- Credit and Collections
- Complaints and Inquiries
- Customer Communication

This report contains the results of the EMSD staff's review.

Overview

Gladlo Water and Sewer Company was certificated to provide water and sewer service on December 21, 1995. In the Spring of 2008, the owner of Gladlo essentially abandoned the water and sewer system. On March 5, 2009, the Phelps County Court issued an order naming Heartland Utilities, LLC, (Heartland) as receiver. The business office for Heartland is located in Denver, Colorado.

The Company provides water and sewer service to approximately 62 customers and water-only service to an additional 6 customers. There has been minimal change in the number of customers over the past three years. Pivotal Utility Management, LLC, (Pivotal) the company contracted by Heartland to provide business office support functions for Gladlo is located in Denver, Colorado. The Pivotal business office has office hours from 10:00 a.m. – 6:00 p.m. CST, Monday through Friday. Customers have 24-hour, 7-day access to Pivotal personnel by calling the toll free telephone number provided on the customer bill. The customer bill also provides a local telephone number for water or sewer emergencies.

Gladlo Water and Sewer Company has no employees; therefore, Heartland has contracted all responsibility for Company operations to outside contractors. As previously mentioned, Pivotal is the contract company for all business office functions. Business office functions including taking new service applications, entering meter readings, preparing and mailing customer bills, maintaining customer account records, posting customer bill payments, making bank deposits, and paying bills. Business office personnel also respond to customer inquiries and complaints received by telephone. Heartland has contracted with two individuals that live in the vicinity of Gladlo's service territory to perform all outside plant functions. Outside plant responsibilities include meter reading, daily system checks, chlorination, routine maintenance, construction activity, and responding to customer emergency calls.

Pivotal accepts telephone requests prior to the establishment of new service; however, written applications are not used. Customers may call the Company with questions about rules and procedures associated with the provision of service; however, the Company has not prepared written information documenting the rights and responsibilities of the Company and its customers.

Meter Reading

Pivotal prepares an Excel meter reading sheet on a monthly basis and provides it to the contract meter reader. Meters are read and the meter readings are electronically returned to Pivotal by the 6th or 7th of each month. The contractor attempts to read all water meters on a monthly basis. The Company is unaware of any theft of water service.

Customer Billing

Heartland mailed a letter to all Company customers on March 10, 2009, informing them that Heartland had been appointed as the receiver for Gladlo Water and Sewer Company. The letter also communicated that bills had not been issued since April 2008 although water meters were read in December 2008, and January and February 2009. Water customers were informed that they would be back billed the minimum monthly charge for service from April 2008 through November 2008 and the usage rate in the tariff for an average of the actual water use from December 2008 to March 2009. The letter stated that sewer customers would be back billed the base charge for the 10-month period from April 2008 to January 2009. Customers were offered the choice of three different payment options to extend payment of these retroactively billed amounts.

Pivotal uses Quickbooks 2007 software for bookkeeping and preparation of monthly customer bills. Meter reading data from an Excel spreadsheet is imported into the billing program of Quickbooks which calculates and prints the customers' bills. Pivotal verifies the accuracy of bills through visual inspection when the bills are produced. Company personnel stated that customer account information is backed up daily and the backup files are stored off-site. Other hard copy customer information is stored in a locked file cabinet. Pivotal management stated that bills are mailed by the 10th of the month and are due on the 25th of the month. Customer bills do not provide a delinquent date.

The Company's tariffs provide the rates for water and sewer service. Customers' water bills are based on a monthly minimum customer charge of \$4.98 and a usage charge of \$1.88 per 1,000 gallons over 1,000 gallons of usage. Sewer customers pay a flat fee of \$12.48 per month. Most customers mail their check or money order payments to the Pivotal business office in Denver, Colorado. However, customers may also remit account payments at three Phelps County Bank locations in Rolla, Missouri, and the Phelps County Bank location in St. James, Missouri.

Credit and Collections

The Company does not collect customer deposits from customers, although the collection of deposits is permitted under the Company's tariff. Customer accounts that remain unpaid for one month after the billing date are assessed a \$3.00 late charge on the next month's bills. Customer bills inform customers of the late charge; however, the bills incorrectly call this charge a returned check charge. Pivotal management stated that they will immediately correct the incorrect terminology on customer bills to clearly identify the \$3.00 fee as a late charge. Pivotal started the practice in June 2009 of sending out delinquent notices to customers with unpaid bills three months after the billing date of the original unpaid bill. There has been an average of 15 – 20 customers with delinquent bill payments each month. Heartland management acknowledged to EMSD staff that this is an excessive number of delinquent accounts and stated an intention to introduce more aggressive collection procedures in the future, if necessary. Heartland management stated that if changes are made in collection procedures, it would ensure that any modifications comply with the Company's tariff and Commission rules. The Company has received one insufficient funds check since Heartland became the receiver in March 2009. The Company does not use a collection agency. Heartland management stated that a review to identify the need for bad debt write-offs will be conducted in December.

Complaints and Inquiries

Customers with questions or concerns may call the Company contact number appearing on the bill. Customers calling outside of normal business hours are provided an alternate number to use in the event of an emergency. Pivotal makes notes in customers' account records when they receive a customer contact that consists of more than a simple question. These notes include the customer's name, date of contact, person responding to the customer, nature of the call, and the action that was taken. A monthly summary report can be produced that provides this key information.

A review of Commission complaint/inquiry records regarding water service since 2007 showed three (3) customer complaints in 2007 related to service quality, none in 2008, and one (1) service quality inquiry in 2009. There have been no Commission complaints or inquiries regarding the Company's sewer service since 2007.

Customer Communication

Monthly billing statements are the primary means of communication with customers. In addition, letters are used to communicate with customers.

Findings, Conclusions, and Recommendations

The following discussion presents a summary of the findings, conclusions, and recommendations pertaining to the Company's customer service operations. The information presented in this section focuses on the following issues that require Company management's attention:

- Customer Applications
- Customer Rights and Responsibilities Documentation
- Customer Bill Delinquent Date

Customer Applications

The Company does not collect a signed customer application from its customers. Customers need only make a telephone request for service prior to the establishment of service.

Applications for Service are addressed in the Company's Tariff Sheet No. 10, Rule 4(a), which states:

A written application for service, signed by the customer, stating the type of service required and accompanied by any other pertinent information, will be required from each customer before service is provided to any unit. Every customer, upon signing an application for any service rendered by the company, or upon taking of service, shall be considered to have expressed consent to the company's rates, rules and regulations.

The customer application should include the customer's signature, the date the document was signed, and a statement indicating that the customer agrees to abide by the Company's rates, rules and regulations, and applicable state statutes. A signed and dated customer application will provide Gladlo more leverage to collect monies owed should the need arise and bring the Company into compliance with its tariff.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Require a signed customer application prior to service being provided by the Company as provided in its tariff. The Company's customer application shall include the date, the customer's signature, and a statement indicating that the customer agrees to abide by the Company's rates, rules and regulations, and applicable state statutes. This recommendation must be completed within thirty

(30) days of the Commission order approving the disposition agreement in Case No. WR-2009-0418. This recommendation must be completed within thirty (30) days of the Commission order approving the disposition agreement in Case No. SR-2009-0419.

Customer Rights and Responsibilities Documentation

The Company has not prepared written information documenting the rights and responsibilities of the Company and its customers. The development of such information and its prominent display and availability to customers is required by Commission Rule 4 CSR 240-13.040(3) which states:

A utility shall prepare, in written form, information which in layman's terms summarizes the rights and responsibilities of the utility and its customers in accordance with this chapter. . . This written information shall be displayed prominently, and shall be available at all utility office locations open to the general public, and shall be mailed or otherwise delivered to each residential customer of the utility if requested by the customer. The information shall be delivered or mailed to each new customer of the utility upon the commencement of service and shall be available at all times upon request.

The availability of written information would provide useful facts relating to billing procedures, payment requirements, customer deposits, discontinuance of service, inquiries and complaints, and access to the Company, Commission, and the Office of the Public Counsel. Written information would be a valuable educational resource for new and existing customers.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Develop and distribute to all current and future customers written information specifying the rights and responsibilities of the Company and its customers. This recommendation must be completed within thirty (30) days of the Commission order approving the disposition agreement in Case No. WR-2009-0151. This recommendation must be completed within thirty (30) days of the Commission order approving the disposition agreement in Case No. SR-2009-0154.

Customer Bill Delinquent Date

Customer bills do not state the delinquent date. Customer bills typically have a billing date of the 10th of the month and state that the bill is due on the 25th of the month; however, the delinquent date is not provided upon which the allowed \$3.00 late payment charge is assessed. In practice, the Company assesses a late payment charge at the end of the billing period when the bill for the next month is prepared. This practice complies with Commission Rule 4 CSR 240-

13.010(7) which requires the customer to have at least 21 days to pay utility charges; however, Commission Rule 4 CSR 240-13.020(9)(B) states that every bill shall clearly state “The date when the bill will be considered due and the date when it will be considered delinquent, if different.” The inclusion of the delinquent date on the bill would inform customers when they are subject to the \$3.00 late payment charge and enable the Company to comply with the Commission's rule.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Incorporate the delinquent date on customers' bills in order to inform customers when they are subject to the \$3.00 late payment charge. This recommendation must be completed within thirty (30) days of the Commission order approving the disposition agreement in Case No. WR-2009-0418. This recommendation must be completed within thirty (30) days of the Commission order approving the disposition agreement in Case No. SR-2009-0419.

Follow-Up

The EMSD staff will conduct follow-ups of all of the EMSD recommendations no later than the deadlines as set out for each EMSD recommendation in the disposition agreement in Case No. WR-2009-0418. The EMSD staff will conduct follow-ups of all of the EMSD recommendations no later than the deadlines as set out for each EMSD recommendation in the disposition agreement in Case No. SR-2009-0419.

Agreement Attachment H

Summary of Case Events

Gladlo Water & Sewer Company, Inc.
Case #SR-2009-0419
Summary of Case Events

Date Filed	May 20, 2009
Day 150	October 17, 2009
Extension?	No
If yes, why?	
Amount Requested	\$ 7,095
Amount Agreed Upon	\$ 4,494
Number of Customers	63
Return on Equity	11.22%
Assessments Current	No-Delinquent 2004, 2006, 2008 & 2009
Annual Reports Filed	2007 Not Filed
Statement of Revenue Filed	2007 & 2008 Not Filed
Other Open Cases before Commission	None
Status with Secretary of State	Administratively Dissolved November 8, 2007
DNR Violations	Yes-October 6, 2006, July 25, 2008 and October 29, 2008
Significant Service/Quality Issues	Operating without a permit and allowing wastewater bypasses