

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

In the Matter of Meramec Sewer Company)
Rate Increase Request)

File No. SR-2012-0309

**NOTICE OF COMPANY/STAFF AGREEMENT REGARDING DISPOSITION OF
SMALL COMPANY RATE INCREASE REQUEST**

COMES NOW the Staff of the Missouri Public Service Commission (Staff), by and through the undersigned counsel, and on behalf of Meramec Sewer Company, Inc. (Meramec or Company), and files this *Notice of Company/Staff Agreement Regarding Disposition of Small Company Rate Increase Request (Notice)* and states the following:

1. On March 20, 2012, the Missouri Public Service Commission (Commission) received a Rate Increase Request Letter (Request) from Meramec.

2. In its Request, Meramec asked for Commission approval of an increase of \$140,000 in its total annual sewer service operating revenues pursuant to Commission Rule 4 CSR 240-3.050.

3. Upon completion of its investigation of the Company's request, Staff provided Meramec and Public Counsel with materials related to Staff's investigation, as well as the Staff's initial recommendation for the resolution of the Request.

4. On July 13, 2012, Jefferson County filed an *Application for Intervention for Jefferson County, Missouri and Motion for Expedited Treatment* with the Commission. The application for intervention was granted on July 20, 2012. Staff subsequently

provided Jefferson County with Staff's initial recommendation and materials related to Staff's investigation.

5. Subsequent to the Staff's investigation, and pursuant to negotiations between Staff and the Company, the Staff and the Company have been able to reach a *Company/Staff Agreement Regarding Disposition Of Small Water Company Revenue Increase Request (Company/Staff Agreement)*, attached hereto as Appendix A, and incorporated by reference herein.

6. Included in Appendix A is a copy of the above-referenced *Staff/Company Agreement*, as well as various other attachments related to the *Staff/Company Agreement*. Additionally, Appendix A contains affidavits from Staff members that participated in the investigation of this matter.

7. The *Company/Staff Agreement* provides for an increase of 55.28% or \$103,466 in operating revenues.

8. In addition, the *Company/Staff Agreement* provides the agreed-upon net rate base of \$527,382 in the Company's operating system.

9. Pursuant to Rule 4 CSR 240-3.050 (14), "[i]f the disposition agreement filed by the staff provides for a full resolution of the utility's request and is executed only by the utility and the staff, the utility shall file new and/or revised tariff sheets, bearing an effective date that is not fewer than forty-five (45) days after they are filed, to implement the agreement." Meramec will file a tariff, seeking to implement the terms of the *Company/Staff Agreement*. The tariff shall bear an effective date of October 7, 2012, in compliance with Rule 4 CSR 240.3050 (14).

10. Meramec is current on the filing of its annual report. Meramec remains delinquent in the payment of half of its 2010 assessment, and all of its 2011, 2012, and 2013 assessments.

WHEREFORE, the Staff submits this *Notice of Company/Staff Agreement Regarding Disposition of Small Company Rate Increase Request* and the attached Appendix A for the Commission's information and consideration in this case and requests that the Commission enter an Order adopting the terms agreed upon by Meramec and Staff and contained herein.

Respectfully submitted,

/s/ Rachel Lewis

Rachel Lewis
Missouri Bar No. 56073
Deputy Counsel

/s/ Goldie Tompkins

Goldie Tompkins
Missouri Bar No. 58759
Legal Counsel

Attorneys for the Staff of the
Missouri Public Service Commission
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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record in EFIS this 17th day of August, 2012.

/s/ Rachel Lewis

APPENDIX A

CASE No. SR-2012-0309

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**

MERAMEC SEWER COMPANY, INC.

MO PSC FILE NO. SR-2012-0309

BACKGROUND

Meramec 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") 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. The Company provides service to approximately 992 customers; the vast majority of which are residential customers located in Jefferson County Missouri and therefore qualifies for treatment under the Small Utility Rate Case Procedure. In its request letter, which was received at the Commission's offices on March 20, 2012, the Company set forth its request for an increase of \$140,000 in its total annual sewer service operating revenues. In its letter the Company 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 by the Staff of the Commission (Staff) as part of its review of the revenue increase request, and could thus be the subject of Staff recommendations.

Pursuant to the provisions of the Small Utility Rate Case 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 facility operations. 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, the Office of the Public Counsel ("Public Counsel") and Jefferson County 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, Public Counsel's and Jefferson County'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) For the purpose of implementing the agreements set out herein, the Company will file with the Commission proposed tariff revisions containing the rates, charges and language set out in the example tariff sheets attached hereto as Attachment A and incorporated by reference herein, with those proposed tariff revisions bearing an effective date of October 7, 2012;

(2) The following tariff sheets will be cancelled and replaced as follows:

PSC MO Number 1 sheet 5 first revised tariff sheet replaced with PSC MO Number 1 tariff sheet 5 second revised tariff sheet;

PSC MO Number 1 sheet 8 first revised tariff sheet replaced with PSC MO Number 1 sheet 8 second revised tariff sheet;

PSC MO Number 1 sheet 13 first revised tariff sheet replaced with PSC MO Number 1 sheet 13 second revised tariff sheet;

PSC MO Number 1 sheet 14 original tariff sheet replaced with PSC MO Number 1 sheet 14 first revised tariff sheet; and

PSC MO Number 1 sheet 16 original tariff sheet replaced with PSC MO Number 1 sheet 16 first revised tariff sheet.

In addition, original tariff sheets 5a and 5b will be filed. All of the above tariff sheets are included in the example tariff sheets, Attachment A, attached and incorporated herein by reference;

(3) The rates included in the example tariff sheets, specifically on tariff sheet 5 in Attachment A are just and reasonable, and the provisions of the attached example tariff sheets properly reflect all other agreements set out herein;

(4) The rates set out in the attached example tariff sheets, specifically on tariff sheet 5 included in Attachment A, are designed to generate revenues sufficient to recover the annualized cost of service for the Company, and equate to a 55.28% increase in annual operating water revenues, as indicated in Attachment B incorporated by reference herein;

(5) The rates included in the attached example tariff sheets, specifically on tariff sheet 5 included in Attachment A, will result in the residential customer impacts shown on the billing comparison worksheet attached hereto as Attachment C and incorporated by reference herein;

(6) Except as otherwise noted in the agreements below, the Exhibit Modeling System ("EMS") included as Attachment B, and the ratemaking income statement

attached hereto and incorporated by reference herein as Attachment D, accurately reflect 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 \$103,466 is just and reasonable and designed to recover the Company's cost of service;

(7) The audit work papers attached hereto as Attachment B and incorporated by reference herein, which include consideration of a capital structure of 100% equity for the Company and a return on that equity of 8.93%, 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 (4) above;

(8) The agreed-upon net rate base is \$527,382, the development of which is shown on the rate base worksheet attached hereto as Attachment E;

(9) The schedule of depreciation rates attached hereto and incorporated by reference herein as Attachment F, which includes the depreciation rates used by Staff in its revenue requirement analysis, shall be the prescribed schedule of sewer plant depreciation rates for the Company;

(10) The Commission's Auditing Unit conducted an audit of the Company's books and records using the twelve (12)-month period ending December 31, 2011 as the basis for the revenue requirement calculation. All revenues, expenses, and rate base investment were reviewed through this period and updated for known changes through April 30, 2012. The audit findings are identified herein as Attachment G and incorporated by reference herein.

(11) Staff provided the Company, Public Counsel and Jefferson County its initial recommendations of the revenue increase for the resolution of the Company's request and Staff's EMS run. The work papers supporting the revenue requirement calculation were also provided to the Company and Public Counsel with the results of its investigation regarding the proposed rate increase;

(12) 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 Engineering & Management Services Unit ("EMSU") Report attached hereto as Attachment H and incorporated by reference herein;

- (a) Develop an application for service form and require its completion as a condition for providing sewer service to new customers;
- (b) Initiate action in accordance with the Company's tariff that will ensure the communication provided on customer bills is consistent with actual Company practice regarding the assessment of a late payment charge;
- (c) Discontinue the practice of requesting the Company's attorney to prepare and sign notice of discontinuance letters and instead initiate Company action to prepare and sign all notice of discontinuance letters; and

- (d) Develop and initiate a system for documenting customer contacts in compliance with Commission Rule 4 CSR 240-60.010 (4) and (5);
- (13) Within thirty (30) days of the effective date of an order approving this Company/Staff Disposition Agreement, the Company shall implement the following recommendations, as found in Attachment G, attached and incorporated herein by reference:
 - (a) Each worker shall keep a detailed mileage log on a daily basis;
 - (b) Management change banking institutions to save on bank service fees;
 - (c) The Company maintain detailed records of the chemical use at the treatment plant; and
 - (d) The Company maintain detailed sludge hauling records that include the following information: date hauled, number of loads, gallons per load and price per gallon in each load;
- (14) Within ninety (90) days of the effective date of an order approving this Company/Staff Disposition Agreement, the Company shall develop and execute a written contract with the contractor who provides sludge hauling services, as specified in the recommendations as contained in the Engineering & Management Services Unit (“EMSU”) Report attached hereto as Attachment H and incorporated by reference herein;
- (15) By no later than March 1, 2013, the Company shall contact the Commission Auditing Staff to obtain assistance, if necessary, with the preparation of their 2012 Annual Report to the Commission; as specified in the recommendations contained in the Auditing Unit Recommendation Memorandum attached hereto as Attachment G and incorporated by reference herein;
- (16) 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 the Staff Case Coordinator who will file a copy in this case;
- (17) Staff 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;
- (18) Staff may file a formal complaint against the Company, if the Company does not comply with the provisions of this Company/Staff Disposition Agreement;
- (19) The Company agrees that it has read the foregoing Company/Staff Agreement Regarding Disposition of Small Sewer Company Revenue Increase Request; that the 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 agreement; and

(20) The above agreements satisfactorily resolve all issues identified by 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.

Water and Sewer Unit Staff has completed a review of the sewer operations and Company tariff. The results of their review are detailed in the Water and Sewer Unit Memorandum included as Attachment I to this Company/Staff Disposition Agreement. In addition, 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 the 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 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 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:


Fred Reinhold
President

Meramec Sewer Company, Inc.

8/14/12
Date


James Busch
Manager

Water & Sewer Unit
Missouri Public Service Commission Staff

8/15/12
Date

List of Attachments

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

Agreement Attachment A

Example Tariff Sheets

Name of Utility: Meramec Sewer Company

Service Area: Fenton, Missouri

Rules Governing Rendering of Sewer Service	
<u>Schedule of Rates</u>	
<u>Availability</u>	
Available to any sewer Customer located on Company's collecting mains suitable for supplying the service requested.	
<u>Monthly Rates and Charges</u>	
Single Family Residential Service (per unit)	\$26.33 per month
Mobile Home Service (per unit)	\$23.70 per month
Multi-Family Residential Service (per single family dwelling unit)	\$21.07 per month
Commercial Establishments	\$52.67 per month
These rates do not include any Municipal, County, State, or Federal Taxes. Any such applicable taxes shall be added as separate items in rendering each bill. * Indicates new rate or text + Indicates change	

DATE OF ISSUE August 22, 2012
Month Day YearDATE EFFECTIVE October 7, 2012
Month Day YearISSUED BY Frederick Reinhold President PO Box 625 Fenton, MO 63026
name of officer title address

Name of Utility: Meramec Sewer Company

Service Area: Fenton, Missouri

Rules Governing Rendering of Sewer Service	
<u>Schedule of Service Charges</u> <u>Late Charges</u> A charge of five dollars (\$5.00) or three percent (3%) per month times the unpaid balance, whichever is greater, will be added to delinquent accounts. <u>Returned Check Charge</u> A returned check charge of twenty-five dollars (\$25.00) per check will be due on all checks returned from the bank for insufficient funds. <u>Disconnection/Reconnection</u> If sewer Discontinuance of Service is made in accordance with Rule 4 and is accomplished by physical disconnection, then the charge for reconnection after such disconnection by the Company shall be the total actual cost of disconnection and reconnection. <u>Disconnection/Reconnection by Public Water District</u> The following provisions are set out in a contract between the Company and Missouri American Water Company, approved by the Missouri Public Service Commission in Case Number WO-95-339. A fee of thirty-eight dollars (\$38.00) will be charged for standard discontinuance of service or reconnection per metered connection, including unsuccessful attempts. A fee of seventeen dollars (\$17.00) will be charged for each subsequent attempt at standard disconnections or reconnections per metered connection at the same address at the same time, including unsuccessful attempts. * Indicates new rate or text + Indicates change	*

DATE OF ISSUE August 22, 2012
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name of officerPresident
titlePO Box 625 Fenton, MO 63026
address

Name of Utility: Meramec Sewer Company

Service Area: Fenton, Missouri

Rules Governing Rendering of Sewer Service

Schedule of Service Charges (Continued)

*

A fee of sixty-seven dollars (\$67.00) will be charged for special disconnection or reconnection per metered connection, including unsuccessful attempts.

A fee of forty-one dollars (\$41.00) will be charged for subsequent special disconnection or reconnection per metered connection at same address at same time, including unsuccessful attempts.

Because large connections can often require more than one employee or other unusual efforts, disconnections or reconnections of metered connections in excess of one and a half inch (1 ½") in diameter shall be at the Company's actual cost.

Inspection Fee

A fee of twenty-five dollars (\$25.00) will be charged for inspection of a new service sewer and connection to the collecting sewer.

Service Calls

Service calls at any time other than during normal business hours for any reason except disconnection for a broken Customer's service shall require a service charge of twenty-five dollars (\$25.00).

* Indicates new rate or text

+ Indicates change

DATE OF ISSUE August 22, 2012
Month Day Year

DATE EFFECTIVE October 7, 2012
Month Day Year

ISSUED BY Frederick Reinhold President PO Box 625 Fenton, MO 63026
name of officer title address

Name of Utility: Meramec Sewer Company

Service Area: Fenton, Missouri

Rules Governing Rendering of Sewer Service

Rule 2 Applications For Sewer Service

(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 to the Company's Rates, Rules and Regulations. Said application must state the name of the owner and said premises and, in the case of a commercial Customer, must also state the quantity and strength of effluent to be discharged from said premises into Company's sewer system. 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 unusual construction or equipment expense is necessary to furnish the service, the Company may require a contract for such reasonable period of time as is specified by the Company at the time of making such contract. A fee will be charged for inspection of a new service sewer and connection to the collecting sewer. The inspection fee is located in the Schedule of Service Charges on Sheet 5b.

(B) The Customer shall, upon request of the Company, present in writing to the Company a list of devices which are to be attached to the Company's lines, giving the location of any buildings. The Company will then advise the form and the character of the waste collection facilities available.

(C) When water usage determines the sewer charge, the Company reserves the right to refuse sewer service to any applicant unless said applicant agrees to install a water meter accessible to the Company, in order for there to be a basis for sewer charges.

(D) No substantial addition to the water using equipment or appliances connected to the sewer system of the Company shall be made except upon written notice to and with the written consent of the Company.

(E) Any changes in the location of an existing service connection requested by the Customer shall be made at his expense.

* Indicates new rate or text

+ Indicates change

DATE OF ISSUE August 22, 2012
Month Day Year

DATE EFFECTIVE October 7, 2012
Month Day Year

ISSUED BY Frederick Reinhold President PO Box 625 Fenton, MO 63026
name of officer title address

Name of Utility: Meramec Sewer Company

Service Area: Fenton, Missouri

Rules Governing Rendering of Sewer Service

Rule 4 Discontinuance of Service

(A) The Company reserves the right upon the giving of thirty (30) days written notice to the Customer by certified mail, return receipt requested, and a copy to the Missouri Public Service Commission to discontinue service for nonpayment of sewer bills or for violation of or refusal to comply with these Rules and Regulations.

(B) In case of violation by the Customer of any of the provisions of these Rules and Regulations or if a condition shall exist which, in the opinion of the Company, renders further service to the Customer dangerous to his health and safety or to the health and safety of other parties, or for any lawful reason, the Company may discontinue service immediately upon the giving of verbal or written notice to the Customer and to the Commission.

(C) In all cases of discontinuance of sewer service for nonpayment of a bill, sewer service may be discontinued at the option of the Company and will not be resumed again, except upon payment by the Customer of the actual cost to reconnect service either by himself or by a contractor of Customer's choosing, provided the Company is permitted to supervise and inspect the actual reconnection.

(D) Discontinuance of sewage service to a premise for any reason shall not prevent the Company from pursuing any lawful remedy by action at law or otherwise for the collection for monies due from the Customer.

(E) The Company may request Missouri American Water Company to disconnect water service in lieu of the sewer being discontinued for nonpayment of a sewer bill. The notice will be as described above and the Customer will be responsible for all water disconnection and reconnection fees that are charged to the Company by Missouri American Water Company. The fees are listed in the Schedule of Service Charges on Sheets 5a and 5b.

* Indicates new rate or text

+ Indicates change

DATE OF ISSUE August 22, 2012
Month Day Year

DATE EFFECTIVE October 7, 2012
Month Day Year

ISSUED BY Frederick Reinhold President PO Box 625 Fenton, MO 63026
name of officer title address

Name of Utility: Meramec Sewer Company

Service Area: Fenton, Missouri

Rules Governing Rendering of
Sewer Service

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* Indicates new rate or text

+ Indicates change

DATE OF ISSUE August 22, 2012
Month Day YearDATE EFFECTIVE October 7, 2012
Month Day YearISSUED BY Frederick Reinhold President PO Box 625 Fenton, MO 63026
name of officer title address

Name of Utility: Meramec Sewer Company

Service Area: Fenton, Missouri

Rules Governing Rendering of Sewer Service

Rule 7. Service Sewer Connection and Taps

(A) The Company will locate the point to which service sewer connection will be made and the Customer will furnish a “Y” branch, when a “Y” has not previously been installed, or other outlet at the collecting sewer which shall be located in the public right-of-way or Company easement. All taps are to be made by licensed plumbers, subject to inspection and approval by the Company. The application and the amount of the inspection fee must be filed in writing forty-eight (48) hours in advance stating the date, the house number, and time at which tap is to be made. The Company will not be required to supply sewer service until each such tap has been inspected and approved by the Company. The Customer will be liable for any damages to the Company’s collection sewers resulting from such work.

(B) The Customer’s service sewer connection from the collecting sewers to the Customer’s building shall be installed by and maintained at the expense of the Customer. A service sewer connection shall not be used to supply more than a single property without the written consent of the Company.

* Indicates new rate or text

+ Indicates change

DATE OF ISSUE August 22, 2012
Month Day Year

DATE EFFECTIVE October 7, 2012
Month Day Year

ISSUED BY Frederick Reinhold President PO Box 625 Fenton, MO 63026
name of officer title address

Agreement Attachment B

EMS Run

Exhibit No.:
Issue: Accounting Schedules
Witness: MO PSC Auditors
Sponsoring Party: MO PSC Staff
Case No: SR-2012-0309
Date Prepared: 6/1/2012



MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

STAFF ACCOUNTING SCHEDULES

MERAMEC SEWER COMPANY

CASE NO. SR-2012-0309

Jefferson City, Missouri

May 2012

Meramec Sewer Company
 Informal Rate Case
 Tracking Number SR-2012-0309
 Test Year Ending 12/31/2011
 Rate Design Schedule - Sewer

A		B	C	D	E	F
Line Number	Description	Account Number (Optional)	Staff Annualized	Customer Charge	Commodity	Percentage Rate
Rev-1	ANNUALIZED REVENUES					
Rev-2	Annualized Rate Revenues	(1)	\$180,571			
Rev-3	Miscellaneous Revenues	(1)	\$6,603			
Rev-4	TOTAL ANNUALIZED REVENUES		<u>\$187,174</u>			
1	OPERATIONS EXPENSES	(2)				
2	Management Salary		\$6,500	\$0	\$6,500	0.00%
3	Operators Salary / Contractor Services		\$20,104	\$0	\$20,104	0.00%
4	Electricity - Pumping Treatment		\$28,190	\$0	\$28,190	0.00%
5	Chemicals		\$3,387	\$0	\$3,387	0.00%
6	Sludge Removal		\$54,000	\$0	\$54,000	0.00%
7	TOTAL OPERATIONS EXPENSE		<u>\$112,181</u>	\$0	<u>\$112,181</u>	
8	MAINTENANCE EXPENSES					
9	Outside Services Employed		\$13,039	\$0	\$13,039	0.00%
10	System Repairs and Maintenance		\$1,876	\$0	\$1,876	0.00%
11	TOTAL MAINTENANCE EXPENSE		<u>\$14,915</u>	\$0	<u>\$14,915</u>	
12	CUSTOMER ACCOUNT EXPENSE					
13	Accounting Fees		\$2,462	\$0	\$2,462	0.00%
14	Billing & Collections		\$3,743	\$0	\$3,743	0.00%
15	Office Supplies		\$78	\$0	\$78	0.00%
16	Postage Expense		\$285	\$0	\$285	0.00%
17	Uncollectible Accounts		\$422	\$0	\$422	0.00%
18	TOTAL CUSTOMER ACCOUNT EXPENSE		<u>\$6,990</u>	\$0	<u>\$6,990</u>	
19	ADMINISTRATIVE & GENERAL EXPENSES					
20	Administration & General Salaries		\$12,480	\$0	\$12,480	0.00%
21	Telephone & Pagers		\$1,405	\$0	\$1,405	0.00%
22	Office Utilities		\$859	\$0	\$859	0.00%
23	Vehicle Expense		\$1,563	\$0	\$1,563	0.00%
24	Legal Expense		\$517	\$0	\$517	0.00%
25	Property & Liability Insurance		\$2,114	\$0	\$2,114	0.00%
26	Rent		\$6,000	\$0	\$6,000	0.00%
27	Rate Case Expense		\$454	\$0	\$454	0.00%
28	Other Misc. Expenses		\$129	\$0	\$129	0.00%
29	TOTAL ADMINISTRATIVE AND GENERAL		<u>\$25,521</u>	\$0	<u>\$25,521</u>	
30	OTHER OPERATING EXPENSES					
31	MO DNR Fees		\$3,000	\$0	\$3,000	0.00%
32	PSC Assessment		\$18,601	\$0	\$18,601	0.00%
33	Corporate Registration		\$45	\$0	\$45	0.00%
34	Depreciation		\$32,064	\$0	\$32,064	0.00%
35	TOTAL OTHER OPERATING EXPENSES		<u>\$53,710</u>	\$0	<u>\$53,710</u>	
36	TAXES OTHER THAN INCOME					
37	Real & Personal Property Taxes		\$14,195	\$0	\$14,195	0.00%
38	Payroll Taxes		\$3,562	\$0	\$3,562	0.00%
39	TOTAL TAXES OTHER THAN INCOME		<u>\$17,757</u>	\$0	<u>\$17,757</u>	
40	TOTAL OPERATING EXPENSES		<u>\$231,074</u>	\$0	<u>\$231,074</u>	
41	Interest Expense	(3)	\$0	\$0	\$0	0.00%
42	Return on Equity	(3)	\$47,095	\$0	\$47,095	0.00%
43	Income Taxes	(3)	\$12,471	\$0	\$12,471	0.00%
44	TOTAL INTEREST RETURN & TAXES		<u>\$59,566</u>	\$0	<u>\$59,566</u>	
45	TOTAL COST OF SERVICE		<u>\$290,640</u>	\$0	<u>\$290,640</u>	

Meramec Sewer Company
Informal Rate Case
Tracking Number SR-2012-0309
Test Year Ending 12/31/2011
Rate Design Schedule - Sewer

Line Number	A Description	B Account Number (Optional)	C Staff Annualized	D Customer Charge	E Commodity	F Percentage Rate
46	Less: Miscellaneous Revenues		\$6,603	\$0	\$6,603	0.00%
47	COST TO RECOVER IN RATES		\$284,037	\$0	\$284,037	
48	INCREMENTAL INCREASE IN RATE REVENUES		<u>\$103,466</u>			
49	PERCENTAGE OF INCREASE		<u>55.28%</u>			
50	REQUESTED INCREASE IN REVENUES		\$140,000			

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

Meramec Sewer Company
Informal Rate Case
Tracking Number SR-2012-0309
Test Year Ending 12/31/2011
Rate Base Required Return on Investment Schedule - Sewer

Line Number	A Rate Base Description	B Dollar Amount
1	Plant In Service	\$1,104,063 From Plant Schedule
2	Less Accumulated Depreciation Reserve	<u>\$518,678</u> From Depreciation Reserve Schedule
3	Net Plant In Service	\$585,385
4	Other Rate Base Items:	\$0
	Contribution of Aid of Construction	-\$175,357
	CIAC Amortization	\$117,354
5	Total Rate Base	<u>\$527,382</u>
6	Total Weighted Rate of Return Including Income Tax	<u>11.29%</u> From PreTax Return & Taxes Schedule
7	Required Return & Income Tax	<u><u>\$59,567</u></u>

Meramec Sewer Company
Informal Rate Case
Tracking Number SR-2012-0309
Test Year Ending 12/31/2011
Rate of Return Including Income Tax - Sewer

	A	B	formulas
1 State Income Tax Rate Statutory / Effective	6.25% (2)	5.78%	$(1 - (B2 \times .5)) \times A1$
2 Federal Income Tax Rate Statutory / Effective	16.09% (1) & (2)	15.16%	$(1 - B1) \times A2$
3 Composite Effective Income Tax Rate		20.94%	$B1 + B2$
4 Equity Tax Factor		1.2648	$1 / (1 - B3)$
5 Recommended Weighted Rate of Return on Equity - Common and Preferred		8.93%	From Capital Structure Schedule
6 Weighted Rate of Return on Equity Including Income Tax		11.29%	$B4 \times B5$
7 Recommended Weighted Rate of Return on Debt - Long-Term and Short-Term		0.00%	From Capital Structure Schedule
8 Total Weighted Rate of Return Including Income Tax		11.29%	$B6 + B7$

To Rate Base Schedule

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

N

Equity Income Required \$56,127
& Preliminary Federal Tax

Tax Rate Table

Net Income Range				
Start	End	Tax Rate	Amount in Range	Tax on Range
\$0	\$50,000	15.00%	\$50,000	\$7,500
\$50,001	\$75,000	25.00%	\$6,127	\$1,532
\$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
			\$56,127	\$9,032
			Consolidated Tax Rate:	
			Average Tax Rate:	0.1609

Meramec Sewer Company
Informal Rate Case
Tracking Number SR-2012-0309
Test Year Ending 12/31/2011
Capital Structure Schedule - Sewer

Line Number	Description	Dollar Amount	Percentage of Total Capital Structure	Embedded Cost of Capital	Weighted Cost of Capital
1	Common Stock	\$527,382	100.00%	8.93%	8.930%
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	\$0	0.00%	0.00%	0.000%
5	Short Term Debt	\$0	0.00%	0.00%	0.000%
6	Other Security-Tax Deductible	\$0	0.00%	0.00%	0.000%
7	TOTAL CAPITALIZATION	<u>\$527,382</u>	<u>100.00%</u>		<u>8.930%</u>

To PreTax Return Rate Schedule

Meramec Sewer Company
Informal Rate Case
Tracking Number SR-2012-0309
Test Year Ending 12/31/2011
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		TOTAL INTANGIBLE PLANT	\$0		\$0		\$0
3		SOURCE OF SUPPLY PLANT					
4	310.000	Land & Land Rights	\$68,063			100.00%	\$68,063
5		TOTAL SOURCE OF SUPPLY PLANT	\$68,063		\$0		\$68,063
6		COLLECTION PLANT					
7	352.200	Collection Sewers - Gravity	\$347,801			100.00%	\$347,801
8		TOTAL COLLECTION PLANT	\$347,801		\$0		\$347,801
9		PUMPING PLANT					
10		TOTAL PUMPING PLANT	\$0		\$0		\$0
11		TREATMENT & DISPOSAL PLANT					
12	373.000	Treatment and Disposal Equipment	\$9,754			100.00%	\$9,754
13	376.000	Other Treatment & Disposal Plant Equip.	\$678,053			100.00%	\$678,053
14		TOTAL TREATMENT & DISPOSAL PLANT	\$687,807		\$0		\$687,807
15		GENERAL PLANT					
16	391.100	Office Electronic & Computer Equipment	\$132			100.00%	\$132
17	393.000	Other General Equipment, includes stores, tools shop & garage, lab, power operated, communication, and other tangible equipment.	\$260			100.00%	\$260
18		TOTAL GENERAL PLANT	\$392		\$0		\$392
19		TOTAL PLANT IN SERVICE	\$1,104,063		\$0		\$1,104,063

To Rate Base & Depreciation Schedules

Meramec Sewer Company
Informal Rate Case
Tracking Number SR-2012-0309
Test Year Ending 12/31/2011
Schedule of Adjustments for Plant in Service - Sewer

<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>
Plant Adjustment Number	Plant In Service Adjustment Description	Account Number	Adjustment Amount	Total Adjustment
Total Plant Adjustments				<u>\$0</u>

Meramec Sewer Company
Informal Rate Case
Tracking Number SR-2012-0309
Test Year Ending 12/31/2011
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		TOTAL INTANGIBLE PLANT	\$0		\$0
3		SOURCE OF SUPPLY PLANT			
4	310.000	Land & Land Rights	\$68,063	0.00%	\$0
5		TOTAL SOURCE OF SUPPLY PLANT	\$68,063		\$0
6		COLLECTION PLANT			
7	352.200	Collection Sewers - Gravity	\$347,801	2.10%	\$7,304
8		TOTAL COLLECTION PLANT	\$347,801		\$7,304
9		PUMPING PLANT			
10		TOTAL PUMPING PLANT	\$0		\$0
11		TREATMENT & DISPOSAL PLANT			
12	373.000	Treatment and Disposal Equipment	\$9,754	4.20%	\$410
13	376.000	Other Treatment & Disposal Plant Equip.	\$678,053	4.20%	\$28,478
14		TOTAL TREATMENT & DISPOSAL PLANT	\$687,807		\$28,888
15		GENERAL PLANT			
16	391.100	Office Electronic & Computer Equipment	\$132	14.30%	\$19
17	393.000	Other General Equipment, includes stores, tools shop & garage, lab, power operated, communication, and other tangible equipment.	\$260	10.00%	\$26
18		TOTAL GENERAL PLANT	\$392		\$45
19		Total Depreciation	\$1,104,063		\$36,237

Meramec Sewer Company
Informal Rate Case
Tracking Number SR-2012-0309
Test Year Ending 12/31/2011
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		TOTAL INTANGIBLE PLANT	<u>\$0</u>		<u>\$0</u>		<u>\$0</u>
3		SOURCE OF SUPPLY PLANT					
4	310.000	Land & Land Rights	<u>\$0</u>			100.00%	<u>\$0</u>
5		TOTAL SOURCE OF SUPPLY PLANT	<u>\$0</u>		<u>\$0</u>		<u>\$0</u>
6		COLLECTION PLANT					
7	352.200	Collection Sewers - Gravity	<u>\$216,141</u>			100.00%	<u>\$216,141</u>
8		TOTAL COLLECTION PLANT	<u>\$216,141</u>		<u>\$0</u>		<u>\$216,141</u>
9		PUMPING PLANT					
10		TOTAL PUMPING PLANT	<u>\$0</u>		<u>\$0</u>		<u>\$0</u>
11		TREATMENT & DISPOSAL PLANT					
12	373.000	Treatment and Disposal Equipment	<u>\$3,495</u>			100.00%	<u>\$3,495</u>
13	376.000	Other Treatment & Disposal Plant Equip.	<u>\$299,021</u>			100.00%	<u>\$299,021</u>
14		TOTAL TREATMENT & DISPOSAL PLANT	<u>\$302,516</u>		<u>\$0</u>		<u>\$302,516</u>
15		GENERAL PLANT					
16	391.100	Office Electronic & Computer Equipment	<u>\$11</u>			100.00%	<u>\$11</u>
17	393.000	Other General Equipment, includes stores, tools shop & garage, lab, power operated, communication, and other tangible equipment.	<u>\$10</u>			100.00%	<u>\$10</u>
18		TOTAL GENERAL PLANT	<u>\$21</u>		<u>\$0</u>		<u>\$21</u>
19		TOTAL DEPRECIATION RESERVE	<u><u>\$518,678</u></u>		<u><u>\$0</u></u>		<u><u>\$518,678</u></u>

To Rate Base Schedule

Meramec Sewer Company
Informal Rate Case
Tracking Number SR-2012-0309
Test Year Ending 12/31/2011

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>

Meramec Sewer Company
 Informal Rate Case
 Tracking Number SR-2012-0309
 Test Year Ending 12/31/2011
 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	\$179,890	Rev-2	\$681	100.00%	\$180,571
Rev-3		Miscellaneous Revenues	\$6,331	Rev-3	\$272	100.00%	\$6,603
Rev-4		TOTAL ANNUALIZED REVENUES	\$186,221		\$953		\$187,174

Meramec Sewer Company
 Informal Rate Case
 Tracking Number SR-2012-0309
 Test Year Ending 12/31/2011
 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			\$681
	1. To Annualize Rate Revenues		\$681	
Rev-3	Miscellaneous Revenues			\$272
	1. To Annualize Miscellaneous Revenues		\$272	
Total Revenue Adjustments				<u>\$953</u>

Meramec Sewer Company
Informal Rate Case
Tracking Number SR-2012-0309
Test Year Ending 12/31/2011
Revenue Summary Schedule - Sewer

Line Number	A Description	Residential Multi Family/ Apartment		Residential Single Family	
		B Amount	C Amount	D Amount	E Amount
1	<u>Customer Charge Revenues:</u>				
2	Customer Number	423		473	
3	Bills Per Year	12		12	
4	Customer Bills Per year	5,076		5,676	
5	Current Customer Charge	\$13.41		\$16.76	
6	Annualized Customer Charge Revenues		\$68,069		\$95,130
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		\$68,069		\$95,130

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.

Meramec Sewer Company
Informal Rate Case
Tracking Number SR-2012-0309
Test Year Ending 12/31/2011
Revenue Summary Schedule - Sewer

Line Number	A Description	Residential Mobile Home		Total	
		F Amount	G Amount	H Amount	I Amount
1	<u>Customer Charge Revenues:</u>				
2	Customer Number	96		992	
3	Bills Per Year	12			
4	Customer Bills Per year	1,152		11,904	
5	Current Customer Charge	<u>\$15.08</u>			
6	Annualized Customer Charge Revenues		\$17,372		\$180,571
7	<u>Commodity Charge Revenues:</u>				
8	Total Gallons Sold	0		0	
9	Less: Base Gallons Included In Customer Charge	<u>0</u>		0	
10	Commodity Gallons	0		0	
11	Block 1, Commodity Gallons per Block	0			
12	Block 1, Number of Commodity Gallons per Unit	<u>0</u>			
13	Block 1, Commodity Billing Units	0.00			
14	Block 1, Existing Commodity Charge	<u>\$0.00</u>			
15	Block 1, Annualized Commodity Charge Rev.		\$0		\$0
16	Total Annualized Sewer Rate Revenues		<u>\$17,372</u>		<u>\$180,571</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).

Meramec Sewer Company
Informal Rate Case
Tracking Number SR-2012-0309
Test Year Ending 12/31/2011
Miscellaneous Revenues Feeder - Sewer

Line Number	<u>A</u> Description	<u>B</u> Amount
1	Annualized returned check fee	\$200
2	Annualized Disconnect Fees	\$152
3	Annualized late fees	<u>\$6,251</u>
4	Total Miscellaneous Revenues	<u><u>\$6,603</u></u>

Meramec Sewer Company
Informal Rate Case
Tracking Number SR-2012-0309
Test Year Ending 12/31/2011
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	\$0	S-2	\$6,500	100.00%	\$6,500
3		Operators Salary / Contractor Services	\$26,802	S-3	-\$6,698	100.00%	\$20,104
4		Electricity - Pumping Treatment	\$26,899	S-4	\$1,291	100.00%	\$28,190
5		Chemicals	\$3,498	S-5	-\$111	100.00%	\$3,387
6		Sludge Removal	\$46,800	S-6	\$7,200	100.00%	\$54,000
7		TOTAL OPERATIONS EXPENSE	\$103,999		\$8,182		\$112,181
8		MAINTENANCE EXPENSES					
9		Outside Services Employed	\$17,193	S-9	-\$4,154	100.00%	\$13,039
10		System Repairs and Maintenance	\$2,398	S-10	-\$522	100.00%	\$1,876
11		TOTAL MAINTENANCE EXPENSE	\$19,591		-\$4,676		\$14,915
12		CUSTOMER ACCOUNT EXPENSE					
13		Accounting Fees	\$3,025	S-13	-\$563	100.00%	\$2,462
14		Billing & Collections	\$3,435	S-14	\$308	100.00%	\$3,743
15		Office Supplies	\$67	S-15	\$11	100.00%	\$78
16		Postage Expense	\$447	S-16	-\$162	100.00%	\$285
17		Uncollectible Accounts	\$422			100.00%	\$422
18		TOTAL CUSTOMER ACCOUNT EXPENSE	\$7,396		-\$406		\$6,990
19		ADMINISTRATIVE & GENERAL EXPENSES					
20		Administration & General Salaries	\$12,480			100.00%	\$12,480
21		Telephone & Pagers	\$1,340	S-21	\$65	100.00%	\$1,405
22		Office Utilities	\$754	S-22	\$105	100.00%	\$859
23		Vehicle Expense	\$2,910	S-23	-\$1,347	100.00%	\$1,563
24		Legal Expense	\$3,870	S-24	-\$3,353	100.00%	\$517
25		Property & Liability Insurance	\$2,138	S-25	-\$24	100.00%	\$2,114
26		Rent	\$9,500	S-26	-\$3,500	100.00%	\$6,000
27		Rate Case Expense	\$0	S-27	\$454	100.00%	\$454
28		Other Misc. Expenses	\$6,259	S-28	-\$6,130	100.00%	\$129
29		TOTAL ADMINISTRATIVE AND GENERAL	\$39,251		-\$13,730		\$25,521
30		OTHER OPERATING EXPENSES					
31		MO DNR Fees	\$0	S-31	\$3,000	100.00%	\$3,000
32		PSC Assessment	\$0	S-32	\$18,601	100.00%	\$18,601
33		Corporate Registration	\$45			100.00%	\$45
34		Depreciation	\$31,517	S-34	\$547	100.00%	\$32,064
35		TOTAL OTHER OPERATING EXPENSES	\$31,562		\$22,148		\$53,710
36		TAXES OTHER THAN INCOME					
37		Real & Personal Property Taxes	\$22	S-37	\$14,173	100.00%	\$14,195
38		Payroll Taxes	\$3,479	S-38	\$83	100.00%	\$3,562
39		TOTAL TAXES OTHER THAN INCOME	\$3,501		\$14,256		\$17,757
40		TOTAL OPERATING EXPENSES	\$205,300		\$25,774		\$231,074

Meramec Sewer Company
Informal Rate Case
Tracking Number SR-2012-0309
Test Year Ending 12/31/2011
Expense Adjustment Schedule - Sewer

A Expense Adj Number	B Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment
S-2	Management Salary			\$6,500
	1. To Include Management Salary (Carle)		\$6,500	
S-3	Operators Salary / Contractor Services			-\$6,698
	1. To Annualize Labor Salaries (Carle)		-\$6,048	
	2. To Annualize Contracted Operator Services (Carle)		-\$650	
S-4	Electricity - Pumping Treatment			\$1,291
	1. To Annualize Sewer Plant Electricity (Carle)		\$1,291	
S-5	Chemicals			-\$111
	1. To Annualize Chemical Expense (Carle)		-\$111	
S-6	Sludge Removal			\$7,200
	1. To Annualize Sludge Hauling Expense (Carle, Scheible)		\$7,200	
S-9	Outside Services Employed			-\$4,154
	1. To Annualize Outside Services (Carle)		-\$4,154	
S-10	System Repairs and Maintenance			-\$522
	1. To Annualize Maintenance Expense (Carle)		-\$522	
S-13	Accounting Fees			-\$563
	1. To Annualize Accounting Fees (Carle)		-\$563	
S-14	Billing & Collections			\$308

Meramec Sewer Company
Informal Rate Case
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Test Year Ending 12/31/2011
Expense Adjustment Schedule - Sewer

A Expense Adj Number	B Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment
	2. To Annualize Customer Billing Expense (Carle)		\$308	
S-15	Office Supplies			\$11
	1. To Annualize Office Supplies (Carle)		\$11	
S-16	Postage Expense			-\$162
	1. To Annualize Postage (Carle)		-\$250	
	2. To Annualize Post Office Box Rental (Carle)		\$88	
S-21	Telephone & Pagers			\$65
	1. To Annualize Telephone and Pager Expense (Carle)		\$65	
S-22	Office Utilities			\$105
	1. To Annualize Office Utilities (Carle)		\$105	
S-23	Vehicle Expense			-\$1,347
	1. To Remove Fuel Purchased for Non-Utility Owned Vehicle (Carle)		-\$2,558	
	2. To Include Mileage Reimbursement at IRS rate (Carle)		\$1,563	
	3. To Eliminate Expenses for Vehicle not Owned by Company (Carle)		-\$352	
S-24	Legal Expense			-\$3,353
	1. To Annualize Legal Expense (Carle)		-\$3,353	
S-25	Property & Liability Insurance			-\$24
	1. To Annualize Insurance Expense (Carle)		-\$24	

Meramec Sewer Company
Informal Rate Case
Tracking Number SR-2012-0309
Test Year Ending 12/31/2011
Expense Adjustment Schedule - Sewer

A Expense Adj Number	B Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment
S-26	Rent			-\$3,500
	1. To Annualize Rent Expense (Carle)		-\$3,500	
S-27	Rate Case Expense			\$454
	1. To Include Rate Case Expense (Carle)		\$454	
S-28	Other Misc. Expenses			-\$6,130
	1. To Annualize Bank Service Charge (Carle)		-\$828	
	2. To Annualize Check Order Expense (Carle)		\$10	
	3. To Remove One Time Charges (Carle)		-\$5,312	
S-31	MO DNR Fees			\$3,000
	1. To include State Operating Permit Fee (Carle)		\$3,000	
S-32	PSC Assessment			\$18,601
	1. To include annual PSC Assessment (Carle)		\$18,601	
S-34	Depreciation			\$547
	1. To Annualize Depreciation		\$4,720	
	2. To Remove Depreciation Related to CIAC		-\$4,173	
S-37	Real & Personal Property Taxes			\$14,173
	1. To include annual Real Estate Taxes (Carle)		\$14,173	
S-38	Payroll Taxes			\$83
	1. To Annualize Payroll Taxes (Carle)		\$83	

Meramec Sewer Company
Informal Rate Case
Tracking Number SR-2012-0309
Test Year Ending 12/31/2011
Expense Adjustment Schedule - Sewer

<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>
Expense Adj Number	Adjustment Description	Account Number	Adjustment Amount	Total Adjustment
Total Expense Adjustments				<u>\$25,774</u>

Agreement Attachment C

Billing Comparison Worksheet

MERAMEC SEWER COMPANY, Inc.

Residential Customer Bill Comparison-Sewer

Rates for Single Family Residence

<u>Current Base</u>	<u>Proposed Base</u>
<u>Customer Charge</u>	<u>Customer Charge</u>
\$16.76	\$26.33

current service charge is monthly charge

MONTHLY BILL COMPARISON

Current Rates

Customer Charge	\$ 16.76
Total Bill	\$ 16.76

Proposed Rates

Customer Charge	\$ 26.33
Total Bill	\$ 26.33

INCREASES

<u>Total Bill</u>	
\$ Increase	\$9.57
% Increase	57.13%

Agreement Attachment D

Ratemaking Income Statement

MERAMEC SEWER COMPANY, Inc.

Rate Making Income Statement-Sewer

Operating Revenues at Current Rates

1	Tariffed Rate Revenues *	\$	180,571
2	Other Operating Revenues *	\$	6,603
3	Total Operating Revenues	\$	187,174
4	* See "Revenues - Current Rates" for Details		

Cost of Service

Item	Amount
1 Management Salary	\$ 6,500
2 Operators Salary	\$ 20,292
3 Electricity-Pumping	\$ 28,190
4 Sewer Treatment -Chemicals	\$ 3,387
5 Sludge Removal	\$ 54,000
6 Outside Services Employed	\$ 13,039
7 System Repairs & Maintenance	\$ 1,876
8 Accounting Fees	\$ 2,462
9 Billing & Collections	\$ 3,743
10 Office Supplies	\$ 78
11 Postage Expense	\$ 285
12 Uncollectible Accounts	\$ 422
13 Administration & General - Salaries	\$ 12,480
14 Telephone & Internet Expense	\$ 1,405
15 Office Utilities	\$ 859
16 Vehicle Expense	\$ 1,563
17 Legal Expense	\$ 517
18 Property & Liability Insurance	\$ 2,114
19 Rent	\$ 6,000
20 Rate Case Expense	\$ 454
21 MO DNR Fees	\$ 3,000
22 Regulatory Commission Expense	\$ 18,601
23 Corporate Registration	\$ 45
24 Miscellaneous General Expenses	\$ 129
25 Sub-Total Operating Expenses	\$ 181,441
26 Property Taxes	\$ 14,195
27 MO Franchise Taxes	\$ -
28 Employer FICA Taxes	\$ 3,374
29 Federal Unemployment Taxes	\$ -
30 State Unemployment Taxes	\$ -
31 State & Federal Income Taxes	\$ 12,471
32 Sub-Total Taxes	\$ 30,040
33 Depreciation Expense	\$ 32,064
34 Interest Expense	\$ -
35 Amortization of Utility Plant	\$ -
36 Sub-Total Depreciation/Interest/Amortization	\$ 32,064
37 Return on Rate Base	\$ 47,095
38 Total Cost of Service	\$ 290,640
39 Overall Revenue Increase Needed	\$ 103,466

Agreement Attachment E

Rate Base Worksheet

**Meramec Sewer Company
Informal Rate Case
Tracking Number SR-2012-0309
Test Year Ending 12/31/2011
Rate Base**

Line Number	<u>A</u> Rate Base Description	<u>B</u> Dollar Amount
1	Plant In Service	\$1,104,063
2	Less Accumulated Depreciation Reserve	<u>\$518,678</u>
3	Net Plant in Service	\$585,385
4	Other Rate Base Items:	
	Contribution in Aid of Construction	-\$175,357
	CIAC Amortizatoin	<u>\$117,354</u>
5	Total Rate Base	<u><u>\$527,382</u></u>

Agreement Attachment F

Schedule of Depreciation Rates

MERAMEC SEWER COMPANY
Schedule of Depreciation Rates - Attachment F
Sewer Class C
SR-2012-0309

<u>ACCOUNT NUMBER</u>	<u>ACCOUNT DESCRIPTION</u>	<u>DEPRECIATION RATE</u>	<u>AVERAGE SERVICE LIFE (YEARS)</u>	<u>NET SALVAGE</u>
COLLECTION PLANT				
352.2	Collection Sewers (Gravity)	2.0%	50	
TREATMENT & DISPOSAL PLANT				
373	Treatment & Disposal Facilities	5.0%	20	
374	Plant Sewers	2.5%	40	
376	Other Treatment and Disposal Equip.	5.0%	20	
GENERAL PLANT				
391.1	Office Electronic & Computer Equip.	14.3%	7	
393	Other General Equipment (tools, shop equip., backhoes, trenchers, etc.)	10.0%	10	

Agreement Attachment G

Auditing Unit Recommendation Memorandum

AUDITING UNIT RECOMMENDATION
M E M O R A N D U M

TO: Jim Russo
Water and Sewer Unit, Case Coordinator

FROM: Erin Carle
Lisa Ferguson
Auditing Unit, Staff

SUBJECT: Meramec Sewer Company
Informal Rate Increase Request
Case No. SR-2012-0309

DATE: June 1, 2012

On March 20, 2012 Meramec Sewer Company (Meramec or Company), owned by Mr. Fred Reinhold, filed a request asking for a \$140,000 increase in rates for sewer service. The Company's request would represent approximately a 77.8% increase in existing rates. Meramec was granted a certificate of convenience and necessity by the Missouri Public Service Commission (Commission) on July 3, 1979. Meramec's last increase in rates occurred on September 5, 1984. Meramec currently provides waste water treatment service to approximately 992 customers located in Jefferson County, Missouri, which includes 10 Northeast Public Sewer District customers through a wholesale agreement. The current owner purchased the Company from the Fern M. Kaufmann Estate on August 1, 2008 as a stock sale. The owner purchased 60 shares of common stock, which is 100% of the shares of issued stock. The following chart summarizes Meramec's total customers and current monthly rates by rate class:

Customer Class	Number of Customers	Monthly Rate
Multi Family/Apartment	423	\$13.41
Mobile Home	96	\$15.08
Single Family	473	\$16.76

The Auditing Staff has conducted an investigation of the Company's books and records; based upon the twelve-month test year period ending December 31, 2011, and has determined that an increase of \$103,466 in sewer revenue is necessary. The Staff's increase would represent a 55.28% increase in existing rates. As discussed below, based on an examination of Meramec's actual and proposed revenues and expenses for this period, the Auditing Staff is proposing several adjustments.

CAPITAL STRUCTURE

Meramec's capital structure consisted entirely of common equity. Staff member Shana Atkinson of the Commission's Financial Analysis Unit calculated a return on equity and a total overall rate of return (ROR) of 8.930 %. The overall ROR was applied to Meramec's rate base at each of its various systems to develop the recommended revenue requirement noted above.

RATE BASE

Plant, Reserve and Contributions In Aid Of Construction (CIAC)

The Auditing Staff has reflected all capital improvements completed on Meramec's sewer systems through April 30, 2012. The chart shown below summarizes the Auditing Staff's calculations that support the amount of plant, depreciation reserve and contribution in aid of construction (CIAC) net of amortization that should appropriately be included in the cost of service calculation:

Plant	\$1,104,063	
Depreciation Reserve	<u>\$518,678</u>	
Net Plant		\$585,385
CIAC	\$175,357	
CIAC Amortization	<u>\$117,354</u>	
CIAC Net of Amortization		<u>\$58,003</u>
Total Rate Base		<u>\$527,382</u>

DEPRECIATION

To Staff's knowledge, Meramec has never had depreciation rates approved or ordered by the Commission. The Audit Staff incorporated the depreciation rates that are sponsored by David Williams and Guy Gilbert of the Commission's Engineering and Management Services Unit. Using these depreciation rates, the Auditing Staff included an annualized level of depreciation expense for Meramec based on the level of plant in service at April 30, 2012.

INCOME STATEMENT ADJUSTMENTS

Revenues

Staff annualized revenues for Meramec based on the number of customers as of April 30, 2012 and the current rates. Staff also included in its cost of service calculation the annualized level of returned check fees, late fees and disconnection fees. Meramec has an agreement with Missouri-American Water Company (MAWC) to disconnect customers who fail to pay their delinquent bill. MAWC charges Meramec \$38.00 per disconnection. According to the Company's tariff the customer is ultimately responsible for these charges; however, the Company has not been

collecting these charges from its disconnected customers. Staff has annualized disconnection revenues based on the level that Meramec should be collecting from customers based on the test year level of disconnection revenues as Staff determines this is a reasonable level.

Staff's review of revenues produced annualized levels as shown below:

Rate Class	Current Rate	Number of Customers	Annualized Level
Multi Family/Apartment	\$13.41	423	\$ 68,069
Mobile Home	\$15.08	96	\$ 17,372
Single Family	\$16.76	473	\$ 95,130
Annualized Late Fees			\$ 6,251
Annualized Returned Check Fees			\$ 200
Disconnection Fees			\$ 152
Total Annualized Revenues			\$187,175

Commercial Revenues

The Auditing Staff has identified one commercial customer on Meramec's system for which there is not currently a commercial rate. As part of this case Staff is developing a commercial rate to be included in the Company's revised tariff. This will enable Meramec to charge commercial rates to any commercial customers it serves on a going forward basis.

Wholesale Revenues from the Northeast Public Sewer District

Meramec entered into an ongoing contract with Northeast Public Sewer District (NPSD) on February 29, 2008 to provide wastewater treatment for ten of their customers located in the Harborview Estates subdivision. Harborview Estates is located in Jefferson County, Missouri, fully within the NPSD service territory. Meramec currently provides wholesale treatment for ten (10) NPSD sewer customers and are committed to serving fifty (50) additional lots in the Harborview Estates subdivision that are not yet developed. All ten (10) of these wholesale customers are currently billed at the single family residential service rate per house and all of these revenues are included in the Staff's cost of service calculation.

Uncollectibles

Staff reviewed the uncollectible accounts of Meramec and determined the \$422 deemed uncollectible in the test year to be a reasonable ongoing amount of expense for the Company.

Payroll, Payroll Taxes and Contract Operations

Payroll

As part of its payroll analysis, the Staff reviewed all payroll records for the twelve-months ending December 31, 2011. The Company's owner, oversees the operations at Meramec Sewer, in addition his wife, is listed as the Company's manager and performs managerial duties. During the test year, neither of those individuals received any wages from Meramec. As owner and manager, the husband and wife's duties include approving all expenditures and making decisions regarding major repairs and capital improvements, among all other managerial activities. Staff

has included an annualized salary in the amount of \$6,500 in its cost of service for Mr. and Mrs. Reinhold and believes this to be reasonable.

Staff also found the \$12,480 of wages paid during the test year to the Company's office manager. The office manager's duties include: answering the phone, maintaining records, paying bills, customer billing and collection duties, among other managerial activities. Staff found the level of wages for the Company's office manager to be reasonable.

The Company also employs a wastewater treatment plant maintenance worker. The maintenance worker's duties include: daily maintenance of system operations, routine maintenance of man-hole inspections, daily plant record keeping, jet flush and root cut sewer mains, installation of new laterals, sewer mains, man-holes and chemicals, emergency response for sewer back-ups and for the waste water treatment plant. During the test year, Meramec paid the maintenance worker \$14,950 based upon a \$25 per hour wage. Based upon its review of other similar small utilities, Staff determined that an acceptable hourly wage for the maintenance worker is \$17.75 an hour. Staff also used the Missouri Economic Research and Information Center (MERIC) as a source to compare average salary levels reported for Jefferson County and has found that this level of pay is acceptable. Staff has included a \$10,499 annualized level of wages for this position based upon its proposed wage rate and also based upon the Staff's determination of annualized hours that the maintenance worker is required to work in order to adequately fulfill his required duties.

Meramec also employs a part-time laborer, who serves Meramec on an "as needed" basis. The laborer's job duties include: sewer main repairs, assistance with the waste water treatment plant maintenance and any other duty that the maintenance worker may need assistance with. Meramec currently pays \$24.00 per hour for the part-time laborer's services. Staff also found that, on occasion, Meramec hires a labor service or other individuals, at various pay rates, to help with maintenance when their part-time employee is unavailable. By taking into account all hours provided by these various workers during the test year, Staff determined the annualized level of hours of part-time help that Meramec requires to adequately maintain the treatment plant and complete various other functions. Based upon its review of other similar small utilities, Staff determined that an acceptable hourly wage for the part-time laborer would be \$13.50 an hour. Staff also used MERIC as a source to compare average salary levels reported for Jefferson County for this position as well and found this level of salary acceptable. Staff has included a \$3,605 annualized level of wages for a part-time laborer in the cost of service calculation.

Payroll Taxes

Utilizing the total annualized level of wages discussed above, Staff calculated the amount of payroll taxes the Company will incur on an annual basis.

Contract Operations

For a number of years, Melpat Services provided contract operations to Meramec. Beginning in March 2012, Melpat Services discontinued its operations and no longer served as Meramec's verbally contracted operator. Since that time, Meramec entered into a verbal agreement with ABR Septic Service (ABR) to operate the system and to haul sludge. The basic services included as part of ABR's \$500 per month contract operations fee includes the completion of required monthly and year-end Department of Natural Resources (DNR) reports and licensed operator responsibilities. Meramec has agreed to pay ABR \$500 per month for licensed contract operations and \$360 per load for sludge hauling, which will be discussed in the following section of this memorandum. It should be noted that ABR hires a third party, ATU Sales and Service, to

provide the licensed operator and all contract operations. ATU bills ABR for this service. Staff has included in the cost of service calculation a \$6,000 annualized level for ABR to provide Meramec licensed contract wastewater operations.

Sludge Hauling Expense

ABR is responsible for all of Meramec's sludge hauling. The following chart summarizes the number of loads and the amounts paid for sludge hauling during the last three calendar years.

Year	Loads	Amount
2009	130	\$46,800
2010	115	\$41,400
2011	130	\$46,800

During the test year ending December 31, 2011, Meramec paid \$46,800 to ABR to haul 130 loads of sludge. On May 22, 2012, ABR provided a document stating that Meramec would need to begin hauling 20 loads of sludge per month to remain DNR compliant. However, Meramec has produced no documentation from DNR stating that Meramec has been out of compliance due to a lack of hauling sludge nor have they produced any documentation from DNR indicating that 20 loads per month is now required to remain in compliance with DNR regulations. On an annual basis the Company through ABR's recommendation is now seeking an additional \$39,600 for sludge hauling expense. This represents an 85% increase in sludge hauling from one year to the next. Staff's Water and Sewer Unit used DNR design specifications to estimate an average number of gallons of sludge recommended to be removed annually. This estimation resulted in an annualized level of 345,000 gallons of sludge, which equates to 12.5 loads per month. Utilizing this annualized level, Auditing Staff has calculated the annualized expense of \$54,000, which represents a 25% increase in annual sludge hauling.

Liability Insurance

Meramec maintains a liability insurance policy for the waste water treatment facility. Staff has included the most recent rate level of \$2,114 in its cost of service.

Electricity Expense

The Auditing Staff normalized electricity expense for the waste water treatment plant and the office that Meramec rents, by using a three year average of actual usage for each month. Staff then used these averages of usage to calculate the annualized electric expense for each system based on the most recent rates authorized by this Commission for Ameren Missouri that became effective July 31, 2011. Staff included half of the annualized electric expense for the office, as Wintergreen Development, also owned by the same owners that own Meramec, shares the location, and pays half of this utility bill. Staff has included \$28,190 in its cost of service for the treatment plant electricity and \$733 in its cost of service for the office electricity.

Chemicals

Meramec is required by the Missouri Department of Natural Resources (DNR) to provide chlorination treatment at its waste water treatment system during summer months. Staff has calculated a normalized level of chemicals by taking the number of tablets that the owner uses each week (3 tablets 6 days a week) and has calculated the number of pails of chlorine that will need to be purchased annually. To calculate the annualized dollar amount, Staff took the number

of pails of chlorine and multiplied it by the cost of the most recent purchase cost per pail. Staff has therefore included an annualized cost of \$3,387 in its cost of service.

Repairs and Maintenance / Outside Services

The Audit Staff reviewed all invoices related to repairs and maintenance expense including those involving outside services. Staff reviewed historical data beginning January 1, 2009. Based on the individual historical data, Staff utilized a three-year average of maintenance expenses to include the level of ongoing expenses for repairs and maintenance of \$1,876. In addition, Staff included \$13,039 related to outside services as an appropriate level of ongoing expense.

During its analysis of Meramec's repairs and maintenance expenses, Auditing Staff discovered a few items that should have been capitalized rather than expensed. These plant items were included in the plant in service balances as of April 30, 2012.

Accounting Expense

Meramec paid John Mueller, C.P.A. \$3,025 for accounting services during the test year. This \$3,025 amount was paid for preparing monthly bookkeeping and financial statements, income taxes and Meramec's Annual Report to the Commission. Based on its examination, Staff found that there was a one-time charge for compiling the costs to construct the treatment plant. Upon removing this charge, the Auditing Staff found that a normalized level of \$2,462 is representative of ongoing expenses.

Postage/Customer Billing Expense

Staff has calculated postage and customer billing expense by including twelve monthly billings at a post card rate for annualized customer levels, the cost of postcards for billing, ink for printing the postcards, paper, postage, envelopes, and address labels for disconnect notices.

Telephone and Pager Expenses

Staff allowed the test year level of pager expenses. The maintenance worker has a pager so that he can be contacted for sewer back-up emergencies or for emergencies at the waste water treatment plant. Meramec also pays this employee \$10 per paycheck for a cell phone reimbursement. Staff has included a normalized level of expense for this of \$520 in its cost of service. Staff has annualized the level of telephone and internet expense that Meramec incurs. The office telephone and internet bill is split evenly between Wintergreen Development Company and Meramec because it is owned by the same individuals.

Vehicle Fuel Expense

Staff has calculated an annualized vehicle expense by annualizing Meramec's most recent vehicle log and utilizing the current IRS federal reimbursement rate. Meramec does not own any vehicles, the truck utilized by their laborer is owned by Wintergreen Development. Staff also included mileage reimbursement for Mary Reinhold and Kim Schmittgens. They use their personal vehicle to go to the bank twice a week and the post office five (5) days a week.

Rent

Staff reviewed the amount of rent paid during the test year to F&M Construction Company for rental of Meramec's office space. F&M Construction is also owned by Mr. and Mrs. Reinhold.

Meramec is the only tenant listed on the lease agreement. During the test year, Meramec paid various payment amounts at various times throughout the year. Upon review of Meramec's lease document, Staff found that rent to be paid is \$500 per month. Staff utilized the per month contracted amount to arrive at its annualized level of \$6,000 for rent. Wintergreen Development also shares this office space. They have their own lease agreement with F&M Construction for the same amount each month.

PSC Assessment

To date, Meramec owes \$10,431 for their 2009 PSC assessment, \$17,522 for their 2010 PSC assessment, and \$18,601 for their 2011 PSC assessment. The last payment that Meramec made to the Commission for their assessment was on December 8, 2009. The Company is making a good effort to make the payments on the assessments. Once the new rates are in place from this current case, this will enable Meramec to make the payments and become current on their PSC assessment. The Auditing Staff included the most current PSC assessment of \$18,601 in its cost of service calculation.

DNR Fees and Lab Sampling

The Missouri Clean Water Law requires that all sewer utilities pay an annual operating permit fee to the DNR for each wastewater treatment plant that discharges to the waters of the State. Meramec is assessed \$3,000 annually for this permit fee and the Audit Staff included this fee in its cost of service calculation.

Legal Fees

Staff reviewed all legal expenses incurred by Meramec from January 1, 2009 through December 31, 2011. Staff found that Meramec pays an attorney to create each disconnect notice that is sent to customers, legal representation for customer bankruptcy filings, and expenses for an acquisition that has not taken place. Staff has included in its cost of service, the cost of drafting one customer disconnect notice as a template and a three year average of all expenses related to customer bankruptcy filings. Staff removed the remaining customer disconnect letter fees and the acquisition fees. This resulted in an annualized legal fees level of \$517 that was included in Staff's calculation of the cost of service.

Bank Service Fees and Check Orders

Meramec has purchased checks during each of the past three calendar years. Each year, the value of these purchases has varied. To include a normalized level of expense, Staff took a three year average of these costs to include in the cost of service. In addition, Staff found that Meramec incurred significant bank service charges each month due to their large volume of transactions. After researching other banks located very near to Meramec's offices, Staff found that by switching banks, Meramec can eliminate this cost. Therefore, Staff removed the service charge fees from its cost of service, as this is an unnecessary expense that should not be borne by the ratepayers.

Rate Case Expense

Staff has included the costs of printing and mailing of the customer letters regarding the rate case (paper, envelopes, address labels, postage), cost for services the company received from their accountant, and the cost of the office manager's time on rate case work.

Missouri Public Service Commission Annual Report

Meramec requested an extension to file their 2011 annual report and subsequently filed by the extended due date of May 15, 2012. The report was reviewed by Commission reviewers and accepted as complete on May 29, 2012.

Property Taxes

For property tax assessment purposes, in general, each utility company is required to file with its respective taxing authority a valuation of utility property at the beginning of each assessment year, which is January 1st. Several months later, based on information provided by the utility, the taxing authority will in turn send the company what are known as “assessed values” for every category of the company’s property. The taxing authority will issue to the utility company a property tax rate later in the year. The final step in the process is when the taxing authority issues a property tax bill to the company late in each calendar year with a “due date” of December 31. The billed amount of property taxes is based on the property tax rate applied to the previously determined assessed values as of January 1 of the same year.

Meramec is located solely in Jefferson County; therefore, Jefferson County is the only taxing authority which requires the payment of property tax by the utility. The utility received two tax bills for the calendar year 2011. Meramec has paid the smaller of the two bills during the test year, in the amount of \$22. The amount of the larger bill which Meramec has not yet paid is \$14,173. Staff has included the most current 2011 property tax expense amount of \$14,195 in the cost of service calculation for this case.

Meramec has not paid all of their property taxes for calendar years 2009, 2010 or 2011 to Jefferson County. At the beginning of the rate case, it was brought to the attention of the Staff that Jefferson County intended to pursue a land sale of the utility property due to the non-payment of the 2009 taxes if they were not paid by August of 2012. Meramec owes approximately \$72,000 for past-due taxes pertaining tax years 2009, 2010 and 2011. On June 14, 2012, Jefferson County filed an application before the Commission (Case No. SM-2012-0423) seeking approval to sell the utility and adjoining property due to Meramec’s non-payment of taxes. On June 20, 2012, the Commission issued an Order dismissing the case.

On July 17, 2012, the Commission issued a subsequent Order extending the effective date of its June 20th Order to August 27, 2012. On July 24, 2012, Jefferson County filed a Motion for Reconsideration before the Commission. The Commission has not issued any further rulings on this matter. Staff will continue to monitor this case to determine if any further action on Staff’s part is required.

RECOMMENDATIONS

The Audit Staff has the following recommendations for Meramec Sewer Company.

1. The Audit Staff recommends the revenue requirements calculated and described earlier in this memorandum.
2. The Audit Staff recommends that each worker keep a detailed vehicle log on a daily basis.
3. The Audit Staff recommends that management change banking institutions to save on monthly bank service fees.

4. The Audit Staff recommends that Meramec contact the Auditing Staff to obtain assistance, if necessary, with the preparation of their 2012 Annual Report to the Commission.
5. The Audit Staff recommends that Meramec maintain detailed records of the chemical use at the treatment plant.
6. The Audit Staff recommends that Meramec retain detailed sludge hauling records including the following information: Date hauled, number of loads, gallons per load, price per gallon and load.

Agreement Attachment H

EMSU Implementation Review

REPORT OF CUSTOMER SERVICE AND BUSINESS OPERATIONS REVIEW

Engineering and Management Services Unit

Small Company Rate Increase Request

File No. SR-2012-0309

Meramec Sewer Company, Inc.

Gary Bangert

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 Meramec Sewer Company, Inc. (“Meramec” or “Company”) in Fenton, Missouri, in April 2012. The review was performed in conjunction with the Company’s request for a rate increase in File No. SR-2012-0309, which was filed on March 20, 2012. The Company is requesting an increase of \$140,000 in its annual sewer system operating revenues. This request represents an increase of approximately 74% to the Company’s annual sewer system operating revenues. This is the first evaluation of Meramec performed by the EMSU staff.

The EMSU staff examined the Company’s tariffs, annual reports, Commission complaint and inquiry records, and 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 April 10, 2012, and conducted interviews with Company personnel on May 24, 2012. The EMSU staff’s review of the Company resulted in the following five recommendations for Company management:

THE EMSU STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

1. Develop and execute a written contract with the contractor who provides sludge hauling services. The Company should complete implementation actions and be in compliance with this recommendation within ninety (90) days of the Commission’s order in File No. SR-2012-0309.
2. Develop an application for service form and require its completion as a condition for providing sewer service to new customers. The Company should complete implementation actions and be in compliance with this recommendation within thirty (30) days of the Commission’s order in File No. SR-2012-0309.

3. Initiate action in accordance with the Company's tariff that will ensure the communication provided on customer bills is consistent with actual Company practice regarding the assessment of a late payment charge. The Company should complete implementation actions and be in compliance with this recommendation within thirty (30) days of the Commission's order in File No. SR-2012-0309.
4. Discontinue the practice of requesting its attorney to prepare and sign notice of discontinuance letters and instead initiate Company action to prepare and sign all notice of discontinuance letters. The Company should complete implementation actions and be in compliance with this recommendation within thirty (30) days of the Commission's order in File No. SR-2012-0309.
5. Develop and initiate a system for documenting customer contacts in compliance with Commission Rule 4 CSR 240-60.010 (4) & (5). The Company should complete implementation actions and be in compliance with this recommendation within thirty (30) days of the Commission's order in File No. SR-2012-0309.

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

The objectives of this review are 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 will also provide the Commission with information regarding the Company's customer service and business operations.

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

- Customer Billing
- Payment Remittance
- Credit and Collections
- Complaints and Inquiries
- Customer Communication

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

Overview

Meramec Sewer Company was certificated by the Commission to provide sewer service in Missouri on July 3, 1979. The Company was purchased by the current owners in 2008. The Company provides sewer service to approximately nine hundred and ninety-four (994) customers within its Jefferson County, Missouri, authorized service area. Approximately half of the Company's customers live in single residences and the rest reside in apartments and mobile homes. Company management anticipates minimal future growth in the number of customers it serves. The Company's business office is located at 381 Green Jade Estates Drive, Fenton, Missouri, and business hours are 8:00 a.m. to 3:30 p.m., Monday through Friday. Phone numbers are also provided on customer bills which give customers 24-hour, 7-day a week access to Company personnel in the event of an emergency.

Meramec staffing includes the owners, Fred and Mary Reinhold, an office manager, and a plant manager. In addition, a part-time laborer is employed on an as-needed basis. The Company uses outside contractors for complex construction activity and other specialized services such as sludge hauling. However, a contract has not been prepared that specifies the terms for the sludge hauling service. Weekly time sheets have been developed which enable Company employees to record their work hours.

The day-to-day business office and outside plant functions are performed by the office manager and plant manager with assistance from the owners. The office manager is responsible for business office functions including preparing and mailing customer bills, maintaining customer account records, posting customer bill payments, and routine customer interaction. The plant manager's responsibilities include daily system checks, routine maintenance, and responding to emergency customer calls.

Meramec employees use a vehicle log to track the daily use of vehicles. The Company indicated that vehicle logs are used to monitor which employee is using the vehicle, the number of personal miles driven, and the number of miles driven that are associated with Company work activity.

Customer Billing

The Company uses Microsoft Excel and Microsoft Word to calculate and print customers' bills. Customers are billed in advance for each month of sewer service. All bills are printed and mailed by the 10th of each month. Bills are due on the 4th day of the following month.

and considered delinquent if not paid by the 10th of the month – when the next month's bills are mailed. A 10% late payment fee is added to all delinquent accounts. The actual customer bill states that a 10% late charge will be added to the next bill if an account is not paid by the 4th of the month.

The Company's tariff provides for three different sewer rates. Customer charges are based on a price schedule of \$16.76 per month for single family residential, \$15.08 per month for mobile home, and \$13.41 per month for apartments and multi-family residential.

Payment Remittance

Customer payment options include cash, check, and money order. Most checks, including many initiated through customers' online banking services, are received in the mail. The office manager indicated that a few customers prefer to pay in person. Bill payments are occasionally collected in the field. Bill payments are processed and recorded daily on an Excel spreadsheet. The office manager maintains copies of all checks and makes bank deposits about two times a week.

Credit and Collections

Customers requesting service are not required to complete a written application, although the Company's tariff includes a provision requiring a written application. The office manager represented that necessary information is generally taken over the telephone from new customers in order to set up new customer accounts. Company personnel indicated they do not require a deposit as a condition for providing sewer service. Customer account records are maintained on the computer and backed up daily.

The office manager indicated that returned checks are an infrequent problem. There was one returned check in 2009, five in 2010, and two through May 2012. The bank charges the Company \$10.00 for each returned check which is collected from customers that remit insufficient funds checks. The EMSU staff informed Company personnel that the tariff does not include a provision for collecting a returned check fee from customers. The Commission's Water and Sewer Department staff will recommend adding a provision for a returned check fee to the Company's new tariff.

The Company has an established procedure for handling delinquent accounts. Once an account becomes delinquent, which is approximately thirty (30) days after rendition of the bill, a

ten percent (10%) late fee is assessed on the current bill. For all customers with accounts \$100.00 or more in arrears, a notice is prepared and signed by the Company's attorney and sent by certified mail that requires payment of the unpaid balance within thirty (30) days in order to avoid discontinuance of their water service. Meramec has an agreement with the local water company that provides for a water company employee and the plant manager to disconnect water service if the Company does not receive payment by the discontinuance date given in the letter. The letter informs delinquent customers that if water service is discontinued, they will also be required to pay standard discontinuance and reinstitution charges of \$76.00. However, Company personnel represented that the four customers who had their water service discontinued were foreclosure situations and the disconnect and reconnect fees charged by the water company were paid by Meramec. For multiple family dwellings, ten days prior to the disconnect date, notice is posted on customers' doors and discontinuance notices prepared by the attorney are mailed. Three days prior to disconnection, the attorney prepares and signs another certified letter that is mailed to all nonpaying customers informing them of a pending discontinuance of water service. The Company pays its attorney \$10.00 for the preparation of every discontinuance letter. Attorney fees for the preparation of discontinuance letters totaled \$1,040.00 in 2011.

Based on Company records for January 2012 through April 2012, an average of approximately 116 customers were delinquent each month and charged an average of about \$5.25 each in late payment charges. Company personnel represented that few delinquent customers have their water service disconnected prior to paying their balance in full. There were no disconnects in 2009 and 2010, four disconnects in 2011, and no disconnects from January through April 2012.

The Company occasionally writes off uncollectible accounts when there is a bankruptcy or someone moves and Company personnel are unable to communicate and obtain payment. The Company's 2010 Annual Report shows no written off accounts and the 2011 Annual Report lists two accounts that were written off for \$422.00. The Company does not use an outside collection agency.

Complaints and Inquiries

Customers with questions or concerns may call a Company contact number appearing on their bill. Company personnel in the business office respond to customer calls and forward them to appropriate employees as required. An emergency contact cell phone number is provided on

customer bills for customers that call outside of business hours. Emergency calls are usually handled by the plant manager. No record is kept of customer complaints or inquiries. A review of Commission complaint/inquiry records since 2009 showed three complaints and no inquiries.

Customer Communication

Customer bills are the primary means of communicating with customers. However, customer letters were used on two occasions to notify customers of a change from quarterly to monthly billing and to provide notice of the rate increase request.

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 five issues that require the Company management's attention:

- Outside Contractor Contracts
- Written Application for Service
- Customer Bill Information
- Discontinuance Letter Attorney Fees
- Customer Complaint Log

Outside Contractor Contracts

The Company does not have a written contract with the contractor who provides sludge hauling services. While the Company provided some outside service contracts, sludge hauling has increased in recent years and this service is provided on the basis of a verbal agreement.

The lack of a written contract raises the possibility of a misunderstanding regarding the services that are provided and the basis of charges for these services. A written contract would document rights and responsibilities and enable Company management to verify the legitimacy of charges incurred and the duties that are performed.

THE EMSU STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Develop and execute a written contract with the contractor who provides sludge hauling services. The Company should complete implementation actions and be

in compliance with this recommendation within ninety (90) days of the Commission's order in File No. SR-2012-0309.

Written Application for Service

A written application for service is not requested from new customers as a condition for providing sewer service. New customers typically telephone the Company to request service and provide the information necessary to set up their account. This practice is a violation of the Company's tariff. Revised Sheet No. 8, Rule 2, Section (A) of Meramec's tariff states:

A written application for sewer service, accompanied by the appropriate contribution-in-aid-of-construction ... will be required before sewer service is provided to any premises.

The tariff also points out that:

Every customer, upon signing an application for any service rendered by the Company or upon taking of sewer service, shall be considered to have expressed consent to the Company's Rates, Rules and Regulations.

Consequently, a signed application for service provides valuable documentation of the customer's acceptance of the rights and responsibilities associated with receiving sewer service. The Company should abide by its tariff and develop an application for service form for future customers to fill out as a condition of providing sewer service to that customer.

THE EMSU STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Develop an application for service form and require its completion as a condition for providing sewer service to new customers. The Company should complete implementation actions and be in compliance with this recommendation within thirty (30) days of the Commission's order in File No. SR-2012-0309.

Customer Bill Information

The Company's practice associated with the date a late charge is added to a customer's bill is not consistent with the information communicated on customer bills. Company personnel indicated that bills are due on the 4th of the month, but a late fee is not assessed unless payment is not received by the date the next month's bills go out, which is the 10th of the month. Customer bills include a note that states: "If not paid by due date (4th of the month) a 10% charge will be added to your next bill." While the Company's practice of waiting until the 10th of the month to assess a late charge gives customers some extra time before having to pay a late charge, this practice is not consistent with the information given to customers on each bill. The Company's

practice regarding the timing for adding a late charge to unpaid bills should be consistent with the communication provided to customers.

THE EMSU STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Initiate action in accordance with the Company's tariff that will ensure the communication provided on customer bills is consistent with actual Company practice regarding the assessment of a late payment charge. The Company should complete implementation actions and be in compliance with this recommendation within thirty (30) days of the Commission's order in File No. SR-2012-0309.

Discontinuance Letter Attorney Fees

The Company incurs substantial legal expenses by having its attorney prepare and sign letters providing notice of discontinuance to nonpaying customers. The Company requests its attorney to prepare and sign thirty (30) day and three (3) day notice of discontinuance letters to its nonpaying customers. The Company's attorney also prepares and signs the ten (10) day notice of discontinuance letters used in multiple family dwelling situations. Company personnel take responsibility for mailing these letters by certified mail. Company personnel provided data indicating that \$1,040.00 of expense was incurred in 2011 attributable to attorney fees for preparing the notice of discontinuance letters. The EMSU staff observes that most companies avoid this additional legal expense by preparing and signing their own letters that provide notice of discontinuance to nonpaying customers.

THE EMSU STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Discontinue the practice of requesting its attorney to prepare and sign notice of discontinuance letters and instead initiate Company action to prepare and sign all notice of discontinuance letters. The Company should complete implementation actions and be in compliance with this recommendation within thirty (30) days of the Commission's order in File No. SR-2012-0309.

Customer Complaint Log

No record is kept of complaints and inquiries received by Company personnel. Although Company management stated customers seldom have questions or concerns, the lack of a record keeping system makes it impossible for the Company to provide accurate

documentation of the nature of its customer contacts. In addition, Commission Rule 4 CSR 240-60.010(4) states:

The utility shall maintain a file of customer complaints received on the service it provides. The file shall include the name and address, as well as the nature of the complaint and date of occurrence. A detailed explanation of what the utility did to correct the trouble which originated the complaint shall be recorded.

Commission Rule 4 CSR 240-60.010(5) also states "...all records required by this chapter shall be preserved for two (2) years." The availability of documented complaint information would enable Company management to evaluate why customers contact the Company and determine if any measures could be taken to reduce customer contacts and improve customer satisfaction. The availability of documentation regarding customer contacts would also help to show the Company's responsiveness in addressing customer issues.

THE EMSU STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Develop and initiate a system for documenting customer contacts in compliance with Commission Rule 4 CSR 240-60.010 (4) & (5). The Company should complete implementation actions and be in compliance with this recommendation within thirty (30) days of the Commission's order in File No. SR-2012-0309.

Implementation Review

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

Agreement Attachment I

Water & Sewer Unit Memorandum

REPORT OF WATER AND SEWER UNIT
FIELD OPERATIONS AND TARIFF REVIEW

Water and Sewer Unit
File No. SR-2012-0309
Meramec Sewer Company
Jerry Scheible/James Russo

Introduction

This Report was prepared by Missouri Public Service Commission Staff (Staff) members Jerry Scheible and James Russo. The Staff member responsible for each section is denoted at the end of each section.

Meramec Sewer Company (Meramec or Company) received a certificate of public convenience and necessity from the Missouri Public Service Commission (Commission) in July 1979. Meramec's current rates have been in effect since September 1984. Meramec was purchased by the current owners via stock transfer in August 2008. The Company president is Mr. Frederick Reinhold. The Company provides sewer service to approximately 982 customers in the Shangri La Estates subdivision and ten (10) wholesale customers in the neighboring Harborview Estates subdivision, all in Fenton, Missouri, in Jefferson County. On March 20, 2012, the Company filed a *Request for Increase in Annual Water System Operation Revenues* with the Commission seeking a \$140,000 rate increase. This matter was assigned File No. SR-2012-0309. The Commission's Water and Sewer Unit Staff inspected Meramec's sewer system on June 6, 2012. (Scheible)

Facilities

Meramec operates an extended aeration wastewater treatment plant designed to treat 209,000 gallons of wastewater per day. Actual flow to the plant, per the operating permit issued by the Missouri Department of Natural Resources (MDNR) is 156,000 gallons per day. The plant has sludge storage facilities and an additional clarifier is on site for use during plant maintenance. The current treatment facility was constructed and put into service in 2006. The new construction replaced an aged treatment plant that had a history of compliance issues; specifically with not consistently meeting MDNR permit effluent limits. The current treatment plant, the building housing the motors and blowers, the perimeter fencing and facility grounds have all been well-maintained by Meramec.

The Company's collection system consists of concrete manholes interconnected by approximately 24,000 feet of gravity mains constructed of PVC and clay tile in diameters of six inches, eight inches and ten inches. The Company does not own or maintain any

lift stations. The Company has some issue with tree roots growing into the collection mains, and is proactively inspecting and jetting the known problem areas. (Scheible)

Operations

Meramec contracts with a properly certified company to oversee the operations of the treatment facility. However, the daily operations are performed by a Meramec employee, who currently does not hold operator certification. Although this arrangement is compliant with MDNR requirements, Staff recommends the Company employee pursue proper operator certification.

The Company sent a rate case letter to its customers on April 19, 2012. Staff received thirty-one (31) public comments from customers in return; however there were no operational or service related complaints received. (Scheible)

Tariff Review

Staff continues the process of updating water and sewer tariffs as individual companies file rate cases with the Commission. Meramec's current tariff became effective in December 1979. Sheet 5 was updated in September 1984 as a result of File No. 8400388. Sheets 8, 11, 12 and 22 were updated in February 1980 as a result of File No. 8000409, and Sheets 13, 14 and 15 were updated in May 1995 as a result of File No. 9500716.

A new rate schedule will be developed to reflect the new rates the customers will be required to pay based on the Company's cost of service. Included in the rate schedule is a new customer class titled "Commercial Customers," as Staff's investigation continues, these rates will be included in the case. In addition, Staff reviewed with the Company the existing miscellaneous service charges and the Company's cost for performing these services. Staff removed the Discontinuance of Service charges on Sheet 14 and the Service Inspection Fee on Sheet 16 and moved these charges to the miscellaneous charges on Sheets 5A and 5B. Staff prefers listing all miscellaneous charges in one section of the tariff to make it easier to locate and determine the cost of a miscellaneous service. 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 proposed are reasonable for the costs incurred for the services and are consistent with other regulated water companies.

In the process of updating the current tariff, Staff made several changes. Staff included new charges in the tariff for late charges, returned check charge and after hour service calls. Staff set the customer's late charges at \$5 or 3% of the monthly delinquent amount, whichever is greater. Staff set the returned check charge at \$25.00. Staff set the after hour service calls at \$25.00. Staff also updated Rule 2 by removing all references to Contributions in Aid of Construction located on Sheet 8, paragraph A after discussions

with the Company. The new and updated tariff Sheets 5, 5A, 8, 13, 14 and 16 for Meramec will be filed by the Company as part of this current rate case proceeding. (Russo)

Rate Design

Staff also reviewed the current rate design in its investigation. The current rate design is a monthly flat service charge. Staff will determine the rates for the new customer class titled “Commercial Customers” when Staff completes its current rate design in this case. (Russo)

Conclusion and Recommendations

Staff of the Water and Sewer Unit finds that the system is being maintained well and is properly operating at this time. Staff is recommending sludge hauling be increased to 345,000 gallons annually. In addition, Staff is recommending several changes to the Company’s tariff, including the following charges:

- Customer late charges of \$5 or 3% of the monthly delinquent amount, whichever is greater.
- Returned check charge set at \$25.
- After hour service calls set at \$25.

Agreement Attachment J

Summary of Case Events

Meramec Sewer Company, Inc.
Case #SR-2012-0309
Summary of Case Events

Date Filed	March 20, 2012
Day 150	August 17, 2012
Extension?	N/A
If yes, why?	N/A
Amount Requested	\$140,000
Amount Agreed Upon	\$103,466
Item(s)/Dollar(s) Driving Rate Increase	Additional plant, increased assessments and fees
Number of Customers	992
Return on Equity	8.93%
Assessments Current	Owe 1/2 of 2010, all of 2011, 2012 & 2013
Annual Reports Filed	Yes
Statement of Revenue Filed	Yes
Other Open Cases before Commission	None
Status with Secretary of State	Current
DNR Violations	No Recent

Staff Participant Affidavits

James M. Russo – Water & Sewer Department

Jerry Scheible – Water & Sewer Department

Lisa Hanneken-Auditing Department

Erin Carle-Auditing Department

David Williams – Engineering & Management Services Department

Gary Bangert – Engineering & Management Services Department

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

AFFIDAVIT OF JAMES M. RUSSO

In the Matter of Meramec Sewer Company)
Rate Increase Request)

File No. SR-2012-0309

STATE OF MISSOURI

ss.

COUNTY OF COLE

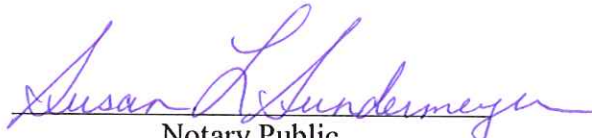
COMES NOW James M. Russo, being of lawful age, and on his oath states the following: (1) that he is a Rate & Tariff Examination Supervisor in the Missouri Public Service Commission's Water and Sewer Unit ; (2) that he participated in the Staff's investigation of the small company rate increase request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

Subscribed and sworn to before me this 15th day of August, 2012.





Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

AFFIDAVIT OF JERRY SCHEIBLE

In the Matter of Meramec Sewer Company)
Rate Increase Request)

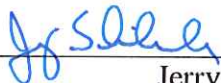
File No. SR-2012-0309

STATE OF MISSOURI

ss.

COUNTY OF COLE

COMES NOW Jerry Scheible, being of lawful age, and on his oath states the following: (1) that he is a Utility Regulatory Engineer I 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 Agreement Regarding Disposition of Small Water and Sewer Company Revenue Increase Request* ("Disposition Agreement"); (4) that he was responsible for the preparation of Attachment I to the Disposition Agreement; (5) that he has knowledge of the matters set forth in Attachment I to the Disposition Agreement; and (6) that the matters set forth in Attachment I to the Disposition Agreement are true and correct to the best of his knowledge, information, and belief.



Jerry Scheible
Utility Regulatory Engineer I
Water & Sewer Unit

Subscribed and sworn to before me this 16th day of August, 2012.





Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

AFFIDAVIT OF ERIN M. CARLE

In the Matter of Meramec Sewer Company)
Rate Increase Request)

File No. SR-2012-0309

STATE OF MISSOURI

ss.

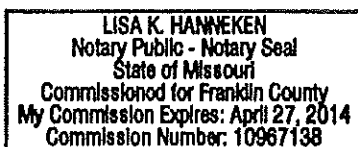
COUNTY OF St. Louis

COMES NOW Erin M. Carle, being of lawful age, and on her oath states the following: (1) that She is a Utility Regulatory Auditor III in the Missouri Public Service Commission's Auditing 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 and Sewer Company Revenue Increase Request* ("Disposition Agreement"); (4) that she was responsible for the preparation of Attachments B and G to the Disposition Agreement; (5) that she has knowledge of the matters set forth in Attachments B and G to the Disposition Agreement; and (6) that the matters set forth in Attachments B and G to the Disposition Agreement are true and correct to the best of her knowledge, information, and belief.

Erin M. Carle

Erin M. Carle
Utility Regulatory Auditor III
Auditing Unit

Subscribed and sworn to before me this 14th day of August, 2012.



Lisa K. Hanneken
Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

AFFIDAVIT OF DAVID WILLIAMS

In the Matter of Meramec Sewer Company)
Rate Increase Request)

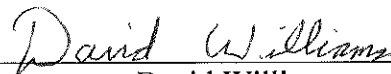
File No. SR-2012-0309

STATE OF MISSOURI

SS.

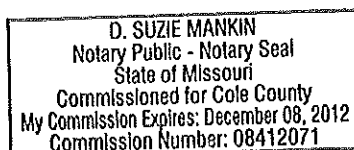
COUNTY OF COLE

COMES NOW David Williams, 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 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 Water and 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.



David Williams
Utility Engineering Specialist III
Engineering & Management
Services Unit

Subscribed and sworn to before me this 13th day of August, 2012.





Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

AFFIDAVIT OF GARY BANGERT

In the Matter of Meramec Sewer Company)
Rate Increase Request)

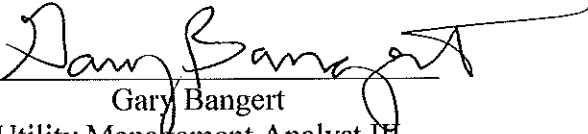
File No. SR-2012-0309

STATE OF MISSOURI

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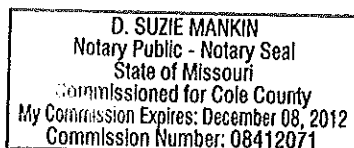
COUNTY OF COLE

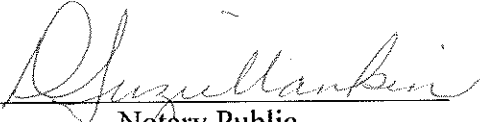
COMES NOW Gary Bangert, being of lawful age, and on his oath states the following: (1) that he is a Utility Management Analyst III in the Missouri Public Service Commission's Engineering & Management Services Unit ; (2) that he participated in the Staff's investigation of the small company rate increase request that is the subject of the instant case; (3) that he has knowledge of the foregoing *Company/Staff Agreement Regarding Disposition of Small Water and Sewer Company Revenue Increase Request* ("Disposition Agreement"); (4) that he was responsible for the preparation of Attachment H to the Disposition Agreement; (5) that he 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 his knowledge, information, and belief.



Gary Bangert
Utility Management Analyst III
Engineering & Management
Services Unit

Subscribed and sworn to before me this 13th day of August, 2012.





Notary Public