

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

In the Matter of R.D. Sewer Company)
LLC's Small Company Rate Increase) Case No. SR-2009-0226

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

COMES NOW the Staff of the Missouri Public Service Commission (Staff), by and through the undersigned Counsel, and respectfully states the following:

1. On November 26, 2008, R.D. Sewer Company LLC (R.D. Sewer or Company) submitted a small company revenue increase request (Request) for approval of the interim rates ordered by the Commission in SO-2008-0289. On the same date, the Commission established the instant case for administrative purposes and to receive public comments related to the case.
2. Pursuant to 4 CSR 240-3.050, the Commission's Small Utility Rate Increase Procedure, the Staff initiated an audit of R.D. Sewer's books and records, reviewed customer service, general business practices, and the operation of facilities, reviewed the existing tariff, and inspected R.D. Sewer's facilities, all activities collectively known as Staff's investigation.
3. Pursuant to negotiations between the Staff and Company, attached is Appendix A is the *Staff/Company Agreement Regarding Disposition Of Small Sewer Company Revenue Increase (Agreement)*. Attachment A contains example tariff sheets; Attachment B contains a ratemaking income statement; Attachment C is Staff's audit workpapers; Attachment D contains the rate design worksheet; Attachment E is the billing comparison worksheet;

Attachment F contains the schedule of depreciation rates; Attachment G is the EMSD Report; and Attachment H contains a schedule of events.

4. The Staff and the Company agree an annualized operating revenue increase of \$14,540 is necessary to cover the Company's cost of service.
5. The *Agreement* is intended to satisfactorily resolve all issues identified by the Staff and the Company regarding the Company's Request, except as otherwise specifically stated therein.

WHEREFORE Counsel for Staff submits the Staff/Company Agreement Regarding Disposition Of Small Sewer Company Revenue Increase.

Respectfully submitted,

/s/ Jennifer Hernandez

Jennifer Hernandez

Legal Counsel

Missouri Bar No. 59814

Attorney for the Staff of the
Missouri Public Service Commission
PO Box 360

Jefferson City, MO 65102

(573) 751-8706 (Telephone)

(573) 751-9285 (Fax)

jennifer.hernandez@psc.mo.gov

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 this 27th day of April, 2009.

/s/ Jennifer Hernandez_____

APPENDIX A

STAFF PARTICIPANT AFFIDAVITS AND DISPOSITION AGREEMENT & ATTACHMENTS

CASE NO. SR-2009-0226

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Staff Participant Affidavits

James M. Russo – Water & Sewer Department

Jeremy K. Hagemeyer – Auditing Department

Arthur W. Rice – Engineering & Management Services Department

Deborah A. Bernsen – Engineering & Management Services Department

BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

AFFIDAVIT OF JAMES M. RUSSO

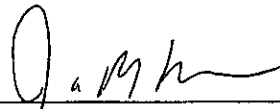
STATE OF MISSOURI)

) SS

CASE NO. SR-2009-0226

COUNTY OF COLE)

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



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

Subscribed and sworn to before me this 27th day of April, 2009.


Notary Public

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

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

AFFIDAVIT OF JEREMY K. HAGEMEYER

STATE OF MISSOURI

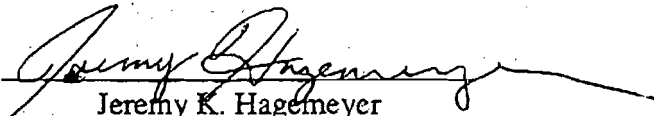
COUNTY OF

ST LOUIS

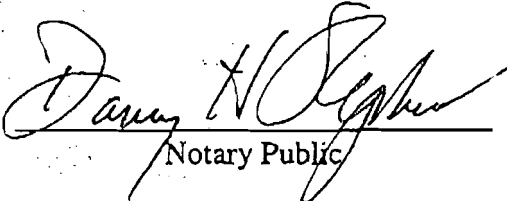
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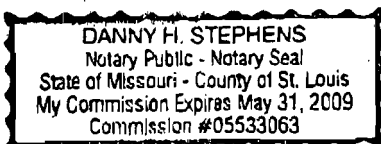
Case No. SR-2009-0226

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


Jeremy K. Hagemeyer
Utility Regulatory Auditor IV
Auditing Department

Subscribed and sworn to before me this 27th day of April, 2009.


Notary Public



STATE OF MISSOURI)
 ss.) **Case No.** SR-2009-0226
COUNTY OF COLE)
)

Arthur W. Rice

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

NIKKI SENN
Notary Public - Notary Seal
State of Missouri
Commissioned for Osage County
My Commission Expires: October 01, 2011
Commission Number: 07287016

Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

AFFIDAVIT OF DEBORAH A. BERNSEN

STATE OF MISSOURI

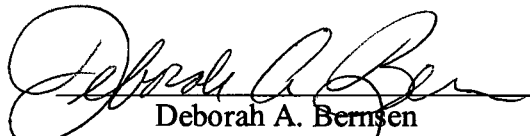
ss.)

Case No. SR-2009-0226

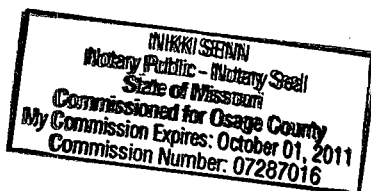
COUNTY OF COLE)

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COMES NOW Deborah A. Bernsen, being of lawful age, and on her oath states the following: (1) that she is a(n) Utility Management Analyst III in the Missouri Public Service Commission's Engineering & Management Services Department; (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 Sewer Company Revenue Increase Request* ("Disposition Agreement"); (4) that she was responsible for the preparation of Attachment G to the Disposition Agreement; (5) that she has knowledge of the matters set forth in Attachment G to the Disposition Agreement; and (6) that the matters set forth in Attachment G to the Disposition Agreement are true and correct to the best of her knowledge, information, and belief.


Deborah A. Bernsen
Utility Management Analyst III
Engineering & Management
Services Department

Subscribed and sworn to before me this 27th day of April, 2009.




Notary Public

Company/Staff Disposition Agreement

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

R. D. SEWER COMPANY L. L. C.

MO PSC CASE NO SR-2009-0226

BACKGROUND

R. D. Sewer Company L. L. C. ("Company") initiated the small company revenue increase request ("Request") for sewer service that is the subject of the above-referenced Missouri Public Service Commission ("Commission") Case Number by submitting a letter to the Secretary of the Commission in accordance with the provisions of Commission Rule 4 CSR 240-3.050, Small Utility Rate Case Procedure ("Small Company Procedure"). In its Request letter, which was received at the Commission's offices on November 26, 2008, the Company set forth its request to make the interim rates granted in Case No. SO-2008-0289 become permanent for the Company's sewer service operating revenues. In its request letter, the Company also acknowledged that the design of its customer rates, its service charges, its customer service practices, its general business practices and its general tariff provisions would be reviewed during the Commission Staff's ("Staff") review of the revenue increase request, and could thus be the subject of Staff recommendations. The Company provides service to approximately 170 residential customers.

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

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

RESOLUTION OF THE COMPANY'S RATE INCREASE REQUEST

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

- (1) That for the purpose of implementing the agreements set out herein, the Company will file proposed tariff revisions with the Commission containing the rates, charges and language set out in the example tariff sheets attached hereto as Attachment A, with those proposed tariff revisions bearing an effective date of June 15, 2009.
- (2) That except as otherwise noted in the agreements below, the ratemaking income statement attached hereto as Attachment B accurately reflects the Company's annualized revenues generated by its current customer rates, the agreed-upon total annualized cost of service for the Company, and the resulting agreed-upon annualized operating revenue increase of \$14,540 needed to recover the Company's cost of service.
- (3) That the audit workpapers attached hereto as Attachment C, which include consideration of a capital structure of 78.9% equity for the Company and a return on that equity of 10.24%, accurately reflect the agreed-upon total annualized cost of service for the Company and provide the basis for the ratemaking income statement referenced in item (2) above.
- (4) That the rates set out in the attached example tariff sheets, the development of which is shown on the rate design worksheet attached hereto as Attachment D, are designed to generate revenues sufficient to recover the agreed-upon total annualized cost of service for the Company.
- (5) That the rates included in the attached example tariff sheets will result in the residential customer impacts shown on the billing comparison worksheet attached hereto as Attachment E.
- (6) That the rates included in the attached example tariff sheets are just and reasonable, and that the provisions of the attached example tariff sheets also properly reflect all other agreements set out herein, where necessary.
- (7) That the schedule of depreciation rates attached hereto as Attachment F, which includes the depreciation rates used by Staff in its revenue requirement analysis, should be the prescribed schedule of sewer plant depreciation rates for the Company.
- (8) The Company will maintain all of its financial records in accordance with the Commission's Uniform System of Accounts.
- (9) The Company shall segregate Company purchases from personal purchases.

(10) The Company will install a second operational blower at the wastewater treatment plant within twelve (12) months of the effective date of an order approving this Disposition Agreement. The Company will notify the Manager of the Water and Sewer Department upon the installation of the operational blower.

(11) The Company will within six (6) months of the effective date of an order approving this Disposition Agreement both (1) rehabilitate or replace the piping in the existing lift stations and (2) install a second operation pump in each lift station. The Company will notify the Manager of the Water and Sewer Department upon the installation of the second operational pump.

(12) The Company will dispose of bar screenings properly in a dumpster.

(13) That the Company will repair the fencing around the Company's waste water facilities in accordance with the requirements of 10 CSR 20-8.020(11)(C) 11 within three (3) months of the effective date of an order approving this Disposition Agreement and provide proof of the installation to the Manager of the Commission's Water and Sewer Department upon completion.

(14) That the Company will repair or replace the building around the Company's blowers within twelve (12) months of the effective date of an order approving this Disposition Agreement and provide proof of the installation to the Manager of the Commission's Water and Sewer Department upon completion.

(15) Within thirty (30) days of the effective date of an order approving this Disposition Agreement, the Company will implement the recommendations contained in the Engineering & Management Services Department ("EMSD") Report. These recommendations include the following:

- a. Perform monthly bill checking on a sample of bills and correct past billing errors to customers.
- b. Ensure that all rates and fees charged to customers, such as returned check and reconnection fees, have been approved by the Missouri Public Service Commission and are present in the Company's tariffs.
- c. Refund and/or credit to customers all fees that have been inappropriately collected from customers including returned check and reconnection fees.
- d. Ensure all customer complaints received by Company personnel are documented. Documentation shall include customer name, address, the nature of the complaint, date of occurrence, as well as an explanation of what the Company has done to address the complaint as explained in Commission Rule 4 CSR 240-60.010(4).

(16) Within six (6) months of the effective date of an order approving this Disposition Agreement, the Company will implement the recommendations

contained in the Engineering & Management Services Department (“EMSD”) Report. These recommendations include the following:

- a. Analyze automated billing software and consider use of a cost-effective automated system that would more efficiently and accurately handle the calculation and preparation of customer bills.
- b. Store all critical paper files in fire proof storage.
- c. Institute time reporting by specific utility for the Company’s owners and any contractors it may employ.

(17) The Company will mail its customers a written notice of the rates and charges included in its proposed tariff revisions within fifteen (15) days or during its next billing cycle after the issuance of the Commission Order approving the terms of this Disposition Agreement. The notice will include a summary of the impact of the proposed rates on an average residential customer's bill. When the Company mails the notice to its customers, it will also send a copy to Staff Case Coordinator who will file a copy in the subject case file.

(18) That Staff will conduct follow-up reviews of the Company's operations to ensure that the Company has complied with the provisions of this Disposition Agreement.

(19) That Staff may file a formal complaint against the Company, if it does not comply with the provisions of this Disposition Agreement.

(20) That the Company agrees that it has read the foregoing Company/Staff Agreement Regarding Disposition of Small Water Company Revenue Increase Request; that the facts stated therein are true according to the Company’s best knowledge and belief; that the foregoing conditions accurately state the agreement made; and that the Company freely and voluntarily enters into this agreement.

(21) That the above agreements satisfactorily resolve all issues identified by the Staff and the Company regarding the Company's Request, except as otherwise specifically stated herein.

ADDITIONAL MATTERS

Other than the specific conditions agreed upon and expressly set out herein, the terms of this Disposition Agreement reflect compromises between Staff and the Company, and neither party has agreed to any particular ratemaking principle in arriving at the amount of the annual operating revenue increase specified herein.

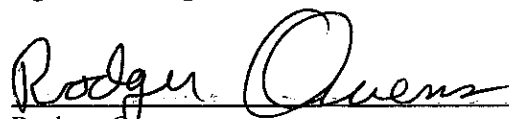
Staff has completed a Summary of Case Events and has included that summary as Attachment H to this Disposition Agreement.

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

Effective Date and Signatures

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

Agreement Signed and Dated:

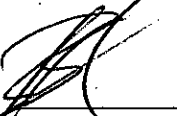


Rodger Owens
Manager

R. D. Sewer Company L. L. C.

04-17-09

Date



James Busch
Manager

Water & Sewer Department

Missouri Public Service Commission Staff

4-23-09

Date

List of Attachments

Attachment A – Example Tariff Sheets

Attachment B – Ratemaking Income Statement

Attachment C – Audit Workpapers

Attachment D – Rate Design Worksheet

Attachment E – Billing Comparison Worksheet

Attachment F – Schedule of Depreciation Rates

Attachment G – EMSD Report

Attachment H – Summary of Events

Agreement Attachment A

Example Tariff Sheets

FORM MO. 13 P.S.C.MO. No. 1 4th Revised SHEET No. 7
Canceling P.S.C.MO. No. 1 3rd Revised SHEET No. 7

R.D. SEWER CO., LLC For Stoddard County, Missouri
Name of Issuing Corporation Community, Town, City

RULES AND REGULATIONS GOVERNING RENDERING OF
SEWER SERVICE

F. RATE SCHEDULE FOR SEWER SERVICE.

Monthly Service Charge +

Single-Family Residence \$34.10
Multi-Family Residence \$24.88 per single family living quarters.

A late fee of \$5.00 will be added to the monthly bill by the Company on the 21st day after the bill date.

These rates do not include any municipal, county, state or Federal taxes computed on either billing or consumption basis. Any such taxes applicable shall be added as separate items in rendering each bill.

Contribution in Aid of Construction

Single Family Residence \$835.00
Multi-Family residence \$628.00 Per Single family living quarters.

For home constructed on or before February 1980 in Ecology Acres and Western heights the fee for failure to connect to sewer within twelve (12) months to February 1981 shall be 12% per annum on eight hundred thirty-five dollars (\$835) which represents the customers pro rata contribution to the collecting sewers.

* Indicates new rate or text
+ Indicates change

DATE OF ISSUE April 30, 2009
Month Day Year

DATE EFFECTIVE June 15, 2009
Month Day Year

ISSUED BY Rodger Owens Owner 406 S. Bernie, MO 63822
Name of Officer Title Address

R.D. SEWER CO., LLC
Name of Issuing Corporation

For Stoddard County, Missouri
Community, Town, City

RULES AND REGULATIONS GOVERNING RENDERING OF
SEWER SERVICE

Reconnection Charge

A reconnection charge of \$250.00 may be made for the reconnection of service when service has been discontinued under the terms of Discontinuance of Service.

* Indicates new rate or text

+ Indicates change

DATE OF ISSUE April 30, 2009
Month Day Year

DATE EFFECTIVE June 15, 2009
Month Day Year

ISSUED BY Rodger Owens Owner 406 S. Bernie, MO 63822
Name of Officer Title Address

STODDARD COUNTY SEWER COMPANYFor Stoddard County, Missouri

Name of Issuing Corporation

Community, Town, or City

RULES AND REGULATIONS GOVERNING RENDERING OF
SEWER SERVICE

F. RATE SCHEDULE FOR SEWER SERVICE. (continued)

2. Contribution in Aid of Construction Charges (continued)

- a. Service connections contemplates year around service and paid for monthly, or in advance.
- b. Rate is applied after connection to home and sewer main has been completed.
- c. After the effective date of this tariff sheet an applicant will be required to pay as a condition of service the appropriate contribution in aid of construction charge. However, the Company may allow this to be paid over a period of time provided that the customer agrees to pay one percent (1%) interest per month on the unpaid balance. The term of payment shall be listed in the application (Rule G) for service. The payments must be made monthly.
- d. The Company will install a service sewer to the applicant's property line within two (2) weeks under the following terms and conditions:
 - (1) The applicant shall pay a service sewer installation charge of \$400.00.
 - (2) The applicant has submitted a proper application.
 - (3) The applicant must comply with Rule F2C.
 - (4) A collecting sewer must be adjacent to the property. Where collecting sewers are not available the Company will make it available within a reasonable time.

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* Indicates new rate or text

+ Indicates Change

DATE OF ISSUE April 30, 2009
Month Day Year

DATE EFFECTIVE June 15, 2009
Month Day Year

ISSUED BY Rodger Owens Owner
Name of Officer Title

406 S. Bernie, MO 63822
Address

STODDARD COUNTY SEWER COMPANYFor Stoddard County, Missouri

Name of Issuing Corporation

Community, Town, or City

RULES AND REGULATIONS GOVERNING RENDERING OF
SEWER SERVICE

F. RATE SCHEDULE FOR SEWER SERVICE. (continued)

3. Service Charges

- a. Application for a service connection or disconnection of an existing service will be made during the Company's regular business hours without charge.
- b. A service call at any time other than during normal business hours for connection, disconnection, or any other reason except disconnection for a ruptured Customer's service shall require a service charge of \$25.00.
- c. Company personnel will not work upon sewer piping or facilities not owned by the Company.
- d. The service charges cited in the various sections of this Rule are "net" and do not include any applicable municipal, state, or federal taxes. Any such taxes will be added to the net billing as appropriate.
- e. Service calls are restricted to be directed to the published trouble address and/or telephone number for the reporting of trouble and/or needed service.

+

* Indicates new rate or text

+ Indicates change

DATE OF ISSUE April 30, 2009
Month Day Year

DATE EFFECTIVE June 15, 2009
Month Day Year

ISSUED BY Rodger Owens Owner
Name of Officer Title

406 S. Bernie, MO 63822
Address

Agreement Attachment B

Ratemaking Income Statement

RD SEWER COMPANY LLC

Rate Making Income Statement-Sewer

Operating Revenues at Current Rates

1	Tariffed Rate Revenues *	\$ 43,153
2	Other Operating Revenues *	\$ 2,505
3	Total Operating Revenues	\$ 45,658
4	* See "Revenues - Current Rates" for Details	

Cost of Service

Item	Amount
1 Sewer Treatment Expense-Chemicals	\$ 50
2 Sewer Treatment Expense-Electricity	\$ 9,786
3 Sewer Treatment Expense-Waste Disposal	\$ 540
4 Sewer Treatment Expense-Sludge Removal	\$ 2,220
5 Sewer Treatment Expense-Sewer Testing	\$ 1,251
6 Sewer Treatment Expense-MO One Call	\$ 43
7 Operators Salary-Contractor Services	\$ 12,505
8 Maintenance Expense-System Repairs & Maint.	\$ 643
9 Maintenance Expense-Outside Labor	\$ 186
10 Permit Fees	\$ 2,500
11 Administration & General - Salaries	\$ 5,751
12 Telephone & Internet Expense	\$ 540
13 Vehicle Expense	\$ 1,589
14 Medical Insurance	\$ 829
15 Accounting Services	\$ 2,109
16 Billing & Collections Expense	\$ 688
17 Rent Expense	\$ 1,063
18 Corporate Registration	\$ 50
19 Regulatory Commission Expense	\$ 2,219
20 Office Utilities	\$ 24
21 Sub-Total Operating Expenses	\$ 44,586
22 Property Taxes	\$ 300
23 MO Franchise Taxes	\$ -
24 Employer FICA Taxes	\$ 1,781
25 Federal Unemployment Taxes	\$ -
26 State Unemployment Taxes	\$ -
27 State & Federal Income Taxes	\$ 1,137
28 Sub-Total Taxes	\$ 3,218
29 Depreciation Expense	\$ 6,826
30 Interest Expense	\$ 1,000
31 Sub-Total Depreciation/Amortization	\$ 7,826
32 Return on Rate Base	\$ 4,568
33 Total Cost of Service	\$ 60,198
34 Overall Revenue Increase Needed	\$ 14,540

Agreement Attachment C

Audit Workpapers

Exhibit No.: 12345667
Issue: Accounting Schedules
Witness: MO PSC Auditors
Sponsoring Party: MO PSC Staff
Case No: SR-2009-0226
Date Prepared: 2/19/2009



MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

REVISED

STAFF ACCOUNTING SCHEDULES

RD SEWER

CASE NO. SR-2009-0226

Jefferson City, Missouri

February 2009

RD Sewer
 Informal Rate/Certificate Case
 Tracking Number SR-2009-0226
 Test Year Ending 12-31-08
 Rate Design Schedule - Sewer

Line Number	Description	Account Number (Optional)	Staff Annualized	Customer Charge	Commodity	Percentage Rate
Rev-1	ANNUALIZED REVENUES					
Rev-2	Annualized Rate Revenues	(1)	\$43,153			
Rev-3	Miscellaneous Revenues	(1)	\$2,505			
Rev-4	TOTAL ANNUALIZED REVENUES		\$45,658			
1	OPERATIONS EXPENSES	(2)				
2	Administrative & Billing		\$5,751	\$0	\$5,751	0.00%
3	Operators Salary / Contractor Services		\$12,505	\$0	\$12,505	0.00%
4	Electricity		\$9,786	\$0	\$9,786	0.00%
5	Chemicals		\$50	\$0	\$50	0.00%
6	Waste disposal		\$540	\$0	\$540	0.00%
7	Sludge Removal		\$2,220	\$0	\$2,220	0.00%
8	Sewer Testing		\$1,251	\$0	\$1,251	0.00%
9	MO One Call		\$43	\$0	\$43	0.00%
10	TOTAL OPERATIONS EXPENSE		\$32,146	\$0	\$32,146	
11	MAINTENANCE EXPENSES					
12	Outside Services Employed		\$186	\$0	\$186	0.00%
13	System Repairs and Maintenance		\$643	\$0	\$643	0.00%
14	TOTAL MAINTENANCE EXPENSE		\$829	\$0	\$829	
15	CUSTOMER ACCOUNT EXPENSE					
16	Accounting Services		\$2,109	\$0	\$2,109	0.00%
17	Billing & Collections Expense		\$688	\$0	\$688	0.00%
18	TOTAL CUSTOMER ACCOUNT EXPENSE		\$2,797	\$0	\$2,797	
19	ADMINISTRATIVE & GENERAL EXPENSES					
20	Telephone & Internet		\$540	\$0	\$540	0.00%
21	Office Utilities		\$24	\$0	\$24	0.00%
22	Vehicle Expense		\$1,589	\$0	\$1,589	0.00%
23	Medical Insurance		\$829	\$0	\$829	0.00%
24	Rent		\$1,063	\$0	\$1,063	0.00%
25	Other Misc. Expenses		\$0	\$0	\$0	0.00%
26	TOTAL ADMINISTRATIVE AND GENERAL		\$4,045	\$0	\$4,045	
27	OTHER OPERATING EXPENSES					
28	MO DNR Fees		\$2,500	\$0	\$2,500	0.00%
29	PSC Assessment		\$2,219	\$0	\$2,219	0.00%
30	Corporate Registration		\$50	\$0	\$50	0.00%
31	Depreciation		\$6,826	\$0	\$6,826	0.00%
32	TOTAL OTHER OPERATING EXPENSES		\$11,595	\$0	\$11,595	
33	TAXES OTHER THAN INCOME					
34	Real & Personal Property Taxes		\$300	\$0	\$300	0.00%
35	Payroll Taxes		\$1,781	\$0	\$1,781	0.00%
36	TOTAL TAXES OTHER THAN INCOME		\$2,081	\$0	\$2,081	
37	TOTAL OPERATING EXPENSES		\$53,493	\$0	\$53,493	
38	Interest Expense	(3)	\$1,000	\$0	\$1,000	0.00%
39	Return on Equity	(3)	\$4,568	\$0	\$4,568	0.00%
40	Income Taxes	(3)	\$1,137	\$0	\$1,137	0.00%
41	TOTAL INTEREST RETURN & TAXES		\$6,705	\$0	\$6,705	
42	TOTAL COST OF SERVICE		\$60,198	\$0	\$60,198	
43	Less: Miscellaneous Revenues		\$2,505	\$0	\$2,505	0.00%

RD Sewer
 Informal Rate/Certificate Case
 Tracking Number SR-2009-0226
 Test Year Ending 12-31-08
 Rate Design Schedule - Sewer

Line Number	A Description	B Account Number (Optional)	C Staff Annualized	D Customer Charge	E Commodity	F Percentage Rate
44	COST TO RECOVER IN RATES		\$57,693	\$0	\$57,693	
45	INCREMENTAL INCREASE IN RATE REVENUES		\$14,540			
46	PERCENTAGE OF INCREASE		31.85%			
47	REQUESTED INCREASE IN REVENUES		\$0			

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

RD Sewer
 Informal Rate/Certificate Case
 Tracking Number SR-2009-0226
 Test Year Ending 12-31-08
 Rate Base Required Return on Investment Schedule - Sewer

Line Number	A Rate Base Description	B Dollar Amount
1	Plant In Service	\$209,209 From Plant Schedule
2	Less Accumulated Depreciation Reserve	<u>\$152,048</u> From Depreciation Reserve Schedule
3	Net Plant In Service	\$57,161
4	Other Rate Base Items:	\$0
	Contribution of Aid of Construction	\$0
	CIAC Depreciation	\$0
5	Total Rate Base	<u>\$57,161</u>
6	Total Weighted Rate of Return Including Income Tax	<u>11.73%</u> From PreTax Return & Taxes Schedule
7	Required Return & Income Tax	<u><u>\$6,705</u></u>

RD Sewer
 Informal Rate/Certificate Case
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 Test Year Ending 12-31-08
 Rate of Return Including Income Tax - Sewer

	A	B	formulas
1 State Income Tax Rate Statutory / Effective	6.25% (2)	5.81%	$(1 - (B2 \times .5)) \times A1$
2 Federal Income Tax Rate Statutory / Effective	15.00% (1) & (2)	14.13%	$(1 - B1) \times A2$
3 Composite Effective Income Tax Rate		19.94%	$B1 + B2$
4 Equity Tax Factor		1.2490	$1 / (1 - B3)$
5 Recommended Weighted Rate of Return on Equity - Common and Preferred		7.99%	From Capital Structure Schedule
6 Weighted Rate of Return on Equity Including Income Tax		9.98%	$B4 \times B5$
7 Recommended Weighted Rate of Return on Debt - Long-Term and Short-Term		1.75%	From Capital Structure Schedule
8 Total Weighted Rate of Return Including Income Tax		11.73%	$B6 + B7$

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

N

To Rate Base Schedule

Equity Income Required \$5,374
 & Preliminary Federal Tax

Tax Rate Table

Net Income Range				
Start	End	Tax Rate	Amount In Range	Tax on Range
\$0	\$50,000	15.00%	\$5,374	\$806
\$50,001	\$75,000	25.00%	\$0	\$0
\$75,001	\$100,000	34.00%	\$0	\$0
\$100,001	\$335,000	39.00%	\$0	\$0
\$335,001	\$9,999,999,999	34.00%	\$0	\$0
			\$5,374	\$806
			Consolidated Tax Rate:	
			Average Tax Rate:	0.15

RD Sewer
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 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	\$44,661	78.13%	10.23%	7.991%
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	\$12,500	21.87%	8.00%	1.749%
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	\$57,161	100.00%		9.740%

To PreTax Return Rate Schedule

RD Sewer
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 Test Year Ending 12-31-08
 Plant In Service - Sewer

Line Number	A Account # (Optional)	B Plant Account Description	C Total Plant	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
1		INTANGIBLE PLANT					
2	301.000	Organization	\$6,501	P-2	\$0	100.00%	\$6,501
3	302.000	Franchises	\$1,221			100.00%	\$1,221
4	303.000	Miscellaneous Intangible Plant	\$91			100.00%	\$91
5		TOTAL INTANGIBLE PLANT	\$7,813		\$0		\$7,813
6		SOURCE OF SUPPLY PLANT					
7	310.000	Land & Land Rights	\$8,176			100.00%	\$8,176
8	311.000	Structures & Improvements	\$12,236			100.00%	\$12,236
9		TOTAL SOURCE OF SUPPLY PLANT	\$20,412		\$0		\$20,412
10		COLLECTION PLANT					
11	352.100	Collection Sewers - Force	\$2,392			100.00%	\$2,392
12	352.200	Collection Sewers - Gravity	\$94,228			100.00%	\$94,228
13	353.000	Other Collection Plant Facilities	\$0			100.00%	\$0
14	354.000	Services to Customers	\$31			100.00%	\$31
15	355.000	Flow Measuring Devices	\$6,219			100.00%	\$6,219
16		TOTAL COLLECTION PLANT	\$102,870		\$0		\$102,870
17		PUMPING PLANT					
18	362.000	Receiving Wells and Pump Pits	\$0			100.00%	\$0
19	363.000	Pumping Equipment (Elec., Diesel, other)	\$17,563			100.00%	\$17,563
20		TOTAL PUMPING PLANT	\$17,563		\$0		\$17,563
21		TREATMENT & DISPOSAL PLANT					
22	372.000	Oxidation Lagoon	\$0			100.00%	\$0
23	373.000	Treatment and Disposal Equipment	\$45,071			100.00%	\$45,071
24	374.000	Plant Sewers	\$0			100.00%	\$0
25	375.000	Outfall Sewer Lines	\$0			100.00%	\$0
26	376.000	Other Treatment & Disposal Plant Equip.	\$0			100.00%	\$0
27		TOTAL TREATMENT & DISPOSAL PLANT	\$45,071		\$0		\$45,071
28		GENERAL PLANT					
29	391.000	Office Furniture & Equipment	\$0	P-29	\$21	100.00%	\$21
30		Office Computer Equipment	\$0			100.00%	\$0
31	392.000	Transportation Equipment	\$0	P-31	\$12,367	100.00%	\$12,367
32	393.000	Other General Equipment, includes stores, tools shop & garage, lab, power operated, communication, and other tangible equipment.	\$3,092			100.00%	\$3,092
33		TOTAL GENERAL PLANT	\$3,092		\$12,388		\$15,480
34		TOTAL PLANT IN SERVICE	\$196,821		\$12,388		\$209,209

To Rate Base & Depreciation Schedules

RD Sewer
 Informal Rate/Certificate Case
 Tracking Number SR-2009-0226
 Test Year Ending 12-31-08
 Schedule of Adjustments for Plant in Service - Sewer

A	B	C	D	E
Plant Adjustment Number	Plant In Service Adjustment Description	Account Number	Adjustment Amount	Total Adjustment
P-2	Organization	301.000		\$0
	Description		\$0	
P-29	Office Furniture & Equipment	391.000		\$21
	To include HP 640 Fax purchased 2/16/09 (divided equally among the 4 Owens Companies)		\$21	
P-31	Transportation Equipment	392.000		\$12,367
	Rate Base Treatment of Truck		\$12,367	
	Total Plant Adjustments			\$12,388

RD Sewer
Informal Rate/Certificate Case
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Test Year Ending 12-31-08
Depreciation Expense - Sewer

Line Number	A Account Number	B Plant Account Description	C Adjusted Jurisdictional	D Depreciation Rate	E Depreciation Expense
1		INTANGIBLE PLANT			
2	301.000	Organization	\$6,501	0.00%	\$0
3	302.000	Franchises	\$1,221	0.00%	\$0
4	303.000	Miscellaneous Intangible Plant	\$91	0.00%	\$0
5		TOTAL INTANGIBLE PLANT	\$7,813		\$0
6		SOURCE OF SUPPLY PLANT			
7	310.000	Land & Land Rights	\$8,176	0.00%	\$0
8	311.000	Structures & Improvements	\$12,236	3.00%	\$367
9		TOTAL SOURCE OF SUPPLY PLANT	\$20,412		\$367
10		COLLECTION PLANT			
11	352.100	Collection Sewers - Force	\$2,392	2.00%	\$48
12	352.200	Collection Sewers - Gravity	\$94,228	2.00%	\$1,885
13	353.000	Other Collection Plant Facilities	\$0	0.00%	\$0
14	354.000	Services to Customers	\$31	2.00%	\$1
15	355.000	Flow Measuring Devices	\$6,219	3.30%	\$205
16		TOTAL COLLECTION PLANT	\$102,870		\$2,139
17		PUMPING PLANT			
18	362.000	Receiving Wells and Pump Pits	\$0	4.00%	\$0
19	363.000	Pumping Equipment (Elec., Diesel, other)	\$17,563	10.00%	\$1,756
20		TOTAL PUMPING PLANT	\$17,563		\$1,756
21		TREATMENT & DISPOSAL PLANT			
22	372.000	Oxidation Lagoon	\$0	4.00%	\$0
23	373.000	Treatment and Disposal Equipment	\$45,071	5.00%	\$2,254
24	374.000	Plant Sewers	\$0	2.50%	\$0
25	375.000	Outfall Sewer Lines	\$0	2.00%	\$0
26	376.000	Other Treatment & Disposal Plant Equip.	\$0	0.00%	\$0
27		TOTAL TREATMENT & DISPOSAL PLANT	\$45,071		\$2,254
28		GENERAL PLANT			
29	391.000	Office Furniture & Equipment	\$21	5.00%	\$1
30		Office Computer Equipment	\$0	20.00%	\$0
31	392.000	Transportation Equipment	\$12,367	0.00%	\$0
32	393.000	Other General Equipment, includes stores, tools shop & garage, lab, power operated, communication, and other tangible equipment.	\$3,092	10.00%	\$309
33		TOTAL GENERAL PLANT	\$15,480		\$310
34		Total Depreciation	\$209,209		\$6,826

RD Sewer
Informal Rate/Certificate Case
Tracking Number SR-2009-0226
Test Year Ending 12-31-08
Accumulated Depreciation Reserve - Sewer

Line Number	A Account Number	B Depreciation Reserve Description	C Total Reserve	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
1		INTANGIBLE PLANT					
2	301.000	Organization	\$0			100.00%	\$0
3	302.000	Franchises	\$0			100.00%	\$0
4	303.000	Miscellaneous Intangible Plant	\$0			100.00%	\$0
5		TOTAL INTANGIBLE PLANT	\$0		\$0		\$0
6		SOURCE OF SUPPLY PLANT					
7	310.000	Land & Land Rights	\$0			100.00%	\$0
8	311.000	Structures & Improvements	\$8,318			100.00%	\$8,318
9		TOTAL SOURCE OF SUPPLY PLANT	\$8,318		\$0		\$8,318
10		COLLECTION PLANT					
11	352.100	Collection Sewers - Force	\$193			100.00%	\$193
12	352.200	Collection Sewers - Gravity	\$61,527			100.00%	\$61,527
13	353.000	Other Collection Plant Facilities	\$0			100.00%	\$0
14	354.000	Services to Customers	\$1			100.00%	\$1
15	355.000	Flow Measuring Devices	\$2,802			100.00%	\$2,802
16		TOTAL COLLECTION PLANT	\$64,523		\$0		\$64,523
17		PUMPING PLANT					
18	362.000	Receiving Wells and Pump Pits	\$0			100.00%	\$0
19	363.000	Pumping Equipment (Elec., Diesel, other)	\$10,802			100.00%	\$10,802
20		TOTAL PUMPING PLANT	\$10,802		\$0		\$10,802
21		TREATMENT & DISPOSAL PLANT					
22	372.000	Oxidation Lagoon	\$0			100.00%	\$0
23	373.000	Treatment and Disposal Equipment	\$54,064			100.00%	\$54,064
24	374.000	Plant Sewers	\$0			100.00%	\$0
25	375.000	Outfall Sewer Lines	\$0			100.00%	\$0
26	376.000	Other Treatment & Disposal Plant Equip.	\$0			100.00%	\$0
27		TOTAL TREATMENT & DISPOSAL PLANT	\$54,064		\$0		\$54,064
28		GENERAL PLANT					
29	391.000	Office Furniture & Equipment	\$0			100.00%	\$0
30		Office Computer Equipment	\$0			100.00%	\$0
31	392.000	Transportation Equipment	\$0	R-31	\$12,367	100.00%	\$12,367
32	393.000	Other General Equipment, includes stores, tools shop & garage, lab, power operated, communication, and other tangible equipment.	\$1,974			100.00%	\$1,974
33		TOTAL GENERAL PLANT	\$1,974		\$12,367		\$14,341
34		TOTAL DEPRECIATION RESERVE	\$139,681		\$12,367		\$152,048

To Rate Base Schedule

RD Sewer
 Informal Rate/Certificate Case
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 Test Year Ending 12-31-08

Schedule of Adjustments for Accumulated Depreciation Reserve - Sewer

A	B	C	D	E
Reserve	Accumulated Depreciation Reserve	Account	Adjustment	Total
Adjustment	Adjustments Description	Number	Amount	Adjustment
Number				Amount
R-31	Transportation Equipment	392,000		\$12,367
	Rate Base Treatment of Truck		\$12,367	
	Total Reserve Adjustments			\$12,367

RD Sewer
Informal Rate/Certificate Case
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Revenue Summary Schedule - Sewer

Line Number	Description	Residential 5/8"		Multi-Family Dwelling 3/4"	
		B Amount	C Amount	D Amount	E Amount
1	<u>Customer Charge Revenues:</u>				
2	Customer Number	101		67	
3	Bills Per Year	12		12	
4	Customer Bills Per year	1,212		804	
5	Current Customer Charge	\$23.26		\$18.61	
6	Annualized Customer Charge Revenues		\$28,191		\$14,962
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		\$28,191		\$14,962

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.

RD Sewer
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 Revenue Summary Schedule - Sewer

Line Number	Description	Total	
		F Amount	G Amount
1	<u>Customer Charge Revenues:</u>		
2	Customer Number	168	
3	Bills Per Year		
4	Customer Bills Per year	2,016	
5	Current Customer Charge		
6	Annualized Customer Charge Revenues		\$43,153
7	<u>Commodity Charge Revenues:</u>		
8	Total Gallons Sold	0	
9	Less: Base Gallons Included In Customer Charge	0	
10	Commodity Gallons	0	
11	Block 1, Commodity Gallons per Block		
12	Block 1, Number of Commodity Gallons per Unit		
13	Block 1, Commodity Billing Units		
14	Block 1, Existing Commodity Charge		
15	Block 1, Annualized Commodity Charge Rev.		\$0
16	<u>Total Annualized Sewer Rate Revenues</u>		\$43,153

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.

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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		Administrative & Billing	\$300	S-2	\$5,451	100.00%	\$5,751
3		Operators Salary / Contractor Services	\$1,144	S-3	\$11,361	100.00%	\$12,505
4		Electricity	\$10,248	S-4	-\$462	100.00%	\$9,786
5		Chemicals	\$48	S-5	\$2	100.00%	\$50
6		Waste disposal	\$0	S-6	\$540	100.00%	\$540
7		Sludge Removal	\$150	S-7	\$2,070	100.00%	\$2,220
8		Sewer Testing	\$1,067	S-8	\$184	100.00%	\$1,251
9		MO One Call	\$0	S-9	\$43	100.00%	\$43
10		TOTAL OPERATIONS EXPENSE	\$12,957		\$19,189		\$32,146
11		MAINTENANCE EXPENSES					
12		Outside Services Employed	\$1,955	S-12	-\$1,769	100.00%	\$186
13		System Repairs and Maintenance	\$191	S-13	\$452	100.00%	\$643
14		TOTAL MAINTENANCE EXPENSE	\$2,146		-\$1,317		\$829
15		CUSTOMER ACCOUNT EXPENSE					
16		Accounting Services	\$0	S-16	\$2,109	100.00%	\$2,109
17		Billing & Collections Expense	\$93	S-17	\$595	100.00%	\$688
18		TOTAL CUSTOMER ACCOUNT EXPENSE	\$93		\$2,704		\$2,797
19		ADMINISTRATIVE & GENERAL EXPENSES					
20		Telephone & Internet	\$1,726	S-20	-\$1,186	100.00%	\$540
21		Office Utilities	\$573	S-21	-\$549	100.00%	\$24
22		Vehicle Expense	\$773	S-22	\$816	100.00%	\$1,589
23		Medical Insurance	\$0	S-23	\$829	100.00%	\$829
24		Rent	\$1,995	S-24	-\$932	100.00%	\$1,063
25		Other Misc. Expenses	\$2,120	S-25	-\$2,120	100.00%	\$0
26		TOTAL ADMINISTRATIVE AND GENERAL	\$7,187		-\$3,142		\$4,045
27		OTHER OPERATING EXPENSES					
28		MO DNR Fees	\$0	S-28	\$2,500	100.00%	\$2,500
29		PSC Assessment	\$1,523	S-29	\$696	100.00%	\$2,219
30		Corporate Registration	\$0	S-30	\$50	100.00%	\$50
31		Depreciation	\$0	S-31	\$6,826	100.00%	\$6,826
32		TOTAL OTHER OPERATING EXPENSES	\$1,523		\$10,072		\$11,595
33		TAXES OTHER THAN INCOME					
34		Real & Personal Property Taxes	\$217	S-34	\$83	100.00%	\$300
35		Payroll Taxes	\$0	S-35	\$1,781	100.00%	\$1,781
36		TOTAL TAXES OTHER THAN INCOME	\$217		\$1,864		\$2,081
37		TOTAL OPERATING EXPENSES	\$24,123		\$29,370		\$53,493

RD Sewer
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 Expense Adjustment Schedule - Sewer

A Expense Adj Number	B Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment
S-2	Administrative & Billing			\$5,451
	To annualize Salary For LaDawn Owens		\$5,451	
S-3	Operators Salary / Contractor Services			\$11,361
	To annualize Salary for Rodger Owens		\$11,361	
S-4	Electricity			-\$462
	To adjust to billed amount		-\$67	
	To Remove Late Fees		-\$110	
	To Remove budget adjustments		-\$66	
	To annualize rate changes		\$836	
	To remove 90% of Electricity for billed to 406 S Allen		-\$780	
	To eliminate electricity for Lake Office		-\$275	
S-5	Chemicals			\$2
	To remove bleach purchased for water systems		-\$13	
	To annualize HTH purchase (1x/year)		\$15	
S-6	Waste disposal			\$540
	To annualize proper disposal of non-sludge waste		\$540	
S-7	Sludge Removal			\$2,070
	To adjust sludge hauling to calculated levels		\$2,070	
S-8	Sewer Testing			\$184

RD Sewer
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 Expense Adjustment Schedule - Sewer

A Expense Adj Number	B Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment
	To Annualize Sewer Testing		\$184	
S-9	MO One Call			\$43
	To Annualize MO One Call Charges		\$43	
S-12	Outside Services Employed			-\$1,769
	To reallocate Outside Services		\$31	
	To eliminate payments to Jerry Christman		-\$1,800	
S-13	System Repairs and Maintenance			\$452
	To normalize repairs expense using 5 year average		\$452	
S-16	Accounting Services			\$2,109
	To adjust for tax preperation and general accounting services		\$288	
	To Normalize legal fees re: Stoddard Acquisition		\$1,821	
S-17	Billing & Collections Expense			\$595
	To Annualize Postage & Cardstock for Postcard Billing		\$531	
	To include cost of 3 additional notices over 3 years		\$52	
	To Include Post Office Box Allocation		\$12	
S-20	Telephone & Internet			-\$1,186
	Adjustment to Bills		-\$317	
	To remove Late Fees/Credits		-\$28	
	To remove non-company cell phone lines		-\$446	

RD Sewer
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 Expense Adjustment Schedule - Sewer

A Expense Adj Number	B Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment
	To remove cable and cable fees		-\$218	
	To remove 50% personal usage on telephone		-\$177	
S-21	Office Utilities			-\$549
	To remove personal utility use		-\$549	
S-22	Vehicle Expense			\$816
	To Annualize Fuel & Insurance Cost		\$816	
S-23	Medical Insurance			\$829
	To Annualize Health Insurance		\$829	
S-24	Rent			-\$932
	To annualize rent expense		-\$932	
S-25	Other Misc. Expenses			-\$2,120
	Remove non-utility expenses		-\$2,120	
S-28	MO DNR Fees			\$2,500
	To include DNR Permit Fees		\$2,500	
S-29	PSC Assessment			\$696
	To annualize most recent PSC Assessment		\$696	
S-30	Corporate Registration			\$50
	To include Corporate Registration		\$50	
S-31	Depreciation			\$6,826

RD Sewer
 Informal Rate/Certificate Case
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 Test Year Ending 12-31-08
 Expense Adjustment Schedule - Sewer

A Expense Adj Number	B Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment
	1. To Annualize Depreciation		\$6,826	
S-34	Real & Personal Property Taxes			\$83
	To include one year personal property tax and real estate tax and allocated amount of 10% of real estate tax for 406 S Allen and property tax on truck		\$83	
S-35	Payroll Taxes			\$1,781
	To annualize Payroll Taxes		\$1,781	
	Total Expense Adjustments			\$29,370

RD Sewer
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 Revenue Schedule - Sewer

Line Number	A Account Number (Optional)	B Revenue Description	C Company/ Test Year Amount	D Adjustment Number	E Jurisdictional Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
Rev-1		ANNUALIZED REVENUES					
Rev-2		Annualized Rate Revenues	\$0	Rev-2	\$43,153	100.00%	\$43,153
Rev-3		Miscellaneous Revenues	\$0	Rev-3	\$2,505	100.00%	\$2,505
Rev-4		TOTAL ANNUALIZED REVENUES	\$0		\$45,658		\$45,658

RD Sewer
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 Revenue Adjustment Schedule - Sewer

A	B	C	D	E
Revenue Adj Number	Adjustment Description	Account Number	Adjustment Amount	Total Adjustment
Rev-2	Annualized Rate Revenues			\$43,153
	1. To Annualize Rate Revenues		\$43,153	
	2. Description		\$0	
	3. Description		\$0	
Rev-3	Miscellaneous Revenues			\$2,505
	1. To Annualize Miscellaneous Revenues		\$2,505	
	2. Description		\$0	
	Total Revenue Adjustments			\$45,658

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Informal Rate/Certificate Case
Tracking Number SR-2009-0226
Test Year Ending 12-31-08
Miscellaneous Revenues Feeder - Sewer

Line Number	A Description	B Amount
3	Total Miscellaneous Revenues	<u>\$2,505</u>

Agreement Attachment D

Rate Design Worksheet

RD SEWER COMPANY LLC

Development of Tariffed Rates-Sewer

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

Revenues Generated by Current Tariffed Rates	\$ 43,153
Agreed-Upon Overall Revenue Increase	\$ 14,540
Percentage Increase Needed	33.695%

Customer Rates

Customer Type	Current Service Charge	Proposed Service Charge
Single Family	\$ 23.26	\$ 31.10
Multi Family	\$ 18.61	\$ 24.88

Agreement Attachment E

Billing Comparison Worksheet

RD SEWER COMPANY LLC

Residential Customer Bill Comparison-Sewer

Rates for Residential Customer

<u>Current Base</u>	<u>Proposed Base</u>
<u>Customer Charge</u>	<u>Customer Charge</u>
\$23.26	\$31.10

current service charge is monthly charge

MONTHLY BILL COMPARISON

Current Rates

Customer Charge	\$ 23.26
Usage Charge	\$ -
Total Bill	\$ 23.26

Proposed Rates

Customer Charge	\$ 31.10
Usage Charge	\$ -
Total Bill	\$ 31.10

INCREASES

Customer Charge

\$ Increase	\$7.84
% Increase	33.69%

Usage Charge

\$ Increase	\$0.00
% Increase	N/A

Total Bill

\$ Increase	\$7.84
% Increase	33.69%

Agreement Attachment F

Schedule of Depreciation Rates

R. D. SEWER COMPANY

DEPRECIATION RATES

(CLASS C & D SEWER)

SR-2009-0226

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	DEPRECIATION RATE	AVERAGE SERVICE LIFE (YEARS)	NET SALVAGE
311	Structures & Improvements	3.0%	33	0%
352.1	Collection Sewers (Force)	2.0%	50	0%
352.2	Collection Sewers (Gravity)	2.0%	50	0%
354	Services	2.0%	50	\$0
355	Flow Measurement Devices	3.3%	30	0%
362	Receiving Wells (lift station structure)	4.0%	25	0%
363	Electric Pumping Equipment	10.0%	10	0%
372	Oxidation Lagoons	4.0%	25	0%
373	Treatment & Disposal Facilities	5.0%	20	0%
391	Office Furniture & Equipment	5.0%	20	\$0
391.1	Office Computer Equipment	20.0%	5	0%
392	Transportation Equipment	0.0%	7	9%
393	Other Equipment (tools, shop equip backhoes, trenchers etc)	10.0%	9	10%

Agreement Attachment G

EMSD Report

REPORT OF CUSTOMER SERVICE AND BUSINESS OPERATIONS REVIEW

Engineering and Management Services Department

Small Company Rate Increase Request

Case No: SR-2009-0226

R.D. Sewer Co. LLC

The Engineering and Management Services Department (EMSD) staff initiated a review of the customer service processes, procedures, and practices of R.D. Sewer Company, LLC (R.D. Sewer, Company) on December 10, 2008. The review was performed in conjunction with a small company rate request submitted by the Company on November 26, 2008, and given case number SR-2009-0226. The EMSD staff examined Company tariffs, annual reports, Missouri Public Service Commission (Commission) complaint and inquiry records, and information provided by the Company in relation to its customer service and business office operations. The EMSD staff also visited the Company's business office and made a tour of the plant facilities on January 21, 2009. The Company is requesting that the interim rates previously approved by the Commission in Case No. SO-2008-0289 become permanent.

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

The objectives of the EMSD staff's review were to document and analyze the management control processes, procedures, and practices used by the Company to ensure adequate customer service is provided. The findings of this review provide the Commission with information regarding the Company's customer service operations. This review also includes recommendations, when appropriate, to improve the quality of service R.D. Sewer provides to its customers.

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

- Customer Billing
- Payment Remittance

- Credit and Collections
- Complaint and Inquiry Handling and Recording
- Customer Communications and Information
- Record Storage and Security

Overview

In 1979, Stoddard County Sewer Company, Inc. (Stoddard County) was granted a certificate of convenience and necessity (CCN) in Case No. SA-79-11, and subsequently granted another CCN in Case No. SA-86-115 to expand its operations. On March 4, 2008, a joint application was filed requesting the Commission issue an order authorizing Stoddard County to transfer its assets to R.D. Sewer. The Commission's October 23, 2008 Order, among other things, cancelled the CCNs held by Stoddard County, and granted R.D. Sewer a CCN to provide sewer service to the sewer customers in the former service area of Stoddard County. At the present time, the Company provides sewer service to 172 sewer customers within its certificated area. Rodger Owens, the present owner of R.D. Sewer, began operating the Stoddard County system after the death of the former owner in 2002. The system was eventually acquired by Rodger Owens and his wife, LaDawn Owens, in 2008. The Company's owners also own three other utility systems: Oakbrier Estates Water Company, Whispering Hills Water System, and Lakeland Heights Water Company. R.D. Sewer is operated by the Company's two owners who fulfill operational, managerial and office duty responsibilities.

One of the Company owners also serves as the Company's President, Manager and Operator. The other owner serves as the Company's Secretary and Billing Clerk and is responsible for general office duties. She also assists in the field when needed. The Company President is responsible for operating the system and keeping it in good working order, as well as complying with regulations of the Department of Natural Resources (DNR). The Office Manager is responsible for recording payments, credit and collections and other office functions of the Company. There is currently no mechanism to track the hours attributable to work performed for R.D. Sewer.

The EMSD staff made an on-site visit to R.D. Sewer on January 21, 2009. During its visit, the staff conducted interviews with the Company's owners and visited

the Company's facilities in Ecology Acres and Western Heights outside the city of Dexter, Stoddard County, Missouri. At the time of the staff's visit, the Company was provided copies of the Commission's Rules pertaining to water and sewer companies.

The Company indicates that its office hours for all of its utility systems are from 8 a.m. to 4 p.m., Monday through Friday. The Company's business office is located in the owners' residence at 406 South Allen, Bernie, Missouri.

Customer Billing

Monthly billing is performed by the Company's owners. Deposits are not requested by the Company.

The customers' sewer bills are to be calculated in the following manner per the Company's interim tariff effective on Dec. 21, 2008.

Monthly Service Charge

Single-Family Residence	\$23.26
Multi-Family Residence	\$18.61 per single family living quarters
Commercial	No filing as of this date

In addition to monthly rates for service, the Company's tariffs also address the amounts to be assessed for contributions in aid of construction for either single family or multi-family residences. These amounts are \$835.00 for single family residences. Multi-family residences are charged \$628.00 per single family living quarters.

Bills are prepared manually and mailed the 30th or 31st of the month. There is no date on the bill other than the indication that bills are due on the 20th of the month. Bills include the current bill's service dates, the amount due for the current bill, any past due amount and a total amount due. A late fee of \$5.00 is added to the monthly bill if payment is not received by the Company by the 20th day of the subsequent month of billing. There is a statement at the bottom of the bill which addresses late fees of \$5.00, returned check fees of \$25.00 and reconnection fees of \$150.00. The late fee is the only one of these charges that is contained in the Company's tariffs.

Service calls, at any time other than during normal business hours, for connection, disconnection, or for any other reason except disconnection for a ruptured customer's service shall require a service charge of \$10.00. This fee is represented in the Company's tariff.

Payment Remittance

R.D. Sewer payment options include cash or check. Payments may be dropped off at the Company office or mailed. The Company does accept payments while in the field. No electronic payments are currently offered to customers.

Payments are recorded manually into the Company's office records and the Company indicates it usually makes bank deposits two to three times a week for the four utilities it owns. Customer payments are stored in a small safe at the Company until deposits are made.

Credit and Collections

The Company indicates it does not collect signed applications or agreements from new customers.

The Company's bill indicates it will charge returned check, reconnect and late payment fees. While the EMSD staff supports a utility's use of such fees, staff did not find provisions for returned check fees or reconnect fees in the Company's tariffs. Staff from the Commission's Water and Sewer Department reviewed miscellaneous charges included in the Company's tariff as part of the small company informal rate case process and will be recommending appropriate changes. R.D. Sewer has not received any returned checks for the past three years nor has it charged any reconnect fees.

Customers are considered delinquent if payment is not received by the 20th of the subsequent month of billing and the Company's billing statement indicates that service will be disconnected. For customers not making payment of their bill, the amount is added to the next monthly billing statement before service is actually subject to disconnection. The Company provides written delinquent notices indicating service will be subject to disconnection if payment is not received within 30 days. The Company will also make follow-up phone calls requesting payment.

The Company did not perform any non-pay service disconnections in the R.D. Sewer service territory during 2006, 2007, or 2008. According to the Company, there are presently no delinquent accounts. The Company does not employ the services of an outside collection agency. There were four account write-offs for the Company in the year 2006. These write-offs totaled \$2,118.30.

Complaint and Inquiry Handling and Recording

Customer calls are primarily handled by the Office Manager; however the Operations Manager can also handle customer calls. The Company currently does not track these calls.

Customer Communications and Information

The Company contact information is provided on customer bills. All office, home, and cell phone numbers are posted on all sewer bills, as well as an email address.

Records Storage and Security

Much of the Company's office work is performed manually and is maintained in hard copy. Customer records, including billing, payment agreements, general ledger and other types of records are not stored in a fireproof location.

Time Reporting

The Company's owners also own and operate three other regulated utilities in addition to R.D. Sewer. A typical work day may involve performing tasks for more than one of these utilities. Presently, the Company has no systematic way to track the amount of hours spent on work for any one individual utility.

Findings, Conclusions, and Recommendations

The following discussion contains findings, conclusions and recommendations pertaining to R.D. Sewer's customer service operations. This section focuses on the following areas that warrant the Company management's attention:

- Customer Billing

- Credit and Collections
- Complaint and Inquiry Handling and Recording
- Records Storage and Security
- Time Reporting

Customer Billing

The Company does not currently perform periodic bill checking on the monthly bills sent to its customers prior to mailing to ensure the accuracy of its bills. In addition, Commission staff from the Auditing Department checked the calculations on a sampling of customer bills and noted some errors in the calculations made by the Company. By performing a periodic check through a sampling customer bills, the Company will develop an additional internal control to help ensure that bills are calculated appropriately.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Perform monthly bill checking on a sample of bills and correct past billing errors to customers. This action should be completed within thirty days of the Commission's Order Approving the Disposition Agreement in Case No. SR-2009-0226.

The Company has not taken advantage of the opportunities for improvement to automate the Company's billing process. The Company currently performs its billing for R.D. Sewer, as well as its other three regulated utilities, manually. The Company may consider utilizing the capabilities of its current spreadsheet to assist it in bill calculation or may consider the acquisition of a billing system. Implementation of an effective billing system would enhance the Company's customer record keeping activities. Calculation of the bills, preparation of the billing statements, detection of billing errors, and recording of the payments received could be improved with a more effective billing system.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Analyze automated billing software and consider use of a cost-effective automated system that would more efficiently and accurately handle the calculation and preparation of customer bills.

Credit and Collections

The Company is indicating it will charge customers for fees that are either not provided in their tariffs or are authorized at rates other than what the utility is charging its customers. Specifically, the Company's bill indicates a service fee of \$25.00 will be charged for all returned checks and a \$150.00 reconnect fee will be charged for services disconnected for non-payment.

While the Company indicates it has had no returned checks for the past three years, it needs to ensure that all charges it represents to its customers are appropriately approved in its tariffs. The Company has historically had delinquent accounts and write-offs. If fees are charged, such fees should be appropriately addressed in the Company's tariffs.

The Company's bill indicates it will also charge a reconnect fee of \$150.00 for service disconnected for non-payment; however, the Company's tariffs do not address a reconnection fee. The Company indicates it has not charged any reconnection fees. The Commission's Water and Sewer Department will be addressing matters pertaining to the Company's tariff.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Ensure that all rates and fees charged to customers, such as returned check and reconnection fees, have been approved by the Missouri Public Service Commission and are present in the Company's tariffs. This action should be completed within thirty days of the Commission's Order Approving the Disposition Agreement in Case No. SR-2009-0226.

Refund and/or credit to customers all fees that have been inappropriately collected of customers including returned check and reconnection fees. This action should be completed within thirty days of the Commission's Order Approving the Disposition Agreement in Case No. SR-2009-0226.

Complaint and Inquiry Handling and Recording

The Company cannot demonstrate that documentation of complaints received by the Company is being performed, which is a violation of Commission Rule 4 CSR 240-60.010(4), which 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.”

The lack of a comprehensive complaint log makes it difficult for Company management to evaluate the reasons for customer contacts and to determine if any measures could be taken to improve customer satisfaction.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Ensure all customer complaints received by Company personnel are documented. Documentation shall include customer name, address, the nature of the complaint, date of occurrence, as well as an explanation of what the Company has done to address the complaint as explained in Commission Rule 4 CSR 240-60.010(4). This action should be completed within thirty days of the Commission’s Order Approving the Disposition Agreement in Case No. SR-2009-0226.

Record Storage and Security

The Company cannot ensure that critical paper files are adequately stored. It is a good business practice to have procedures in place that will assist the Company to recover data in the event of a disaster, such as a fire.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Store all critical paper files in fire proof storage.

Time Reporting

The Company currently does not have a time reporting system in place to track the amount of time its owners spend on activities related solely to R.D. Sewer.

Time reporting can have many benefits including determining how many hours of work, the type of work and compensation that should be incorporated into customer rates, the need for additional personnel, as well as compensation paid to outside parties. The Company has indicated its willingness to begin a time reporting process.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Institute time reporting by specific utility for the Company's owners and any contractors it may employ.

Follow-Up

The recommendations made by the EMSD staff that address rule violations, tariffs or potential inaccurate billing of customers should be completed by the Company within thirty days of the Commission's Order Approving the Disposition Agreement in Case No. SR-2009-0226.

The EMSD staff will be conducting a follow-up of all of the recommendations within six months of the Commission's Order Approving the Disposition Agreement in Case No. SR-2009-0226.

Agreement Attachment H

Schedule of Case Events

Summary of Case Events

Date Filed	November 26, 2008
Day 150	April 25, 2009
Extension?	No
If yes, why?	
Amount Requested	Make Interim Rates Permanent
Amount Agreed Upon	\$14,540
Number of Customers	168
Rate of Return	
Return on Equity	
Assessments Current	Yes
Annual Reports Filed	Yes
Statement of Revenue Filed	Yes
Other Open Cases before Commission	No
Status with Secretary of State	Yes
DNR Violations	Yes
Significant Service/Quality Issues	Compliance Issues
	Recent Enforcement Action Settlement