

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

In the Matter of Hickory Hills Water &
Sewer Co., Inc. Small Company Rate
Increase

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Case No. SR-2009-0154

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

COMES NOW the Staff of the Missouri Public Service Commission (Staff), by and through counsel, and for its Notice of Agreement Regarding Disposition of Small Company Rate Increase Request (Agreement Notice) states the following:

1. On October 23, 2008, the Missouri Public Service Commission (the Commission) received a Rate Increase Request Letter (Request Letter) from Hickory Hills Water & Sewer Co., Inc. (Hickory Hills or the Company).

2. In its Request Letter, Hickory Hills requested the Commission authorize a 100% increase in its annual operating revenues pursuant to Commission Rule 4 CSR 240-3.050.

3. Upon completion of its investigation of the Company's request, Staff provided Hickory Hills and the Office of the Public Counsel (OPC) with various information, as well as its initial recommendations for the resolution of the revenue increase request.

4. Pursuant to negotiations conducted after the receipt by the Company and OPC of the above-referenced information and recommendations, Staff and Hickory Hills were able to reach an agreement (Disposition Agreement) regarding the resolution of the Company's rate increase request.

5. Included in Appendix A, attached hereto, is a copy of the above-referenced Disposition Agreement, as well as various attachments related to the Disposition Agreement. Additionally, Appendix A contains affidavits from Staff members that participated in the investigation of the Company's Request.

6. Pursuant to Rule 4 CSR 240-3.050, governing disposition agreements executed between Staff and small utility companies utilizing the small utility rate case procedure, Hickory Hills will file tariff sheets seeking to implement the terms of the Disposition Agreement. The tariff sheets will be filed on or before May 26, 2009, and as required will bear the minimum 45-day effective date of July 10, 2009.

7. Hickory Hills has no delinquent annual reports. The Company is delinquent in the payment of its Commission assessment fee for the fiscal year 2007. The Company currently has one additional case pending before the Commission, Case No. WR-2009-0151, related to a small water company rate increase request.

WHEREFORE, Staff respectfully submits this Agreement Notice and the attached Appendix for the Commission's information and consideration in this case and requests that the Commission enter an Order adopting the terms agreed upon by Staff and the Company.

Respectfully submitted,

/s/ Eric Dearmont

Eric Dearmont
Assistant General Counsel
Missouri Bar No. 60892

Attorney for the Staff of the
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102
(573) 751-5472 (Telephone)
(573) 751-9285 (Fax)
eric.dearmont@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 20th day of May, 2009.

/s/ Eric Dearmont

APPENDIX A

STAFF PARTICIPANT AFFIDAVITS AND DISPOSITION AGREEMENT & ATTACHMENTS

CASE NO. SR-2009-0154

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Staff Participant Affidavits

James M. Russo – Water & Sewer Department

Dana Eaves – Auditing Department

David Williams – Engineering & Management Services Department

Gary Bangert – Engineering & Management Services Department

BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

AFFIDAVIT OF JAMES M. RUSSO

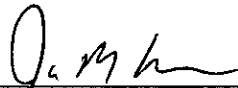
STATE OF MISSOURI)

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CASE NO. SR-2009-0154

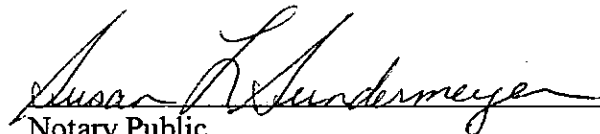
COUNTY OF COLE)

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 19th day of May, 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 DANA E. EAVES

STATE OF MISSOURI

ss.

COUNTY OF COLE

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Case No. SR-2009-0154

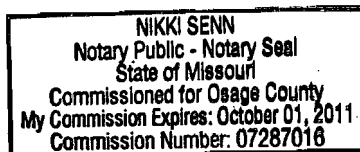
COMES NOW Dana E. Eaves, being of lawful age, and on his oath states the following: (1) that he is an Utility Regulatory Auditor III in the Missouri Public Service Commission's Auditing Department; (2) that he participated in the Staff's investigation of the small company rate increase request that is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



Dana E. Eaves

Utility Regulatory Auditor III
Auditing Department

Subscribed and sworn to before me this 18th day of May, 2009.


Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

AFFIDAVIT OF DAVID WILLIAMS

STATE OF MISSOURI

ss.

COUNTY OF COLE

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) Case No. SR-2009-0154
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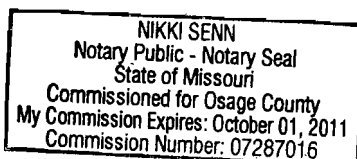
COMES NOW David Williams, being of lawful age, and on his oath states the following: (1) that he is a(n) Utility Engineer Specialist II in the Missouri Public Service Commission's Engineering & Management Services Department; (2) that he participated in the Staff's investigation of the small company rate increase request that is the subject of the instant case; (3) that he has knowledge of the foregoing *Company/Staff Agreement Regarding Disposition of Small Sewer Company Revenue Increase Request* ("Disposition Agreement"); (4) that he was responsible for the preparation of Attachment F to the Disposition Agreement; (5) that he has knowledge of the matters set forth in Attachment F to the Disposition Agreement; and (6) that the matters set forth in Attachment F to the Disposition Agreement are true and correct to the best of his knowledge, information, and belief.

David Williams

David Williams

Utility Engineer Specialist II
Engineering & Management
Services Department

Subscribed and sworn to before me this 19th day of May, 2009.



Nikki Senn
Notary Public

Rikki Senn
Notary Public

Company/Staff Disposition Agreement

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

HICKORY HILLS WATER & SEWER COMPANY, INC.

MO PSC CASE NO SR-2009-0154

BACKGROUND

Hickory Hills Water & Sewer Company, Inc. ("Company") initiated the small company revenue increase request ("Request") for sewer service that is the subject of the above-referenced Missouri Public Service Commission ("Commission") Case Number by submitting a letter to the Secretary of the Commission in accordance with the provisions of Commission Rule 4 CSR 240-3.050, Small Utility Rate Case Procedure ("Small Company Procedure"). In its request letter, which was received by the Commission on October 23, 2008, the Company set forth its request for an increase of 100% in its total annual sewer service operating revenues. In its request letter, the Company also acknowledged that the design of its customer rates, its service charges, its customer service practices, its general business practices and its general tariff provisions would be reviewed during the Commission Staff's ("Staff") review of the revenue increase request, and could thus be the subject of Staff recommendations. The Company provides service to approximately fifty (50) 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 Staff's initial recommendations for the resolution of the Company's Request.

RESOLUTION OF THE COMPANY'S RATE INCREASE REQUEST

Pursuant to negotiations held subsequent to the Company's and 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 July 10, 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 \$15,221 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 51% equity for the Company and a return on that equity of 10.47%, 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 ("USOA").
- (9) The Company will contract the services of a certified wastewater operator within three (3) months of the effective date of an order approving this

Company/Staff Disposition Agreement. Said operator shall follow the “Effluent Limitations and Monitoring Requirements” as stated in the Missouri Department of Natural Resources (“MDNR”) operating permit issued to the wastewater facility. The Company will notify the Manager of the Water and Sewer Department upon hiring of the operator

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

- a. Develop and distribute to all current and future customers written information specifying the rights and responsibilities of the Company and its customers.
- b. Change the procedure and the note appearing on customer’s bills in order to ensure that customers are provided at least twenty-one (21) days from the date bills are mailed to make payment before bills are considered past due.
- c. Require a signed customer application prior to service being provided by the Company as provided in its tariff. The Company’s customer application shall include the date, the customer’s signature, and a statement indicating that the customer agrees to abide by the Company’s rates, rules and regulations, and applicable state statutes.
- d. Implement a procedure to charge delinquent paying accounts the late payment charge of \$3.00 per month, not to exceed three (3) months or \$9.00 per customer. The procedure shall adhere to the Company’s tariff Sheet No. 5.
- e. Correct the notice of discontinuance of service to include the cost for reconnection, the date on or after which service will be discontinued and the possibility of a settlement agreement. The notice of discontinuance of service shall adhere to Commission Rule 4 CSR 240-13.050(4).
- f. Develop and implement a process to ensure all customer complaints received by Company personnel are documented and maintained for at least two (2) years. Documentation shall include the customer name, address, nature of the complaint, date of occurrence, as well as an explanation of what the Company has done to address the complaint.

(11) Within six (6) months of the effective date of an order approving this Company/Staff Disposition Agreement, the Company will implement the recommendations contained in the Engineering & Management Services Department (“EMSD”) Report. These recommendations include the following:

- a. Review all oral agreements with all outside individuals providing services to or on behalf of the Company and obtain signed contracts specifying the terms of these agreements.
- b. Develop a customer billing statement that itemizes all authorized charges, including previous balances due.
- c. Establish and implement a policy regarding the collection of delinquent accounts and consistently apply the policy to all customers.
- d. Store all customer payments and other important business documents in a lockable, fireproof cabinet.

(12) 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 Company/Staff Disposition Agreement. The notice will include a summary of the impact of the proposed rates on an average residential customer's bill. When the Company mails the notice to its customers, it will also send a copy to Staff Case Coordinator who will file a copy in the subject case file.

(13) That Staff will 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.

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

(16) That the Company agrees that it has read the foregoing Company/Staff Agreement Regarding Disposition of Small Sewer Company Revenue Increase Request; that upon the Company's best knowledge and belief the facts stated therein are true; that the foregoing conditions accurately reflect the agreement reached between the Company and Staff; and that the Company freely and voluntarily enters into this agreement.

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

ADDITIONAL MATTERS

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

The Company has filed the annual report for the 2008 calendar year. The Company is delinquent on the Missouri Public Service Commission Assessment Fees (“Assessment”) for fiscal year 2007. The Receiver paid the Assessment for fiscal year 2008 and has been making payments for fiscal year 2009.

The Company and Staff acknowledge that they have previously agreed to an extension of the normal "Day-150" date by which an agreement regarding the resolution of a small company revenue increase request is to be reached because the initial customer notice did not meet the requirements of 4 CSR 240-3.050 (7). A copy of the extension agreement can be found in the EFIS docket in this case.

The wastewater treatment facility was referred to the MDNR Water Pollution Control Branch, Enforcement Unit on April 20, 2006, for non-compliance issues regarding the permitted effluent limits. The facility has been unable to rectify the operational and capacity issues of the treatment lagoon to date, and thus remains under the oversight of the Enforcement Unit. The Company must continue to work with MDNR to return the facility to a status of compliance.


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

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

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.

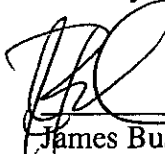
Agreement Signed and Dated:



Gary V. Cover
Receiver
Hickory Hills Water & Sewer Company, Inc.

5-14-09

Date



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

5-20-09

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

P.S.C. MO No. 2

3rd Revised Sheet No. 4

Canceling

2nd Revised Sheet No. 4

Hickory Hills Water & Sewer Company
Name of Issuing Company

For: Hickory Hills Estates & Temple Terrace
Moniteau County, Missouri
Community, Town or City

**Rules Governing the
Rendering of Sewer Service**

SCHEDULE OF RATES

Availability

Any metered customer located in the Company's service territory

Sewer Service Rates

The charge for sewer service is \$43.06 per month or portion thereof for each sewer service. +

Taxes

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

* Indicates New Rate or Text

+ Indicates Changed Rate or Text

Issue Date: May 26, 2009
Month/Day/Year

Effective Date: July 10, 2009
Month/Day/Year

Issued By: Gary V. Cover
Name & Title of Issuing Officer

Company Mailing Address

P.S.C. MO No. 2

2nd Revised Sheet No. 5

Canceling 1st Revised Sheet No. 5

Hickory Hills Water & Sewer Company
Name of Issuing Company

For: Hickory Hills Estates & Temple Terrace
Moniteau County, Missouri
Community, Town or City

**Rules Governing the
Rendering of Sewer Service**

SCHEDULE OF SEWER SERVICE CHARGES

Discontinuance of Service for Non-Payment of Bill:

Turn-on Charge \$ 15.00

Service Connection Fees:

Tap-on and Inspection \$15.00

Late Payment Charge:

Billing will be made and distributed at monthly intervals. Bills will be rendered net, bearing the last date on which payment will be considered delinquent. The period after which the payment is considered delinquent is 21 days after rendition of the bill. For any bill not paid within the period stated thereon, a late charge in the amount of \$3.00 per month, not to exceed three months or \$9.00 per customer, shall be added to the total amount due plus all disconnection and reconnection costs, collection costs and reasonable attorney's fees for collection.

Returned Check Charge:

+

A returned check charge of \$25 per check will be paid on all checks returned from the bank for insufficient funds.

* Indicates New Rate or Text

+ Indicates Change

Issue Date: May 26, 2009
Month/Day/Year

Effective Date: July 10, 2009
Month/Day/Year

Issued By: Gary V. Cover
Name & Title of Issuing Officer

Company Mailing Address

Agreement Attachment B

Ratemaking Income Statement

HICKORY HILLS WATER & SEWER

Rate Making Income Statement-Sewer

Operating Revenues at Current Rates

1	Tariffed Rate Revenues *	\$ 9,579
2	Other Operating Revenues *	\$ -
3	Total Operating Revenues	\$ 9,579
4	* See "Revenues - Current Rates" for Details	

Cost of Service

Item	Amount
1 Operator Salary-Contract Services	\$ 9,001
2 Repairs & Maintenance	\$ 406
3 System Maintenance	\$ 34
4 Outside Services Employed	\$ 6
5 Material & Supplies	\$ 25
6 Repair of Sewer Backup-Rowles	\$ 2,808
7 Mowing Expense	\$ 1,000
8 Receivership Fees	\$ 7,243
9 Postage Expense	\$ 72
10 Billing & Collections	\$ 1,500
11 Accounting Fees	\$ 150
12 MO DNR Fees	\$ 650
13 Regulatory Commission Expense	\$ 780
14 Corporate Registration	\$ 39
15 Rate Case Expense	\$ 679
16 Miscellaneous General Expenses	\$ 20
17 Sub-Total Operating Expenses	\$ 24,413
18 Property Taxes	\$ -
19 MO Franchise Taxes	\$ -
20 Employer FICA Taxes	\$ -
21 Federal Unemployment Taxes	\$ -
22 State Unemployment Taxes	\$ -
23 State & Federal Income Taxes	\$ 4
24 Sub-Total Taxes	\$ 4
25 Depreciation Expense	\$ 64
26 Amortization of Engineering Expense	\$ 295
27 Interest Expense	\$ 10
28 Sub-Total Depreciation/Amortization	\$ 369
29 Return on Rate Base	\$ 15
30 Total Cost of Service	\$ 24,801
31 Overall Revenue Increase Needed	\$ 15,222

Agreement Attachment C

Audit Workpapers

Exhibit No.:
Issue: Accounting Schedules
Witness: Dana Eaves
Sponsoring Party: MO PSC Staff
Case No: SR-2009-0154
Date Prepared: January 16, 2009



MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

REVISED 1/30/2009

STAFF ACCOUNTING SCHEDULES

HICKORY HILLS WATER & SEWER COMPANY

CASE NO. SR-2009-0154

Jefferson City, Missouri

January 2009

Hickory Hills Water Sewer Company
Informal Rate/Certificate Case
Tracking Number SR-2009-0154
Test Year Ending 06-30-2008
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			100.00%	\$0
3		Operators Salary / Contractor Services	\$13,717	S-3	\$4,284	50.00%	\$9,001
4		Electricity - Pumping Treatment	\$1,226			0.00%	\$0
5		Chemicals	\$0			100.00%	\$0
6		Sludge Removal	\$0			100.00%	\$0
7		TOTAL OPERATIONS EXPENSE	\$14,943		\$4,284		\$9,001
8		MAINTENANCE EXPENSES					
9		Outside Services Employed	\$12			50.00%	\$6
10		Materials and Supplies	\$50			50.00%	\$25
11		Sytem Maintenance	\$68			50.00%	\$34
12		Repair & Maintenance	\$812			50.00%	\$406
13		Repair of Sewer Backup - Rowles	\$14,039	S-13	-\$11,231	100.00%	\$2,808
14		Mowing Expense	\$1,250			80.00%	\$1,000
15		Amortization of Engineering Fees	\$0	S-15	\$295	100.00%	\$295
16		TOTAL MAINTENANCE EXPENSE	\$16,231		-\$10,936		\$4,574
17		CUSTOMER ACCOUNT EXPENSE					
18		Meter Reading	\$175			0.00%	\$0
19		Accounting Fees	\$0	S-19	\$300	50.00%	\$150
20		Legal Fees	\$0			100.00%	\$0
21		Billing & Collections	\$4,094	S-21	-\$1,094	50.00%	\$1,500
22		Office Supplies	\$0			100.00%	\$0
23		Postage Expense	\$143			50.00%	\$72
24		Uncollectible Accounts	\$0			100.00%	\$0
25		TOTAL CUSTOMER ACCOUNT EXPENSE	\$4,412		-\$794		\$1,722
26		ADMINISTRATIVE & GENERAL EXPENSES					
27		Administration & General Salaries	\$0			100.00%	\$0
28		Telephone & Pagers	\$0			100.00%	\$0
29		Office Utilities	\$0			100.00%	\$0
30		Vehicle Expense	\$0			100.00%	\$0
31		Vehicle Insurance	\$0			100.00%	\$0
32		Medical Insurance	\$0			100.00%	\$0
33		Property & Liability Insurance	\$0			100.00%	\$0
34		Receivership Fees	\$2,500	S-34	\$11,986	50.00%	\$7,243
35		Loan Payment	\$1,728	S-35	-\$1,728	100.00%	\$0
36		Other Misc. Expenses	\$40			50.00%	\$20
37		TOTAL ADMINISTRATIVE AND GENERAL	\$4,268		\$10,258		\$7,263
38		OTHER OPERATING EXPENSES					
39		MO DNR Fees	\$500	S-39	\$150	100.00%	\$650
40		PSC Assessment	\$538	S-40	\$242	100.00%	\$780
41		Corporate Registration	\$39			100.00%	\$39
42		Rate Case Expense	\$0	S-42	\$679	100.00%	\$679
43		Primacy Fees	\$111			0.00%	\$0
44		Amortization Expense	\$0			100.00%	\$0
45		Depreciation	\$0	S-45	\$64	100.00%	\$64
46		TOTAL OTHER OPERATING EXPENSES	\$1,188		\$1,135		\$2,212
47		TAXES OTHER THAN INCOME					
48		Real & Personal Property Taxes	\$0			100.00%	\$0
49		Payroll Taxes	\$0			100.00%	\$0
50		TOTAL TAXES OTHER THAN INCOME	\$0		\$0		\$0
51		TOTAL OPERATING EXPENSES	\$41,042		\$3,947		\$24,771

Hickory Hills Water Sewer Company
 Informal Rate/Certificate Case
 Tracking Number SR-2009-0154
 Test Year Ending 06-30-2008
 Expense Adjustment Schedule - Sewer

<u>A</u> Expense Adj Number	<u>B</u> Adjustment Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment
S-3	Operators Salary / Contractor Services			\$4,284
	To reflect the annualized level of contract operators fees		\$4,284	
S-13	Repair of Sewer Backup - Rowles			-\$11,231
	To reflect the amortization of expense associated with the Rowles sewer backup		-\$11,231	
S-15	Amortization of Engineering Fees			\$295
	To reflect the amortization expense related to engineering fees.		\$295	
S-19	Accounting Fees			\$300
	To reflect the annualize level of accounting expense for Taylor, Hoskins & Shaw		\$300	
S-21	Billing & Collections			-\$1,094
	To reflect the annualize level of billing and collection expense		-\$1,094	
S-34	Receivership Fees			\$11,986
	To reflect a normalized level of receivership fess for services provided by Gary Cover		\$11,986	
S-35	Loan Payment			-\$1,728
	To reflect the removal of loan payment from COS		-\$1,728	
S-39	MO DNR Fees			\$150
	To reflect annual permit fee expense		\$150	

Hickory Hills Water Sewer Company
 Informal Rate/Certificate Case
 Tracking Number SR-2009-0154
 Test Year Ending 06-30-2008
 Expense Adjustment Schedule - Sewer

<u>A</u> Expense Adj Number	<u>B</u> Adjustment Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment
S-40	PSC Assessment			\$242
	To reflect fiscal year 2009 MO PSC annual sewer assessment		\$242	
S-42	Rate Case Expense			\$679
	To reflect normalized level of rate case expense		\$679	
S-45	Depreciation			\$64
	1. To Annualize Depreciation		\$64	
	Total Expense Adjustments			\$3,947

Hickory Hills Water Sewer Company
 Informal Rate/Certificate Case
 Tracking Number SR-2009-0154
 Test Year Ending 06-30-2008
 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	\$24,027	Rev-2	-\$14,448	100.00%	\$9,579
Rev-3		Miscellaneous Revenues	\$0	Rev-3	\$0	100.00%	\$0
Rev-4		TOTAL ANNUALIZED REVENUES	\$24,027		-\$14,448		\$9,579

Hickory Hills Water Sewer Company
Informal Rate/Certificate Case
Tracking Number SR-2009-0154
Test Year Ending 06-30-2008
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			-\$14,448
	1. To Annualize Rate Revenues		-\$14,448	
Rev-3	Miscellaneous Revenues			\$0
	1. To Annualize Miscellaneous Revenues		\$0	
	Total Revenue Adjustments			-\$14,448

Hickory Hills Water Sewer Company
Informal Rate/Certificate Case
Tracking Number SR-2009-0154
Test Year Ending 06-30-2008
Revenue Summary Schedule - Sewer

Line Number	A Description	Residential 5/8"		Commercial 2"	
		B Amount	C Amount	D Amount	E Amount
1	<u>Customer Charge Revenues:</u>				
2	Customer Number	48		0	
3	Bills Per Year	12		0	
4	Customer Bills Per year	576		0	
5	Current Customer Charge	\$16.63		\$0.00	
6	Annualized Customer Charge Revenues		\$9,579		\$0
7	<u>Commodity Charge Revenues:</u>				
8	Total Gallons Sold	0		0	
9	Less: Base Gallons Included In Customer Charge	0		0	
10	Commodity Gallons	0		0	
11	Block 1, Commodity Gallons per Block	0		0	
12	Block 1, Number of Commodity Gallons per Unit	0		0	
13	Block 1, Commodity Billing Units	0.00		0.00	
14	Block 1, Existing Commodity Charge	\$0.00		\$0.00	
15	Block 1, Annualized Commodity Charge Rev.		\$0		\$0
16	<u>Total Annualized Sewer Rate Revenues</u>		\$9,579		\$0

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

Hickory Hills Water Sewer Company
 Informal Rate/Certificate Case
 Tracking Number SR-2009-0154
 Test Year Ending 06-30-2008
 Revenue Summary Schedule - Sewer

Line Number	Description	Total	
		F Amount	G Amount
1	<u>Customer Charge Revenues:</u>		
2	Customer Number	48	
3	Bills Per Year		
4	Customer Bills Per year	576	
5	Current Customer Charge		
6	Annualized Customer Charge Revenues		\$9,579
7	<u>Commodity Charge Revenues:</u>		
8	Total Gallons Sold	0	
9	Less: Base Gallons Included In Customer Charge	0	
10	Commodity Gallons	0	
11	Block 1, Commodity Gallons per Block		
12	Block 1, Number of Commodity Gallons per Unit		
13	Block 1, Commodity Billing Units		
14	Block 1, Existing Commodity Charge		
15	Block 1, Annualized Commodity Charge Rev.		\$0
16	Total Annualized Sewer Rate Revenues		\$9,579

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.

Hickory Hills Water Sewer Company
Informal Rate/Certificate Case
Tracking Number SR-2009-0154
Test Year Ending 06-30-2008
Miscellaneous Revenues Feeder - Sewer

Line	A	B
Number	Description	Amount

3	Total Miscellaneous Revenues	<u>\$0</u>
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Hickory Hills Water Sewer Company
 Informal Rate/Certificate Case
 Tracking Number SR-2009-0154
 Test Year Ending 06-30-2008
 Rate Design Schedule - Sewer

Line Number	A Description	B Account Number (Optional)	C Staff Annualized	D Customer Charge	E Commodity	F Percentage Rate
Rev-1	ANNUALIZED REVENUES					
Rev-2	Annualized Rate Revenues	(1)	\$9,579			
Rev-3	Miscellaneous Revenues	(1)	\$0			
Rev-4	TOTAL ANNUALIZED REVENUES		\$9,579			
1	OPERATIONS EXPENSES	(2)				
2	Management Salary		\$0	\$0	\$0	0.00%
3	Operators Salary / Contractor Services		\$9,001	\$0	\$9,001	0.00%
4	Electricity - Pumping Treatment		\$0	\$0	\$0	0.00%
5	Chemicals		\$0	\$0	\$0	0.00%
6	Sludge Removal		\$0	\$0	\$0	0.00%
7	TOTAL OPERATIONS EXPENSE		\$9,001	\$0	\$9,001	
8	MAINTENANCE EXPENSES					
9	Outside Services Employed		\$6	\$0	\$6	0.00%
10	Materials and Supplies		\$25	\$0	\$25	0.00%
11	Sytem Maintenance		\$34	\$0	\$34	0.00%
12	Repair & Maintenance		\$406	\$0	\$406	0.00%
13	Repair of Sewer Backup - Rowles		\$2,808	\$0	\$2,808	0.00%
14	Mowing Expense		\$1,000	\$0	\$1,000	0.00%
15	Amortization of Engineering Fees		\$295	\$0	\$295	0.00%
16	TOTAL MAINTENANCE EXPENSE		\$4,574	\$0	\$4,574	
17	CUSTOMER ACCOUNT EXPENSE					
18	Meter Reading		\$0	\$0	\$0	0.00%
19	Accounting Fees		\$150	\$0	\$150	0.00%
20	Legal Fees		\$0	\$0	\$0	0.00%
21	Billing & Collections		\$1,500	\$0	\$1,500	0.00%
22	Office Supplies		\$0	\$0	\$0	0.00%
23	Postage Expense		\$72	\$0	\$72	0.00%
24	Uncollectible Accounts		\$0	\$0	\$0	0.00%
25	TOTAL CUSTOMER ACCOUNT EXPENSE		\$1,722	\$0	\$1,722	
26	ADMINISTRATIVE & GENERAL EXPENSES					
27	Administration & General Salaries		\$0	\$0	\$0	0.00%
28	Telephone & Pagers		\$0	\$0	\$0	0.00%
29	Office Utilities		\$0	\$0	\$0	0.00%
30	Vehicle Expense		\$0	\$0	\$0	0.00%
31	Vehicle Insurance		\$0	\$0	\$0	0.00%
32	Medical Insurance		\$0	\$0	\$0	0.00%
33	Property & Liability Insurance		\$0	\$0	\$0	0.00%
34	Recelvership Fees		\$7,243	\$0	\$7,243	0.00%
35	Loan Payment		\$0	\$0	\$0	0.00%
36	Other Misc. Expenses		\$20	\$0	\$20	0.00%
37	TOTAL ADMINISTRATIVE AND GENERAL		\$7,263	\$0	\$7,263	
38	OTHER OPERATING EXPENSES					
39	MO DNR Fees		\$650	\$0	\$650	0.00%
40	PSC Assessment		\$780	\$0	\$780	0.00%
41	Corporate Registration		\$39	\$0	\$39	0.00%
42	Rate Case Expense		\$679	\$0	\$679	0.00%
43	Primacy Fees		\$0	\$0	\$0	0.00%
44	Amortization Expense		\$0	\$0	\$0	0.00%
45	Depreciation		\$64	\$0	\$64	0.00%
46	TOTAL OTHER OPERATING EXPENSES		\$2,212	\$0	\$2,212	
47	TAXES OTHER THAN INCOME					
48	Real & Personal Property Taxes		\$0	\$0	\$0	0.00%
49	Payroll Taxes		\$0	\$0	\$0	0.00%
50	TOTAL TAXES OTHER THAN INCOME		\$0	\$0	\$0	

Hickory Hills Water Sewer Company
Informal Rate/Certificate Case
Tracking Number SR-2009-0154
Test Year Ending 06-30-2008
Rate Design Schedule - Sewer

Line Number	A Description	B Account Number (Optional)	C Staff Annualized	D Customer Charge	E Commodity	F Percentage Rate
51	TOTAL OPERATING EXPENSES		\$24,771	\$0	\$24,772	
52	Interest Expense	(3)	\$10	\$0	\$10	0.00%
53	Return on Equity	(3)	\$15	\$0	\$15	0.00%
54	Income Taxes	(3)	\$4	\$0	\$4	0.00%
55	TOTAL INTEREST RETURN & TAXES		\$29	\$0	\$29	
56	TOTAL COST OF SERVICE		\$24,800	\$0	\$24,801	
57	Less: Miscellaneous Revenues		\$0	\$0	\$0	0.00%
58	COST TO RECOVER IN RATES		\$24,800	\$0	\$24,801	
59	INCREMENTAL INCREASE IN RATE REVENUES		\$15,221			
60	PERCENTAGE OF INCREASE		158.90%			
61	REQUESTED INCREASE IN REVENUES		\$0			

(1) From Revenue Schedule

(2) From Expense Schedule

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

Hickory Hills Water Sewer Company
 Informal Rate/Certificate Case
 Tracking Number SR-2009-0154
 Test Year Ending 06-30-2008
 Rate of Return Including Income Tax - Sewer

	A	B	formulas
1 State Income Tax Rate Statutory / Effective	6.25% (2)	5.76%	$(1 - (B2 \times .5)) \times A1$
2 Federal Income Tax Rate Statutory / Effective	16.67% (1) & (2)	15.71%	$(1 - B1) \times A2$
3 Composite Effective Income Tax Rate		21.47%	$B1 + B2$
4 Equity Tax Factor		1.2734	$1 / (1 - B3)$
5 Recommended Weighted Rate of Return on Equity - Common and Preferred		5.34%	From Capital Structure Schedule
6 Weighted Rate of Return on Equity Including Income Tax		6.80%	$B4 \times B5$
7 Recommended Weighted Rate of Return on Debt - Long-Term and Short-Term		3.43%	From Capital Structure Schedule
8 Total Weighted Rate of Return Including Income Tax		10.23%	$B6 + B7$

To Rate Base Schedule

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

N

Equity Income Required \$18
 & Preliminary Federal Tax

Tax Rate Table

Net Income Range				
Start	End	Tax Rate	Amount in Range	Tax on Range
\$0	\$50,000	15.00%	\$18	\$3
\$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
			\$18	\$3
Consolidated Tax Rate:				
Average Tax Rate:				0.1667

Hickory Hills Water Sewer Company
Informal Rate/Certificate Case
Tracking Number SR-2009-0154
Test Year Ending 06-30-2008
Rate Base Required Return on Investment Schedule - Sewer

Line	A Rate Base Description	B Dollar Amount
1	Plant In Service	\$22,800 From Plant Schedule
2	Less Accumulated Depreciation Reserve	<u>\$523</u> From Depreciation Reserve Schedule
3	Net Plant In Service	\$22,277
4	Other Rate Base Items:	\$0
	Contribution of Aid of Construction	-\$22,000
	CIAC Depreciation	\$0
5	Total Rate Base	<u>\$277</u>
6	Total Weighted Rate of Return Including Income Tax	<u>10.23%</u> From PreTax Return & Taxes Schedule
7	Required Return & Income Tax	<u><u>\$28</u></u>

Hickory Hills Water Sewer Company
 Informal Rate/Certificate Case
 Tracking Number SR-2009-0154
 Test Year Ending 06-30-2008
 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	\$51	51.00%	10.47%	5.340%
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	\$49	49.00%	7.00%	3.430%
5	Short Term Debt	\$0	0.00%	0.00%	0.000%
6	Other Security-Tax Deductible	\$0	0.00%	0.00%	0.000%
7	TOTAL CAPITALIZATION	\$100	100.00%		8.770%

To PreTax Return Rate Schedule

Hickory Hills Water Sewer Company
Informal Rate/Certificate Case
Tracking Number SR-2009-0154
Test Year Ending 06-30-2008
Plant In Service - Sewer

Line Number	A Account # (Optional)	B Plant Account Description	C Total Plant	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
1		INTANGIBLE PLANT					
2	301.000	Organization	\$0			100.00%	\$0
3	302.000	Franchises	\$0			100.00%	\$0
4	303.000	Miscellaneous Intangible Plant	\$0			100.00%	\$0
5		TOTAL INTANGIBLE PLANT	\$0		\$0		\$0
6		SOURCE OF SUPPLY PLANT					
7	310.000	Land & Land Rights	\$0			100.00%	\$0
8	311.000	Structures & Improvements	\$0			100.00%	\$0
9		TOTAL SOURCE OF SUPPLY PLANT	\$0		\$0		\$0
10		COLLECTION PLANT					
11	352.100	Collection Sewers - Force	\$0			100.00%	\$0
12	352.200	Collection Sewers - Gravity	\$19,000			100.00%	\$19,000
13	353.000	Other Collection Plant Facilities	\$0			100.00%	\$0
14	354.000	Services to Customers	\$0			100.00%	\$0
15	355.000	Flow Measuring Devices	\$0			100.00%	\$0
16		TOTAL COLLECTION PLANT	\$19,000		\$0		\$19,000
17		PUMPING PLANT					
18	362.000	Receiving Wells and Pump Pits	\$0			100.00%	\$0
19	363.000	Pumping Equipment (Elec., Diesel, other)	\$0			100.00%	\$0
20		TOTAL PUMPING PLANT	\$0		\$0		\$0
21		TREATMENT & DISPOSAL PLANT					
22	372.000	Oxidation Lagoon	\$2,200			100.00%	\$2,200
23	373.000	Treatment and Disposal Equipment	\$0			100.00%	\$0
24	374.000	Plant Sewers	\$0			100.00%	\$0
25	375.000	Outfall Sewer Lines	\$0			100.00%	\$0
26	376.000	Other Treatment & Disposal Plant Equip.	\$0			100.00%	\$0
27		TOTAL TREATMENT & DISPOSAL PLANT	\$2,200		\$0		\$2,200
28		GENERAL PLANT					
29	391.000	Office Furniture & Equipment	\$0			100.00%	\$0
30		Office Computer Equipment	\$0			100.00%	\$0
31	392.000	Transportation Equipment	\$0			100.00%	\$0
32	393.000	Other General Equipment, includes stores, tools shop & garage, lab, power operated, communication, and other tangible equipment.	\$1,600			100.00%	\$1,600
33		TOTAL GENERAL PLANT	\$1,600		\$0		\$1,600
34		TOTAL PLANT IN SERVICE	\$22,800		\$0		\$22,800

To Rate Base & Depreciation Schedules

Hickory Hills Water Sewer Company
Informal Rate/Certificate Case
Tracking Number SR-2009-0154
Test Year Ending 06-30-2008
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				\$0

Hickory Hills Water Sewer Company
 Informal Rate/Certificate Case
 Tracking Number SR-2009-0154
 Test Year Ending 06-30-2008
 Accumulated Depreciation Reserve - Sewer

Line Number	A Account Number	B Depreciation Reserve Description	C Total Reserve	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
1		INTANGIBLE PLANT					
2	301.000	Organization	\$0			100.00%	\$0
3	302.000	Franchises	\$0			100.00%	\$0
4	303.000	Miscellaneous Intangible Plant	\$0			100.00%	\$0
5		TOTAL INTANGIBLE PLANT	\$0		\$0		\$0
6		SOURCE OF SUPPLY PLANT					
7	310.000	Land & Land Rights	\$0			100.00%	\$0
8	311.000	Structures & Improvements	\$0			100.00%	\$0
9		TOTAL SOURCE OF SUPPLY PLANT	\$0		\$0		\$0
10		COLLECTION PLANT					
11	352.100	Collection Sewers - Force	\$0			100.00%	\$0
12	352.200	Collection Sewers - Gravity	\$0			100.00%	\$0
13	353.000	Other Collection Plant Facilities	\$0			100.00%	\$0
14	354.000	Services to Customers	\$0			100.00%	\$0
15	355.000	Flow Measuring Devices	\$0			100.00%	\$0
16		TOTAL COLLECTION PLANT	\$0		\$0		\$0
17		PUMPING PLANT					
18	362.000	Receiving Wells and Pump Pits	\$0			100.00%	\$0
19	363.000	Pumping Equipment (Elec., Diesel, other)	\$0			100.00%	\$0
20		TOTAL PUMPING PLANT	\$0		\$0		\$0
21		TREATMENT & DISPOSAL PLANT					
22	372.000	Oxidation Lagoon	\$0			100.00%	\$0
23	373.000	Treatment and Disposal Equipment	\$0			100.00%	\$0
24	374.000	Plant Sewers	\$0			100.00%	\$0
25	375.000	Outfall Sewer Lines	\$0			100.00%	\$0
26	376.000	Other Treatment & Disposal Plant Equip.	\$0			100.00%	\$0
27		TOTAL TREATMENT & DISPOSAL PLANT	\$0		\$0		\$0
28		GENERAL PLANT					
29	391.000	Office Furniture & Equipment	\$0			100.00%	\$0
30		Office Computer Equipment	\$0			100.00%	\$0
31	392.000	Transportation Equipment	\$0			100.00%	\$0
32	393.000	Other General Equipment, includes stores, tools shop & garage, lab, power operated, communication, and other tangible equipment.	\$470	R-32	\$53	100.00%	\$523
33		TOTAL GENERAL PLANT	\$470		\$53		\$523
34		TOTAL DEPRECIATION RESERVE	\$470		\$53		\$523

To Rate Base Schedule

Hickory Hills Water Sewer Company
 Informal Rate/Certificate Case
 Tracking Number SR-2009-0154
 Test Year Ending 06-30-2008

Schedule of Adjustments for Accumulated Depreciation Reserve - Sewer

<u>A</u> Reserve Adjustment Number	<u>B</u> Accumulated Depreciation Reserve Adjustments Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment Amount
R-32	Other General Equipment, includes stores, tools	393.000		\$53
	To reflect depreciation reserve thru 10/31/2008		\$53	
Total Reserve Adjustments				\$53

Hickory Hills Water Sewer Company
 Informal Rate/Certificate Case
 Tracking Number SR-2009-0154
 Test Year Ending 06-30-2008
 Depreciation Expense - Sewer

Line Number	A Account Number	B Plant Account Description	C Adjusted Jurisdictional	D Depreciation Rate	E Depreciation Expense
1		INTANGIBLE PLANT			
2	301.000	Organization	\$0	0.00%	\$0
3	302.000	Franchises	\$0	0.00%	\$0
4	303.000	Miscellaneous Intangible Plant	\$0	0.00%	\$0
5		TOTAL INTANGIBLE PLANT	<u>\$0</u>		<u>\$0</u>
6		SOURCE OF SUPPLY PLANT			
7	310.000	Land & Land Rights	\$0	0.00%	\$0
8	311.000	Structures & Improvements	\$0	2.50%	\$0
9		TOTAL SOURCE OF SUPPLY PLANT	<u>\$0</u>		<u>\$0</u>
10		COLLECTION PLANT			
11	352.100	Collection Sewers - Force	\$0	0.00%	\$0
12	352.200	Collection Sewers - Gravity	\$19,000	0.00%	\$0
13	353.000	Other Collection Plant Facilities	\$0	2.00%	\$0
14	354.000	Services to Customers	\$0	0.00%	\$0
15	355.000	Flow Measuring Devices	\$0	0.00%	\$0
16		TOTAL COLLECTION PLANT	<u>\$19,000</u>		<u>\$0</u>
17		PUMPING PLANT			
18	362.000	Receiving Wells and Pump Pits	\$0	10.00%	\$0
19	363.000	Pumping Equipment (Elec., Diesel, other)	\$0	0.00%	\$0
20		TOTAL PUMPING PLANT	<u>\$0</u>		<u>\$0</u>
21		TREATMENT & DISPOSAL PLANT			
22	372.000	Oxidation Lagoon	\$2,200	0.00%	\$0
23	373.000	Treatment and Disposal Equipment	\$0	0.00%	\$0
24	374.000	Plant Sewers	\$0	2.00%	\$0
25	375.000	Outfall Sewer Lines	\$0	10.00%	\$0
26	376.000	Other Treatment & Disposal Plant Equip.	\$0	0.00%	\$0
27		TOTAL TREATMENT & DISPOSAL PLANT	<u>\$2,200</u>		<u>\$0</u>
28		GENERAL PLANT			
29	391.000	Office Furniture & Equipment	\$0	2.50%	\$0
30		Office Computer Equipment	\$0	5.00%	\$0
31	392.000	Transportation Equipment	\$0	0.00%	\$0
32	393.000	Other General Equipment, includes stores, tools shop & garage, lab, power operated, communication, and other tangible equipment.	\$1,600	4.00%	\$64
33		TOTAL GENERAL PLANT	<u>\$1,600</u>		<u>\$64</u>
34		Total Depreciation	<u>\$22,800</u>		<u>\$64</u>

Agreement Attachment D

Rate Design Worksheet

HICKORY HILLS WATER & SEWER

Development of Tariffed Rates-Sewer

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

Revenues Generated by Current Tariffed Rates	\$ 9,579
Agreed-Upon Overall Revenue Increase	\$ 15,222
Percentage Increase Needed	158.913%

Metered Customer Rates

Customer Type	Current Service Charge	Proposed Service Charge
Residential	\$ 16.63	\$ 43.06

Agreement Attachment E

Billing Comparison Worksheet

HICKORY HILLS WATER & SEWER

Residential Customer Bill Comparison-Sewer

Rates for 5/8" Meter

<u>Current Base</u> <u>Customer Charge</u>	<u>Proposed Base</u> <u>Customer Charge</u>
\$16.63	\$43.06

current service charge is monthly charge

usage rate is per 1,000 gallons used

MONTHLY BILL COMPARISON

6,000 gallons/month usage

Current Rates

Customer Charge	\$ 16.63
Usage Charge	\$ -
Total Bill	\$ 16.63

Proposed Rates

Customer Charge	\$ 43.06
Usage Charge	\$ -
Total Bill	\$ 43.06

INCREASES

Customer Charge

\$ Increase	\$26.43
% Increase	158.91%

Total Bill

\$ Increase	\$26.43
% Increase	158.91%

Agreement Attachment F

Schedule of Depreciation Rates

Hickory Hills Water & Sewer Company

DEPRECIATION RATES

(SEWER)

SR-2009-0154

<u>ACCOUNT NUMBER</u>	<u>ACCOUNT DESCRIPTION</u>	<u>DEPRECIATION RATE</u>	<u>AVERAGE SERVICE LIFE (YEARS)</u>	<u>NET SALVAGE</u>
352.2	Collection Sewers (Gravity)	2.0%	50	0%
372	Oxidation Lagoon (Class C & D)	0.0%		0%
393	Other General Equipment (Stores)	4.0%	25	0%

Agreement Attachment G

EMSD Report

REPORT OF CUSTOMER SERVICE AND BUSINESS OPERATIONS REVIEW

Engineering and Management Services Department

Small Company Rate Increase Request

Case Nos: WR-2009-0151 and SR-2009-0154

Hickory Hills Water & Sewer Company

Hickory Hills Water & Sewer Company (Hickory Hills or Company) filed a rate increase request on October 23, 2008, for water and sewer service provided in its certificated service area, located near California, Missouri. The Engineering and Management Services Department (EMSD) staff initiated an informal review of customer service processes, procedures, and practices at Hickory Hills in December 2008. This customer service review was done in conjunction with the Company's rate increase request. Prior to on-site interviews, the EMSD staff examined Company tariffs, annual reports, Missouri Public Service Commission (Commission) complaint records, and other documentation related to the Company's customer service operations.

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

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

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

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

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

Overview

Hickory Hills Water & Sewer Company was certificated to provide sewer service on March 8, 1973, and water service on January 31, 1975. Mr. Gary Cover, an attorney with an office in Clinton, Missouri, was appointed as Receiver to manage the Company in August 2006. The Company provides water and sewer service to approximately forty-seven (47) customers and water only service to an additional two (2) customers. The business office for Hickory Hills is the Receiver's office in Clinton, Missouri. Business office hours are 8:30 – 12:00 and 1:00 – 5:00, Monday through Friday. Customers have 24-hour, 7-day access to Company personnel by calling either of two provided telephone numbers.

Hickory Hills Water and Sewer Company staffing includes Mr. Cover and one office employee. Outside plant functions are performed by an outside contractor. Mr. Cover has overall responsibility for policy development and general problem solving. The outside contractor's primary responsibilities include meter reading, daily system checks, chlorination, collecting samples for monthly water tests, routine maintenance, licensing, and responding to customer emergency calls. The office employee is responsible for business office functions including taking new service applications, maintaining customer account records, and responding to customer inquiries and complaints. The office employee's husband has the responsibility for preparing customer bills and posting bill payments. Signed contracts have not been obtained from either of the two individuals who provide outside services.

Mr. Cover anticipates no future growth in the number of customers served by the Company. Applications for new service are from customers in existing homes. Customers may call the Company with questions about rules and procedures associated with the provision of service; however, the Company has not prepared written information documenting the rights and responsibilities of the Company and its customers.

Meter Reading

All water meters, active and inactive, are read on the 28th or 29th of the month. The meter readings are handwritten on a meter route sheet that includes the name, address, and meter numbers of the customers. The meter readings are entered into an Excel spreadsheet by the husband of one of Mr. Cover's office employees. Company personnel stated that the Company has sometimes mailed a minimum bill when inclement weather has made it impossible to obtain a meter reading. The Company is unaware of any theft of water service.

Customer Billing

The Company uses an Excel spreadsheet to calculate and print customers' bills. The accuracy of bills is verified through visual inspection when the bills are produced. Company personnel stated that bills are always mailed by the 10th of the month and are considered due on the 25th of the month. Customer bills state that payments are past due 21 days after the billing date. A sample bill provided to the EMSD staff included two separate amounts. At the top of the bill, one amount reflected the amount due for the previous month's service. On the portion of the bill to be returned with payment, a second, larger amount reflected the customer's account balance, including any previous outstanding balances.

Customer rates for water and sewer service are provided in the Company's tariffs. Customers' water bills are based on a monthly customer charge of \$12.34 and a usage charge of \$2.45 per 1,000 gallons. Sewer customers pay a flat fee of \$16.63 per month. All customer payments are mailed to the business office. Company personnel stated that customer payments are kept in an office desk until bank deposits are made, an event which occurs approximately three times each month.

Credit and Collections

The Company does not have a customer application form for customers to complete when initiating service. The Company's Receiver informed the EMSD staff that he was unaware of customer applications ever being collected from customers. The Company does not collect customer deposits from customers, although the collection of deposits is permitted under the Company's tariff. The Company does not charge a late charge for payments not received by the due date, although the Company's tariff provides that it may collect a late charge of \$3.00, not to exceed a three month cap of \$9.00 per customer. The Company shows any past due amounts on the customers' current month bills and requests the total amount due. The Company's Receiver stated that when necessary, collection letters for past due accounts are mailed on his law firm's stationery, though these letters are mailed irregularly. A copy of the Receiver's collection letter is shown on the following page. On occasion, the Company has provided the contracted operator a copy of customers' bills that are subject to disconnection and requested disconnection if not paid, but the Company's Receiver indicated that the Company had never disconnected service for nonpayment.

The Company stated that it rarely receives a returned check and does not charge a returned check fee, although the Company's tariff provides for a \$15.00 bad check charge. The EMSD staff requested the bad debt write off amounts for 2005, 2006 and 2007, but the Company's Receiver was unable to provide the information.

Complaints and Inquiries

Customers with questions or concerns may call the Company contact number appearing on the bill. Customers have also been provided the telephone number of the outside contractor. Mr. Cover handles general service questions and the outside contractor responds to emergency calls. Company personnel stated that some notes regarding individual account issues are recorded; however, customer complaints and inquiries are not documented. The EMSD staff also identified the lack of documentation for complaints and inquiries in a July 2004 report on customer service operations.

A review of Commission complaint/inquiry records for the past three (3) years showed two (2) customer contacts in 2006 and two (2) in 2007. The two (2) contacts in 2006 were related to inquiries about water service. In 2007, there was one inquiry about water service and one complaint concerning the sewer rate.

Customer Communication

Outside of monthly billings, the Company rarely communicates with its customers. Letters are used to notify customers about rate case activity. Mr. Cover stated that, occasionally, he corresponds with a customer by e-mail.

Findings, Conclusions, and Recommendations

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

- Contracts for Outside Services
- Customer Rights and Responsibilities Documentation
- Customer Bill Due Date
- Customer Bill Information

- Storage of Customer Payments and Documents
- Customer Applications
- Delinquent Accounts
- Complaint and Inquiry Documentation

Contracts for Outside Services

Signed contracts have not been obtained from the two (2) individuals who provide outside services. These services are provided on the basis of oral agreements. The outside contractor's primary responsibilities include meter reading, daily system checks, chlorination, collecting samples for monthly water tests, routine maintenance, licensing, and responding to customer emergency calls. An office employee's husband has responsibility for preparing customer bills and posting bill payments. The lack of signed contracts adds vulnerability to the continuation of essential services.

The availability of signed contracts would:

- Serve to formalize an individual's desire to work and the Company's willingness to pay a certain rate for that work.
- Establish guidelines for the scope of work expected to be performed.
- Grant certain authority, e.g., authority to hire subcontractors to assist in emergency situations.
- Contain a specific timeframe for when specific work is to be performed.
- Note the date that the contract will be reviewed, renegotiated, or will expire.
- Contain specific conditions such as terms of notification by either party before severing the contract.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Review all oral agreements with all outside individuals providing services to or on behalf of the Company and obtain signed contracts specifying the terms of these agreements.

Customer Rights and Responsibilities Documentation

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

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

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

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

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

Customer Bill Due Date

Customers are not given twenty-one (21) days from the day bills are mailed until they are considered past due. A note on each customer bill states that payment is past due twenty-one (21) days after the billing date. Company personnel stated that bills are typically mailed by the 10th of each month and payable by the 25th of the month. In either case, the Company's procedure does not comply with Commission Rule 4 CSR 240-13.020(7) which provides that "a monthly-billed customer shall have at least twenty-one (21) days and a quarterly-billed customer shall have at least sixteen (16) days from the rendition of the bill to pay the utility charges unless a customer has selected a preferred payment date in accordance with a utility's preferred payment date plan." Based on this rule, a customer's bill should not be considered past due or delinquent until the 22nd day after the bill is mailed. An appropriate change in procedure and the note appearing on each customer's bill would enable the Company to comply with the Commission's rule.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Change the procedure and the note appearing on customers' bills in order to ensure that customers are provided at least twenty-one (21) days from the date bills are mailed to make payment before bills are considered past due. This recommendation must be completed within thirty (30) days of the Commission order approving the disposition agreement in Case No. WR-2009-0151. This recommendation must be completed within thirty (30) days of the Commission order approving the disposition agreement in Case No. SR-2009-0154.

Customer Bill Information

Customers' bills do not separately identify any previous amounts due. A sample bill provided to the EMSD staff included a total amount due for the previous month's service and a different, larger balance due at the bottom of the bill on the portion of the statement that is to be returned with the payment. Company personnel explained that the amount due that was shown on the top portion of the bill did not include a previous balance due that the customer had from prior months. The possible existence of different amounts that are due on customer bills could be confusing to customers. By ensuring that previous balances due and all other charges are appropriately itemized on customers' bills, customer confusion will be minimized and there will be a greater likelihood that customers will remit the appropriate payment.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Develop a customer billing statement that itemizes all authorized charges, including previous balances due.

Storage of Customer Payments and Documents

Customers' payments and important business documents are not kept in locked, fireproof storage. The Company's current practice is to keep customer payments in an office desk until bank deposits are made, an event which occurs approximately three times a month. Other Company customer account documents are kept in ordinary file storage.

The lack of fireproof storage has several potential detrimental effects. In the event of a disaster, the customer payments and other important documents maintained in the office could be lost or destroyed. It would be difficult and time consuming to replace customer payments and to re-create important records.

Securing the Company's critical documents, such as customer payments, customer applications for service, customer account data, and other pertinent Company information in

fireproof storage would minimize the risk of loss and the cost and labor-intensive process required to re-create customer data should a disaster occur.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Store all customer payments and other important business documents in a lockable, fireproof cabinet.

Customer Applications

The Company does not collect a signed customer application from its customers. Prior to January 2004, the Company did not require a completed application before providing water and sewer service. In Commission Tracking Nos. QW-2004-0008 and QS-2004-0009, the EMSD staff recommended that the Company require customer applications. The Company mailed applications to all current customers in January 2004, and thirty-seven (37) customers returned signed applications to the Company.

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

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

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

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Require a signed customer application prior to service being provided by the Company as provided in its tariff. The Company's customer application shall include the date, the customer's signature, and a statement indicating that the customer agrees to abide by the Company's rates, rules and regulations, and applicable state statutes. This recommendation must be completed within thirty (30) days of the Commission order approving the disposition agreement in Case No. WR-2009-0151. This recommendation must be completed within thirty (30) days of the Commission order approving the disposition agreement in Case No. SR-2009-0154.

Delinquent Accounts

The Company does not charge its tariffed late payment charge on late paying accounts. Sheet No. 5 of the Company's tariff states:

Late Payment Charge:

Billing will be made and distributed at monthly intervals. Bills will be rendered net, bearing the last date on which payment will be considered delinquent. The period after which the payment is considered delinquent is 21 days after rendition of the bill. For any bill not paid within the period stated thereon, a late charge in the amount of \$3.00 per month, not to exceed three months or \$9.00 per customer, shall be added to the total amount due plus all disconnection and reconnection costs, collection costs and reasonable attorney's fees for collection.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Implement a procedure to charge delinquent paying accounts the late payment charge of \$3.00 per month, not to exceed three (3) months or \$9.00 per customer. The procedure shall adhere to the Company's tariff Sheet No. 5. This recommendation must be completed within thirty (30) days of the Commission order approving the disposition agreement in Case No. WR-2009-0151. This recommendation must be completed within thirty (30) days of the Commission order approving the disposition agreement in Case No. SR-2009-0154.

The Company's policy regarding collection of delinquent accounts is ineffective. Staff noted that all of the November 2006 bills had balances due; most of the accounts had balances larger than \$100.00, which is a balance due of three (3) or four (4) months. Rule 7 of the Company's tariff states:

- (a) The company may discontinue service for any of the following reasons: 1. Nonpayment of a delinquent account not in dispute. . . .
- (b) The company may discontinue service after notice by first class mail is sent to the customer at least ten (10) days prior to the date of the proposed discontinuance. If written notice is hand delivered to the customer, it shall be done at least ninety six (96) hours prior to discontinuance. Service of notice by mail is complete upon mailing.

With established criteria for the handling of delinquent accounts, the Company would be able to take a more consistent and aggressive stance toward discontinuance for nonpayment, likely resulting in the collection of revenues in a timely fashion. The Company should communicate implementation of its collection policies to all customers.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Establish and implement a policy regarding the collection of delinquent accounts and consistently apply the policy to all customers.

The Company's notice of discontinuance of service does not contain all necessary information, which is a violation of Commission Rules. Commission Rule 4 CSR 240-13.050(4) states:

The notice of discontinuance shall contain the following information:

- (B) A statement of the reason for the proposed discontinuance of service and the cost for reconnection;
- (C) date on or after which service will be discontinued unless appropriate action is taken;
- ...
- (E) The possibility of a settlement agreement if the claim is for a charge not in dispute and the customer is unable to pay the charge in full at one (1) time;

In the EMSD staff's review dated July 15, 2004, the EMSD staff recommended the Company to revise its Notice of Intent to Discontinue Service to include necessary information. Although the Company made revisions to its notice, it did not add to the notice a statement of the reason for the disconnect, the cost for reconnection, or the possibility of a settlement agreement.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Correct the notice of discontinuance of service to include the cost for reconnection, the date on or after which service will be discontinued and the possibility of a settlement agreement. The notice of discontinuance of service shall adhere to Commission Rule 4 CSR 240-13.050(4). This recommendation must be completed within thirty (30) days of the Commission order approving the disposition agreement in Case No. WR-2009-0151. This recommendation must be completed within thirty (30) days of the Commission order approving the disposition agreement in Case No. SR-2009-0154.

Complaint and Inquiry Documentation

The Company does not keep a record of customer contacts involving complaints it receives. This practice violates Commission rules conveying customer contact documentation requirements that are applicable to water companies contained in Commission Rule 4 CSR 240-13. The section entitled "Inquiries" found in 4 CSR 240-13.040(5) states the following:

A utility shall maintain records on its customers for at least two (2) years which contain information concerning: ... (B) The number and general description of complaints registered with the utility;

Commission Rule 4 CSR 240-60.010(4) applicable to sewer companies 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 availability of documented customer contact information would enable Company management to evaluate why customers contact the Company, determine if any corrective 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 EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Develop and implement a process to ensure all customer complaints received by Company personnel are documented and maintained for at least two (2) years. Documentation shall include the customer name, address, nature of the complaint, date of occurrence, as well as an explanation of what the Company has done to address the complaint. This recommendation must be completed within thirty (30) days of the Commission order approving the disposition agreement in Case No. WR-2009-0151. This recommendation must be completed within thirty (30) days of the Commission order approving the disposition agreement in Case No. SR-2009-0154.

Follow-Up

The EMSD staff will conduct follow-ups of all of the EMSD recommendations no later than the deadlines as set out for each EMSD recommendation in the disposition agreement in Case No. WR-2009-0151. The EMSD staff will conduct follow-ups of all of the EMSD recommendations no later than the deadlines as set out for each EMSD recommendation in the disposition agreement in Case No. SR-2009-0154.

Agreement Attachment H

Summary of Case Events

Summary of Case Events
SR-2009-0154

Date Filed	10/23/08
Day 150	3/23/09 5/21/09
Extension?	Yes-60 days
If yes, why?	Amended Customer Notice
Amount Requested	100%
Amount Agreed Upon	\$15,222
Number of Customers	48
Rate of Return	8.77%
Return on Equity	10.47%
Assessments Current	\$223.62 due for current year
	\$448.16 due for 2007
Annual Reports Filed	Yes
Statement of Revenue Filed	Yes
Other Open Cases before Commission	No
Status with Secretary of State	Good Standing
DNR Violations	Yes