

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

In the Matter of Mid MO Sanitation)
LLC's Request for a Sewer Rate) **Case No.SR-2021-0372**
Increase)

NOTICE OF DISPOSITION AGREEMENT

COMES NOW, the Staff of the Missouri Public Service Commission (Staff), and notifies the Commission that the Staff and Mid MO Sanitation LLC (Mid-MO) has reached a disposition agreement in the above-captioned case. In filing the disposition agreement, Staff notes the following:

1. Attachment J to the Disposition Agreement does not reflect the extension of time to file a Disposition Agreement, granted by the Commission by its Order on October 21, 2021.
2. Counsel for Staff has communicated with the Office of the Public Counsel, and the Office of the Public Counsel indicated that it will not oppose the agreement.

WHEREFORE, Staff respectfully requests the Commission accept the attached Disposition Agreement in the above-captioned case.

Respectfully submitted,

/s/ Curt Stokes
Curt Stokes
Chief Deputy Counsel
Mo. Bar No. 59836
P.O. Box 360
Jefferson City, MO 65102
(573) 751-4227 (Telephone)
(573) 751-9285 (Facsimile)
Curtis.Stokes@psc.mo.gov

**Counsel for Staff of the Missouri
Public Service Commission**

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served by electronic mail, or First Class United States Postal Mail, postage prepaid, on this 28th day of October, 2021, to all parties and/or counsels of records.

/s/ Curt Stokes

Curt Stokes

**NON-UNANIMOUS AGREEMENT REGARDING DISPOSITION
OF SMALL UTILITY COMPANY REVENUE INCREASE REQUEST**

**MID-MO SANITATION, LLC
MO PSC FILE NO. SR-2021-0372**

BACKGROUND

Mid-MO Sanitation, LLC ("Mid-MO" or "Company") initiated its 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 20 CSR 4240-10.075, Staff Assisted Rate Case Procedure. In its request letter, which was received at the Commission's offices on April 23, 2021, Mid-MO set forth its request for a \$22,000 increase in its total annual sewer service operating revenues. Mid-MO provides sewer service to twenty-eight (28) residential lots, two (2) vacant lots, and five (5) commercial customers.

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

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

RESOLUTION OF THE COMPANY'S RATE REQUEST

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

- (1) The agreed upon increase of \$18,980 to annual sewer revenue requirement, added to the level of previous revenues of \$26,381 results in overall annual revenues of \$45,360. This revenue requirement is just and reasonable and designed to recover Mid-MO's cost of service.
- (2) The parties agree to the ratemaking income statement found in **Attachment A**, and audit findings in **Attachments B and C**.
- (3) The agreed-upon revenue requirement results in just and reasonable rates for residential and commercial customers.
- (4) The agreed upon net rate base is \$184,662. The development of this amount is shown on the rate base worksheet that is found in **Attachment C**. This amount is included both in the audit work papers and in the ultimate determination of the revenue requirement shown in paragraph (1) above.
- (5) The schedule of depreciation rates in **Attachment D** includes the depreciation rates used by Staff in its revenue requirement analysis and shall be the prescribed schedule of sewer plant depreciation rates for Mid-MO.
- (6) To allow Mid-MO the opportunity to collect the revenue requirement agreed to in paragraph (1) above, the rates as shown on **Attachment E** are just and reasonable rates that Mid-MO will be allowed to charge its customers. The impact of these rates will be as shown on **Attachment F**, also attached.

(7) For the purposes of implementing the agreements set out in this disposition agreement, Mid-MO will file with the Commission proposed tariff revisions containing the rates, charges, and language set out in the example tariff sheet(s) attached as **Attachment G**. The proposed tariff revisions will bear the effective date of Saturday, December 4, 2021.

(8) The current PSC MO No. 1 Original Sheet No. 6 tariff will be cancelled and replaced by PSC MO No. 1, 1st Revised Sheet No. 6, which is included in the example tariff (**Attachment G**) described above.

(9) Mid-MO shall mail its customers a final written notice of the rates and charges included in its proposed tariff revisions prior to or with its next billing cycle after issuance of the Commission order approving the terms of this Disposition Agreement. The notice shall include a summary of the impact of the proposed rates on an average residential customer's bill.

(10) Staff may conduct follow-up reviews of Mid-MO's operations to ensure that it has complied with the provisions of this Disposition Agreement.

(11) Mid-MO and Staff agree to Staff's recommendations outlined in the Staff Conclusions and Recommendations section in its CXD Report and its Water and Sewer Report identified as **Attachment H and I**, respectively, to the Disposition Agreement.

(12) Mid-MO agrees to prepare and utilize timesheets for work on the Mid-MO system performed by its owner, Mr. Bright.

(13) Mid-MO shall develop and implement a process to ensure all customer complaints received by Company personnel are documented and maintained for at least two (2) years as required in Commission Rule 20 CSR 240-13.040(5)(B). Documentation should 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.

(14) Mid-MO shall develop and utilize a written contract for the provision of services provided by Bright Ideas. Contracts provide a document that notes specific activities, hours expended and costs incurred.

(15) Mid-MO shall continue to incorporate its telephone number and mailing address on customers' bills as required by Commission Rule 20 CSR 4240-13.020(9)(G).

(16) Mid-MO and Staff agree that they have read the foregoing Disposition Agreement, that facts stated therein are true and accurate to the best of the Company's knowledge and belief, that the foregoing conditions accurately reflect the agreement reached between the parties; and that the Company freely and voluntarily enters into this Disposition Agreement.

(17) The above agreements satisfactorily resolve all issues identified by Staff and Mid-MO regarding Mid-MO's request.

Additional Matters

Other than the specific conditions agreed upon and expressly set out herein, the terms of this Non-Unanimous Disposition Agreement reflect compromises between the Staff and the Company, and no party has agreed to any particular ratemaking principle in arriving at the amount of the annual operating revenue increase specified herein. The agreed-upon rates reflect the individual equity owner of Mid-MO voluntarily lowering Staff's proposed rate of return to mitigate the owner's concerns over rate shock. It is Staff's intention that this agreement should not be cited in any way by any party in any other case as justification for proposing a lower return on equity.

The results of Staff's inspections and review of Mid-MO's operation of its facilities can be found in the Customer Experience Department Report and Water and Sewer Department Report, **Attachments H and I**, respectively. Staff has completed a Summary of Case Events and has included that summary as **Attachment J** to this Non-Unanimous Disposition Agreement.

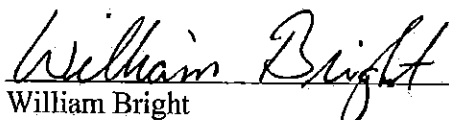
Mid-MO and Staff acknowledge that Staff will be filing this Non-Unanimous Disposition Agreement and the attachments hereto, in the existing case and that Mid-MO will file the proposed tariff revisions called for in the agreement. Mid-MO also acknowledges that Staff may make other filings in this case.

Additionally, Mid-MO agrees that subject to the rules governing practice before the Commission and without waiving the confidentiality of the facts and positions disclosed in the course of settlement, Staff shall have the right to provide an oral explanation to support its entering into this Non-Unanimous Disposition Agreement, if the Commission requests one at any agenda meeting at which this case is noticed to be considered by the Commission. Subject to the rules governing practice before the Commission and without waiving the confidentiality of the facts and positions disclosed in the course of settlement, Staff will be available to answer Commission questions regarding this Non-Unanimous Disposition Agreement. To the extent reasonably practicable, Staff shall provide Mid-MO with advance notice of any such agenda meeting so that it may have the opportunity to be present and/or represented at the meeting.

SIGNATURES

Agreement Signed and Dated:


Agreement Signed and Dated:



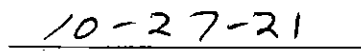
William Bright
Owner



Date



Curtis Gateley
Manager – Water & Sewer Department
Missouri Public Service Commission Staff



Date

List of Attachments

- Attachment A – Ratemaking Income Statements
- Attachment B – Auditing Department Report
- Attachment C – EMS Run
- Attachment D – Schedule of Depreciation Rates
- Attachment E – Rate Design Worksheet
- Attachment F – Billing Comparison Worksheet
- Attachment G – Example Tariff
- Attachment H – CXD Report
- Attachment I – Water and Sewer Department Report
- Attachment J – Summary of Events

Disposition Agreement Attachment A

Ratemaking Income Statement

Mid MO Sanitation, LLC
 Informal Rate Case
 SR-2021-0372
 Test Year Ending December 31, 2020
 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) | \$26,381 | | | |
| Rev-3 | Miscellaneous Revenues | (1) | \$0 | | | |
| Rev-4 | TOTAL ANNUALIZED REVENUES | | \$26,381 | | | |
| 1 | OPERATIONS EXPENSES | (2) | | | | |
| 2 | Management Salary | | \$0 | \$0 | \$0 | 0.00% |
| 3 | Operators Salary / Contractor Services | | \$14,197 | \$0 | \$14,197 | 0.00% |
| 4 | Electricity - Pumping Treatment | | \$552 | \$0 | \$552 | 0.00% |
| 5 | Chemicals | | \$0 | \$0 | \$0 | 0.00% |
| 6 | Sludge Removal | | \$0 | \$0 | \$0 | 0.00% |
| 7 | TOTAL OPERATIONS EXPENSE | | \$14,749 | \$0 | \$14,749 | |
| 8 | MAINTENANCE EXPENSES | | | | | |
| 9 | Outside Services Employed | | \$1,600 | \$0 | \$1,600 | 0.00% |
| 10 | System Repairs and Maintenance | | \$961 | \$0 | \$961 | 0.00% |
| 11 | Supplies Expense | | \$0 | \$0 | \$0 | 0.00% |
| 12 | TOTAL MAINTENANCE EXPENSE | | \$2,561 | \$0 | \$2,561 | |
| 13 | CUSTOMER ACCOUNT EXPENSE | | | | | |
| 14 | Accounting Fees | | \$6,290 | \$0 | \$6,290 | 0.00% |
| 15 | Billing & Collections | | \$226 | \$0 | \$226 | 0.00% |
| 16 | Office Supplies | | \$0 | \$0 | \$0 | 0.00% |
| 17 | Postage Expense | | \$211 | \$0 | \$211 | 0.00% |
| 18 | Uncollectible Accounts | | \$0 | \$0 | \$0 | 0.00% |
| 19 | TOTAL CUSTOMER ACCOUNT EXPENSE | | \$6,727 | \$0 | \$6,727 | |
| 20 | ADMINISTRATIVE & GENERAL EXPENSES | | | | | |
| 21 | Administration & General Salaries | | \$3,600 | \$0 | \$3,600 | 0.00% |
| 22 | Telephone & Pagers | | \$0 | \$0 | \$0 | 0.00% |
| 23 | Office Utilities | | \$0 | \$0 | \$0 | 0.00% |
| 24 | Vehicle Expense | | \$894 | \$0 | \$894 | 0.00% |
| 25 | Vehicle Insurance | | \$0 | \$0 | \$0 | 0.00% |
| 26 | Medical Insurance | | \$0 | \$0 | \$0 | 0.00% |
| 27 | Property & Liability Insurance | | \$515 | \$0 | \$515 | 0.00% |
| 28 | Rent | | \$0 | \$0 | \$0 | 0.00% |
| 29 | Rate Case Expense | | \$667 | \$0 | \$667 | 0.00% |
| 30 | Other Misc. Expenses | | \$0 | \$0 | \$0 | 0.00% |
| 31 | TOTAL ADMINISTRATIVE AND GENERAL | | \$5,676 | \$0 | \$5,676 | |
| 32 | OTHER OPERATING EXPENSES | | | | | |
| 33 | MO DNR Fees | | \$1,000 | \$0 | \$1,000 | 0.00% |
| 34 | PSC Assessment | | \$247 | \$0 | \$247 | 0.00% |
| 35 | Corporate Registration | | \$0 | \$0 | \$0 | 0.00% |
| 36 | Amortization Expense | | \$0 | \$0 | \$0 | 0.00% |
| 37 | Depreciation | | \$10,838 | \$0 | \$10,838 | 0.00% |
| 38 | TOTAL OTHER OPERATING EXPENSES | | \$12,085 | \$0 | \$12,085 | |
| 39 | TAXES OTHER THAN INCOME | | | | | |
| 40 | Real & Personal Property Taxes | | \$23 | \$0 | \$23 | 0.00% |
| 41 | Payroll Taxes | | \$0 | \$0 | \$0 | 0.00% |
| 42 | TOTAL TAXES OTHER THAN INCOME | | \$23 | \$0 | \$23 | |
| 43 | TOTAL OPERATING EXPENSES | | \$41,821 | \$0 | \$41,821 | |
| 44 | Interest Expense | (3) | \$0 | \$0 | \$0 | 0.00% |
| 45 | Return on Equity | (3) | \$2,696 | \$0 | \$2,696 | 0.00% |
| 46 | Income Taxes | (3) | \$844 | \$0 | \$844 | 0.00% |

Mid MO Sanitation, LLC
Informal Rate Case
SR-2021-0372
Test Year Ending December 31, 2020
Rate Design Schedule - Sewer

| Line Number | A Description | B Account Number (Optional) | C Staff Annualized | D Customer Charge | E Commodity | F Percentage Rate |
|-------------|---------------------------------------|-----------------------------------|-----------------------|----------------------|----------------|----------------------|
| 47 | TOTAL INTEREST RETURN & TAXES | | \$3,540 | \$0 | \$3,540 | |
| 48 | TOTAL COST OF SERVICE | | \$45,361 | \$0 | \$45,361 | |
| 49 | Less: Miscellaneous Revenues | | \$0 | \$0 | \$0 | 0.00% |
| 50 | COST TO RECOVER IN RATES | | \$45,361 | \$0 | \$45,361 | |
| 51 | INCREMENTAL INCREASE IN RATE REVENUES | | <u>\$18,980</u> | | | |
| 52 | PERCENTAGE OF INCREASE | | <u>71.95%</u> | | | |
| 53 | REQUESTED INCREASE IN REVENUES | | \$22,000 | | | |

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

Disposition Agreement Attachment B
Auditing Department Report

AUDITING DEPARTMENT REVIEW AND AUDIT

Mid-MO Sanitation, LLC (“Mid-MO”) is a regulated public sewer utility that provides sewer service to twenty-eight (28) residential customers in the Lake Breeze subdivision and four (4) commercial customers in the City of Millersburg in Callaway County, Missouri.

On April 30, 2021, Mid-MO filed to increase its sewer rates under the Missouri Public Service Commission’s Staff Assisted Rate Case Procedure, 20 CSR 4240-10.075. Mid-MO is requesting an increase in its annual sewer operating revenues of \$22,000.

During the Commission Staff’s (“Staff”) investigation, it discovered that Mid-MO constructed new plant outside of its authorized certificated area without first receiving a Certification of Convenience and Necessity (“CCN”) from the Commission. Section 393.170.1, RSMo states that “No gas corporation, electrical corporation, water corporation or sewer corporation shall begin construction of a gas plant, electric plant, water system or sewer system, other than an energy generation unit that has a capacity of one megawatt or less, without first having obtained the permission and approval of the commission.” Mid-MO’s stated reason for constructing the new plant was to bring the Company in compliance with rules and regulations from the Department of Natural Resources.

Staff raised this issue with Mid-MO’s counsel during a phone conversation. Following that discussion, on August 4, 2021, Mid-MO filed its *Application and Motion for Waiver* in Case No. SA-2022-0029. This filing requests “...to obtain from the Commission a Certificate of Convenience and Necessity to own, operate, maintain, control and manage a sewer system (line certificate) in Callaway County, Missouri.”¹

On September 29, 2021, the Commission issued an Order granting Mid-MO’s application for a CCN subject to conditions, effective October 29, 2021. Mid-MO’s initial increase request of \$22,000 contains costs related to the construction of that new plant outside of Mid-MO’s authorized service area. Prior to the Order granting Mid-MO’s CCN, Staff removed those construction costs from its revenue requirement calculations. With the Order granting the CCN issued, Staff now includes those constructions costs into its revenue requirement calculations, as noted in footnote 3 of Staff’s Day 120 Report.

REVENUE INCREASE RECOMMENDATION

Based upon Staff’s examination of Mid-MO’s books and records, and discussions with William Bright (“Mr. Bright”), the owner of Mid-MO, Staff initially recommended an annual revenue requirement increase of \$8,556, however, due to the Commission’s approval of the CCN, Staff

¹ *Application and Motion for Waiver*, paragraph 1. Case No. SA-2022-0029.

now recommends an increase of \$18,980, which represents an approximate 71.95% increase from current revenues. Attached to this Memorandum are Staff's Accounting Schedules and relevant workpapers related to its review and audit of Mid-MO's financial operations.

Test Year and Update Period

Staff used a test year consisting of the twelve months ending December 31, 2020, to develop its revenue requirement recommendation in this case. No set update period was used in determining Mid-MO's cost of service.

Rate Base

Staff's Depreciation Department performed its analysis of Mid-MO's plant in service balances, depreciation reserve, and depreciation expenses as of July 1, 2021. Staff's analysis shows that the sewer plant in-service balance was \$274,212 and the sewer reserve balance was \$65,870. The Contributions in Aid of Construction ("CIAC") balance was \$32,000 and the CIAC Reserve was \$8,320. Rate base for Mid-MO was \$184,662.

Staff made adjustments to its initial analysis of Mid-MO's plant in service balances, depreciation reserve, and depreciation expenses resulting from plant additions, retirements, and reclassification of plant in service to the appropriate accounts. The adjustments to plant in service, depreciation reserve, and depreciation expenses can be found in Staff's EMS Run and Depreciation Workpapers.

Rate of Return and Capital Structure

The Financial Analysis Department provided the Audit Staff with a preliminary rate of return ("ROR") recommendation. To recommend the allowed ROR, the Staff of the Financial Analysis Department used its 'Small Utility Return on Equity (ROE)/Rate of Return (ROR) Methodology' ("ROR Methodology"). Staff's ROR Methodology is based on S&P Credit Ratings guide and the Bond Yield Plus Risk Premium method. S&P Credit Ratings guide provide a guideline on estimating credit ratings. Credit ratings are in turn used to estimate debt cost. The Bond Yield Plus Risk Premium method simply adds a premium, known as equity risk premium ("ERP"), to the estimated debt cost to come up with a return on equity ("ROE"). ROE is combined with debt cost to arrive at an estimated ROR.

To estimate credit ratings using the S&P Credit Ratings guide, Staff examined the financial risk profile ("FRP") and business risk profile ("BRP") of Mid-MO Sanitation LLC.. Usually, to examine the FRP and BRP of a small utility, Staff would analyze financial statements. In the case of Mid-MO, there are no financial statements – Mid-MO only provided a ledger of cash receipts and payments.² Staff's financial analysis relied on Mid-MO's Annual Report. Mid-MO's Annual Report showed a negative net income in 2020. Mid-MO serves only 28 residential and 4

² Staff's Data Request Nos. 0021-0022.

commercial customers.³ Mid-MO provided information on its capital structure consisting of 100% equity.⁴ A background information on utilities' BRP is important in determining Mid-MO's BRP. According to S&P Credit Ratings publication, regulated utilities and holding companies that are utility-focused virtually always fall in the upper range ("Excellent" or "Strong") of business risk profile.⁵

In Staff's reasonable judgement considering service size and reported profit, a BRP of "Satisfactory", one notch lower than the "Strong" assigned to water and sewer utilities by S&P Credit Ratings, for Mid-MO is appropriate. For FRP, Staff assigns "Minimal" for Mid-MO because Mid-MO is capitalized with 100% equity. According to a May 27, 2009, S&P guide, utilities with capital structure with less than 25% debt to capital ratio typically have a FRP of "Minimal". With a FRP and BRP of "Minimal" and "Satisfactory" for Mid-MO, respectively, the S&P Credit Ratings guide matrix indicates a credit rating of 'A'.

A credit rating of 'A' corresponds to a current interest rate of 3.39%, which is a 3-month average, ending May 31, 2021, of public utility bond yields, according to the June 2021 edition of the Mergent Bond Record. Adding 4% ERP, as prescribed by the Bond Yield Plus Risk Premium method, to the 3.39% estimated debt cost results in 7.39% ROE. Since Mid-MO's single equity owner requests lower rates, the parties have agreed to a rate of return of 1.46%.

Revenue

Mid-MO's current tariff authorizes a monthly rate of \$64.66 for service of residential customers and \$96.98 for commercial customers. For purposes of annualizing revenues, Staff multiplied the number of customers as of December 31, 2020, by the current monthly rate for residential and commercial customers. Staff calculated the annualized level of revenues to be \$26,381.

Expenses

Electricity Expense

Staff reviewed the electric bills for Mid-MO to determine the amount of Electricity Expense to include in its rates for sewer operations. Staff reviewed the invoices from January 2020 to December 2020. Staff annualized the Electricity Expense based on the test year period of 12-months ending December 31, 2020. Staff calculated the annualized level of Electricity Expense to be \$552.

PSC Assessment

Based on the Fiscal Year 2022 ("FY22") water/sewer assessment factor of 0.95479441%, Mid-MO's FY22 PSC Assessment is \$247.

³ Staff's Data Request No. 0014.

⁴ Staff's Data Request No. 0023.

⁵ Utilities Ratings Analysis Now Portrayed In The S&P Corporate Ratings Matrix

Rate Case Expense

Staff reviewed invoices related to Rate Case Expense to determine the amount of expenses to include in its rates for sewer operations. Staff removed expenses related to the CCN case. Staff normalized Rate Case Expense over (3) three years to be \$667.

Department of Natural Resources Fees

Staff reviewed the invoice for Department of Natural Resources (“DNR”) Fees provided by Mid-MO. Staff calculated the annualized level of DNR Fees to be \$1,000.

Insurance Expense

Staff reviewed the most current Insurance Expense invoice provided by Mid-MO. Staff calculated the annualized level of Insurance Expense to be \$515.

Mowing Expenses

Staff reviewed Mid-MO’s Mowing Expense invoices provided by Mid-MO. Staff calculated the annualized level of Mowing Expense to be \$1,600.

Real Estate Tax

Staff reviewed the most current Real Estate Tax invoices provided by Mid-MO. Staff calculated the annualized level of Real Estate Tax to be \$23.

Payroll Expense

Mr. Bright does not receive a salary, per se, for work performed for Mid-MO. However, he receives what he describes as an administration fee of \$300 a month. He explained in response to an email sent by Staff on June 16, 2021, that the administration fee is not being requested in this rate case. However, since he performs work for Mid-MO, Staff recommends that he receive compensation for work performed. According to Mr. Bright, work performed includes: overseeing operations, checking the pump at the lagoon twice a month, shopping for equipment if necessary, and office work. Staff calculated the annualized level of Payroll Expense to be \$3,600. This total does not include compensation for Mr. Bright’s “labor to discharge,” which will be discussed later in this report.

Postage Expense

Staff calculated Postage Expense by first multiplying the total number of residential and commercial customers by the number of bills per billing cycle to get the total number of bills per year. Next, Staff multiplied the total number of bills by the 2021 Postage rate per bill. Staff calculated the annualized level of Postage Expense to be \$211.

Billing & Collections

Staff reviewed an invoice for P.O. Box renewal provided by Mid-MO. Staff calculated the annualized level of P.O. Box renewal for the amount of \$226.

Accounting Fees

The accounting services provided for Mid-MO are contracted out to an accounting firm called Bright Ideas located in Fulton, Missouri. The bookkeeper is responsible for sending the monthly invoices to the customers, receiving checks from the P.O. Box, and paying monthly bills. Bright Ideas charges \$400 per month for the work performed. There is no contract between Mid-MO and Bright Ideas. The amount charged was determined during the 2009 rate case and has not increased since, according to Mr. Bright. Staff calculated the annualized level of services provided by Bright Ideas to be \$4,800.

Bright Ideas uses the accounting software QuickBooks. Staff received an invoice for the renewal of the accounting software. Staff calculated the annualized level of the accounting software QuickBooks to be \$270.

David Shively, CPA, prepares the Missouri Public Service Commission (“PSC”) Annual Report and income taxes on behalf of Mid-MO. Staff calculated the annualized level for the preparation of the PSC Annual Report and income taxes on behalf of Mid-MO to be \$1,220.

Staff calculated the total annualized level of Accounting Fees to be \$6,290.

Class D Operator and 52 Days Labor to Discharge

Staff reviewed Class D operator invoices provided by Mid-MO for work performed. Staff adjusted (\$182) from test year due to one month of operator salary being unusually higher compared to other months. Staff’s calculated annualized level for the Class D operator salary is \$4,800.

Mr. Bright disperses almost five (5) million gallons of wastewater per year. When asked by Staff he stated that he manually sets and resets the travelling gun used to land apply the wastewater and monitors the land application process and appropriate pressure. As these tasks are typical duties for a Class D wastewater treatment plant operator, Staff used the Water and Wastewater Treatment Plant and System Operator's average hourly wage from the Missouri Economic Research and Information Center website to calculate labor costs for the discharge function. Staff calculated the annualized level of the 52 days labor to discharge to be \$9,397.

Staff calculated the total annualized level of Operators Salary/Contractor Services to be \$14,197.

Diesel/Maintenance

Staff reviewed invoices involving purchases of diesel fuel from J.C. Oil for Mid-MO’s diesel engine, used to pump water to the traveling gun to disperse. Staff calculated the annualized level for diesel fuel is \$668. Staff also included the maintenance of the diesel engine, which included oil changes, oil filter, air filter, and antifreeze. Staff calculated the annualized level of maintenance for \$293. Staff calculated the total annualized level of diesel fuel and maintenance of the diesel engine expense to be \$961.

Mileage

Staff calculated mileage using the federal rate of \$0.56 per mile. Mr. Bright provided the miles per year of 1,596 miles. Staff calculated annualized level by multiplying the number of miles, 1,596, by the federal rate per mile of \$0.56. Staff's calculated annualized level for Mileage is \$894.

Disposition Agreement Attachment C

EMS Run

Mid MO Sanitation, LLC
 Informal Rate Case
 SR-2021-0372
 Test Year Ending December 31, 2020
 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) | \$26,381 | | | |
| Rev-3 | Miscellaneous Revenues | (1) | \$0 | | | |
| Rev-4 | TOTAL ANNUALIZED REVENUES | | \$26,381 | | | |
| 1 | OPERATIONS EXPENSES | (2) | | | | |
| 2 | Management Salary | | \$0 | \$0 | \$0 | 0.00% |
| 3 | Operators Salary / Contractor Services | | \$14,197 | \$0 | \$14,197 | 0.00% |
| 4 | Electricity - Pumping Treatment | | \$552 | \$0 | \$552 | 0.00% |
| 5 | Chemicals | | \$0 | \$0 | \$0 | 0.00% |
| 6 | Sludge Removal | | \$0 | \$0 | \$0 | 0.00% |
| 7 | TOTAL OPERATIONS EXPENSE | | \$14,749 | \$0 | \$14,749 | |
| 8 | MAINTENANCE EXPENSES | | | | | |
| 9 | Outside Services Employed | | \$1,600 | \$0 | \$1,600 | 0.00% |
| 10 | System Repairs and Maintenance | | \$961 | \$0 | \$961 | 0.00% |
| 11 | Supplies Expense | | \$0 | \$0 | \$0 | 0.00% |
| 12 | TOTAL MAINTENANCE EXPENSE | | \$2,561 | \$0 | \$2,561 | |
| 13 | CUSTOMER ACCOUNT EXPENSE | | | | | |
| 14 | Accounting Fees | | \$6,290 | \$0 | \$6,290 | 0.00% |
| 15 | Billing & Collections | | \$226 | \$0 | \$226 | 0.00% |
| 16 | Office Supplies | | \$0 | \$0 | \$0 | 0.00% |
| 17 | Postage Expense | | \$211 | \$0 | \$211 | 0.00% |
| 18 | Uncollectible Accounts | | \$0 | \$0 | \$0 | 0.00% |
| 19 | TOTAL CUSTOMER ACCOUNT EXPENSE | | \$6,727 | \$0 | \$6,727 | |
| 20 | ADMINISTRATIVE & GENERAL EXPENSES | | | | | |
| 21 | Administration & General Salaries | | \$3,600 | \$0 | \$3,600 | 0.00% |
| 22 | Telephone & Pagers | | \$0 | \$0 | \$0 | 0.00% |
| 23 | Office Utilities | | \$0 | \$0 | \$0 | 0.00% |
| 24 | Vehicle Expense | | \$894 | \$0 | \$894 | 0.00% |
| 25 | Vehicle Insurance | | \$0 | \$0 | \$0 | 0.00% |
| 26 | Medical Insurance | | \$0 | \$0 | \$0 | 0.00% |
| 27 | Property & Liability Insurance | | \$515 | \$0 | \$515 | 0.00% |
| 28 | Rent | | \$0 | \$0 | \$0 | 0.00% |
| 29 | Rate Case Expense | | \$667 | \$0 | \$667 | 0.00% |
| 30 | Other Misc. Expenses | | \$0 | \$0 | \$0 | 0.00% |
| 31 | TOTAL ADMINISTRATIVE AND GENERAL | | \$5,676 | \$0 | \$5,676 | |
| 32 | OTHER OPERATING EXPENSES | | | | | |
| 33 | MO DNR Fees | | \$1,000 | \$0 | \$1,000 | 0.00% |
| 34 | PSC Assessment | | \$247 | \$0 | \$247 | 0.00% |
| 35 | Corporate Registration | | \$0 | \$0 | \$0 | 0.00% |
| 36 | Amortization Expense | | \$0 | \$0 | \$0 | 0.00% |
| 37 | Depreciation | | \$10,838 | \$0 | \$10,838 | 0.00% |
| 38 | TOTAL OTHER OPERATING EXPENSES | | \$12,085 | \$0 | \$12,085 | |
| 39 | TAXES OTHER THAN INCOME | | | | | |
| 40 | Real & Personal Property Taxes | | \$23 | \$0 | \$23 | 0.00% |
| 41 | Payroll Taxes | | \$0 | \$0 | \$0 | 0.00% |
| 42 | TOTAL TAXES OTHER THAN INCOME | | \$23 | \$0 | \$23 | |
| 43 | TOTAL OPERATING EXPENSES | | \$41,821 | \$0 | \$41,821 | |
| 44 | Interest Expense | (3) | \$0 | \$0 | \$0 | 0.00% |
| 45 | Return on Equity | (3) | \$2,696 | \$0 | \$2,696 | 0.00% |
| 46 | Income Taxes | (3) | \$844 | \$0 | \$844 | 0.00% |

Mid MO Sanitation, LLC
Informal Rate Case
SR-2021-0372
Test Year Ending December 31, 2020
Rate Design Schedule - Sewer

| Line Number | A Description | B Account Number (Optional) | C Staff Annualized | D Customer Charge | E Commodity | F Percentage Rate |
|-------------|---------------------------------------|-----------------------------------|-----------------------|----------------------|----------------|----------------------|
| 47 | TOTAL INTEREST RETURN & TAXES | | \$3,540 | \$0 | \$3,540 | |
| 48 | TOTAL COST OF SERVICE | | \$45,361 | \$0 | \$45,361 | |
| 49 | Less: Miscellaneous Revenues | | \$0 | \$0 | \$0 | 0.00% |
| 50 | COST TO RECOVER IN RATES | | \$45,361 | \$0 | \$45,361 | |
| 51 | INCREMENTAL INCREASE IN RATE REVENUES | | <u>\$18,980</u> | | | |
| 52 | PERCENTAGE OF INCREASE | | <u>71.95%</u> | | | |
| 53 | REQUESTED INCREASE IN REVENUES | | \$22,000 | | | |

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

Mid MO Sanitation, LLC
Informal Rate Case
SR-2021-0372
Test Year Ending December 31, 2020
Rate Base Required Return on Investment Schedule - Sewer

| Line Number | <u>A</u> Rate Base Description | <u>B</u> Dollar Amount |
|----------------|--|--|
| 1 | Plant In Service | \$274,212 From Plant Schedule |
| 2 | Less Accumulated Depreciation Reserve | <u>\$65,870</u> From Depreciation Reserve Schedule |
| 3 | Net Plant In Service | \$208,342 |
| 4 | Other Rate Base Items: | \$0 |
| | Contribution in Aid of Construction Amortization (positive or zero) | \$8,320 |
| | Test Line | \$0 |
| | Contribution in Aid of Construction (negative or zero) | -\$32,000 |
| 5 | Total Rate Base | <u>\$184,662</u> |
| 6 | Total Weighted Rate of Return Including Income Tax | <u>1.92%</u> From PreTax Return & Taxes Schedule |
| 7 | Required Return & Income Tax | <u><u>\$3,540</u></u> |

Mid MO Sanitation, LLC
Informal Rate Case
SR-2021-0372
Test Year Ending December 31, 2020
Rate of Return Including Income Tax - Sewer

| | A | | B | formulas |
|---|--------|-----------|---------------------|---------------------------------|
| 1 State Income Tax Rate Statutory / Effective | 4.00% | (2) | 3.59% | (1 - (B2 x .5)) x A1 |
| 2 Federal Income Tax Rate Statutory / Effective | 21.01% | (1) & (2) | <u>20.25%</u> | (1 - B1) x A2 |
| 3 Composite Effective Income Tax Rate | | | 23.85% | B1 + B2 |
| 4 Equity Tax Factor | | | 1.3132 | 1 / (1-B3) |
| 5 Recommended Weighted Rate of Return on Equity - Common and Preferred | | | <u>1.46%</u> | From Capital Structure Schedule |
| 6 Weighted Rate of Return on Equity Including Income Tax | | | 1.92% | B4 x B5 |
| 7 Recommended Weighted Rate of Return on Debt - Long-Term and Short-Term | | | <u>0.00%</u> | From Capital Structure Schedule |
| 8 Total Weighted Rate of Return Including Income Tax | | | <u><u>1.92%</u></u> | B6+B7 |

To Rate Base Schedule

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

Equity Income Required \$3,413
 & Preliminary Federal Tax

Tax Rate Table

| Net Income Range | | | | |
|------------------|-----------------|----------|---|--------------|
| Start | End | Tax Rate | Amount in Range | Tax on Range |
| \$0 | \$50,000 | 21.00% | \$3,413 | \$717 |
| \$50,001 | \$75,000 | 21.00% | \$0 | \$0 |
| \$75,001 | \$100,000 | 21.00% | \$0 | \$0 |
| \$100,001 | \$335,000 | 21.00% | \$0 | \$0 |
| \$335,001 | \$9,999,999,999 | 21.00% | \$0 | \$0 |
| | | | <u>\$3,413</u> | <u>\$717</u> |
| | | | Consolidated Tax Rate: | |
| | | | Average Tax Rate: 0.2101 | |

Mid MO Sanitation, LLC
Informal Rate Case
SR-2021-0372
Test Year Ending December 31, 2020
Capital Structure Schedule - Sewer

| Line Number | <u>A</u> Description | <u>B</u> Dollar Amount | <u>C</u> Percentage of Total Capital Structure | <u>D</u> Embedded Cost of Capital | <u>E</u> Weighted Cost of Capital |
|----------------|--------------------------------------|------------------------------|--|--|--|
| 1 | Common Stock | \$184,662 | 100.00% | 1.46% | 1.460% |
| 2 | Other Security-Non Tax Deductible | \$0 | 0.00% | 0.00% | 0.000% |
| 3 | Preferred Stock | \$0 | 0.00% | 0.00% | 0.000% |
| 4 | Long Term Debt | \$0 | 0.00% | 0.00% | 0.000% |
| 5 | Short Term Debt | \$0 | 0.00% | 0.00% | 0.000% |
| 6 | Other Security-Tax Deductible | \$0 | 0.00% | 0.00% | 0.000% |
| 7 | TOTAL CAPITALIZATION | <u>\$184,662</u> | <u>100.00%</u> | | <u>1.460%</u> |

To PreTax Return Rate Schedule

Mid MO Sanitation, LLC
 Informal Rate Case
 SR-2021-0372
 Test Year Ending December 31, 2020
 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 | \$3,988 | | | 100.00% | \$3,988 |
| 3 | 302.000 | Franchises | \$0 | | | 100.00% | \$0 |
| 4 | 303.000 | Miscellaneous Intangible Plant | \$0 | | | 100.00% | \$0 |
| 5 | | TOTAL INTANGIBLE PLANT | <u>\$3,988</u> | | <u>\$0</u> | | <u>\$3,988</u> |
| 6 | | SOURCE OF SUPPLY PLANT | | | | | |
| 7 | 310.000 | Land & Land Rights | \$0 | | | 100.00% | \$0 |
| 8 | 311.000 | Structures & Improvements | \$802 | | | 100.00% | \$802 |
| 9 | | TOTAL SOURCE OF SUPPLY PLANT | <u>\$802</u> | | <u>\$0</u> | | <u>\$802</u> |
| 10 | | COLLECTION PLANT | | | | | |
| 11 | 352.100 | Collection Sewers - Force | \$51,695 | | | 100.00% | \$51,695 |
| 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 | \$679 | | | 100.00% | \$679 |
| 16 | | TOTAL COLLECTION PLANT | <u>\$52,374</u> | | <u>\$0</u> | | <u>\$52,374</u> |
| 17 | | PUMPING PLANT | | | | | |
| 18 | 362.000 | Receiving Wells and Pump Pits | \$900 | | | 100.00% | \$900 |
| 19 | 363.000 | Pumping Equipment (Elec., Diesel, other) | \$0 | | | 100.00% | \$0 |
| 20 | | TOTAL PUMPING PLANT | <u>\$900</u> | | <u>\$0</u> | | <u>\$900</u> |
| 21 | | TREATMENT & DISPOSAL PLANT | | | | | |
| 22 | 372.000 | Oxidation Lagoon | \$108,563 | | | 100.00% | \$108,563 |
| 23 | 373.000 | Treatment and Disposal Equipment | \$107,585 | | | 100.00% | \$107,585 |
| 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 | <u>\$216,148</u> | | <u>\$0</u> | | <u>\$216,148</u> |
| 28 | | GENERAL PLANT | | | | | |
| 29 | 391.000 | Office Furniture & Equipment | \$0 | | | 100.00% | \$0 |
| 30 | 391.100 | 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. | \$0 | | | 100.00% | \$0 |
| 33 | | TOTAL GENERAL PLANT | <u>\$0</u> | | <u>\$0</u> | | <u>\$0</u> |
| 34 | | TOTAL PLANT IN SERVICE | <u>\$274,212</u> | | <u>\$0</u> | | <u>\$274,212</u> |

To Rate Base & Depreciation Schedules

Mid MO Sanitation, LLC
Informal Rate Case
SR-2021-0372
Test Year Ending December 31, 2020
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 |

Mid MO Sanitation, LLC
 Informal Rate Case
 SR-2021-0372
 Test Year Ending December 31, 2020
 Depreciation Expense - Sewer

| Line Number | A Account Number | B Plant Account Description | C Adjusted Jurisdictional | D Depreciation Rate | E Depreciation Expense | F Average Life | G Net Salvage |
|-------------|---------------------|--|------------------------------|------------------------|---------------------------|-------------------|------------------|
| 1 | | INTANGIBLE PLANT | | | | | |
| 2 | 301.000 | Organization | \$3,988 | 0.00% | \$0 | 0 | 0.00% |
| 3 | 302.000 | Franchises | \$0 | 0.00% | \$0 | 0 | 0.00% |
| 4 | 303.000 | Miscellaneous Intangible Plant | \$0 | 0.00% | \$0 | 0 | 0.00% |
| 5 | | TOTAL INTANGIBLE PLANT | \$3,988 | | \$0 | | |
| 6 | | SOURCE OF SUPPLY PLANT | | | | | |
| 7 | 310.000 | Land & Land Rights | \$0 | 0.00% | \$0 | 0 | 0.00% |
| 8 | 311.000 | Structures & Improvements | \$802 | 3.00% | \$24 | 0 | 0.00% |
| 9 | | TOTAL SOURCE OF SUPPLY PLANT | \$802 | | \$24 | | |
| 10 | | COLLECTION PLANT | | | | | |
| 11 | 352.100 | Collection Sewers - Force | \$51,695 | 2.00% | \$1,034 | 0 | 0.00% |
| 12 | 352.200 | Collection Sewers - Gravity | \$0 | 0.00% | \$0 | 0 | 0.00% |
| 13 | 353.000 | Other Collection Plant Facilities | \$0 | 0.00% | \$0 | 0 | 0.00% |
| 14 | 354.000 | Services to Customers | \$0 | 0.00% | \$0 | 0 | 0.00% |
| 15 | 355.000 | Flow Measuring Devices | \$679 | 3.30% | \$22 | 0 | 0.00% |
| 16 | | TOTAL COLLECTION PLANT | \$52,374 | | \$1,056 | | |
| 17 | | PUMPING PLANT | | | | | |
| 18 | 362.000 | Receiving Wells and Pump Pits | \$900 | 4.00% | \$36 | 0 | 0.00% |
| 19 | 363.000 | Pumping Equipment (Elec., Diesel, other) | \$0 | 0.00% | \$0 | 0 | 0.00% |
| 20 | | TOTAL PUMPING PLANT | \$900 | | \$36 | | |
| 21 | | TREATMENT & DISPOSAL PLANT | | | | | |
| 22 | 372.000 | Oxidation Lagoon | \$108,563 | 4.00% | \$4,343 | 0 | 0.00% |
| 23 | 373.000 | Treatment and Disposal Equipment | \$107,585 | 5.00% | \$5,379 | 0 | 0.00% |
| 24 | 374.000 | Plant Sewers | \$0 | 0.00% | \$0 | 0 | 0.00% |
| 25 | 375.000 | Outfall Sewer Lines | \$0 | 0.00% | \$0 | 0 | 0.00% |
| 26 | 376.000 | Other Treatment & Disposal Plant Equip. | \$0 | 0.00% | \$0 | 0 | 0.00% |
| 27 | | TOTAL TREATMENT & DISPOSAL PLANT | \$216,148 | | \$9,722 | | |
| 28 | | GENERAL PLANT | | | | | |
| 29 | 391.000 | Office Furniture & Equipment | \$0 | 0.00% | \$0 | 0 | 0.00% |
| 30 | 391.100 | Office Computer Equipment | \$0 | 20.00% | \$0 | 0 | 0.00% |
| 31 | 392.000 | Transportation Equipment | \$0 | 0.00% | \$0 | 0 | 0.00% |
| 32 | 393.000 | Other General Equipment, includes stores, tools shop & garage, lab, power operated, communication, and other tangible equipment. | \$0 | 0.00% | \$0 | 0 | 0.00% |
| 33 | | TOTAL GENERAL PLANT | \$0 | | \$0 | | |
| 34 | | Total Depreciation | \$274,212 | | \$10,838 | | |

Note: Average Life and Net Salvage columns are informational and have no impact on the entered Depreciation Rate.

Mid MO Sanitation, LLC
 Informal Rate Case
 SR-2021-0372
 Test Year Ending December 31, 2020
 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 | \$52 | | | 100.00% | \$52 |
| 9 | | TOTAL SOURCE OF SUPPLY PLANT | \$52 | | \$0 | | \$52 |
| 10 | | COLLECTION PLANT | | | | | |
| 11 | 352.100 | Collection Sewers - Force | \$18,628 | | | 100.00% | \$18,628 |
| 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 | \$45 | | | 100.00% | \$45 |
| 16 | | TOTAL COLLECTION PLANT | \$18,673 | | \$0 | | \$18,673 |
| 17 | | PUMPING PLANT | | | | | |
| 18 | 362.000 | Receiving Wells and Pump Pits | \$468 | | | 100.00% | \$468 |
| 19 | 363.000 | Pumping Equipment (Elec., Diesel, other) | \$0 | | | 100.00% | \$0 |
| 20 | | TOTAL PUMPING PLANT | \$468 | | \$0 | | \$468 |
| 21 | | TREATMENT & DISPOSAL PLANT | | | | | |
| 22 | 372.000 | Oxidation Lagoon | \$17,234 | | | 100.00% | \$17,234 |
| 23 | 373.000 | Treatment and Disposal Equipment | \$29,443 | | | 100.00% | \$29,443 |
| 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 | \$46,677 | | \$0 | | \$46,677 |
| 28 | | GENERAL PLANT | | | | | |
| 29 | 391.000 | Office Furniture & Equipment | \$0 | | | 100.00% | \$0 |
| 30 | 391.100 | 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. | \$0 | | | 100.00% | \$0 |
| 33 | | TOTAL GENERAL PLANT | \$0 | | \$0 | | \$0 |
| 34 | | TOTAL DEPRECIATION RESERVE | \$65,870 | | \$0 | | \$65,870 |

To Rate Base Schedule

Mid MO Sanitation, LLC
Informal Rate Case
SR-2021-0372
Test Year Ending December 31, 2020
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 |
|---|---|-------------------------------|----------------------------------|---|
| Total Reserve Adjustments | | | | \$0 |

Mid MO Sanitation, LLC
Informal Rate Case
SR-2021-0372
Test Year Ending December 31, 2020
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 | \$26,381 | Rev-2 | \$0 | 100.00% | \$26,381 |
| Rev-3 | | Miscellaneous Revenues | \$0 | Rev-3 | \$0 | 100.00% | \$0 |
| Rev-4 | | TOTAL ANNUALIZED REVENUES | \$26,381 | | \$0 | | \$26,381 |

Mid MO Sanitation, LLC
Informal Rate Case
SR-2021-0372
Test Year Ending December 31, 2020
Revenue Adjustment Schedule - Sewer

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

Mid MO Sanitation, LLC
 Informal Rate Case
 SR-2021-0372
 Test Year Ending December 31, 2020
 Revenue Summary Schedule - Sewer

| Line Number | A Description | Residential 5/8" | | Commercial 2" | |
|-------------|--|---------------------|-----------------|------------------|----------------|
| | | B Amount | C Amount | D Amount | E Amount |
| 1 | Customer Charge Revenues: | | | | |
| 2 | Customer Number | 28 | | 4 | |
| 3 | Bills Per Year | 12 | | 12 | |
| 4 | Customer Bills Per year | 336 | | 48 | |
| 5 | Current Customer Charge | <u>\$64.66</u> | | <u>\$96.98</u> | |
| 6 | Annualized Customer Charge Revenues | | \$21,726 | | \$4,655 |
| 7 | Commodity Charge Revenues: | | | | |
| 8 | Total Gallons Sold | 0 | | 0 | |
| 9 | Less: Base Gallons Included In Customer Charge | <u>0</u> | | <u>0</u> | |
| 10 | Commodity Gallons | 0 | | 0 | |
| 11 | Block 1, Commodity Gallons per Block | 0 | | 0 | |
| 12 | Block 1, Number of Commodity Gallons per Unit | <u>0</u> | | <u>0</u> | |
| 13 | Block 1, Commodity Billing Units | 0.00 | | 0.00 | |
| 14 | Block 1, Existing Commodity Charge | <u>\$0.00</u> | | <u>\$0.00</u> | |
| 15 | Block 1, Annualized Commodity Charge Rev. | | \$0 | | \$0 |
| 16 | Total Annualized Sewer Rate Revenues | | <u>\$21,726</u> | | <u>\$4,655</u> |

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

Mid MO Sanitation, LLC
Informal Rate Case
SR-2021-0372
Test Year Ending December 31, 2020
Revenue Summary Schedule - Sewer

| Line Number | A Description | Total | |
|-------------|--|-------------|-----------------|
| | | F Amount | G Amount |
| 1 | <u>Customer Charge Revenues:</u> | | |
| 2 | Customer Number | 32 | |
| 3 | Bills Per Year | | |
| 4 | Customer Bills Per year | 384 | |
| 5 | Current Customer Charge | | |
| 6 | Annualized Customer Charge Revenues | | \$26,381 |
| 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 | | \$26,381 |

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.

Mid MO Sanitation, LLC
Informal Rate Case
SR-2021-0372
Test Year Ending December 31, 2020
Miscellaneous Revenues Feeder - Sewer

| Line Number | <u>A</u> Description | <u>B</u> Amount |
|----------------|--|--------------------|
| 1 | Description of Miscellaneous Revenue Item1 | \$0 |
| 2 | Description of Miscellaneous Revenue Item2 | \$0 |
| 3 | Total Miscellaneous Revenues | <u>\$0</u> |

Mid MO Sanitation, LLC
 Informal Rate Case
 SR-2021-0372
 Test Year Ending December 31, 2020
 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 | \$4,982 | S-3 | \$9,215 | 100.00% | \$14,197 |
| 4 | | Electricity - Pumping Treatment | \$551 | S-4 | \$1 | 100.00% | \$552 |
| 5 | | Chemicals | \$0 | | | 100.00% | \$0 |
| 6 | | Sludge Removal | \$0 | | | 100.00% | \$0 |
| 7 | | TOTAL OPERATIONS EXPENSE | <u>\$5,533</u> | | <u>\$9,216</u> | | <u>\$14,749</u> |
| 8 | | MAINTENANCE EXPENSES | | | | | |
| 9 | | Outside Services Employed | \$1,600 | | | 100.00% | \$1,600 |
| 10 | | System Repairs and Maintenance | \$961 | | | 100.00% | \$961 |
| 11 | | Supplies Expense | \$0 | | | 100.00% | \$0 |
| 12 | | TOTAL MAINTENANCE EXPENSE | <u>\$2,561</u> | | <u>\$0</u> | | <u>\$2,561</u> |
| 13 | | CUSTOMER ACCOUNT EXPENSE | | | | | |
| 14 | | Accounting Fees | \$6,290 | | | 100.00% | \$6,290 |
| 15 | | Billing & Collections | \$226 | | | 100.00% | \$226 |
| 16 | | Office Supplies | \$0 | | | 100.00% | \$0 |
| 17 | | Postage Expense | \$110 | S-17 | \$101 | 100.00% | \$211 |
| 18 | | Uncollectible Accounts | \$0 | | | 100.00% | \$0 |
| 19 | | TOTAL CUSTOMER ACCOUNT EXPENSE | <u>\$6,626</u> | | <u>\$101</u> | | <u>\$6,727</u> |
| 20 | | ADMINISTRATIVE & GENERAL EXPENSES | | | | | |
| 21 | | Administration & General Salaries | \$3,300 | S-21 | \$300 | 100.00% | \$3,600 |
| 22 | | Telephone & Pagers | \$0 | | | 100.00% | \$0 |
| 23 | | Office Utilities | \$0 | | | 100.00% | \$0 |
| 24 | | Vehicle Expense | \$0 | S-24 | \$894 | 100.00% | \$894 |
| 25 | | Vehicle Insurance | \$0 | | | 100.00% | \$0 |
| 26 | | Medical Insurance | \$0 | | | 100.00% | \$0 |
| 27 | | Property & Liability Insurance | \$515 | | | 100.00% | \$515 |
| 28 | | Rent | \$0 | | | 100.00% | \$0 |
| 29 | | Rate Case Expense | \$0 | S-29 | \$667 | 100.00% | \$667 |
| 30 | | Other Misc. Expenses | \$0 | | | 100.00% | \$0 |
| 31 | | TOTAL ADMINISTRATIVE AND GENERAL | <u>\$3,815</u> | | <u>\$1,861</u> | | <u>\$5,676</u> |
| 32 | | OTHER OPERATING EXPENSES | | | | | |
| 33 | | MO DNR Fees | \$1,000 | | | 100.00% | \$1,000 |
| 34 | | PSC Assessment | \$0 | S-34 | \$247 | 100.00% | \$247 |
| 35 | | Corporate Registration | \$0 | | | 100.00% | \$0 |
| 36 | | Amortization Expense | \$0 | | | 100.00% | \$0 |
| 37 | | Depreciation | \$0 | S-37 | \$10,838 | 100.00% | \$10,838 |
| 38 | | TOTAL OTHER OPERATING EXPENSES | <u>\$1,000</u> | | <u>\$11,085</u> | | <u>\$12,085</u> |
| 39 | | TAXES OTHER THAN INCOME | | | | | |
| 40 | | Real & Personal Property Taxes | \$23 | | | 100.00% | \$23 |
| 41 | | Payroll Taxes | \$0 | | | 100.00% | \$0 |
| 42 | | TOTAL TAXES OTHER THAN INCOME | <u>\$23</u> | | <u>\$0</u> | | <u>\$23</u> |
| 43 | | TOTAL OPERATING EXPENSES | <u><u>\$19,558</u></u> | | <u><u>\$22,263</u></u> | | <u><u>\$41,821</u></u> |

Mid MO Sanitation, LLC
 Informal Rate Case
 SR-2021-0372
 Test Year Ending December 31, 2020
 Expense Adjustment Schedule - Sewer

| A Expense Adj Number | B Adjustment Description | C Account Number | D Adjustment Amount | E Total Adjustment |
|----------------------------------|--|------------------------|---------------------------|--------------------------|
| S-3 | Operators Salary / Contractor Services | | | \$9,215 |
| | 1. To Annualize Class D Operator Expense | | -\$182 | |
| | 2. To Annualize 52 days labor to discharge | | \$9,397 | |
| S-4 | Electricity - Pumping Treatment | | | \$1 |
| | 1. To Annualize Electricity Expense | | \$1 | |
| S-17 | Postage Expense | | | \$101 |
| | 1. To Annualize Postage Expense | | \$101 | |
| S-21 | Administration & General Salaries | | | \$300 |
| | 1. To Annualize Administration Salary | | \$300 | |
| S-24 | Vehicle Expense | | | \$894 |
| | 1. To Annualize Mileage | | \$894 | |
| S-29 | Rate Case Expense | | | \$667 |
| | 1. To Normalize Rate Case Expense | | \$667 | |
| S-34 | PSC Assessment | | | \$247 |
| | 1. To Annualize Estimated PSC Assessment | | \$247 | |
| S-37 | Depreciation | | | \$10,838 |
| | 1. To Annualize Depreciation | | \$10,838 | |
| Total Expense Adjustments | | | | \$22,263 |

Disposition Agreement Attachment D

Depreciation Rates

Mid MO Sanitation, LLC
 Informal Rate Case
 SR-2021-0372
 Test Year Ending December 31, 2020
 Depreciation Expense - Sewer

| Line Number | A Account Number | B Plant Account Description | C Adjusted Jurisdictional | D Depreciation Rate | E Depreciation Expense | F Average Life | G Net Salvage |
|-------------|---------------------|--|------------------------------|------------------------|---------------------------|-------------------|------------------|
| 1 | | INTANGIBLE PLANT | | | | | |
| 2 | 301.000 | Organization | \$3,988 | 0.00% | \$0 | 0 | 0.00% |
| 3 | 302.000 | Franchises | \$0 | 0.00% | \$0 | 0 | 0.00% |
| 4 | 303.000 | Miscellaneous Intangible Plant | \$0 | 0.00% | \$0 | 0 | 0.00% |
| 5 | | TOTAL INTANGIBLE PLANT | \$3,988 | | \$0 | | |
| 6 | | SOURCE OF SUPPLY PLANT | | | | | |
| 7 | 310.000 | Land & Land Rights | \$0 | 0.00% | \$0 | 0 | 0.00% |
| 8 | 311.000 | Structures & Improvements | \$802 | 3.00% | \$24 | 0 | 0.00% |
| 9 | | TOTAL SOURCE OF SUPPLY PLANT | \$802 | | \$24 | | |
| 10 | | COLLECTION PLANT | | | | | |
| 11 | 352.100 | Collection Sewers - Force | \$51,695 | 2.00% | \$1,034 | 0 | 0.00% |
| 12 | 352.200 | Collection Sewers - Gravity | \$0 | 0.00% | \$0 | 0 | 0.00% |
| 13 | 353.000 | Other Collection Plant Facilities | \$0 | 0.00% | \$0 | 0 | 0.00% |
| 14 | 354.000 | Services to Customers | \$0 | 0.00% | \$0 | 0 | 0.00% |
| 15 | 355.000 | Flow Measuring Devices | \$679 | 3.30% | \$22 | 0 | 0.00% |
| 16 | | TOTAL COLLECTION PLANT | \$52,374 | | \$1,056 | | |
| 17 | | PUMPING PLANT | | | | | |
| 18 | 362.000 | Receiving Wells and Pump Pits | \$900 | 4.00% | \$36 | 0 | 0.00% |
| 19 | 363.000 | Pumping Equipment (Elec., Diesel, other) | \$0 | 0.00% | \$0 | 0 | 0.00% |
| 20 | | TOTAL PUMPING PLANT | \$900 | | \$36 | | |
| 21 | | TREATMENT & DISPOSAL PLANT | | | | | |
| 22 | 372.000 | Oxidation Lagoon | \$108,563 | 4.00% | \$4,343 | 0 | 0.00% |
| 23 | 373.000 | Treatment and Disposal Equipment | \$107,585 | 5.00% | \$5,379 | 0 | 0.00% |
| 24 | 374.000 | Plant Sewers | \$0 | 0.00% | \$0 | 0 | 0.00% |
| 25 | 375.000 | Outfall Sewer Lines | \$0 | 0.00% | \$0 | 0 | 0.00% |
| 26 | 376.000 | Other Treatment & Disposal Plant Equip. | \$0 | 0.00% | \$0 | 0 | 0.00% |
| 27 | | TOTAL TREATMENT & DISPOSAL PLANT | \$216,148 | | \$9,722 | | |
| 28 | | GENERAL PLANT | | | | | |
| 29 | 391.000 | Office Furniture & Equipment | \$0 | 0.00% | \$0 | 0 | 0.00% |
| 30 | 391.100 | Office Computer Equipment | \$0 | 20.00% | \$0 | 0 | 0.00% |
| 31 | 392.000 | Transportation Equipment | \$0 | 0.00% | \$0 | 0 | 0.00% |
| 32 | 393.000 | Other General Equipment, includes stores, tools shop & garage, lab, power operated, communication, and other tangible equipment. | \$0 | 0.00% | \$0 | 0 | 0.00% |
| 33 | | TOTAL GENERAL PLANT | \$0 | | \$0 | | |
| 34 | | Total Depreciation | \$274,212 | | \$10,838 | | |

Note: Average Life and Net Salvage columns are informational and have no impact on the entered Depreciation Rate.

Disposition Agreement Attachment E

Rate Design

Mid-MO Sanitation

Development of Tariffed Rates-Sewer

| | |
|---|------------------|
| Revenues Generated by Current Tariffed Rates | \$ 26,381 |
| Agreed-Upon Overall Revenue Increase | \$ 18,980 |
| Percentage Increase Needed | 71.947% |

Metered Customer Rates

| | Current | | Proposed | |
|--------------|-------------------|-------|-----------------|--------|
| | Quarterly Service | | Monthly Service | |
| | Charge | | Charge | |
| Residential | \$ | 64.66 | \$ | 97.42 |
| Gas Station | \$ | 96.98 | \$ | 194.85 |
| Laundromat | \$ | 96.98 | \$ | 194.85 |
| Retail Store | \$ | 96.98 | \$ | 194.85 |
| Day Care | \$ | 96.98 | \$ | 214.33 |
| Car Wash | \$ | 96.98 | \$ | 253.30 |

| Customer Charge | Number | Factor | Customer Equivalents | Customer Charge |
|----------------------|-----------|--------|-------------------------|--------------------|
| Residential | 28 | 1.0 | 28.0 | \$ 97.42 |
| Gas Station | 1 | 2.0 | 2.0 | \$ 194.85 |
| Laundromat | 1 | 2.0 | 2.0 | \$ 194.85 |
| Jones Farm and House | 1 | 2.0 | 2.0 | \$ 194.85 |
| Day Care | 1 | 2.2 | 2.2 | \$ 214.33 |
| Car Wash | 1 | 2.6 | 2.6 | \$ 253.30 |
| Total | 33 | | 38.8 | |

| Fixed Expenses | Customer Charge |
|------------------|-----------------|
| \$ 45,361 | \$ 97.42 |

Disposition Agreement Attachment F

Billing Comparison Worksheet

Mid-MO Sanitation

Residential Customer Bill Comparison-Sewer

| Customer | Current Monthly Flat Rate | Proposed Monthly Customer Charge |
|-----------------|--------------------------------------|---|
| Residential | \$ 64.66 | \$ 97.42 |
| Gas Station | \$ 96.98 | \$ 194.85 |
| Laundromat | \$ 96.98 | \$ 194.85 |
| Retail Store | \$ 96.98 | \$ 194.85 |
| Day Care | \$ 96.98 | \$ 214.33 |
| Car Wash | \$ 96.98 | \$ 253.30 |

Name of Utility: Mid-MO Sanitation, LLC
Service Area: Millersburg, Callaway County

| Rules and Regulations Governing Rendering of Water Service | | | | | | | | | | | | | | | | |
|---|---|---------------|----------|---|----------------|----------|---|--------------|----------|---|------------|----------|---|------------|----------|---|
| <u>Schedule of Rates</u> | | | | | | | | | | | | | | | | |
| Availability: | The following monthly sewer service charge will be in effect for Customers of Mid-MO Sanitation, LLC. | | | | | | | | | | | | | | | |
| Sewer Rates: | <p><u>Residential Monthly Flat Rate:</u></p> <p>\$97.42 per unit available for residential dwellings occupied, or designed for occupation, by single families and producing domestic sewage only. *</p> <p><u>Commercial Monthly Flat Rate:</u></p> <table style="width: 100%; border: none;"> <tr> <td style="padding-left: 20px;">Gas Station -</td> <td style="text-align: right; padding-right: 20px;">\$194.85</td> <td style="text-align: right;">*</td> </tr> <tr> <td style="padding-left: 20px;">Retail Store -</td> <td style="text-align: right; padding-right: 20px;">\$194.85</td> <td style="text-align: right;">*</td> </tr> <tr> <td style="padding-left: 20px;">Laundromat -</td> <td style="text-align: right; padding-right: 20px;">\$194.85</td> <td style="text-align: right;">*</td> </tr> <tr> <td style="padding-left: 20px;">Day Care -</td> <td style="text-align: right; padding-right: 20px;">\$214.33</td> <td style="text-align: right;">*</td> </tr> <tr> <td style="padding-left: 20px;">Car Wash -</td> <td style="text-align: right; padding-right: 20px;">\$253.30</td> <td style="text-align: right;">*</td> </tr> </table> | Gas Station - | \$194.85 | * | Retail Store - | \$194.85 | * | Laundromat - | \$194.85 | * | Day Care - | \$214.33 | * | Car Wash - | \$253.30 | * |
| Gas Station - | \$194.85 | * | | | | | | | | | | | | | | |
| Retail Store - | \$194.85 | * | | | | | | | | | | | | | | |
| Laundromat - | \$194.85 | * | | | | | | | | | | | | | | |
| Day Care - | \$214.33 | * | | | | | | | | | | | | | | |
| Car Wash - | \$253.30 | * | | | | | | | | | | | | | | |
| Taxes: | Any applicable Federal, State, or local taxes computed on billing basis shall be added as separate items in rendering each bill. * | | | | | | | | | | | | | | | |
| Late Charges: | Billings will be made and distributed at monthly intervals. Bills will be rendered net, bearing the last date on which payment will then be considered delinquent. The period after which payment will then be considered delinquent is 21 days after rendition of the bill. A charge of \$5.00 or three percent (3%) per month times the unpaid balance, whichever is more, will be added to delinquent amounts. * | | | | | | | | | | | | | | | |
| <p>* Indicates new rate or text</p> <p>+ Indicates change</p> | | | | | | | | | | | | | | | | |

Issue Date: October 20, 2021
Month/Day/Year

Effective Date: December 4, 2021
Month/Day/Year

ISSUED BY William Bright, Manager
Name and Title of Issuing Officer

1101 Sioux Drive, Fulton, MO 65251
Mailing Address

REPORT OF CUSTOMER SERVICE AND BUSINESS OPERATIONS

REVIEW

The Customer Experience Department (“CXD”) Staff initiated an informal review of Mid-MO’s customer service processes, procedures, and practices on April 28, 2021. The CXD Staff’s review included an examination of Mid-MO’s tariffs, Commission complaint records, and other documentation related to the Mid-MO’s customer service operations.

The purpose of CXD is to investigate and make recommendations to the Commission on issues related to the customer experience and customer expectations, which include promoting and encouraging efficient and effective utility management and customer service. These objectives contribute to the Commission’s overall mission to ensure that Missourians receive safe and reliable utility service at just, reasonable, and affordable rates.

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

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

- Customer Billing
- Credit and Collections
- Complaints and Inquiries; and
- Customer Communication

This report contains the results of the CXD Staff's review.

Overview

Mid-MO has no official business office. All records are kept at the home of the owner’s son and daughter-in-law at Lake Breeze Subdivision near Fulton, Missouri. Customers have 24-hour, 7-day access to Mid-MO personnel by calling the telephone number provided on the customer application for service. The customer’s bill does not include a contact telephone number.

There are no Mid-MO employees or vehicles; Mid-MO has contracted responsibility for operations to outside contractors. Mr. Bright, Mid-MO’s owner, stated that he checks the sewer facilities on a regular basis and conducts dispersal of the sewer water. In addition, he also provides management functions. Bright Ideas is a private firm based in Fulton, Missouri that performs a number of business office functions. The office functions include taking new service applications, preparing and mailing customer bills, maintaining customer account records, posting customer bill

payments, making bank deposits, and paying bills. Bright Ideas responds to customer inquiries and complaints received by telephone. Mid-MO also uses contract labor for construction, routine maintenance, and repair work. There are no written contracts used for the utilization of contract labor.

All new customers receive a letter including Mid-MO's address, contact information and other attachments regarding Mid-MO and customer rights and responsibilities and a copy of Mid-MO's current tariff. All customers complete a written application for sewer service prior to the establishment of new service.

Customer Billing

The Bright Ideas contractor uses QuickBooks to calculate and print customers' bills. The accuracy of bills is verified through visual inspection when the bills are produced. Mr. Bright stated that bills are always mailed by the 1st of the month and are considered due on the 21st of the month. The sample bills provided to the CXD Staff included the invoice date and amount due for sewer service as well as Mid-MO's telephone number or mailing address.

Credit and Collections

About one-half of the customers mail their payments to Mid-MO's address, which is provided in the welcome packet to new customers. The rest utilize a drop box option. Customer payments are not accepted in the field. Mr. Bright stated that customer payments are kept secure and deposited in a local bank at least weekly.

Mid-MO does not collect deposits from customers, although Mid-MO's tariff permits the collection of several other fees for specific purposes. Mid-MO may charge a late payment fee of 5% of the bill, a returned check fee of \$20.00, a disconnection fee of \$40.00, and a \$40.00 reconnection fee during normal business hours, or \$80.00 outside of normal business hours.

Mr. Bright stated that no customers pay their bill late each month and, consequently, none have been disconnected. Mid-MO has had no returned checks. Valves have been installed on the sewer system that would enable Mid-MO to shut off sewer service, if necessary. In addition, Mr. Bright stated that there have been no uncollectible debts.

Complaints and Inquiries

Customers with questions or concerns may call Mid-MO's contact number. The contact number is the owner's cell telephone number and customers may either speak with the owner or leave a message at any time. Mr. Bright stated that although customers contact Mid-MO infrequently, customer complaints and inquiries are not documented. Commission complaint/inquiry records

indicate no customer contacts since July 1, 2009, when Mid-MO became certificated to provide sewer service.

Customer Communication

Outside of monthly billings, Mid-MO rarely communicates with its customers. Letters are used to notify customers about rate case activity. Mid-MO also uses bill inserts to provide information to customers, and Mr. Bright attends homeowner's association meetings to convey information and talk to customers.

Customer Bill Format

Customer bills currently include Mid-MO's telephone number or mailing address. Commission Rule 20 CSR 4240-13.020 (9) (G) provides that bills should clearly state, "The telephone number the customer may call from the customer's service location without incurring toll charges and the address of the utility where the customer may initiate an inquiry or complaint regarding the bill as rendered or the service provided." The inclusion of a telephone number and mailing address is a convenience, particularly for new customers.

Complaint and Inquiry Documentation

Mid-MO does not keep a record of customer contacts about complaints it receives. Mr. Bright indicated there is no log of the calls it receives in the business office regarding service or billing. Commission Rule 20 CSR 240-13.040(5) states "A utility shall maintain records on its customers for at least two (2) years which contain all information concerning ... (B) The number and general description of complaints registered with the utility; ..."

The availability of documented customer contact information would enable Mid-MO to comply with Commission Rules and facilitate management's ability to evaluate why customers contact Mid-MO and determine if any corrective measures should be taken to reduce customer contacts. The availability of documentation regarding customer contacts would also help to show Mid-MO's responsiveness in addressing customer issues.

Use of Time Sheets

There are no time records to document the amount of time that Mr. Bright expends to perform management activities and complete operational tasks. He performs outside activities in addition to his management functions for Mid-MO but has been unable to assign a specific amount of time to these activities. In order to have an accurate assessment of the costs necessary to operate Mid-MO, it is important to maintain a record of time spent to conduct these functions. Time records

will document the number of hours expended on these activities and ensure an appropriate cost is included in rates.

Use of Contracts

Mid-MO does not utilize written contracts for the services provided by Bright Ideas. Contracts provide a document that specifically notes activities to be performed, hours of work and time frames as well as costs incurred. This assists the Company in providing some documentation of the services provided and the accompanying costs.

Findings, Conclusions, and Recommendations

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

1. Continue to incorporate the Company's telephone number and mailing address on customers' bills as required in Commission Rule 20 CSR 4240-13.020(9)(G).
2. Develop and implement a process to ensure all customer complaints received by Company personnel are documented and maintained for at least two (2) years as required in Commission Rule 20 CSR 240-13.040(5)(B). Documentation should 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.
3. Develop and utilize time sheets to document work activities performed for the Company.
4. Develop and utilize a written contract for the provision of services provided by Bright Ideas. Contracts provide a document that notes specific activities, hours expended and costs incurred.

WATER AND SEWER DEPARTMENT FIELD OPERATIONS AND TARIFF REVIEW

Introduction

Mid-MO is seeking a rate increase for their sewer system located in Millersburg, Callaway County, Missouri. The Commission approved a unanimous stipulation and agreement on June 3, 2009, by which Mid-MO was granted a certificate of convenience and necessity (“CCN”) with an annual revenue requirement of \$22,500, with an effective date of June 13, 2009, in Case No. SA-2009-0319. Since Mid-MO’s last rate case, actual revenues have increased to \$26,381 due to new customers connecting to the sewer system.

Service Area

During Staff’s investigation, it was discovered that the existing service area did not cover the area being used for land application of effluent. The Commission granted Mid-MO a CCN for this area in Case No. SA-2022-0029 with an effective date of October 29, 2021. The 2009 service area approved for Mid-MO relied on legal descriptions that were dependent on lot numbers that were only verifiable with possession of hard copy maps obtained from Callaway County Recorder of Deeds Office. In order to improve the map boundary quality, simplify the legal description based on land Section lines, and incorporate the new area used for land application, Staff worked with Mid-MO to develop a revised service area map and legal description as shown in Attachment A.

There are currently 28 residential customers in the Lake Breeze subdivision and 4 commercial customers on nearby lots. Since the filing of this rate case, Mid-MO has added 1 (one) additional customer to its service area.

Description of Sewer System

The Mid-MO sewer system is comprised of 2-inch PVC pressure lines that convey sewage from each individual grinder pump station to a collection manhole at the lagoon site, with the grinder pump stations being maintained by each customer. The treatment facility consists of a 3-cell lagoon for sludge settling and retention, a lift station for conveyance of wastewater through a 2-inch PVC line to a holding basin, and a diesel pump for periodic conveyance of effluent to traveling spray gun irrigation system for land application. As part of the conversion from a discharge facility to a no-discharge facility with land application, Bill Bright (“Mr. Bright”) purchased a 32-acre parcel of land for construction of the holding cell as well land application of the effluent from the holding cell. Since Mid-MO utilizes the parcel for these purposes, a lease agreement with appropriate use restrictions that are contained in the Operating Permit was necessary for continued use, and Mr. Bright executed a final amended lease agreement with Mid-MO on September 30, 2021.

DNR Permits and Inspection Status of Sewer System

Staff reviewed Missouri Department of Natural Resources (“DNR”) records, including operating and construction permits, as well as applications for each. The Mid-MO sewer system operates under Missouri State Operating Permit (MSOP) MO-0120995, which was last issued January 20, 2020, with an expiration date of September 30, 2024. Per the permit, the system has a design population equivalent of 207, a design flow of 23,180 gpd, and an average design flow of 20,760 gpd. A professional engineering consultant was retained by Mid-MO to evaluate options for achieving compliance with new ammonia discharge limits, to assist in selection of a best design option, and to provide the design documents for the selected option. Land application was the selected design, Mid-MO has completed multiple improvements to the sewer system to become compliant with ammonia limits, and is operating in compliance with the permit.

Staff Observations of the Sewer System

Staff from the Water and Sewer and Auditing Departments investigated the condition of the sewer system on May 6, 2021, including system performance and compliance with wastewater environmental regulations. This included an on-site review of capital improvements that were complete at that time, and discussion of another improvement for an upgrade to the lagoon aeration equipment. Materials and equipment used are appropriate and the system appeared to be operating well and performing as required.

Improvements made to the Sewer System since SA-2009-0319

- Removal of effluent outfall infrastructure from lagoon discharge location
- Electrical panel upgrades for service to new lift station
- Access to an approximately 32 acre parcel for new holding cell and land application equipment
- Construction of approximately 2.4 million gallon holding cell
- Installation of pumping station for conveying partially treated effluent from the final lagoon to the holding cell through new 1,800 lineal feet of 2” pvc pipe
- Installation of diesel pump and fuel tank for conveying effluent from the holding cell to the land application equipment that includes the traveling spray gun irrigation system

Staff Recommendations for the Sewer System

Mid-MO has upgraded the sewer system for compliance with ammonia limits and is operating in compliance with their permit. Mr. Bright has executed a lease agreement for the 32-acre parcel that includes use restrictions consistent with the Special Conditions section of the operating permit. Staff considers the upgrades to the Mid-MO sewer system to be appropriate and prudent.

Rate Design

Mid-MO's current rate design was approved by the Commission in Case No. SR-2010-0095. In that case the Commission approved a flat monthly rate of \$64.66 for residential customers and a flat rate monthly rate of \$96.98 for commercial customers. In Case No. SR-2010-0095, the commercial rate was calculated by increasing the residential rate fifty percent (50%). In this case, Staff calculated commercial rates based on its analysis of estimated water usage for each of Mid-MO's commercial customers. Mid-MO's commercial customers consist of the following businesses: Gas Station, Day Care, Laundromat, and a Car Wash. Staff recommends that the Commission approve Staff's rate design detailed in Attachment E to this Disposition Agreement.

Tariff Review

Staff reviewed Mid-Mo Sanitation's current tariff. Its current tariff became effective July 1, 2009. Staff recommends revisions to cancel P.S.C. MO No. 1 Original Sheet No. 6 and replace it with P.S.C. MO No.1, 1st Revised Sheet No. 6, with an issue date of October 20, 2021 and an effective date of December 4, 2021, as detailed in Attachment G to this Disposition Agreement.

Conclusion and Conditions

At this time, Staff does not have any conditions to recommend for Mid-MO concerning Staff's investigation into Mid-MO's operations. Staff does recommend the Commission approve the following for Mid-MO:

1. The Commission approve Staff's rate design as detailed in Attachment E to this Disposition Agreement; and
2. The Commission approve revisions to Mid-MO's tariff sheet and to cancel P.S.C. MO No. 1 Original Sheet No. 6 and replace it with P.S.C. MO No.1, 1st Revised Sheet No. 6 as detailed in Attachment G to this Disposition Agreement.

Disposition Agreement Attachment J
Summary of Case Events

Mid-MO Sanitation, LLC
Case No. SR-2021-0372
Summary of Case Events

| | |
|--|--|
| Date Filed: | October 7, 2021 |
| Day 150: | October 20, 2021 |
| Extension? | Yes. Day 150 is now October 20, 2021 |
| Amount Requested Sewer: | \$22,000 |
| Amount Agreed Upon Sewer: | \$18,980 |
| Item(s) Driving Rate Increase: | Increases in general operating expenses and additional plant that was constructed outside of Mid-MO's certificated service area. The Commission approved the additional plant in Mid-MO's CCN case, Case No. SA-2022-0029 on September 29, 2021. |
| Number of Customers : | 28 Residential sewer customers 2 Vacant Lots 5 Commercial sewer customers |
| Return on Equity: | \$4,272 |
| Assessment Current: | Yes. |
| Annual Reports Filed: | Yes |
| Other Open Cases before Commission: | Yes. Case No. SA-2022-0029 |
| Status with Secretary of State : | Active |
| DNR Violations : | None |
| Significant Service/Quality Issues: | None |