

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

The Office of the Public Counsel)	
)	
Complainant,)	
v.)	<u>File No. SC-2013-0332</u>
)	
West 16 th Street Sewer Company, Inc.,)	
)	
Respondent.)	

STAFF'S RESPONSE TO ORDER AND STAFF'S REPORT

COMES NOW the Staff of the Missouri Public Service Commission ("Staff"), by and through the undersigned counsel, and for Staff's Response to the Commission's January 17, 2013 Order and Staff's Report, states as follows:

1. On December 12, 2012, the Office of the Public Counsel ("Public Counsel") filed a Complaint with the Missouri Public Service Commission ("Commission") pursuant to Section 386.390 RSMo, and Commission Rule 4 CSR 240-2.070, against West 16th Street Sewer Company ("West 16th" or "Company"), alleging that the Company was overearning by \$14,000 on an annual basis.

2. On January 16, 2013, pursuant to a discussion and agreement with Staff and the Company, Public Counsel filed *The Office of the Public Counsel's Motion to Suspend Procedural Schedule* to allow Staff and Public Counsel to conduct an audit of the Company and determine if West 16th was over earning.

3. The Commission granted Public Counsel's Motion and issued an Order suspending the requirement to file a procedural schedule and ordered the parties to ". . . file a report by April 17, 2013 indicating the status of Staff's audit of

West 16th Street Sewer Company and indicating when the parties will file a proposed procedural schedule.”

4. Staff has conducted and completed its audit of West 16th. Staff determined that West 16th is not overearning, but is instead earning \$2,816 less in operating revenues than needed to meet its current operating expenses and earn a reasonable rate of return. Staff’s detailed findings and recommendation are attached as Staff’s Audit Report, attached hereto and incorporated by reference herein.

5. Staff, Public Counsel, and the Company plan to meet next week to discuss the audit findings. The Parties agree that if necessary, a proposed procedural schedule can be filed by April 30, 2013.

WHEREFORE, Staff respectfully submits *Staff’s Response to Order and Staff’s Report* for the Commission’s information and consideration.

Respectfully submitted,

s/ Goldie Tompkins

GOLDIE TOMPKINS

Missouri Bar Number 58759

Legal Counsel

Missouri Public Service Commission

P.O. Box 360

Jefferson City, MO 65102

573-751-8700 (Voice)

573-526-6969 (Fax)

Goldie.tompkins@psc.mo.gov

Attorney for the Staff of the Missouri Public
Service Commission

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served, either electronically or by hand delivery or by First Class United States Mail, postage prepaid, on this **17th day of April, 2013**, on the parties of record as set out on the official Service List maintained by the Data Center of the Missouri Public Service Commission for this case.

/s/ Goldie Tompkins

***MISSOURI PUBLIC SERVICE COMMISSION STAFF
REPORT ON THE COMPLAINT CASE FILED BY
OFFICE OF PUBLIC COUNSEL
REGARDING SEWER RATES CHARGED BY
WEST 16TH STREET SEWER COMPANY***

APRIL 17, 2013

STAFF’S AUDIT OF WEST 16th STREET SEWER COMPANY, INC.

FROM: Bill Harris and Patricia Gaskins, Staff, Auditing Unit

THROUGH: Cary Featherstone, Co-Case Coordinator, Auditing Unit

TO: Jim Russo, Case Coordinator, Water and Sewer Unit

CC: Goldie Tompkins, Lead Attorney, Staff Counsel

Kevin Thompson, Attorney, Staff Counsel

SUBJECT: Staff’s Audit of West 16th Street Sewer Company, Inc. in File No. SC-2013-0332

DATE: April 17, 2013

EXECUTIVE SUMMARY

On December 12, 2012, the Office of the Public Counsel (Public Counsel or OPC) filed a complaint against West 16th Street Sewer Company, Inc. (West 16th or Company), pursuant to Section 386.390, RSMo and Commission Rule 4 CSR 240-2.070, alleging that the Company is overearning by \$14,000 per year. On January 16, 2013, pursuant to a discussion and agreement by the Parties, OPC filed a *Motion to Suspend Procedural Schedule* to allow the Parties sufficient time to conduct an audit and determine if the Company was overearning as alleged. On January 17, 2013 the Missouri Public Service Commission (“Commission”) issued an Order in which it suspended the requirement to file a procedural schedule and ordered the Parties to file a report indicating the status of Staff’s audit report and when the Parties intended to file a procedural schedule by April 17, 2013. The Auditing Unit Staff of the Commission (Staff) conducted an audit of West 16th using a 12-month test year ended December 31, 2012. As further explained throughout this report, Staff determined West 16th’s annual sewer system operating revenues fall \$2,816 short of the revenues needed for the Company to meet its current operating expenses and earn a reasonable rate of return. Staff’s findings in this rate review do not support reducing the current sewer rates of West 16th.

BACKGROUND

West 16th serves 150 sewer customers within its certificated service area in the Hunter's Ridge subdivision (Hunter's Ridge) west of Sedalia, in Pettis County, Missouri. The Company currently charges these customers \$26.42 per month for sewer service. West 16th is equally owned by Anthony B. Monsees and C. Michael Smethers, as is Hunter's Ridge Development Company, Inc. (HRDC) the developer of the Hunter's Ridge subdivision.

Mr. Monsees also owns the WPC Sewer Company (WPC), a sewer system in the South Walnut Hills subdivision near Hunter's Ridge, and the Monsees Realty Company (Monsees Realty) in Sedalia. Monsees Realty houses the administrative operations of both sewer systems and separately bills each system for its respective allocated portion of the cost for:

- office space
- office supplies and equipment
- the salaries of Mr. Monsees and two employees, the bookkeeper and the receptionist, of Monsees Realty.

Mr. Monsees and the two employees handle the administrative operations of the sewer utilities including the billing and collections functions, customer service issues such as connections, disconnections and customer complaints, and minor maintenance activities. Each utility separately contracts a certified operator to operate the treatment facilities, perform plant maintenance and provide samples for lab testing.

Effective March 4, 2013, the Commission authorized a rate increase of \$10,670, or 52.2 percent for WPC increasing its current monthly rate for sewer service to \$38.12.

West 16th is current on its payments of PSC Assessments and its filings of Annual Reports to the Commission. The Company currently has no other cases pending before the Commission.

HISTORY

On April 20, 1990, in Case No. SA-90-288, West 16th filed an application with the Commission seeking a certificate of public convenience and necessity (CCN) authorizing it to provide sewer

service in an unincorporated area of Pettis County, Missouri. The Commission granted the application on February 6, 1991. Initial sewer rates were set at \$18 per month per customer. When the CCN case was filed, West 16th was providing sewer service to sixteen customers.

On September 11, 2006, in Case No. SR-2007-0355, West 16th initiated a small company rate increase under Commission Rule 4 CSR 240-3.330 requesting an additional \$34,992 in annual sewer service operating revenues. On April 19, 2007, the Commission issued an Order approving the unanimous agreement for an additional \$13,445 in annual sewer service operating revenues. Rates were increased to \$26.42 per month per customer.

On June 9, 2008, in Case No. SR-2008-0389, West 16th again filed a small company rate increase under the Commission's informal rate request procedure requesting an additional \$52,946 in annual sewer service operating revenues. On November 6, 2008, an agreement between Staff and West 16th was filed for an increase in rates of \$6,031. On December 9, 2008, OPC filed a request for a local public hearing and on January 21, 2009, filed a request for an evidentiary hearing. West 16th withdrew its request for a rate increase on January 22, 2009. OPC objected to West 16th's withdrawal and on February 4, 2009 the Commission issued an order stating in part, "OPC may pursue a complaint against West 16th Sewer if it believes the company is overearning. OPC will not be prejudiced, as any discovery it has received will not vanish once this case is closed... The Commission will not, indeed cannot, force a company to continue to pursue a rate increase that the company no longer wants. OPC's objection is overruled, and this case will be dismissed." Currently, monthly rates remain at \$26.42 per customer as ordered by the Commission in Case No. SR-2007-0355. West 16th is currently providing sewer service to 150 customers.

COMPLAINT CASE -- FILE NO. SC-2013-0332

On December 12, 2012, Public Counsel filed a complaint against West 16th seeking to reduce sewer rates by \$14,000 annually. Public Counsel indicated the basis for the alleged overearnings was from a review of the Annual Report West 16th filed with the Commission for calendar year 2011.

As a result of a prehearing conference held on January 3, 2013, Staff agreed to perform a full audit of West 16th to see if rates charged for sewer service were excessive. On January 17th Public Counsel filed a motion indicating the parties agreed to suspend the filing of the procedural schedule to allow sufficient time for Staff to conduct the rate audit of West 16th. Public Counsel stated in its motion “that the parties have determined that an audit would help the parties assess whether the utility is in fact over earning, and if so to what extent.” On January 17, 2013, the Commission issued an order requiring the parties file a report by April 17, 2013 “...indicating the status of Staff’s audit of West 16th Street Sewer Company and indicating when the parties will file a proposed procedural schedule.”

The same Staff personnel recently completed the audit of the West 16th affiliate, WPC. The Commission approved a rate increase, effective March 4, 2013, for WPC in File No. SR-2013-0053.

Staff has completed its audit of West 16th and has not found any overearnings of rates. The steps Staff took to reach the conclusion that proper costs are being charged to customers include:

- Review of all annual reports filed by West 16th since the certification case
- Tour of the plant facilities
- Interview and discussion with West 16th’s owner and Company personnel
- Review of the certificate case
- Review of all past rate cases and related work papers
- Review of all known documentation relating to rate base investment including all known plant records including invoices, and agreements
- Conduct discovery requesting necessary information on costs and rate base to determine the appropriate revenue requirement
- Compare West 16th existing rates to those of other sewer companies

WEST 16th RATE COMPARISON

The Commission’s Water and Sewer Unit maintains a data base of existing rates for water and sewer companies operating in the state of Missouri. West 16th’s current sewer rate of \$26.42 per month per customer compares favorably to the 28 sewer companies (average monthly bill of

\$43.80) whose rates have changed over the past three years (2010 to current) as indicated by the table below:

<u>Name of Sewer Company</u>	<u>Date of Last Effective Tariff</u>	<u>Customer Charge</u>	<u>Commodity Rate</u>	<u>*Average Monthly Bill</u>
West 16th Street Sewer	April 27, 2007	\$26.42		\$26.42
Seges Mobile Home Park	April 8, 2013	\$30.69	\$4.30 per 1,000	\$49.99
House Springs Sewer	March 15, 2013	\$37.43		\$37.43
WPC Sewer (affiliate of West 16 th)	March 4, 2013	\$38.12		\$38.12
RD Sewer	December 14, 2012	\$34.36		\$34.36
Meramec Sewer	October 7, 2012	\$26.33		\$26.33
MAWC-Saddlebrooke	August 10, 2012	\$40.97	\$6.03 per 1,000	\$71.13
Lincoln County–Rock Port	July 20, 2012	\$34.07		\$34.07
Lincoln Co.–Bennington	July 20, 2012	\$39.39		\$39.39
MAWC-Aqua-Morgan County	June 3, 2012	\$65.22		\$65.22
MAWC-Aqua-Maplewood	June 3, 2012	\$6.26	\$5.34 per 1,000	\$32.96
MAWC-Aqua-Jefferson City	June 3, 2012	\$65.22		\$65.22
MAWC-Roark B	April 1, 2012	\$36.69	\$4.04 per 1,000	\$56.90
MAWC-Platte County	April 1, 2012	\$65.22		\$65.22
MAWC-Cedar Hill	April 1, 2012	\$65.22		\$65.22
MAWC-Incline Village	April 1, 2012	\$65.22		\$65.22
MAWC-Roark A	April 1, 2012	\$40.97	\$6.03 per 1,000	\$71.13
TBJ-St. John's	September 2, 2011	\$36.59		\$36.59
TBJ-Oak Hollow	September 2, 2011	\$36.11		\$36.11
TBJ-Bourbeuse	September 2, 2011	\$30.05		\$30.05
Timber Creek-Platte County	May 6, 2011	\$36.71		\$36.71

<u>Name of Sewer Company</u>	<u>Date of Last Effective Tariff</u>	<u>Customer Charge</u>	<u>Commodity Rate</u>	<u>*Average Monthly Bill</u>
Timber Creek-Clay County	May 6, 2011	\$28.50		\$28.50
Liberty-KMB	February 1, 2011	\$27.60		\$27.60
Holtgrewe Farms	January 5, 2011	\$39.25		\$39.25
Lake Region-Shawnee Bend	September 6, 2010	\$36.19		\$36.19
Lake Region-Horseshoe Bend	September 6, 2010	\$29.39		\$29.39
Valley Woods	July 10, 2010	\$59.43		\$59.43
SK & M Water & Sewer	May 13, 2010	\$29.36		\$29.36
Highway H Utilities	January 15, 2010	\$19.44		\$19.44

*(Based on 5,000 gallons monthly usage)

While a rate comparison in and of itself does not indicate what a reasonable rate should be, the comparison of other companies' rates does provide a reasonableness test to see if rates are out of the norm. As can be seen from the above, West 16th rates do not appear out of the norm compared to what other companies are charging for sewer services, and in fact, indicates that the Company's rates are lower than 26 of the 28 other sewer companies whose rates have changed in the last three years.

CAPITAL STRUCTURE

The Company's capital structure consists of \$40,202 of common equity and no long-term debt resulting in a capital structure of 100% equity. Staff witness Shana Atkinson, of the Commission's Financial Analysis Unit, calculated a return on equity and a total overall rate of return of 8.02%. Staff applied the overall rate of return to the Company's rate base to develop the recommended revenue requirement.

RATE BASE

Staff reviewed all records and data on file with the Commission beginning with West 16th's application for a certificate of public convenience and necessity (CCN) in Case No. SA-90-288 and continuing through rate case filings in Dockets SR-2007-0355 and SR-2008-0389. Staff also reviewed all Annual Reports to the Commission filed by West 16th and virtually every document relating to West 16th on file in the Commission's record room. Despite Staff's diligence, Staff had to make certain assumptions, particularly as to the content and the intent of the determination of the original rates as established in the CCN case. These assumptions will be expanded upon in the three subsections (plant-in-service, depreciation expense and reserve, and contributions-in-aid-of-construction and depreciation offset) immediately following the summary table below. The principal assumptions Staff used to determine the appropriate level of rate base for West 16th are:

- The original rates (in the CCN) were established based on the fact that there were 16 existing customers that had each paid a \$2,000 connection fee and that over the next three years an estimated 45 additional customers (15 per year) would each pay a \$2,400 connection fee per the Company's application.
- Of the original plant cost of \$172,911, approximately \$140,000 was treated as plant that either had been or would be contributed by ratepayers over the first three years (16 at \$2,000 each and 45 at \$2,400 each) with the remaining plant cost of \$32,911 being treated as the Company's rate base to be used for the purpose of setting rates in the CCN case.
- The development property contained a total of 165 lots. The original 16 lot owners/ratepayers (customers) had already paid their connection fees (of \$2,000 each) either paying directly to the utility or through the purchase of the lots themselves. The \$2,400 connection fees for the remaining 149 lots were to be collected from each respective customer when the lot was sold. As of December 31, 2012, an additional 144 lots had been sold and the connection fees collected. Five of the 165 lots remain unsold and therefore no contributions have been received for them. Thus, contributions have been received from 160 customers though only 150 of them are currently receiving sewer service.

Based on these principal assumptions and minor assumptions (discussed in the subsequent subsections) Staff had determined that West 16th's rate base as of December 31, 2012 is as follows:

West 16th Street Sewer Company Rate Base as of 12-31-2012		
Plant in Service	\$443,502	
Less: Depreciation Reserve	\$251,825	
Net Plant (Add to Rate Base)		\$191,677
Contributions in Aid of Construction	\$372,810	
Less: CIAC Depreciation Offset	\$221,335	
Net CIAC (Subtract from Rate Base)		\$(151,475)
West 16th Street Sewer Company Rate Base		\$40,202

Source: Attachment B-- Exhibit Modeling System—Schedule 2

Plant in Service

Staff's analysis of the CCN case continued through the reflection of plant-in-service included in the 2007 and 2008 rate proceedings. Between 2009 and 2012, West 16th replaced the original two motors and one blower at the treatment plant that had been placed in service on January 1, 1989 and were fully depreciated. In this case, Staff retired the original plant and added the replacements. West 16th also had an addition in 2009 for grinder pump replacements. Staff made the assumption that the grinder pumps replaced 1991 vintage plant because:

- The grinder pumps were not part of the 1989 or 2003 plant vintages and
- Were at a significantly higher cost than the 1990, 1994 and 1995 plant vintages.

Staff retired the appropriate 1991 plant-in-service and included the 2009 replacements.

Depreciation (Expense and Reserve)

Staff could find no mention of depreciation rates in the CCN case. The only Commission-approved depreciation rates Staff could find are the current rates approved in File No. SR-2007-0355. Staff retired depreciation reserves related to the plant retirements discussed in the previous subsection and began accumulating depreciation reserves on the date the aforementioned replacements were placed in service.

Engineering and Management Services Unit (EMSU) Staff expert David Williams recommends continuing the current depreciation rates established in File No. SR-2007-0355 (see Attachment C - Depreciation Memorandum).

Contributions-in-Aid-of-Construction and Depreciation Offset

West 16th's application in the CCN case stated that a \$2,000 connection fee had been collected for each of the 16 existing customers and proposed a \$2,400 connection fee for each additional customer on a going-forward basis. Staff could find no specific mention of the amount or method of the fees to be collected in the Commission's Order, Staff's recommendation or any other document subsequent to the Company's filed application, so Staff made the following assumptions in this case related to contributions in aid of construction (CIAC):

- Since work papers, schedules and projected estimates in the CCN case all reflected the proposed \$2,400 connection fee and Staff could find no objection to its implementation, Staff made the assumption that 144 additional connection fees of \$2,400 each would be added to the original \$32,000 of customer CIAC (16 original customers at \$2,000 connection per customer).
- West 16th's owner, also owner of Hunter's Ridge Development Company, stated on multiple occasions that no separate connection fees were paid by customers but that the customers paid instead through the lot purchases (standard industry practice). Thus, Staff made the assumption that each of the 144 contributions was collected when each respective lot was sold (purchased).

The CCN case estimated that the 61st lot would be sold in 1992 and it was actually sold in 1993. Approximately one-half of the lots were sold by the end of 1994 but the 160th lot (#146) was not

sold until August 2010. Five lots remain unsold, thus, contributions have been received on 160 lots to date.

Staff obtained actual sale dates for all 160 lots sold from Pettis County property records. Staff recorded each \$2,400 contribution on the respective sale date and began amortizing the related depreciation offset.

REVENUES

Staff annualized revenues through December 31, 2012, based on the current customer count of 150 and the current monthly customer charge of \$26.42. There are currently 5 unsold lots, and that is the only possibility of customer growth without expansion of the subdivision. Staff also included miscellaneous revenues for returned checks and late fees at the test year amount of \$599.

EXPENSES

Staff reviewed the level of expenses by each account for West 16th for the calendar year 2012. Each account was normalized and annualized on an individual basis and Staff made adjustments to include the most appropriate level of expenses for the revenue requirement calculation.

Attachment A to this report is a table that identifies, by account, the expense adjustments Staff has included in this case.

Office Rent

Mr. Monsees owns the building in Sedalia that West 16th uses to conduct its operations. This office space is also shared with WPC Sewer, the Company's other sewer affiliate, and Monsees Realty, the main business owned by Mr. Monsees. Staff calculated a percentage based on square footage used by West 16th and hours spent on West 16th business in order to determine the amount of office rent to allocate to West 16th. While in the building, Staff estimated the amount of square footage that is used at various points within a month for West 16th business. Of the total amount of 4400 square feet, 1357 square feet of the building is used in some capacity to conduct West 16th business throughout the month. Staff reviewed the number of hours spent on West 16th business during a week's time by the three individuals who perform work for West

16th and developed a percentage using West 16th hours worked to total hours worked in a week. Staff then multiplied that percentage by the square footage of their respective offices to reach a square footage per month for allocation of office rent. Staff also assigned a percentage rate to be used for the common areas of the building that make up the rest of the 1357 square feet. This method of allocating the cost of office space to West 16th was also used to allocate office space cost in the recently completed WPC rate case, SR-2013-0053.

Allocated Salaries

West 16th does not have any employees of its own, but instead is allocated a portion of the salaries Monsees Realty pays to the three employees who perform West 16th and WPC operations. The three employees are a secretary/bookkeeper, a receptionist, and an owner/manager. West 16th does not keep timesheets (see audit recommendation No. 2) for time split between the three companies for their employees. In order to calculate the allocated salaries, Staff obtained from the Company a list of duties performed on behalf of West 16th and WPC and the amount of time spent completing these duties for each utility by week and month. For both the secretary/bookkeeper and the receptionist, Staff used that information along with the “mean wage” value for the West Central part of Missouri according to the Missouri Economic Research and Information Center (MERIC) website to develop its allocation. For the owner/manager’s wage rate Staff used an average of the MERIC “mean wage rate” and the MERIC “experienced wage rate” because the owner has been in the sewer business for about 30 years. Staff determined that using the experienced rate exclusively resulted in an excessive salary. Staff also checked the salaries paid to bookkeepers/secretaries performing similar job responsibilities of water and sewer companies of comparable size to West 16th and found MERIC wage rates for this position to be reasonable. This same process was used in the WPC rate case.

Allocated Office Supplies/Building Expenses

West 16th, along with WPC, is also allocated an amount for the use of paper, envelopes, stamps, copiers, computers, utilities for the office space, phones, internet, insurance, maintenance of the building, pens, etc. that are purchased by Monsees Realty but used by West 16th and WPC on a

monthly basis. Staff was provided with Profit and Loss statements for 2012 with the amounts booked monthly for all these expenses. Staff employed a 5.0% rate, developed for allocating a portion of rent for the common areas in its office space allocation, to assign a portion of these expenses to West 16th. Staff also disallowed three expenses from the list of expenses provided by Monsees Realty. First, Monsees Realty purchased the services of a second internet provider to ensure that internet service will go uninterrupted if one of the providers experiences interruption to service. Staff concludes that this is more important for its realty business and is unnecessary for West 16th customers. Similarly, the allocated cost of a second copy machine was disallowed because the amount of copier usage for West 16th can easily be covered with the initial copier. Monsees Realty also pays Touch Tone Communications for long distance service; however neither West 16th nor WPC uses this service to reach its sewer customers since they are within the local service area, so this amount was also excluded. Staff included an amount for postage for monthly statements to 150 customers at the new postal rate of \$.46 per customer to reflect the current postage rate increase. The postage to mail quarterly water samples, required by DNR, was also included in this account. Staff included the average of 2011 and 2012 postage obtained from the invoices of the contracted plant operator.

Operator Services

The Company pays an outside contractor, under separate contracts, to operate and maintain the wastewater treatment plant of both West 16th and WPC. Under the terms of the contract with West 16th, the operator is paid \$575 a month to visit the plant a minimum of three (3) times a week to ensure equipment is functioning properly, provide preventive maintenance to motors, blowers, and air lift equipment, collect samples in compliance with the operating permit, and send quarterly reports to the Missouri Department of Natural Resources. Additional fees for shipment of the samples are invoiced along with the monthly fee, but are reflected separately in Staff's Adjustment E-13.1 of Attachment A. The operator also performs ground maintenance for West 16th and WPC under separate billings. The charge for mowing and tree trimming is split out on West 16th's monthly invoice along with charges for plant maintenance when that maintenance is not considered routine or preventive. Staff made separate adjustments to include ground maintenance and plant maintenance, as they are not specifically included in the \$575 paid

monthly to the operator. See Attachment A, Adjustments E-20.1, E-20.2, E-21.1, E-21.2, E-21.3, E21.4, and E-21.5.

Maintenance

The Company has several accounts that include amounts for items Staff considered either Plant or Grounds Maintenance. Staff zeroed out test year amounts for these accounts and included them in the maintenance account that was appropriate for the expense. The accounts moved to Maintenance Expense were Other Expenses, Miscellaneous Expense, and Parts. The accounts moved to Grounds Maintenance were Outdoor Supplies and Mowing. The Parts account included the purchase of a pump, and that amount was removed from expenses and capitalized. There was also an amount for gravel and grading in the Maintenance Plant account that was removed from current expenses and included as an amortization over a period of 5 years.

Miscellaneous Regulatory Expenses

Staff annualized the current PSC Assessment for this case.

Staff also included an amount for legal costs, to date, relating to this complaint case amortized over a period of 5 years. This amount will continue to increase throughout the duration of this proceeding. These expenses were included in the Regulatory Commission Expense per the USOA for class D sewer companies.

AUDITING RECOMMENDATIONS

1. Staff does not recommend a rate reduction by the Commission for West 16th Street Sewer Company at this time.
2. Staff recommends the Company develop and utilize time sheets to record work assignments and the time associated with each work assignment. The time reporting must be sufficiently detailed to identify time spent between each regulated utility and non-regulated operations and should be implemented within 90 days of the conclusion of this case.

3. Staff recommends the Company implement the use of a vehicle log ninety (90) days after the conclusion of this case.
4. Staff recommends the Company maintain its utility plant, customer account and financial records in accordance with the Uniform System of Accounts (USOA) as described in this Audit Report.
5. Staff recommends the Company correct its books and records to reflect the adjusted plant, depreciation reserve, and contributions in aid of construction balances reflected in the Staff Accounting Schedules, Attachment B attached herein, within ninety (90) days of the conclusion of this case, File No. SC-2013-0332.
6. Staff recommends the Company use the rate base investment including the CIAC values determined in this case for future rate cases.
7. Staff recommends the Commission dismiss Public Counsel's overearnings complaint.

Attachment A**Expense Adjustment Table**

Account Description	Adjustment Number	Dollar Amount	Reason for the Adjustment
Water Testing	E-13.1	\$24	To include an annualized level of water testing
Materials and Supplies-Parts	E-14.1	-\$799	To remove parts that were capitalized
Materials and Supplies-Outdoor Supplies	E-15.1	-\$109	To remove an amount for maintenance included in Maintenance Expense-Ground
Materials and Supplies-Other Expense	E-16.1	-\$90	To remove an amount for maintenance included in Maintenance Expense-Plant
Contractual Services Other-TDM-Operator	E-17.1	-\$255	To include an annualized level of Operator Salary
Miscellaneous Expenses-Mowing	E-18.1	-\$60	To remove mowing expense included in Maintenance Expense- Ground
Miscellaneous Expenses	E-19.1	-\$259	To remove amounts for maintenance expense included in Maintenance-Plant
Maintenance Expense-Ground	E-20.1	\$109	To include an annualized level of maintenance from Outdoor Supplies
Maintenance Expense-Ground	E-20.2	\$90	To include an annualized level of maintenance from Materials and Supplies-Other Expense
Maintenance Expense-Plant	E-21.1	-\$2,000	To remove test year amount for gravel and grading not considered a recurring annual expense (see Adjustment E-21.2)
Maintenance Expense-Plant	E-21.2	\$400	To set up a 5-year amortization for gravel and grading expense (from Adjustment E-21.1)
Maintenance Expense-Plant	E-21.3	-\$500	To remove an amount for mowing unsold lots that belong to HRDC – not West 16th
Maintenance Expense-Plant	E-21.4	\$109	To include an annualized level of maintenance from Miscellaneous Expense
Maintenance Expense-Plant	E-21.5	\$90	To include an annualized level of maintenance from Materials and Supplies-Other Expense
Miscellaneous Expense-CAE-Postage	E-24.1	\$1,203	To include an annualized level of office supplies including postage
Salaries and Wages-Employees-AGE	E-27.1	\$2,247	To include an annualized level of Salaries
Purchased Power-AGE	E-28.1	\$109	To include an annualized level of electricity for treatment plant
Rental of Building/Real Property-AGE	E-32.1	-\$2,919	To include an annualized level of Rent
Regulatory Commission Expenses-PSC	E-33.1	-\$2,254	To include an annualized level of PSC Assessment
Regulatory Commission Expenses-PSC	E-33.2	\$360	To set up a 5-year amortization of legal expense incurred in the defense of OPC Complaint Case No. SC-2013-0332
Regulatory Commission Expenses-Other-AGE-DNR	E-34.1	-\$500	To include an annualized level of DNR fees

Depreciation Expense	E-38.1	\$14,063	To annualize depreciation expense
CIAC Offset to Depreciation Expense	E-38.2	-\$12,015	To remove the CIAC-related offset to depreciation expense.
Property Taxes	E-43.1	-\$768	To include an annualized level of property taxes
Current Income Taxes	E-51.1	\$236	To annualize current income taxes.



MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

STAFF ACCOUNTING SCHEDULES

WEST 16TH SEWER COMPANY

Test Year Ended December 31, 2012

Description Line 2

Description Line 3

Description Line 4

Description Line 5

CASE NO. SC-2013-0332

Jefferson City, Missouri

April 2013

West 16th Sewer Company
Case No. SC-2013-0332
West 16th Sewer Company
Test Year Ending 12-31-2012
Revenue Requirement

Line Number	A Description	B 8.02% Return	C 8.02% Return	D 8.02% Return
1	Net Orig Cost Rate Base	\$40,202	\$40,202	\$40,202
2	Rate of Return	8.02%	8.02%	8.02%
3	Net Operating Income Requirement	\$3,224	\$3,224	\$3,224
4	Net Income Available	\$915	\$915	\$915
5	Additional Net Income Required	\$2,309	\$2,309	\$2,309
6	Income Tax Requirement			
7	Required Current Income Tax	\$743	\$743	\$743
8	Current Income Tax Available	\$236	\$236	\$236
9	Additional Current Tax Required	\$507	\$507	\$507
10	Revenue Requirement	\$2,816	\$2,816	\$2,816
11	Allowance for Known and Measureable Changes/True-Up Estimate	\$0	\$0	\$0
12	Gross Revenue Requirement	\$2,816	\$2,816	\$2,816

West 16th Sewer Company
Case No. SC-2013-0332
West 16th Sewer Company
Test Year Ending 12-31-2012
RATE BASE SCHEDULE

Line Number	A Rate Base Description	B Percentage Rate	C Dollar Amount
1	Plant In Service		\$443,502
2	Less Accumulated Depreciation Reserve		\$251,825
3	Net Plant In Service		\$191,677
4	ADD TO NET PLANT IN SERVICE		
5	Cash Working Capital		\$0
6	Materials & Supplies		\$0
7	Prepayments		\$0
8	Meter Rerouting Project		\$0
9	TOTAL ADD TO NET PLANT IN SERVICE		\$0
10	SUBTRACT FROM NET PLANT		
11	Federal Tax Offset	0.0000%	\$0
12	State Tax Offset	0.0000%	\$0
13	City Tax Offset	0.0000%	\$0
14	Interest Expense Offset	0.0000%	\$0
15	Contribution In Aid of Construction		\$372,810
16	CIAC depreciation reserve offset		-\$221,335
17	Customer Deposits		\$0
18	Deferred Income Taxes		\$0
19	Accrued Pension Liability		\$0
20	TOTAL SUBTRACT FROM NET PLANT		\$151,475
21	Total Rate Base		\$40,202

West 16th Sewer Company
Case No. SC-2013-0332
West 16th Sewer Company
Test Year Ending 12-31-2012
Plant in Service

Line Number	A Account # (Optional)	B Plant Account Description	C Total Plant	D Adjust. Number	E Adjustments	F As Adjusted Plant	G Jurisdictional Allocations	H Jurisdictional Adjustments	I MO Adjusted Jurisdictional
1		INTANGIBLE PLANT							
2	310.000	Land and Land Rights	\$5,780	P-2	\$0	\$5,780	100.00%	\$0	\$5,780
3	311.000	Structures and Improvements	\$0	P-3	\$0	\$0	100.00%	\$0	\$0
4		TOTAL PLANT INTANGIBLE	\$5,780		\$0	\$5,780		\$0	\$5,780
5		COLLECTION PLANT							
6	352.200	Collection Sewers (Gravity)	\$253,097	P-6	\$0	\$253,097	100.00%	\$0	\$253,097
7		TOTAL COLLECTION PLANT	\$253,097		\$0	\$253,097		\$0	\$253,097
8		SYSTEM PUMPING PLANT							
9		TOTAL SYSTEM PUMPING PLANT	\$0		\$0	\$0		\$0	\$0
10		TREATMENT & DISPOSAL PLANT							
11	373.000	Treatmetn and Disposal Equipment	\$184,625	P-11	\$0	\$184,625	100.00%	\$0	\$184,625
12		TOTAL TREATMENT & DISPOSAL PLANT	\$184,625		\$0	\$184,625		\$0	\$184,625
13		GENERAL PLANT							
14		TOTAL GENERAL PLANT	\$0		\$0	\$0		\$0	\$0
15		TOTAL PLANT IN SERVICE	\$443,502		\$0	\$443,502		\$0	\$443,502

West 16th Sewer Company
Case No. SC-2013-0332
West 16th Sewer Company
Test Year Ending 12-31-2012
Adjustments to Plant in Service

A	B	C	D	E	F	G
Plant Adj. Number	Plant In Service Adjustment Description	Account Number	Adjustment Amount	Total Adjustment Amount	Jurisdictional Adjustments	Total Jurisdictional Adjustments
	Total Plant Adjustments			\$0		\$0

West 16th Sewer Company
Case No. SC-2013-0332
West 16th Sewer Company
Test Year Ending 12-31-2012
Depreciation Expense

Line Number	A Account Number	B Plant Account Description	C MO Adjusted Jurisdictional	D Depreciation Rate	E Depreciation Expense
1		INTANGIBLE PLANT			
2	310.000	Land and Land Rights	\$5,780	0.00%	\$0
3	311.000	Structures and Improvements	\$0	2.50%	\$0
4		TOTAL PLANT INTANGIBLE	\$5,780		\$0
5		COLLECTION PLANT			
6	352.200	Collection Sewers (Gravity)	\$253,097	2.00%	\$5,062
7		TOTAL COLLECTION PLANT	\$253,097		\$5,062
8		SYSTEM PUMPING PLANT			
9		TOTAL SYSTEM PUMPING PLANT	\$0		\$0
10		TREATMENT & DISPOSAL PLANT			
11	373.000	Treatmetn and Disposal Equipment	\$184,625	5.00%	\$9,231
12		TOTAL TREATMENT & DISPOSAL PLANT	\$184,625		\$9,231
13		GENERAL PLANT			
14		TOTAL GENERAL PLANT	\$0		\$0
15		Total Depreciation	\$443,502		\$14,293

West 16th Sewer Company
Case No. SC-2013-0332
West 16th Sewer Company
Test Year Ending 12-31-2012
Accumulated Depreciation Reserve

Line Number	A Account Number	B Depreciation Reserve Description	C Total Reserve	D Adjust. Number	E Adjustments	F As Adjusted Reserve	G Jurisdictional Allocations	H Jurisdictional Adjustments	I MO Adjusted Jurisdictional
1		INTANGIBLE PLANT							
2	310.000	Land and Land Rights	\$0	R-2	\$0	\$0	100.00%	\$0	\$0
3	311.000	Structures and Improvements	\$0	R-3	\$0	\$0	100.00%	\$0	\$0
4		TOTAL PLANT INTANGIBLE	\$0		\$0	\$0		\$0	\$0
5		COLLECTION PLANT							
6	352.200	Collection Sewers (Gravity)	\$92,702	R-6	\$0	\$92,702	100.00%	\$0	\$92,702
7		TOTAL COLLECTION PLANT	\$92,702		\$0	\$92,702		\$0	\$92,702
8		SYSTEM PUMPING PLANT							
9		TOTAL SYSTEM PUMPING PLANT	\$0		\$0	\$0		\$0	\$0
10		TREATMENT & DISPOSAL PLANT							
11	373.000	Treatmetn and Disposal Equipment	\$159,123	R-11	\$0	\$159,123	100.00%	\$0	\$159,123
12		TOTAL TREATMENT & DISPOSAL PLANT	\$159,123		\$0	\$159,123		\$0	\$159,123
13		GENERAL PLANT							
14		TOTAL GENERAL PLANT	\$0		\$0	\$0		\$0	\$0
15		TOTAL DEPRECIATION RESERVE	\$251,825		\$0	\$251,825		\$0	\$251,825

West 16th Sewer Company
Case No. SC-2013-0332
West 16th Sewer Company
Test Year Ending 12-31-2012
Adjustments for Depreciation Reserve

A	B	C	D	E	F	G
Reserve Adjustment Number	Accumulated Depreciation Reserve Adjustments Description	Account Number	Adjustment Amount	Total Adjustment Amount	Jurisdictional Adjustments	Total Jurisdictional Adjustments
	Total Reserve Adjustments			\$0		\$0

West 16th Sewer Company
Case No. SC-2013-0332
West 16th Sewer Company
Test Year Ending 12-31-2012
Cash Working Capital

Line Number	A Description	B Test Year Adj. Expenses	C Revenue Lag	D Expense Lag	E Net Lag C - D	F Factor (Col E / 365)	G CWC Req B x F
1	OPERATION AND MAINT. EXPENSE						
2	Base Payroll	\$0	0.00	0.00	0.00	0.000000	\$0
3	Tax Withholding	\$0	0.00	0.00	0.00	0.000000	\$0
4	Pensions and Employee Benefits	\$0	0.00	0.00	0.00	0.000000	\$0
5	Electric	\$0	0.00	0.00	0.00	0.000000	\$0
6	Telephone	\$0	0.00	0.00	0.00	0.000000	\$0
7	Office Rents	\$0	0.00	0.00	0.00	0.000000	\$0
8	Intercompany Billing	\$0	0.00	0.00	0.00	0.000000	\$0
9	Uncollectible Accounts	\$0	0.00	0.00	0.00	0.000000	\$0
10	PSC Assessment	\$0	0.00	0.00	0.00	0.000000	\$0
11	Expense Allocations	\$0	0.00	0.00	0.00	0.000000	\$0
12	Materials and Supplies	\$0	0.00	0.00	0.00	0.000000	\$0
13	Cash Vouchers	\$44,434	0.00	0.00	0.00	0.000000	\$0
14	TOTAL OPERATION AND MAINT. EXPENSE	\$44,434					\$0
15	TAXES						
16	FICA - Employer Portion	\$0	0.00	0.00	0.00	0.000000	\$0
17	Unemployment	\$0	0.00	0.00	0.00	0.000000	\$0
18	Property Tax	\$0	0.00	0.00	0.00	0.000000	\$0
19	Gross Receipts Tax	\$0	0.00	0.00	0.00	0.000000	\$0
20	Corporate Franchise	\$0	0.00	0.00	0.00	0.000000	\$0
21	Sales Tax	\$0	0.00	0.00	0.00	0.000000	\$0
22	TOTAL TAXES	\$0					\$0
23	CWC REQ'D BEFORE RATE BASE OFFSETS						\$0
24	TAX OFFSET FROM RATE BASE						
25	Federal Tax Offset	\$506	0.00	0.00	0.00	0.000000	\$0
26	State Tax Offset	\$208	0.00	0.00	0.00	0.000000	\$0
27	City Tax Offset	\$29	0.00	0.00	0.00	0.000000	\$0
28	Interest Expense Offset	\$0	0.00	0.00	0.00	0.000000	\$0
29	TOTAL OFFSET FROM RATE BASE	\$743					\$0
30	TOTAL CASH WORKING CAPITAL REQUIRED						\$0

West 16th Sewer Company
Case No. SC-2013-0332
West 16th Sewer Company
Test Year Ending 12-31-2012
Income Statement

Line Number	A Category Description	B Total Test Year	C Test Year Labor	D Test Year Non Labor	E Adjustments	F Total Company Adjusted	G Jurisdictional Adjustments	H MO Final Adj Jurisdictional	I MO Juris. Labor	J MO Juris. Non Labor
1	TOTAL OPERATING REVENUES	\$47,389	See Note (1)	See Note (1)	See Note (1)	\$47,389	\$766	\$48,155	See Note (1)	See Note (1)
2	TOTAL COLLECTION OPERATIONS EXPENSES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	TOTAL COLLECTION MAINT. EXPENSES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4	TOTAL PUMPING OPERATIONS EXPENSES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5	TOTAL PUMPING MAINTENANCE EXPENSES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6	TOTAL TREAT. & DISP. OPER. EXPENSE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7	TOTAL TREAT. & DISP. MAINT. EXPENSES	\$15,102	\$7,155	\$7,947	-\$3,250	\$11,852	\$0	\$11,852	\$6,900	\$4,952
8	TOTAL CUSTOMER ACCOUNTS EXPENSE	\$1,104	\$0	\$1,104	\$1,158	\$2,262	\$0	\$2,262	\$0	\$2,262
9	TOTAL ADMIN. & GENERAL EXPENSES	\$33,277	\$11,550	\$21,727	-\$2,957	\$30,320	\$0	\$30,320	\$13,797	\$16,523
10	TOTAL DEPRECIATION EXPENSE	\$0	See Note (1)	See Note (1)	See Note (1)	\$0	\$2,278	\$2,278	See Note (1)	See Note (1)
11	TOTAL AMORTIZATION EXPENSE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
12	TOTAL OTHER OPERATING EXPENSE	\$1,060	\$0	\$1,060	-\$768	\$292	\$0	\$292	\$0	\$292
13	TOTAL OPERATING EXPENSE	\$50,543	\$18,705	\$31,838	-\$5,817	\$44,726	\$2,278	\$47,004	\$20,697	\$24,029
14	NET INCOME BEFORE TAXES	-\$3,154	\$0	\$0	\$0	\$2,663	-\$1,512	\$1,151	\$0	\$0
15	TOTAL INCOME TAXES	\$0	See Note (1)	See Note (1)	See Note (1)	\$0	\$236	\$236	See Note (1)	See Note (1)
16	TOTAL DEFERRED INCOME TAXES	\$0	See Note (1)	See Note (1)	See Note (1)	\$0	\$0	\$0	See Note (1)	See Note (1)
17	NET OPERATING INCOME	-\$3,154	\$0	\$0	\$0	\$2,663	-\$1,748	\$915	\$0	\$0

(1) Labor and Non Labor Detail not applicable to Revenue & Taxes

West 16th Sewer Company
Case No. SC-2013-0332
West 16th Sewer Company
Test Year Ending 12-31-2012
Income Statement Detail

Line Number	A Account Number	B Income Description	C Test Year Total (D+E)	D Test Year Labor	E Test Year Non Labor	F Adjust. Number	G Total Company Adjustments (From Adj. Sch.)	H Total Company Adjusted (C+G)	I Jurisdictional Allocations	J Jurisdictional Adjustments (From Adj. Sch.)	K MO Final Adj Jurisdictional (H x I) + J	L MO Adj. Juris. Labor L + M = K	M MO Adj. Juris. Non Labor
Rev-1		OPERATING REVENUES											
Rev-2	480.000	Residential	\$47,389	See note (1)	See note (1)	Rev-2	See note (1)	\$47,389	100.00%	\$167	\$47,556	See note (1)	See note (1)
Rev-3	481.100	Commercial	\$0			Rev-3		\$0	100.00%	\$0	\$0		
Rev-4	481.200	Industrial	\$0			Rev-4		\$0	100.00%	\$0	\$0		
Rev-5	493.000	Other Sewer Revenue - Oper. Rev.	\$0			Rev-5		\$0	100.00%	\$599	\$599		
Rev-6		TOTAL OPERATING REVENUES	\$47,389					\$47,389		\$766	\$48,155		
1		COLLECTION OPERATIONS EXPENSES											
2		TOTAL COLLECTION OPERATIONS EXPENSES	\$0	\$0	\$0			\$0		\$0	\$0	\$0	\$0
3		COLLECTION MAINT. EXPENSES											
4		TOTAL COLLECTION MAINT. EXPENSES	\$0	\$0	\$0			\$0		\$0	\$0	\$0	\$0
5		PUMPING OPERATIONS EXPENSES											
6		TOTAL PUMPING OPERATIONS EXPENSES	\$0	\$0	\$0			\$0		\$0	\$0	\$0	\$0
7		PUMPING MAINTENANCE EXPENSES											
8		TOTAL PUMPING MAINTENANCE EXPENSES	\$0	\$0	\$0			\$0		\$0	\$0	\$0	\$0
9		TREAT. & DISP. OPER. EXPENSE											
10		TOTAL TREAT. & DISP. OPER. EXPENSE	\$0	\$0	\$0			\$0		\$0	\$0	\$0	\$0
11		TREAT. & DISP. MAINT. EXPENSES											
12	711.600	Sludge Removal - TDM	\$3,845	\$0	\$3,845	E-12	\$0	\$3,845	100.00%	\$0	\$3,845	\$0	\$3,845
13	718.600	Water Testing	\$285	\$0	\$285	E-13	\$24	\$309	100.00%	\$0	\$309	\$0	\$309
14	731.500	Materials & Supplies - TDM-Parts	\$799	\$0	\$799	E-14	-\$799	\$0	100.00%	\$0	\$0	\$0	\$0
15	731.600	Materials & Supplies- Outdoor Supplies	\$109	\$0	\$109	E-15	-\$109	\$0	100.00%	\$0	\$0	\$0	\$0
16	731.700	Materials & Supplies- Other Expense	\$90	\$0	\$90	E-16	-\$90	\$0	100.00%	\$0	\$0	\$0	\$0
17	736.600	Contractual Services Other - TDM- Operator	\$7,155	\$7,155	\$0	E-17	-\$255	\$6,900	100.00%	\$0	\$6,900	\$6,900	\$0
18	759.600	Misc. Expenses-Mowing	\$60	\$0	\$60	E-18	-\$60	\$0	100.00%	\$0	\$0	\$0	\$0
19	767.600	Misc. Expenses	\$259	\$0	\$259	E-19	-\$259	\$0	100.00%	\$0	\$0	\$0	\$0
20	775.500	Maintenance Expense-Ground	\$0	\$0	\$0	E-20	\$199	\$199	100.00%	\$0	\$199	\$0	\$199
21	775.600	Maintenance Expense- Plant	\$2,500	\$0	\$2,500	E-21	-\$1,901	\$599	100.00%	\$0	\$599	\$0	\$599
22		TOTAL TREAT. & DISP. MAINT. EXPENSES	\$15,102	\$7,155	\$7,947		-\$3,250	\$11,852		\$0	\$11,852	\$6,900	\$4,952
23		CUSTOMER ACCOUNTS EXPENSE											
24	775.700	Misc. Expenses - CAE- Postage	\$1,104	\$0	\$1,104	E-24	\$1,158	\$2,262	100.00%	\$0	\$2,262	\$0	\$2,262
25		TOTAL CUSTOMER ACCOUNTS EXPENSE	\$1,104	\$0	\$1,104		\$1,158	\$2,262		\$0	\$2,262	\$0	\$2,262
26		ADMIN. & GENERAL EXPENSES											
27	701.800	Salaries & Wages - Employees - AGE	\$11,550	\$11,550	\$0	E-27	\$2,247	\$13,797	100.00%	\$0	\$13,797	\$13,797	\$0
28	715.800	Purchased Power - AGE	\$3,707	\$0	\$3,707	E-28	\$109	\$3,816	100.00%	\$0	\$3,816	\$0	\$3,816
29	720.800	Materials & Supplies - AGE	\$0	\$0	\$0	E-29	\$0	\$0	100.00%	\$0	\$0	\$0	\$0
30	732.800	Contractual Services Acct. - AGE	\$300	\$0	\$300	E-30	\$0	\$300	100.00%	\$0	\$300	\$0	\$300
31	733.800	Contractual Services Legal - AGE	\$0	\$0	\$0	E-31	\$0	\$0	100.00%	\$0	\$0	\$0	\$0
32	741.800	Rental of Building/Real Property - AGE	\$8,192	\$0	\$8,192	E-32	-\$2,919	\$5,273	100.00%	\$0	\$5,273	\$0	\$5,273
33	766.800	Reg. Comm. Exp.	\$5,738	\$0	\$5,738	E-33	-\$1,894	\$3,844	100.00%	\$0	\$3,844	\$0	\$3,844
34	767.800	Reg. Commission Expense, Other - AGE-Dues and Subscriptions DNR fees	\$3,500	\$0	\$3,500	E-34	-\$500	\$3,000	100.00%	\$0	\$3,000	\$0	\$3,000
35	775.800	Misc. Expenses - AGE- Bank Service Charges	\$290	\$0	\$290	E-35	\$0	\$290	100.00%	\$0	\$290	\$0	\$290

West 16th Sewer Company
Case No. SC-2013-0332
West 16th Sewer Company
Test Year Ending 12-31-2012
Income Statement Detail

Line Number	A Account Number	B Income Description	C Test Year Total (D+E)	D Test Year Labor	E Test Year Non Labor	F Adjust. Number	G Total Company Adjustments (From Adj. Sch.)	H Total Company Adjusted (C+G)	I Jurisdictional Allocations	J Jurisdictional Adjustments (From Adj. Sch.)	K MO Final Adj. Jurisdictional (H x I) + J	L MO Adj. Juris. Labor L + M = K	M MO Adj. Juris. Non Labor
36		TOTAL ADMIN. & GENERAL EXPENSES	\$33,277	\$11,550	\$21,727		-\$2,957	\$30,320		\$0	\$30,320	\$13,797	\$16,523
37		DEPRECIATION EXPENSE											
38	0.000	Depreciation Expense, Dep. Exp.	\$0	See note (1)	See note (1)	E-38	See note (1)	\$0	100.00%	\$2,278	\$2,278	See note (1)	See note (1)
39		TOTAL DEPRECIATION EXPENSE	\$0	\$0	\$0		\$0	\$0		\$2,278	\$2,278	\$0	\$0
40		AMORTIZATION EXPENSE											
41		TOTAL AMORTIZATION EXPENSE	\$0	\$0	\$0		\$0	\$0		\$0	\$0	\$0	\$0
42		OTHER OPERATING EXPENSES											
43	408.000	Property Taxes	\$1,060	\$0	\$1,060	E-43	-\$768	\$292	100.00%	\$0	\$292	\$0	\$292
44	408.000	Payroll Taxes	\$0	\$0	\$0	E-44	\$0	\$0	100.00%	\$0	\$0	\$0	\$0
45	408.000	Gross Receipts Tax	\$0	\$0	\$0	E-45	\$0	\$0	100.00%	\$0	\$0	\$0	\$0
46	408.000	Missouri Franchise Taxes	\$0	\$0	\$0	E-46	\$0	\$0	100.00%	\$0	\$0	\$0	\$0
47		TOTAL OTHER OPERATING EXPENSE	\$1,060	\$0	\$1,060		-\$768	\$292		\$0	\$292	\$0	\$292
48		TOTAL OPERATING EXPENSE	\$50,543	\$18,705	\$31,838		-\$5,817	\$44,726		\$2,278	\$47,004	\$20,697	\$24,029
49		NET INCOME BEFORE TAXES	-\$3,154					\$2,663		-\$1,512	\$1,151		
50		INCOME TAXES											
51	0.000	Current Income Taxes	\$0	See note (1)	See note (1)	E-51	See note (1)	\$0	100.00%	\$236	\$236	See note (1)	See note (1)
52		TOTAL INCOME TAXES	\$0					\$0		\$236	\$236		
53		DEFERRED INCOME TAXES											
54	0.000	Deferred Income Taxes - Def. Inc. Tax.	\$0	See note (1)	See note (1)	E-54	See note (1)	\$0	100.00%	\$0	\$0	See note (1)	See note (1)
55	0.000	Amortization of Deferred ITC	\$0			E-55		\$0	100.00%	\$0	\$0		
56		TOTAL DEFERRED INCOME TAXES	\$0					\$0		\$0	\$0		
57		NET OPERATING INCOME	-\$3,154					\$2,663		-\$1,748	\$915		

(1) Labor and Non Labor Detail not applicable to Revenue & Taxes

West 16th Sewer Company
Case No. SC-2013-0332
West 16th Sewer Company
Test Year Ending 12-31-2012
Adjustments to Income Statement Detail

A Income Adj. Number	B Income Adjustment Description	C Account Number	D Company Adjustment Labor	E Company Adjustment Non Labor	F Company Adjustments Total	G Jurisdictional Adjustment Labor	H Jurisdictional Adjustment Non Labor	I Jurisdictional Adjustments Total
Rev-2	Residential	480,000	\$0	\$0	\$0	\$0	\$167	\$167
	1. To Annualize Residential Revenue		\$0	\$0		\$0	\$167	
Rev-5	Other Sewer Revenue - Oper. Rev.	493,000	\$0	\$0	\$0	\$0	\$599	\$599
	1. To Annualize Other Water Revenue - Oper. Rev.		\$0	\$0		\$0	\$599	
	2. No Adjustment		\$0	\$0		\$0	\$0	
E-13	Water Testing	718,600	\$0	\$24	\$24	\$0	\$0	\$0
	1. To include a normalized level of Water Testing expenses.		\$0	\$24		\$0	\$0	
E-14	Materials & Supplies - TDM-Parts	731,500	\$0	-\$799	-\$799	\$0	\$0	\$0
	1. To remove parts that were capitalized		\$0	-\$799		\$0	\$0	
E-15	Materials & Supplies- Outdoor Supplies	731,600	\$0	-\$109	-\$109	\$0	\$0	\$0
	1. To remove an amount for maintenance included in Maintenance-Ground		\$0	-\$109		\$0	\$0	
E-16	Materials & Supplies- Other Expense	731,700	\$0	-\$90	-\$90	\$0	\$0	\$0
	1. To remove an amount for maintenance included in Plant Maintenance.		\$0	-\$90		\$0	\$0	
E-17	Contractual Services Other - TDM- Operator	738,600	-\$255	\$0	-\$255	\$0	\$0	\$0
	1. To include an annualized level of Operator salaries		-\$255	\$0		\$0	\$0	
E-18	Misc. Expenses-Mowing	759,600	\$0	-\$60	-\$60	\$0	\$0	\$0
	1. To remove mowing expense included in maintenance expense.		\$0	-\$60		\$0	\$0	
E-19	Misc. Expenses	767,600	\$0	-\$259	-\$259	\$0	\$0	\$0
	1. To remove amounts for maintenance expense included in Maintenance- Plant		\$0	-\$259		\$0	\$0	
E-20	Maintenance Expense-Ground	775,500	\$0	\$199	\$199	\$0	\$0	\$0
	1. To include an annualized level of maintenance from account Outdoor Supplies.		\$0	\$109		\$0	\$0	
	2. To include an annualized level of maintenance from account Mowing.		\$0	\$90		\$0	\$0	
E-21	Maintenance Expense- Plant	775,600	\$0	-\$1,901	-\$1,901	\$0	\$0	\$0
	1. To remove test year amount for gravel & grading not considered a recurring annual expense that will be amortized over 5 years. See adjustment E-21.2 for amortization		\$0	-\$2,000		\$0	\$0	

West 16th Sewer Company
Case No. SC-2013-0332
West 16th Sewer Company
Test Year Ending 12-31-2012
Adjustments to Income Statement Detail

A Income Adj. Number	B Income Adjustment Description	C Account Number	D Company Adjustment Labor	E Company Adjustment Non Labor	F Company Adjustments Total	G Jurisdictional Adjustment Labor	H Jurisdictional Adjustment Non Labor	I Jurisdictional Adjustments Total
	2. To set up a 5 year amortization of gravel and grading. This represents 1/5 of the total cost of \$2,000		\$0	\$400		\$0	\$0	
	3. To remove an amount for mowing lots not yet sold that is not considered plant maintenance.		\$0	-\$500		\$0	\$0	
	4. To include an annualized level of maintenance from Miscellaneous Expense .		\$0	\$109		\$0	\$0	
	5. To include an annualized level of maintenance from account Other Expense .		\$0	\$90		\$0	\$0	
E-24	Misc. Expenses - CAE- Postage	775.700	\$0	\$1,158	\$1,158	\$0	\$0	\$0
	1. To include an annualized level of office supplies including postage		\$0	\$1,158		\$0	\$0	
E-27	Salaries & Wages - Employees - AGE	701.800	\$2,247	\$0	\$2,247	\$0	\$0	\$0
	1. To include an annualized level of Salaries.		\$2,247	\$0		\$0	\$0	
E-28	Purchased Power - AGE	715.800	\$0	\$109	\$109	\$0	\$0	\$0
	1. To include an annualized level of electricity purchases for plant		\$0	\$109		\$0	\$0	
E-32	Rental of Building/Real Property - AGE	741.800	\$0	-\$2,919	-\$2,919	\$0	\$0	\$0
	1. To include an annualized level of Rent.		\$0	-\$2,919		\$0	\$0	
E-33	Reg. Comm. Exp.	766.800	\$0	-\$1,894	-\$1,894	\$0	\$0	\$0
	1. To include an annualized level of PSC assessment		\$0	-\$2,264		\$0	\$0	
	2. To set up a five year amortization of rate case expense for legal fees incurred due to this complaint case.SC-2013-0332		\$0	\$360		\$0	\$0	
E-34	Reg. Commission Expense, Other - AGE-Dues and Subscriptions DNR fees	767.800	\$0	-\$500	-\$500	\$0	\$0	\$0
	1. To include an annualized level of DNR fees.		\$0	-\$500		\$0	\$0	
E-38	Depreciation Expense, Dep. Exp.		\$0	\$0	\$0	\$0	\$2,278	\$2,278
	1. To Annualize Depreciation Expense		\$0	\$0		\$0	\$14,293	
	2. To remove CIAC offset to depreciation expense.		\$0	\$0		\$0	-\$12,015	
E-43	Property Taxes	408.000	\$0	-\$768	-\$768	\$0	\$0	\$0
	1. To include an annualized level of Property taxes.		\$0	-\$768		\$0	\$0	
E-51	Current Income Taxes		\$0	\$0	\$0	\$0	\$236	\$236
	1. To Annualize Current Income Taxes		\$0	\$0		\$0	\$236	
	No Adjustment		\$0	\$0		\$0	\$0	
Total Operating Revenues			\$0	\$0	\$0	\$0	\$766	\$766

West 16th Sewer Company
Case No. SC-2013-0332
West 16th Sewer Company
Test Year Ending 12-31-2012
Adjustments to Income Statement Detail

A	B	C	D	E	F	G	H	I
Income			Company	Company	Company	Jurisdictional	Jurisdictional	Jurisdictional
Adj.	Income Adjustment Description	Account	Adjustment	Adjustment	Adjustments	Adjustment	Adjustment	Adjustments
Number		Number	Labor	Non Labor	Total	Labor	Non Labor	Total
	Total Operating & Maint. Expense		\$1,992	-\$7,809	-\$5,817	\$0	\$2,514	\$2,514

West 16th Sewer Company
Case No. SC-2013-0332
West 16th Sewer Company
Test Year Ending 12-31-2012
Income Tax Calculation

Line Number	A Description	B Percentage Rate	C Test Year	D 8.02% Return	E 8.02% Return	F 8.02% Return
1	TOTAL NET INCOME BEFORE TAXES		\$1,151	\$3,967	\$3,967	\$3,967
2	ADD TO NET INCOME BEFORE TAXES					
3	Book Depreciation Expense		\$2,278	\$2,278	\$2,278	\$2,278
4	Test		\$0	\$0	\$0	\$0
5	TOTAL ADD TO NET INCOME BEFORE TAXES		\$2,278	\$2,278	\$2,278	\$2,278
6	SUBT. FROM NET INC. BEFORE TAXES					
7	Interest Expense calculated at the Rate of	0.0000%	\$0	\$0	\$0	\$0
8	Tax Straight-Line Depreciation		\$2,278	\$2,635	\$2,635	\$2,635
9	Excess Tax Depreciation		\$0	\$0	\$0	\$0
10	TOTAL SUBT. FROM NET INC. BEFORE TAXES		\$2,278	\$2,635	\$2,635	\$2,635
11	NET TAXABLE INCOME		\$1,151	\$3,610	\$3,610	\$3,610
12	PROVISION FOR FED. INCOME TAX					
13	Net Taxable Inc. - Fed. Inc. Tax		\$1,151	\$3,610	\$3,610	\$3,610
14	Deduct Missouri Income Tax at the Rate of	100.000%	\$66	\$208	\$208	\$208
15	Deduct City Inc Tax - Fed. Inc. Tax		\$9	\$29	\$29	\$29
16	Federal Taxable Income - Fed. Inc. Tax		\$1,076	\$3,373	\$3,373	\$3,373
17	Federal Income Tax at the Rate of	See Tax Table	\$161	\$506	\$506	\$506
18	Subtract Federal Income Tax Credits					
19	Credit - Wind		\$0	\$0	\$0	\$0
20	Credit - Solar		\$0	\$0	\$0	\$0
21	Net Federal Income Tax		\$161	\$506	\$506	\$506
22	PROVISION FOR MO. INCOME TAX					
23	Net Taxable Income - MO. Inc. Tax		\$1,151	\$3,610	\$3,610	\$3,610
24	Deduct Federal Income Tax at the Rate of	50.000%	\$81	\$253	\$253	\$253
25	Deduct City Income Tax - MO. Inc. Tax		\$9	\$29	\$29	\$29
26	Missouri Taxable Income - MO. Inc. Tax		\$1,061	\$3,328	\$3,328	\$3,328
27	Subtract Missouri Income Tax Credits					
28	Test MO State Credit		\$0	\$0	\$0	\$0
29	Missouri Income Tax at the Rate of	6.250%	\$66	\$208	\$208	\$208
30	PROVISION FOR CITY INCOME TAX					
31	Net Taxable Income - City Inc. Tax		\$1,151	\$3,610	\$3,610	\$3,610
32	Deduct Federal Income Tax - City Inc. Tax		\$161	\$506	\$506	\$506
33	Deduct Missouri Income Tax - City Inc. Tax		\$66	\$208	\$208	\$208
34	City Taxable Income		\$924	\$2,896	\$2,896	\$2,896
35	Subtract City Income Tax Credits					
36	Test City Credit		\$0	\$0	\$0	\$0
37	City Income Tax at the Rate of	1.000%	\$9	\$29	\$29	\$29
38	SUMMARY OF CURRENT INCOME TAX					
39	Federal Income Tax		\$161	\$506	\$506	\$506
40	State Income Tax		\$66	\$208	\$208	\$208
41	City Income Tax		\$9	\$29	\$29	\$29
42	TOTAL SUMMARY OF CURRENT INCOME TAX		\$236	\$743	\$743	\$743
43	DEFERRED INCOME TAXES					
44	Deferred Income Taxes - Def. Inc. Tax.		\$0	\$0	\$0	\$0
45	Amortization of Deferred ITC		\$0	\$0	\$0	\$0
46	TOTAL DEFERRED INCOME TAXES		\$0	\$0	\$0	\$0
47	TOTAL INCOME TAX		\$236	\$743	\$743	\$743

West 16th Sewer Company
Case No. SC-2013-0332
West 16th Sewer Company
Test Year Ending 12-31-2012
Income Tax Calculation

Line Number	A Description	B Percentage Rate	C Test Year	D 8.02% Return	E 8.02% Return	F 8.02% Return
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Federal Tax Table					
Federal Income Taxes		\$1,076	\$3,373	\$3,373	\$3,373
15% on first \$50,000		\$161	\$506	\$506	\$506
25% on next \$25,000		\$0	\$0	\$0	\$0
34% > \$75,000 < \$100,001		\$0	\$0	\$0	\$0
39% > \$100,000 < \$335,001		\$0	\$0	\$0	\$0
34% > \$335,000 < \$10,000,001		\$0	\$0	\$0	\$0
35% > \$10MM < \$15,000,001		\$0	\$0	\$0	\$0
38% > \$15MM < \$18,333,334		\$0	\$0	\$0	\$0
35% > \$18,333,333		\$0	\$0	\$0	\$0
Total Federal Income Taxes		\$161	\$506	\$506	\$506

West 16th Sewer Company
Case No. SC-2013-0332
West 16th Sewer Company
Test Year Ending 12-31-2012
Capital Structure Schedule

Line Number	A Description	B Dollar Amount	C Percentage of Total Capital Structure	D Embedded Cost of Capital	E Weighted Cost of Capital 8.02%	F Weighted Cost of Capital 8.02%	G Weighted Cost of Capital 8.02%
1	Common Stock	\$40,203	100.00%		8.020%	8.020%	8.020%
2	Other Security Tax Deductible	\$0	0.00%	0.00%	0.000%	0.000%	0.000%
3	Preferred Stock	\$0	0.00%	0.00%	0.000%	0.000%	0.000%
4	Long Term Debt	\$0	0.00%	0.00%	0.000%	0.000%	0.000%
5	Short Term Debt	\$0	0.00%	0.00%	0.000%	0.000%	0.000%
6	Other Security-Non Tax Deductible	\$0	0.00%	0.00%	0.000%	0.000%	0.000%
7	TOTAL CAPITALIZATION	\$40,203	100.00%		8.020%	8.020%	8.020%
8	PreTax Cost of Capital				10.098%	10.098%	10.098%

West 16th Street Sewer Company, Inc.
DEPRECIATION RATES (SEWER) - Attachment A
SC-2013-0332

NUMBER	ACCOUNT DESCRIPTION	RATE	LIFE (YEARS)
311	Structures & Improvements	2.5%	40
352.2	Collection Sewers (Gravity)	2.0%	50
373	Treatment & Disposal Facilities	5.0%	20

SALVAGE

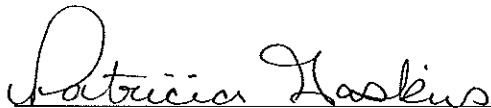
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

The Office of the Public Counsel)	
)	File No. SC-2013-0332
Complainant,)	
v.)	
)	
West 16th Street Sewer Company, Inc.)	
)	
Respondent)	

AFFIDAVIT OF PATRICIA GASKINS

STATE OF MISSOURI)	
)	ss.
COUNTY OF JACKSON)	

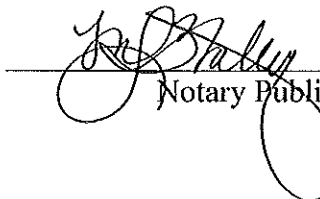
Patricia Gaskins, of lawful age, on her oath states: that she has participated in the preparation of the foregoing Audit Report, Attachment A and Attachment B, to be presented in the above case; that the information in the Audit Report, Attachment A and Attachment B was developed by her; that she has knowledge of the matters set forth in such Audit Report, Attachment A and Attachment B; and that such matters are true and correct to the best of her knowledge and belief.


Patricia Gaskins

Subscribed and sworn to before me this 17th day of April, 2013.



MICHELE L. WATLEY
My Commission Expires
February 6, 2017
Jackson County
Commission #13445832


Notary Public


BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

The Office of the Public Counsel)	
)	File No. SC-2013-0332
Complainant,)	
v.)	
)	
West 16th Street Sewer Company, Inc.)	
)	
Respondent)	

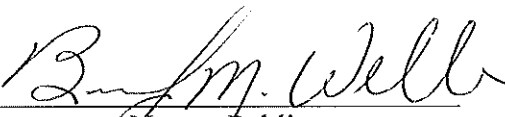
AFFIDAVIT OF V. WILLIAM HARRIS

STATE OF MISSOURI)	
)	ss.
COUNTY OF JACKSON)	

V. William Harris, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Audit Report, Attachment A and Attachment B, to be presented in the above case; that the information in the Audit Report, Attachment A and Attachment B was developed by him; that he has knowledge of the matters set forth in such Audit Report, Attachment A and Attachment B; and that such matters are true and correct to the best of his knowledge and belief.


V. William Harris

Subscribed and sworn to before me this 17th day of April, 2013.


Notary Public



BEVERLY M. WEBB
My Commission Expires
April 14, 2016
Clay County
Commission #12464070

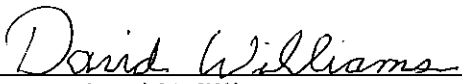
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

The Office of the Public Counsel)	
)	File No. SC-2013-0332
Complainant,)	
v.)	
)	
West 16th Street Sewer Company, Inc.)	
)	
Respondent)	

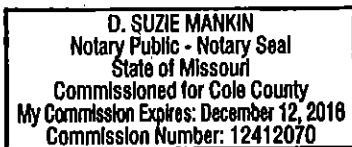
AFFIDAVIT OF DAVID WILLIAMS

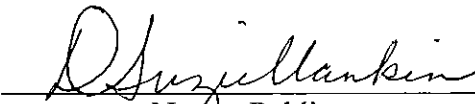
STATE OF MISSOURI)	
)	ss.
COUNTY OF COLE)	

David Williams, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Attachment C, to be presented in the above case; that the information in the Attachment C was developed by him; that he has knowledge of the matters set forth in such Attachment C; and that such matters are true and correct to the best of his knowledge and belief.


David Williams

Subscribed and sworn to before me this 16th day of April, 2013.




Notary Public