

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

In the Matter of Cannon Home Association,     )  
Inc. Request for a Rate Increase                     )     **Case No. SR-2016-0112**

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

**COMES NOW** the Staff of the Missouri Public Service Commission (“Staff”), by and through counsel, and on behalf of Cannon Home Association, Inc. (“Cannon” or “the Company”), files this *Notice of Staff/Company Agreement Regarding Disposition of Small Company Rate Increase Request*, stating:

1. On November 10, 2015, the Missouri Public Service Commission (“Commission”) received a Rate Increase Request Letter (“Request”) from Mr. Dennis Gill, President of Cannon, seeking review of a revenue increase request for the Company’s sewer system.

2. In its Request, the Company requested Commission approval of a \$25,000.00 increase in its annual sewer system operating revenues pursuant to Commission Rule 4 CSR 240-3.050 (“Small Utility Rate Case Procedure”), which received the Commission Case No. SR-2016-0112.

3. Upon completion of Staff’s investigation of the Company’s Request, Staff provided the Company and the Office of the Public Counsel (“Public Counsel”) with materials related to Staff’s investigation, as well as the Staff’s initial recommendation for the resolution of the Request.

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

5. Included in Appendix A is a copy of the above-referenced *Company/Staff Agreement*, as well as a prescribed schedule of depreciation rates that reflects the Company's agreement to implement Staff's recommendations. It also includes various other attachments related to the *Company/Staff Agreement*. Additionally, Appendix A contains affidavits from Staff members that participated in the investigation of this matter.

6. The *Company/Staff Agreement* provides for an increase of \$22,647 in operating revenues for the sewer system.

7. In addition, the *Company/Staff Agreement* provides the agreed-upon net rate base of \$59,661 in the Company's sewer operating system.

8. Pursuant to Rule 4 CSR 240-3.050 (14), "[i]f the disposition agreement filed by the staff provides for a full resolution of the utility's request and is executed only by the utility and the staff, the utility shall file new and/or revised tariff sheets, bearing an effective date that is not fewer than forty-five (45) days after they are filed, to implement the agreement." The Company will file revised tariff sheets seeking to implement the terms of the *Company/Staff Agreement*. The tariff shall bear an effective date of June 3, 2016, in compliance with Rule 4 CSR 240.3050 (14).

9. The Company is current on the filing of its annual report.

10. The Company is current on payment of all of its annual assessments.

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

Respectfully submitted,

**/s/ Jacob T. Westen**

Jacob T. Westen  
Senior Counsel  
Missouri Bar Number 65265  
Attorney for the Staff of the  
Missouri Public Service Commission  
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Jefferson City, MO 65102  
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[jacob.westen@psc.mo.gov](mailto:jacob.westen@psc.mo.gov)

### **CERTIFICATE OF SERVICE**

The undersigned hereby certifies that a true and correct copy of the foregoing was served to all parties of record on the Service List maintained for this case by the Data Center of the Missouri Public Service Commission, on this 14<sup>th</sup> day of April, 2016.

**/s/ Jacob T Westen**

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

**CANNON HOME ASSOCIATION**

**MO PSC FILE NO. SR-2016-0112**

**BACKGROUND**

Cannon Home Association ("Company") initiated the small company revenue increase request ("Request") for sewer service that is the subject of the above-referenced Missouri Public Service Commission ("Commission") File Number by submitting a letter to the Secretary of the Commission in accordance with the provisions of Commission Rule 4 CSR 240-3.050, Small Utility Rate Case Procedure ("Small Company Procedure"). In its request letter, which was received at the Commission's offices on November 16, 2015, the Company set forth its request for an increase of \$25,000 in its total annual sewer service operating revenues. The Company also acknowledged that the design of its customer rates, its service charges, its customer service practices, its general business practices and its general tariff provisions would be reviewed during the Commission Staff's ("Staff") review of the revenue increase request, and could thus be the subject of Staff recommendations. The Company provides service to approximately 105 residential customers and 5 commercial customers, located in Ralls County, Missouri.

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

Upon completion of Staff's investigation of the Company's Request, Staff provided the Company 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 the resolution of the Company's Request.

## **RESOLUTION OF THE COMPANY'S RATE INCREASE REQUEST**

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

- (1) The agreed upon revenue requirement increase of \$22,647 (68.25% increase) added to the level of previous revenues of \$33,182 results in overall revenues of \$55,829. This revenue requirement is just and reasonable and designed to recover the Company's cost of service. These amounts are shown on the ratemaking income statement found in **Attachment A**, incorporated by reference herein;
- (2) The Auditing Unit conducted a full and complete audit of the Company's books and records using the 12-month period ending December 31, 2014, as the test year, updated for known and measurable changes through December 31, 2015. Rate Base was updated through March 31, 2016. The Auditing Department findings can be found in Staff's Accounting Schedules, **Attachment B**, incorporated by reference herein;
- (3) The agreed upon net rate base is \$59,661. The development of this amount is shown on the rate base worksheet that is found in **Attachment C**, incorporated by reference herein. This amount is included in the audit work papers in the ultimate determination of the revenue requirement shown in (1) above;
- (4) Included in **Attachment B** is the agreed upon capital structure which includes 100% equity, a 8.36% return on equity, and a rate of return of 8.36% for the Company;
- (5) The schedule of depreciation rates in **Attachment D**, incorporated by reference herein, includes the depreciation rates used by Staff in its revenue requirement analysis and shall be the prescribed schedule of sewer plant depreciation rates for the Company;
- (6) To allow the Company the opportunity to collect the revenue requirement agreed to in (1) above, the rates as shown on **Attachment E**, incorporated by reference herein, are just and reasonable rates that the Company will be allowed to charge its customers. The impact of these rates will be as shown on **Attachment F**, also attached and incorporated by reference herein;
- (7) For the purposes of implementing the agreements set out in this disposition agreement, the Company will file with the Commission proposed tariff revisions containing the rates, charges, and language set out in the example tariff attached as **Attachment E**. The proposed tariff revisions will bear an effective date of June 03, 2016;
- (8) The current PSC MO Number 1 tariff will be cancelled and replaced by PSC MO Number 2, which is included in the example tariff described above;

(9) Within ninety (90) days of the effective date of an order approving this Company/Staff Disposition Agreement, the Company shall implement the recommendations contained in the Water & Sewer Unit Memorandum, attached hereto as **Attachment G** and incorporated by reference herein, and provide proof of implementing the recommendation to the Manager of the Commission's Water & Sewer Unit:

(a) The Company will develop a written plan to address system deficiencies;

(10) Within thirty (30) days of the effective date of an order approving this Company/Staff Disposition Agreement, the Company shall implement the recommendations contained in the CMAU Report attached hereto as **Attachment H** and incorporated by reference herein, and provide proof of implementation to the Manager of the Commission's Consumer & Management Analysis Unit:

(a) The Company will develop and utilize timesheets for all employees to record the time associated with company work activity;

(b) The Company will develop and distribute to all current and future customers a brochure detailing the rights and responsibilities of the Company and its customers;

(c) The Company will ensure that customer bills comply with Commission Rule 4 CSR 240-13.020 (7) which requires giving customers at least 21 days to pay their bill before their accounts become delinquent;

(11) The Auditing Department Report is attached as **Attachment I**, and incorporated by reference herein.

(a) The Company will maintain the Company's books and records in accordance with National Association of Regulated Utility Commissioners (NARUC) Uniform System of Accounts (USOA) for Class D sewer systems.

(b) The Company will develop continuing property records (CPRs) for all of the Company's Plant in Service and Contribution in Aid of Construction (CIAC) that include, where applicable, the amount of plant, depreciation reserve, CIAC, and CIAC reserve used by Staff in this case;

(c) The Company will keep the Company CPR's up to date and complete;

(d) The Company will develop a list of duties and responsibilities for the certified operator and maintain records of the number of hours worked with a description of the functions performed by the operator; and

(e) The Company will develop a list of duties and responsibilities for any employee that performs work for the Company and maintains records of the number of hours worked with a description of the functions performed by the employee;

(12) The Company shall mail its customers a final written notice of the rates and charges included in its proposed tariff revisions prior to or with its next billing cycle after issuance of the Commission order approving the terms of this Company/Staff Disposition Agreement. The notice shall include a summary of the impact of the proposed rates on an average residential customer's bill. When the Company mails the notice to its customers, it shall also send a copy to Staff Case Coordinator who will file a copy in this case;

(13) Staff or Public Counsel may conduct follow-up reviews of the Company's operations to ensure that the Company has complied with the provisions of this Company/Staff Disposition Agreement;

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

(15) The Company, Staff and Public Counsel agree that they have read the foregoing Company/Staff 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 Company and Staff; and that the Company freely and voluntarily enters into this Disposition Agreement; and

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

### **ADDITIONAL MATTERS**

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

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

The Company acknowledges that Staff will be filing this Company/Staff Disposition Agreement and the attachments hereto. The Company also acknowledges that Staff may make other filings in this case.

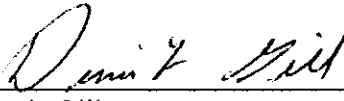
Additionally, the Company agrees that subject to the rules governing practice before the Commission, Staff shall have the right to provide whatever oral explanation the Commission may

request regarding this Company/Staff Disposition Agreement at any agenda meeting at which this case is noticed to be considered by the Commission. Subject to the rules governing practice before the Commission, Staff will be available to answer Commission questions regarding this Company/Staff Disposition Agreement. To the extent reasonably practicable, Staff shall provide the Company with advance notice of any such agenda meeting so that they may have the opportunity to be present and/or represented at the meeting.

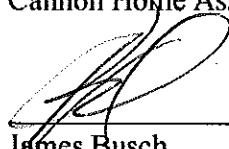


**SIGNATURES**

Agreement Signed and Dated:

  
\_\_\_\_\_  
Dennis Gill  
President  
Cannon Home Association

4/12/16  
Date

  
\_\_\_\_\_  
James Busch  
Manager  
Water & Sewer Unit  
Missouri Public Service Commission Staff

4/12/16  
Date

**List of Attachments**

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

# Cannon Home Association

## Rate Making Income Statement-Sewer

### Operating Revenues at Current Rates

1	Tariffed Rate Revenues *	\$	32,832
2	Other Operating Revenues *	\$	350
3	<b>Total Operating Revenues</b>	<b>\$</b>	<b>33,182</b>
4	* See "Revenues - Current Rates" for Details		

### Cost of Service

	Item	Amount
5	Electricity	\$ 2,260
6	Non Labor Agreement	\$ 4,800
7	Fuel-Land Application	\$ 914
8	Labor Agreement	\$ 9,900
9	System Repairs Maintenance	\$ 2,405
10	Outside Services-Land Application	\$ 10,266
11	Outside Services Accounting	\$ 150
12	Billing Expense	\$ 4,836
13	Postage	\$ 54
14	SOS Fees	\$ 20
15	CPE	\$ 88
16	Property & Liability Insurance	\$ 1,481
17	Storage & Land Rental	\$ 5,000
18	Rate Case Expense	\$ 387
19	MO DNR Fees	\$ 365
20	Travel	\$ 780
21	PSC Assessment	\$ 239
22	Cellular & Auto Dialer	\$ 887
23	Checking AC Fees	\$ 60
24	<b>Sub-Total Operating Expenses</b>	<b>\$ 44,892</b>
25	Property Taxes	\$ 142
26	Additional Current Tax Required	\$ 4,515
27	State & Federal Income Taxes	\$ (3,273)
28	<b>Sub-Total Taxes</b>	<b>\$ 1,384</b>
29	Depreciation Expense	\$ 12,970
30	Amortization of Utility Plant	\$ (8,405)
31	<b>Sub-Total Depreciation/Interest/Amortization</b>	<b>\$ 4,565</b>
32	<b>Return on Rate Base</b>	<b>\$ 4,988</b>
33	<b>Total Cost of Service</b>	<b>\$ 55,829</b>
34	<b>Overall Revenue Increase Needed</b>	<b>\$ 22,647</b>

**Exhibit No.:** \_\_\_\_

**Issue:** Accounting Schedules

**Witness:** MO PSC Auditors

**Sponsoring Party:** MO PSC Staff

**Case No:** SR-2016-0112

**Date Prepared:** February, 2016



**MISSOURI PUBLIC SERVICE COMMISSION**

**UTILITY SERVICES DIVISION**

**STAFF ACCOUNTING SCHEDULES**

**CANNON HOME ASSOCIATION**

**Test Year Ended December 31, 2014**

**Updated Through December 31, 2015**

**CASE NO. SR-2016-0112**

**Jefferson City, Missouri**

Cannon Home Association  
Case No. SR-2016-0112  
Test Year Ended 12-31-2014  
Updated Through 12-31-2015  
Revenue Requirement

Line Number	A Description	B 8.36% Return	C 8.36% Return	D 8.36% Return
1	Net Orig Cost Rate Base	\$59,661	\$59,661	\$59,661
2	Rate of Return	8.36%	8.36%	8.36%
3	Net Operating Income Requirement	\$4,988	\$4,988	\$4,988
4	Net Income Available	-\$13,144	-\$13,144	-\$13,144
5	Additional Net Income Required	\$18,132	\$18,132	\$18,132
6	Income Tax Requirement			
7	Required Current Income Tax	\$1,242	\$1,242	\$1,242
8	Current Income Tax Available	-\$3,273	-\$3,273	-\$3,273
9	Additional Current Tax Required	\$4,515	\$4,515	\$4,515
10	Revenue Requirement	\$22,647	\$22,647	\$22,647
11	Allowance for Known and Measureable Changes/True-Up Estimate	\$0	\$0	\$0
12	Miscellaneous (e.g. MEEIA)	\$0	\$0	\$0
13	Gross Revenue Requirement	\$22,647	\$22,647	\$22,647

Cannon Home Association  
Case No. SR-2016-0112  
Test Year Ended 12-31-2014  
Updated Through 12-31-2015  
**RATE BASE SCHEDULE**

Line Number	A Rate Base Description	B Percentage Rate	C Dollar Amount
1	Plant In Service		\$446,530
2	Less Accumulated Depreciation Reserve		\$293,835
3	Net Plant In Service		\$152,695
4	ADD TO NET PLANT IN SERVICE		
5	Cash Working Capital		\$0
6	Contributions in Aid of Construction Amortization		\$283,932
7	CIAC Amortization - Timber Ridge		\$4,684
8	Materials & Supplies		\$200
9	Prepayments		\$0
10	TOTAL ADD TO NET PLANT IN SERVICE		\$288,816
11	SUBTRACT FROM NET PLANT		
12	Federal Tax Offset	0.0000%	\$0
13	State Tax Offset	0.0000%	\$0
14	City Tax Offset	0.0000%	\$0
15	Interest Expense Offset	0.0000%	\$0
16	Contributions in Aid of Construction		\$365,957
17	Contributions in Aid of Construction - Timber Ridge		\$10,369
18	Customer Advances		\$5,524
19	Customer Deposits		\$0
20	Deferred Income Taxes		\$0
21	TOTAL SUBTRACT FROM NET PLANT		\$381,850
22	Total Rate Base		\$59,661

Cannon Home Association  
Case No. SR-2016-0112  
Test Year Ended 12-31-2014  
Updated Through 12-31-2015  
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	301.000	Organization - IP	\$1,695	P-2	\$0	\$1,695	100.00%	\$0	\$1,695
3		TOTAL PLANT INTANGIBLE	\$1,695		\$0	\$1,695		\$0	\$1,695
4		SOURCE OF SUPPLY PLANT							
5	310.000	Land & Land Rights	\$15,790	P-5	\$0	\$15,790	100.00%	\$0	\$15,790
6	311.000	Structures & Improvements	\$22,252	P-6	\$0	\$22,252	100.00%	\$0	\$22,252
7		TOTAL SOURCE OF SUPPLY PLANT	\$38,042		\$0	\$38,042		\$0	\$38,042
8		COLLECTION PLANT							
9	352.100	Collection Sewers, Force	\$82,255	P-9	\$0	\$82,255	100.00%	\$0	\$82,255
10	352.200	Collection Sewers, Gravity	\$118,093	P-10	\$0	\$118,093	100.00%	\$0	\$118,093
11		TOTAL COLLECTION PLANT	\$200,348		\$0	\$200,348		\$0	\$200,348
12		SYSTEM PUMPING PLANT							
13	362.000	Receiving Wells and Pump Pits	\$64,237	P-13	\$0	\$64,237	100.00%	\$0	\$64,237
14	363.000	Pumping Equipment	\$80,305	P-14	-\$21,030	\$59,275	100.00%	\$0	\$59,275
15	363.100	Pumping Eqmt (new)	\$0	P-15	\$33,096	\$33,096	100.00%	\$0	\$33,096
16		TOTAL SYSTEM PUMPING PLANT	\$144,542		\$12,066	\$156,608		\$0	\$156,608
17		TREATMENT & DISPOSAL PLANT							
18	372.000	Oxidation Lagoon	\$21,326	P-18	\$0	\$21,326	100.00%	\$0	\$21,326
19	373.000	Treatment and Disposal Equipment	\$16,750	P-19	\$0	\$16,750	100.00%	\$0	\$16,750
20	375.000	Outfall Sewer Lines	\$1,270	P-20	\$0	\$1,270	100.00%	\$0	\$1,270
21		TOTAL TREATMENT & DISPOSAL PLANT	\$39,346		\$0	\$39,346		\$0	\$39,346
22		GENERAL PLANT							
23	392.000	Transportation Equipment	\$109	P-23	\$0	\$109	100.00%	\$0	\$109
24	393.000	Tools, Shop and Garage Equipment	\$0	P-24	\$0	\$0	100.00%	\$0	\$0
25	393.000	Power Operated Tools	\$10,350	P-25	\$0	\$10,350	100.00%	\$0	\$10,350
26	393.000	Communication Equipment	\$32	P-26	\$0	\$32	100.00%	\$0	\$32
27		TOTAL GENERAL PLANT	\$10,491		\$0	\$10,491		\$0	\$10,491
28		TOTAL PLANT IN SERVICE	\$434,464		\$12,066	\$446,530		\$0	\$446,530

Cannon Home Association  
Case No. SR-2016-0112  
Test Year Ended 12-31-2014  
Updated Through 12-31-2015  
Adjustments to Plant in Service

<u>A</u> Plant Adj. Number	<u>B</u> Plant In Service Adjustment Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment Amount	<u>F</u> Jurisdictional Adjustments	<u>G</u> Total Jurisdictional Adjustments
P-14	Pumping Equipment	363.000		-21,030		\$0
	1. No Adjustment		\$0		\$0	
	Retirement of Pumps at LS#3		-\$8,600		\$0	
	Reclassification of LS#4		-\$12,430		\$0	
P-15	Pumping Eqmt (new)	363.100		\$33,096		\$0
	Reclassification of LS#4		\$12,430		\$0	
	Retrofit of LS#3		\$19,750		\$0	
	Replacement of Auto-Dialer LS#2		\$916		\$0	
Total Plant Adjustments				<u>\$12,066</u>		<u>\$0</u>

Cannon Home Association  
Case No. SR-2016-0112  
Test Year Ended 12-31-2014  
Updated Through 12-31-2015  
Depreciation Expense

Line Number	A Account Number	B Plant Account Description	C MO Adjusted Jurisdictional	D Depreciation Rate	E Depreciation Expense	F Average Life	G Net Salvage
1		INTANGIBLE PLANT					
2	301.000	Organization - IP	\$1,695	0.00%	\$0	0	0.00%
3		TOTAL PLANT INTANGIBLE	\$1,695		\$0		
4		SOURCE OF SUPPLY PLANT					
5	310.000	Land & Land Rights	\$15,790	0.00%	\$0	0	0.00%
6	311.000	Structures & Improvements	\$22,252	3.00%	\$668	0	0.00%
7		TOTAL SOURCE OF SUPPLY PLANT	\$38,042		\$668		
8		COLLECTION PLANT					
9	352.100	Collection Sewers, Force	\$82,255	2.00%	\$1,645	0	0.00%
10	352.200	Collection Sewers, Gravity	\$118,093	2.00%	\$2,362	0	0.00%
11		TOTAL COLLECTION PLANT	\$200,348		\$4,007		
12		SYSTEM PUMPING PLANT					
13	362.000	Receiving Wells and Pump Pits	\$64,237	4.00%	\$2,569	0	0.00%
14	363.000	Pumping Equipment	\$59,275	0.00%	\$0	0	0.00%
15	363.100	Pumping Eqmt (new)	\$33,096	10.00%	\$3,310	0	0.00%
16		TOTAL SYSTEM PUMPING PLANT	\$156,608		\$5,879		
17		TREATMENT & DISPOSAL PLANT					
18	372.000	Oxidation Lagoon	\$21,326	4.00%	\$853	0	0.00%
19	373.000	Treatment and Disposal Equipment	\$16,750	5.00%	\$838	0	0.00%
20	375.000	Outfall Sewer Lines	\$1,270	2.00%	\$25	0	0.00%
21		TOTAL TREATMENT & DISPOSAL PLANT	\$39,346		\$1,716		
22		GENERAL PLANT					
23	392.000	Transportation Equipment	\$109	4.50%	\$5	0	0.00%
24	393.000	Tools, Shop and Garage Equipment	\$0	5.00%	\$0	0	0.00%
25	393.000	Power Operated Tools	\$10,350	6.70%	\$693	0	0.00%
26	393.000	Communication Equipment	\$32	6.70%	\$2	0	0.00%
27		TOTAL GENERAL PLANT	\$10,491		\$700		
28		Total Depreciation	\$446,530		\$12,970		

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



Cannon Home Association  
Case No. SR-2016-0112  
Test Year Ended 12-31-2014  
Updated Through 12-31-2015  
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	301.000	Organization - IP	\$0	R-2	\$0	\$0	100.00%	\$0	\$0
3		TOTAL PLANT INTANGIBLE	\$0		\$0	\$0		\$0	\$0
4		SOURCE OF SUPPLY PLANT							
5	310.000	Land & Land Rights	\$0	R-5	\$0	\$0	100.00%	\$0	\$0
6	311.000	Structures & Improvements	\$13,308	R-6	\$3,400	\$16,708	100.00%	\$0	\$16,708
7		TOTAL SOURCE OF SUPPLY PLANT	\$13,308		\$3,400	\$16,708		\$0	\$16,708
8		COLLECTION PLANT							
9	352.100	Collection Sewers, Force	\$28,947	R-9	\$22,500	\$51,447	100.00%	\$0	\$51,447
10	352.200	Collection Sewers, Gravity	\$48,024	R-10	\$27,307	\$75,331	100.00%	\$0	\$75,331
11		TOTAL COLLECTION PLANT	\$76,971		\$49,807	\$126,778		\$0	\$126,778
12		SYSTEM PUMPING PLANT							
13	362.000	Receiving Wells and Pump Pits	\$48,900	R-13	\$3,500	\$52,400	100.00%	\$0	\$52,400
14	363.000	Pumping Equipment	\$142,339	R-14	-\$83,063	\$59,276	100.00%	\$0	\$59,276
15	363.100	Pumping Eqmt (new)	\$0	R-15	\$8,390	\$8,390	100.00%	\$0	\$8,390
16		TOTAL SYSTEM PUMPING PLANT	\$191,239		-\$71,173	\$120,066		\$0	\$120,066
17		TREATMENT & DISPOSAL PLANT							
18	372.000	Oxidation Lagoon	\$17,346	R-18	\$0	\$17,346	100.00%	\$0	\$17,346
19	373.000	Treatment and Disposal Equipment	\$1,167	R-19	\$6,300	\$7,467	100.00%	\$0	\$7,467
20	375.000	Outfall Sewer Lines	\$227	R-20	\$200	\$427	100.00%	\$0	\$427
21		TOTAL TREATMENT & DISPOSAL PLANT	\$18,740		\$6,500	\$25,240		\$0	\$25,240
22		GENERAL PLANT							
23	392.000	Transportation Equipment	\$127	R-23	-\$50	\$77	100.00%	\$0	\$77
24	393.000	Tools, Shop and Garage Equipment	-\$116	R-24	\$116	\$0	100.00%	\$0	\$0
25	393.000	Power Operated Tools	\$2,149	R-25	\$2,800	\$4,949	100.00%	\$0	\$4,949
26	393.000	Communication Equipment	\$17	R-26	\$0	\$17	100.00%	\$0	\$17
27		TOTAL GENERAL PLANT	\$2,177		\$2,866	\$5,043		\$0	\$5,043
28		TOTAL DEPRECIATION RESERVE	\$302,435		-\$8,600	\$293,835		\$0	\$293,835

Cannon Home Association  
Case No. SR-2016-0112  
Test Year Ended 12-31-2014  
Updated Through 12-31-2015  
Adjustments for Depreciation Reserve

<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	<u>F</u> Jurisdictional Adjustments	<u>G</u> Total Jurisdictional Adjustments
R-6	Structures & Improvements	311.000		\$3,400		\$0
	To reclassify reserve amounts. (Martin)		\$3,400		\$0	
R-9	Collection Sewers, Force	352.100		\$22,500		\$0
	To reclassify reserve amounts. (Martin)		\$22,500		\$0	
R-10	Collection Sewers, Gravity	352.200		\$27,307		\$0
	To reclassify reserve amounts. (Martin)		\$27,307		\$0	
R-13	Receiving Wells and Pump Pits	362.000		\$3,500		\$0
	To reclassify reserve amounts. (Martin)		\$3,500		\$0	
R-14	Pumping Equipment	363.000		-\$83,063		\$0
	To retire pumps at LS#3		-\$8,600		\$0	
	To reclassify LS #4 accrued reserve		-\$8,390		\$0	
	To reclassify reserve amounts. (Martin)		-\$66,073		\$0	
R-15	Pumping Eqmt (new)	363.100		\$8,390		\$0
	To reclassify reserve on Lift Station #4 (Martin)		\$8,390		\$0	
R-19	Treatment and Disposal Equipment	373.000		\$6,300		\$0
	To reclassify reserve amounts. (Martin)		\$6,300		\$0	
R-20	Outfall Sewer Lines	375.000		\$200		\$0
	To reclassify reserve amounts. (Martin)		\$200		\$0	
R-23	Transportation Equipment	392.000		-\$50		\$0
	To reclassify reserve amounts. (Martin)		-\$50		\$0	
R-24	Tools, Shop and Garage Equipment	393.000		\$116		\$0

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Adjustments for Depreciation Reserve

<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	<u>F</u> Jurisdictional Adjustments	<u>G</u> Total Jurisdictional Adjustments
	1. No Adjustment		\$116		\$0	
R-25	Power Operated Tools	393.000		\$2,800		\$0
	To reclassify reserve amounts. (Martin)		\$2,800		\$0	
Total Reserve Adjustments				<u><u>-\$8,600</u></u>		<u><u>\$0</u></u>

Cannon Home Association  
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Test Year Ended 12-31-2014  
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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	\$32,888	See Note (1)	See Note (1)	See Note (1)	\$32,888	\$294	\$33,182	See Note (1)	See Note (1)
2	TOTAL COLLECTION OPERATIONS EXPENSES	\$2,566	\$0	\$2,566	\$145	\$2,711	\$0	\$2,711	\$0	\$2,711
3	TOTAL COLLECTION MAINT. EXPENSES	\$1,520	\$0	\$1,520	\$885	\$2,405	\$0	\$2,405	\$0	\$2,405
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	\$8,754	\$0	\$8,754	\$2,426	\$11,180	\$0	\$11,180	\$0	\$11,180
7	TOTAL TREAT. & DISP. MAINT. EXPENSES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	TOTAL CUSTOMER ACCOUNTS EXPENSE	\$3,282	\$0	\$3,282	\$1,608	\$4,890	\$0	\$4,890	\$0	\$4,890
9	TOTAL ADMIN. & GENERAL EXPENSES	\$14,014	\$0	\$14,014	\$8,681	\$22,695	\$0	\$22,695	\$0	\$22,695
10	TOTAL DEPRECIATION EXPENSE	\$18,125	See Note (1)	See Note (1)	See Note (1)	\$18,125	-\$5,155	\$12,970	See Note (1)	See Note (1)
11	TOTAL AMORTIZATION EXPENSE	-\$11,299	\$0	-\$11,299	\$2,894	-\$8,405	\$0	-\$8,405	\$0	-\$8,405
12	TOTAL OTHER OPERATING EXPENSE	\$2,815	\$0	\$2,815	-\$1,662	\$1,153	\$0	\$1,153	\$0	\$1,153
13	TOTAL OPERATING EXPENSE	\$39,777	\$0	\$21,652	\$14,977	\$54,754	-\$5,155	\$49,599	\$0	\$36,629
14	NET INCOME BEFORE TAXES	-\$6,889	\$0	\$0	\$0	-\$21,866	\$5,449	-\$16,417	\$0	\$0
15	TOTAL INCOME TAXES	\$0	See Note (1)	See Note (1)	See Note (1)	\$0	-\$3,273	-\$3,273	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	-\$6,889	\$0	\$0	\$0	-\$21,866	\$8,722	-\$13,144	\$0	\$0

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

Cannon Home Association  
Case No. SR-2016-0112  
Test Year Ended 12-31-2014  
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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	\$24,498	See note (1)	See note (1)	Rev-2	See note (1)	\$24,498	100.00%	\$211	\$24,709	See note (1)	See note (1)
Rev-3	481.100	Commercial	\$8,005			Rev-3		\$8,005	100.00%	\$118	\$8,123		
Rev-4	481.200	Industrial	\$0			Rev-4		\$0	100.00%	\$0	\$0		
Rev-5	493.000	Other Sewer Revenue - Oper. Rev.	\$385			Rev-5		\$385	100.00%	-\$35	\$350		
Rev-6		TOTAL OPERATING REVENUES	\$32,888					\$32,888		\$294	\$33,182		
1		COLLECTION OPERATIONS EXPENSES											
2		Auto Dialer Phone Connection	\$436	\$0	\$436	E-2	\$15	\$451	100.00%	\$0	\$451	\$0	\$451
3		Electricity	\$2,130	\$0	\$2,130	E-3	\$130	\$2,260	100.00%	\$0	\$2,260	\$0	\$2,260
4		TOTAL COLLECTION OPERATIONS EXPENSES	\$2,566	\$0	\$2,566		\$145	\$2,711		\$0	\$2,711	\$0	\$2,711
5		COLLECTION MAINT. EXPENSES											
6		Repairs and Maintenance	\$625	\$0	\$625	E-6	\$130	\$755	100.00%	\$0	\$755	\$0	\$755
7		Outside Services - Maintenance	\$895	\$0	\$895	E-7	\$755	\$1,650	100.00%	\$0	\$1,650	\$0	\$1,650
8		TOTAL COLLECTION MAINT. EXPENSES	\$1,520	\$0	\$1,520		\$885	\$2,405		\$0	\$2,405	\$0	\$2,405
9		PUMPING OPERATIONS EXPENSES											
10		TOTAL PUMPING OPERATIONS EXPENSES	\$0	\$0	\$0		\$0	\$0		\$0	\$0	\$0	\$0
11		PUMPING MAINTENANCE EXPENSES											
12		TOTAL PUMPING MAINTENANCE EXPENSES	\$0	\$0	\$0		\$0	\$0		\$0	\$0	\$0	\$0
13		TREAT. & DISP. OPER. EXPENSE											
14		Fuel - Land Application	\$485	\$0	\$485	E-14	\$429	\$914	100.00%	\$0	\$914	\$0	\$914
15		Outside Services - Land Application	\$8,269	\$0	\$8,269	E-15	\$1,997	\$10,266	100.00%	\$0	\$10,266	\$0	\$10,266
16		TOTAL TREAT. & DISP. OPER. EXPENSE	\$8,754	\$0	\$8,754		\$2,426	\$11,180		\$0	\$11,180	\$0	\$11,180
17		TREAT. & DISP. MAINT. EXPENSES											
18		TOTAL TREAT. & DISP. MAINT. EXPENSES	\$0	\$0	\$0		\$0	\$0		\$0	\$0	\$0	\$0
19		CUSTOMER ACCOUNTS EXPENSE											
20		Postage	\$32	\$0	\$32	E-20	\$22	\$54	100.00%	\$0	\$54	\$0	\$54
21		Billing Expense	\$3,250	\$0	\$3,250	E-21	\$1,586	\$4,836	100.00%	\$0	\$4,836	\$0	\$4,836
22		TOTAL CUSTOMER ACCOUNTS EXPENSE	\$3,282	\$0	\$3,282		\$1,608	\$4,890		\$0	\$4,890	\$0	\$4,890
23		ADMIN. & GENERAL EXPENSES											
24		Travel	\$720	\$0	\$720	E-24	\$60	\$780	100.00%	\$0	\$780	\$0	\$780
25		Storage and Land Rental	\$1,980	\$0	\$1,980	E-25	\$3,020	\$5,000	100.00%	\$0	\$5,000	\$0	\$5,000
26		Checking AC Fees	\$60	\$0	\$60	E-26	\$0	\$60	100.00%	\$0	\$60	\$0	\$60
27		Insurance	\$1,149	\$0	\$1,149	E-27	\$332	\$1,481	100.00%	\$0	\$1,481	\$0	\$1,481
28		Labor Agreement	\$8,830	\$0	\$8,830	E-28	\$1,070	\$9,900	100.00%	\$0	\$9,900	\$0	\$9,900
29		Non Labor Agreement	\$0	\$0	\$0	E-29	\$4,800	\$4,800	100.00%	\$0	\$4,800	\$0	\$4,800
30		Cellular Expense	\$840	\$0	\$840	E-30	-\$404	\$436	100.00%	\$0	\$436	\$0	\$436
31		Office Supplies	\$130	\$0	\$130	E-31	-\$130	\$0	100.00%	\$0	\$0	\$0	\$0
32		CPE	\$55	\$0	\$55	E-32	\$33	\$88	100.00%	\$0	\$88	\$0	\$88
33		Outside Services - Accounting	\$250	\$0	\$250	E-33	-\$100	\$150	100.00%	\$0	\$150	\$0	\$150
34		TOTAL ADMIN. & GENERAL EXPENSES	\$14,014	\$0	\$14,014		\$8,681	\$22,695		\$0	\$22,695	\$0	\$22,695
35		DEPRECIATION EXPENSE											
36		Depreciation Expense, Dep. Exp.	\$18,125	See note (1)	See note (1)	E-36	See note (1)	\$18,125	100.00%	-\$5,155	\$12,970	See note (1)	See note (1)
37		TOTAL DEPRECIATION EXPENSE	\$18,125	\$0	\$0		\$0	\$18,125		-\$5,155	\$12,970	\$0	\$0

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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
38		AMORTIZATION EXPENSE											
39		CIAC Amortization	-\$10,630	\$0	-\$10,630	E-39	\$2,225	-\$8,405	100.00%	\$0	-\$8,405	\$0	-\$8,405
40	0.000	CIAC Amortization - Timber Ridge	-\$669	\$0	-\$669	E-40	\$669	\$0	100.00%	\$0	\$0	\$0	\$0
41		TOTAL AMORTIZATION EXPENSE	-\$11,299	\$0	-\$11,299		\$2,894	-\$8,405		\$0	-\$8,405	\$0	-\$8,405
42		OTHER OPERATING EXPENSES											
43		PSC Assessment	\$2,030	\$0	\$2,030	E-43	-\$1,791	\$239	100.00%	\$0	\$239	\$0	\$239
44		SOS Fee	\$20	\$0	\$20	E-44	\$0	\$20	100.00%	\$0	\$20	\$0	\$20
45		DNR Fees	\$386	\$0	\$386	E-45	-\$21	\$365	100.00%	\$0	\$365	\$0	\$365
46		Property Tax	\$379	\$0	\$379	E-46	-\$237	\$142	100.00%	\$0	\$142	\$0	\$142
47		Rate Case Expense	\$0	\$0	\$0	E-47	\$387	\$387	100.00%	\$0	\$387	\$0	\$387
48		TOTAL OTHER OPERATING EXPENSE	\$2,815	\$0	\$2,815		-\$1,662	\$1,153		\$0	\$1,153	\$0	\$1,153
49		TOTAL OPERATING EXPENSE	\$39,777	\$0	\$21,652		\$14,977	\$54,754		-\$5,155	\$49,599	\$0	\$36,629
50		NET INCOME BEFORE TAXES	-\$6,889					-\$21,866		\$5,449	-\$16,417		
51		INCOME TAXES											
52	0.000	Current Income Taxes	\$0	See note (1)	See note (1)	E-52	See note (1)	\$0	100.00%	-\$3,273	-\$3,273	See note (1)	See note (1)
53		TOTAL INCOME TAXES	\$0					\$0		-\$3,273	-\$3,273		
54		DEFERRED INCOME TAXES											
55	0.000	Deferred Income Taxes - Def. Inc. Tax.	\$0	See note (1)	See note (1)	E-55	See note (1)	\$0	100.00%	\$0	\$0	See note (1)	See note (1)
56	0.000	Amortization of Deferred ITC	\$0			E-56		\$0	100.00%	\$0	\$0		
57		TOTAL DEFERRED INCOME TAXES	\$0					\$0		\$0	\$0		
58		NET OPERATING INCOME	-\$6,889					-\$21,866		\$8,722	-\$13,144		

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

Cannon Home Association  
Case No. SR-2016-0112  
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Adjustments to Income Statement Detail

<u>A</u> Income Adj. Number	<u>B</u> Income Adjustment Description	<u>C</u> Account Number	<u>D</u> Company Adjustment Labor	<u>E</u> Company Adjustment Non Labor	<u>F</u> Company Adjustments Total	<u>G</u> Jurisdictional Adjustment Labor	<u>H</u> Jurisdictional Adjustment Non Labor	<u>I</u> Jurisdictional Adjustments Total
Rev-2	Residential	480.000	\$0	\$0	\$0	\$0	\$211	\$211
	1. To Annualize Residential Revenue		\$0	\$0		\$0	\$211	
Rev-3	Commercial	481.100	\$0	\$0	\$0	\$0	\$118	\$118
	1. To Annualize Commercial Revenue		\$0	\$0		\$0	\$118	
	2. No Adjustment		\$0	\$0		\$0	\$0	
Rev-5	Other Sewer Revenue - Oper. Rev.	493.000	\$0	\$0	\$0	\$0	-\$35	-\$35
	1. To Annualize Other Water Revenue - Oper. Rev.		\$0	\$0		\$0	-\$35	
	2. No Adjustment		\$0	\$0		\$0	\$0	
E-2	Auto Dialer Phone Connection		\$0	\$15	\$15	\$0	\$0	\$0
	1. To Normalize Auto Dialer Telephone Line (Young)		\$0	\$15		\$0	\$0	
E-3	Electricity		\$0	\$130	\$130	\$0	\$0	\$0
	1. To Annualize Electric Expense (Young)		\$0	\$130		\$0	\$0	
E-6	Repairs and Maintenance		\$0	\$130	\$130	\$0	\$0	\$0
	1. To normalize Repairs and Maintenance (Young)		\$0	\$130		\$0	\$0	
E-7	Outside Services - Maintenance		\$0	\$755	\$755	\$0	\$0	\$0
	1. To Annualize MCP Service Contract (Young)		\$0	\$755		\$0	\$0	
E-14	Fuel - Land Application		\$0	\$429	\$429	\$0	\$0	\$0
	1. To Normalize Fuel Expense (Young)		\$0	\$429		\$0	\$0	
E-15	Outside Services - Land Application		\$0	\$1,997	\$1,997	\$0	\$0	\$0
	1. To Normalize B Carlson Expense (Young)		\$0	\$1,997		\$0	\$0	
E-20	Postage		\$0	\$22	\$22	\$0	\$0	\$0
	1. To Normalize Postage Expense (Young)		\$0	\$22		\$0	\$0	
E-21	Billing Expense		\$0	\$1,586	\$1,586	\$0	\$0	\$0
	1. To Annualize Billing Expense (Young)		\$0	\$1,586		\$0	\$0	
E-24	Travel		\$0	\$60	\$60	\$0	\$0	\$0
	1. To Normalize Travel Expense (Young)		\$0	\$60		\$0	\$0	
E-25	Storage and Land Rental		\$0	\$3,020	\$3,020	\$0	\$0	\$0
	1. To adjust the cost of leased land (Young)		\$0	\$3,020		\$0	\$0	
E-27	Insurance		\$0	\$332	\$332	\$0	\$0	\$0

Cannon Home Association  
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Adjustments to Income Statement Detail

<u>A</u> Income Adj. Number	<u>B</u> Income Adjustment Description	<u>C</u> Account Number	<u>D</u> Company Adjustment Labor	<u>E</u> Company Adjustment Non Labor	<u>F</u> Company Adjustments Total	<u>G</u> Jurisdictional Adjustment Labor	<u>H</u> Jurisdictional Adjustment Non Labor	<u>I</u> Jurisdictional Adjustments Total
	1. To Annualize Insurance Expense		\$0	\$332		\$0	\$0	
E-28	Labor Agreement		\$0	\$1,070	\$1,070	\$0	\$0	\$0
	1. To Annualize 2016 Labor Agreement (Young)		\$0	\$1,070		\$0	\$0	
E-29	Non Labor Agreement		\$0	\$4,800	\$4,800	\$0	\$0	\$0
	1. To include Non-Labor Agreement (Harris)		\$0	\$4,800		\$0	\$0	
E-30	Cellular Expense		\$0	-\$404	-\$404	\$0	\$0	\$0
	1. To adjust Cellular Expense (Harris)		\$0	-\$404		\$0	\$0	
E-31	Office Supplies		\$0	-\$130	-\$130	\$0	\$0	\$0
	1. To remove expense embedded in the Non-Labor Agreement (Young)		\$0	-\$130		\$0	\$0	
E-32	CPE		\$0	\$33	\$33	\$0	\$0	\$0
	1. To Normalize CPE Expense (Young)		\$0	\$33		\$0	\$0	
E-33	Outside Services - Accounting		\$0	-\$100	-\$100	\$0	\$0	\$0
	1. To Annualize Accounting Expense (Young)		\$0	-\$100		\$0	\$0	
E-36	Depreciation Expense, Dep. Exp.		\$0	\$0	\$0	\$0	-\$5,155	-\$5,155
	1. To Annualize Depreciation Expense		\$0	\$0		\$0	-\$5,155	
	2. No Adjustment		\$0	\$0		\$0	\$0	
E-39	CIAC Amortization		\$0	\$2,225	\$2,225	\$0	\$0	\$0
	1. To recognize the attached method of accounting for CIAC amortization		\$0	\$2,225		\$0	\$0	
E-40	CIAC Amortization - Timber Ridge		\$0	\$669	\$669	\$0	\$0	\$0
	1. To recognize the attached method of accounting for CIAC amortization		\$0	\$669		\$0	\$0	
E-43	PSC Assessment		\$0	-\$1,791	-\$1,791	\$0	\$0	\$0
	1. To Annualize PSC Assessment (Young)		\$0	-\$1,791		\$0	\$0	
E-45	DNR Fees		\$0	-\$21	-\$21	\$0	\$0	\$0
	1. To Normalize DNR Fees (Young)		\$0	-\$21		\$0	\$0	
E-46	Property Tax		\$0	-\$237	-\$237	\$0	\$0	\$0
	1. To Annualize Property Taxes (Young)		\$0	-\$237		\$0	\$0	
E-47	Rate Case Expense		\$0	\$387	\$387	\$0	\$0	\$0



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Adjustments to Income Statement Detail

<u>A</u> Income Adj. Number	<u>B</u> Income Adjustment Description	<u>C</u> Account Number	<u>D</u> Company Adjustment Labor	<u>E</u> Company Adjustment Non Labor	<u>F</u> Company Adjustments Total	<u>G</u> Jurisdictional Adjustment Labor	<u>H</u> Jurisdictional Adjustment Non Labor	<u>I</u> Jurisdictional Adjustments Total
	1. To include 3/25/16 Rate Case Expense recovered over 5 years (Young)		\$0	\$387		\$0	\$0	
E-52	Current Income Taxes		\$0	\$0	\$0	\$0	-\$3,273	-\$3,273
	1. To Annualize Current Income Taxes		\$0	\$0		\$0	-\$3,273	
	No Adjustment		\$0	\$0		\$0	\$0	
Total Operating Revenues			\$0	\$0	\$0	\$0	\$294	\$294
Total Operating & Maint. Expense			\$0	\$14,977	\$14,977	\$0	-\$8,428	-\$8,428

Cannon Home Association  
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Income Tax Calculation

Line Number	A Description	B Percentage Rate	C Test Year	D 8.36% Return	E 8.36% Return	F 8.36% Return
1	TOTAL NET INCOME BEFORE TAXES		-\$16,417	\$6,230	\$6,230	\$6,230
2	ADD TO NET INCOME BEFORE TAXES					
3	Book Depreciation Expense		\$12,970	\$12,970	\$12,970	\$12,970
4	TOTAL ADD TO NET INCOME BEFORE TAXES		\$12,970	\$12,970	\$12,970	\$12,970
5	SUBT. FROM NET INC. BEFORE TAXES					
6	Interest Expense calculated at the Rate of	0.0000%	\$0	\$0	\$0	\$0
7	Tax Straight-Line Depreciation		\$12,970	\$12,970	\$12,970	\$12,970
8	TOTAL SUBT. FROM NET INC. BEFORE TAXES		\$12,970	\$12,970	\$12,970	\$12,970
9	NET TAXABLE INCOME		-\$16,417	\$6,230	\$6,230	\$6,230
10	PROVISION FOR FED. INCOME TAX					
11	Net Taxable Inc. - Fed. Inc. Tax		-\$16,417	\$6,230	\$6,230	\$6,230
12	Deduct Missouri Income Tax at the Rate of	100.000%	-\$954	\$362	\$362	\$362
13	Deduct City Inc Tax - Fed. Inc. Tax		\$0	\$0	\$0	\$0
14	Federal Taxable Income - Fed. Inc. Tax		-\$15,463	\$5,868	\$5,868	\$5,868
15	Federal Income Tax at the Rate of	See Tax Table	-\$2,319	\$880	\$880	\$880
16	Subtract Federal Income Tax Credits					
17	Credit - Solar		\$0	\$0	\$0	\$0
18	Net Federal Income Tax		-\$2,319	\$880	\$880	\$880
19	PROVISION FOR MO. INCOME TAX					
20	Net Taxable Income - MO. Inc. Tax		-\$16,417	\$6,230	\$6,230	\$6,230
21	Deduct Federal Income Tax at the Rate of	50.000%	-\$1,160	\$440	\$440	\$440
22	Deduct City Income Tax - MO. Inc. Tax		\$0	\$0	\$0	\$0
23	Missouri Taxable Income - MO. Inc. Tax		-\$15,257	\$5,790	\$5,790	\$5,790
24	Subtract Missouri Income Tax Credits					
25	Test MO State Credit		\$0	\$0	\$0	\$0
26	Missouri Income Tax at the Rate of	6.250%	-\$954	\$362	\$362	\$362
27	PROVISION FOR CITY INCOME TAX					
28	Net Taxable Income - City Inc. Tax		-\$16,417	\$6,230	\$6,230	\$6,230
29	Deduct Federal Income Tax - City Inc. Tax		-\$2,319	\$880	\$880	\$880
30	Deduct Missouri Income Tax - City Inc. Tax		-\$954	\$362	\$362	\$362
31	City Taxable Income		-\$13,144	\$4,988	\$4,988	\$4,988
32	Subtract City Income Tax Credits					
33	Test City Credit		\$0	\$0	\$0	\$0
34	City Income Tax at the Rate of	0.000%	\$0	\$0	\$0	\$0
35	SUMMARY OF CURRENT INCOME TAX					
36	Federal Income Tax		-\$2,319	\$880	\$880	\$880
37	State Income Tax		-\$954	\$362	\$362	\$362
38	City Income Tax		\$0	\$0	\$0	\$0
39	TOTAL SUMMARY OF CURRENT INCOME TAX		-\$3,273	\$1,242	\$1,242	\$1,242
40	DEFERRED INCOME TAXES					
41	Deferred Income Taxes - Def. Inc. Tax.		\$0	\$0	\$0	\$0
42	Amortization of Deferred ITC		\$0	\$0	\$0	\$0
43	TOTAL DEFERRED INCOME TAXES		\$0	\$0	\$0	\$0
44	TOTAL INCOME TAX		-\$3,273	\$1,242	\$1,242	\$1,242

Cannon Home Association  
Case No. SR-2016-0112  
Test Year Ended 12-31-2014  
Updated Through 12-31-2015  
Income Tax Calculation

<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>	
Line Number	Description	Percentage Rate	Test Year	8.36% Return	8.36% Return	8.36% Return

Federal Tax Table					
Federal Taxable Income					
15% on first \$50,000					
25% on next \$25,000					
34% > \$75,000 < \$100,001					
39% > \$100,000 < \$335,001					
34% > \$335,000 < \$10,000,001					
35% > \$10MM < \$15,000,001					
38% > \$15MM < \$18,333,334					
35% > \$18,333,333					
Total Federal Income Taxes					

Cannon Home Association  
Case No. SR-2016-0112  
Test Year Ended 12-31-2014  
Updated Through 12-31-2015  
Capital Structure Schedule

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 8.36%	<u>F</u> Weighted Cost of Capital 8.36%	<u>G</u> Weighted Cost of Capital 8.36%
1	Common Stock	\$79,146	100.00%		8.360%	8.360%	8.360%
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%	6.00%	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	\$79,146	100.00%		8.360%	8.360%	8.360%
8	PreTax Cost of Capital				10.442%	10.442%	10.442%

Cannon Home Association  
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Test Year Ended 12-31-2014  
Updated Through 12-31-2015  
**RATE BASE SCHEDULE**

Line Number	A Rate Base Description	B Percentage Rate	C Dollar Amount
1	Plant In Service		\$446,530
2	Less Accumulated Depreciation Reserve		\$293,835
3	Net Plant In Service		\$152,695
4	ADD TO NET PLANT IN SERVICE		
5	Cash Working Capital		\$0
6	Contributions in Aid of Construction Amortization		\$283,932
7	CIAC Amortization - Timber Ridge		\$4,684
8	Materials & Supplies		\$200
9	Prepayments		\$0
10	TOTAL ADD TO NET PLANT IN SERVICE		\$288,816
11	SUBTRACT FROM NET PLANT		
12	Federal Tax Offset	0.0000%	\$0
13	State Tax Offset	0.0000%	\$0
14	City Tax Offset	0.0000%	\$0
15	Interest Expense Offset	0.0000%	\$0
16	Contributions in Aid of Construction		\$365,957
17	Contributions in Aid of Construction - Timber Ridge		\$10,369
18	Customer Advances		\$5,524
19	Customer Deposits		\$0
20	Deferred Income Taxes		\$0
21	TOTAL SUBTRACT FROM NET PLANT		\$381,850
22	Total Rate Base		\$59,661

**Cannon Home Association**  
**SCHEDULE of DEPRECIATION RATES**  
**(SEWER Class D)**  
**SR-2016-0112 Attachment D**

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	DEPRECIATION RATE	AVERAGE SERVICE LIFE (YEARS)	NET SALVAGE
<b>COLLECTION PLANT</b>				
311	Structures & Improvements	3.0%	33.3	0%
352.1	Collection Sewers (Force)	2.0%	50	0%
352.2	Collection Sewers (Gravity)	2.0%	50	0%
354	Services	2.0%	50	0%
355	Flow Measurement Devices	3.3%	30	0%
<b>PUMPING PLANT</b>				
362	Receiving Wells & Pumping Pits	4.0%	25	0%
363	Electric Pumping Equipment (Placed In-Service before SR-2009-0144)	0.0%	10	0%
363.1	Electric Pumping Equipment (New) (Placed In-Service during/after SR-2009-0144)	10.0%	10	0%
<b>TREATMENT &amp; DISPOSAL PLANT</b>				
372	Oxidation Lagoons	4.0%	25	0%
373	Treatment & Disposal Facilities	5.0%	20	0%
374	Plant Sewers	2.5%	40	0%
375	Outfall Sewer Lines	2.0%	50	0%
<b>GENERAL PLANT</b>				
391	Office Furniture & Equipment	5.0%	20	0%
391.1	Office Electronic & Computer Equip.	20.0%	5	0%
392	Transportation Equipment	4.5%	20	10%
393	Other General Equipment (tools, shop equip., power-operated equip., etc.)	6.7%	15	0%

Name of Utility: Cannon Home Association, Inc.  
Service Area: Ralls County

Rules and Regulations Governing Rendering of  
Sewer Service

INDEX

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- 3 ..... Legal Description of Service Area
- 7 ..... Schedule of Rates
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9 .....	1	Definitions
13 .....	2	General Rules and Regulations
15 .....	3	Limited Authority of Company Employees
16.....	4	Applications for Sewer Service
18 .....	5	Inside Piping and Service Sewers
22 .....	6	Improper Waste or Excessive Use
25 .....	7	Discontinuance of Service
31. ....	8	Termination of Service
32 .....	9	Interruptions in Service
33 .....	10	Bills for Service
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- \* Indicates new rate or text
- + Indicates change

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Month Day Year

DATE EFFECTIVE June 3, 2016  
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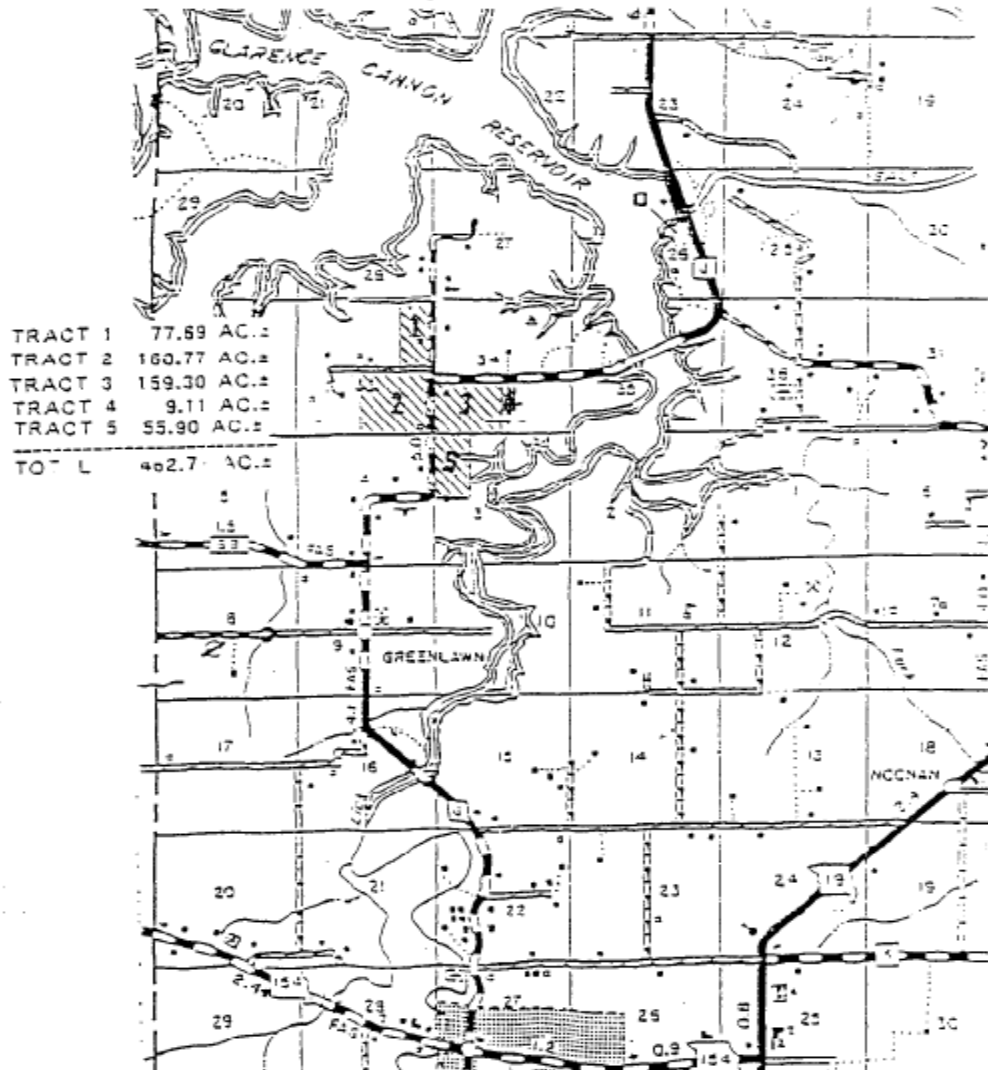
ISSUED BY Dennis Gill, President, 22764 Joanna Dr., Perry, MO 63462  
name of officer title address

Attachment E

Name of Utility: Cannon Home Association, Inc.  
Service Area: Ralls County

Rules and Regulations Governing Rendering of  
Sewer Service

Map of Service Area



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Name of Utility: Cannon Home Association, Inc.  
Service Area: Ralls County

Rules and Regulations Governing Rendering of  
Sewer Service

Legal Description of Service Area

TRACT NO. 1

A tract of land being the East Half of the Northeast Quarter of Section 33, Township 55 North, Range 7 West, Ralls County, Missouri, and being more particularly described as follows to-wit:

Beginning at the Southwest corner of the Southwest Quarter of the Northeast Quarter of said Section 33; thence North 01 degree, 04 minutes and 13 seconds East along the North-South quarter quarter section line 2639.15 feet to an iron pipe on the North section line; thence South 88 degrees, 49 minutes and 20 seconds East along said North section line 1304.8 1 feet to an iron pipe marking the corner common to Sections 27, 28, 33 and 34; thence South 00 degrees, 41 minutes and 00 seconds West along the East line of said Section 33 a distance of 2637.39 feet to an iron pipe marking the Southeast corner of the Northeast Quarter of said Section 33; thence North 88 degrees, 54 minutes and 10 seconds West along the South quarter section line 1322.61 feet to the point of beginning, containing 77.69 Acres, more or less. As per Survey #82-4113 of Harold R. Crane, Registered Land Surveyor #1111 -Missouri.

TRACT NO. 2

A tract of land being the Southeast Quarter of Section 33, Township 55 North, Range 7 West, Ralls County, Missouri, and being more fully described as follows to-wit:

Beginning at a Government Monument marking the Southeast corner of said Section 33; thence North 88 degrees, 59 minutes and 50 seconds West along the South section line 2677.39 feet to a Government Monument marking the Southwest corner of the Southeast Quarter of said Section 33; thence North 01 degree, 16 minutes and 34 seconds East, leaving said South section line 2638.48 feet to a Government Monument marking the center of said Section 33;

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Name of Utility: Cannon Home Association, Inc.  
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thence South 88 degrees, 52 minutes and 54 seconds East along the East-West quarter section line 2633.29 feet to an iron rod on the East section line marking the East quarter corner; thence South 00 degrees, 33 minutes and 09 seconds East along the East section line 2633.70 feet to the point of beginning, containing 160.77 Acres, more or less. As per Survey #82--4111 of Harold R Crane, Registered Land Surveyor #1111-Missouri.

TRACT NO. 3

A tract of land being the Southwest Quarter of Section 34, Township 55 North, Range 7 West, Ralls County, Missouri, and being more particularly described as follows to-wit:

Beginning at a Government Monument marking the Southwest corner of said Section 34; thence North 00 degrees, 33 minutes and 09 seconds East along the North-South section line 2633.70 feet to an iron rod marking the Northeast corner of the Southwest Quarter of said Section 34; thence South 89 degrees, 17 minutes and 02 seconds East along the East-West quarter section line 2641.79 feet to a Government Monument marking the center of said Section 34; thence South 00 degrees 34 minutes and 23 seconds West along the North-South quarter section line 1300.18 feet to a Government Monument; thence South 00 degrees, 42 minutes and 37 seconds West along said quarter section line 315.77 feet to a Government Monument; thence South 00 degrees, 39 minutes, and 08 seconds West along said quarter section line 990.17 feet to a point on the South section line of said Section 34; thence North 89 degrees, 58 minutes and 44 seconds West along said South section line 2638.81 feet to the point of beginning, containing 159.3 Acres, more or less. As per Survey #82-4111-A of Harold R. Crane, Registered Land Surveyor #1111-Missouri.

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Rules and Regulations Governing Rendering of  
Sewer Service

TRACT NO. 4

A tract of land lying in the Northwest Quarter of the Southeast Quarter of Section 34, Township 55 North, Range 7 West, Ralls County, Missouri, and being more fully described as follows to-wit:

Commencing at the Northwest corner of said Northwest Quarter of the Southeast Quarter; thence South 00 degrees, 42 minutes and 37 seconds West 105.06 feet to the South right-of-way of Missouri Route "J" and the true point of beginning; thence South 89 degrees, 27 minutes and 03 seconds East along said South right-of-way line 221.00 feet to a right-of-way marker; thence South 79 degrees, 00 minutes and 38 seconds East along said South right-of-way line 116.72 feet to a 5/8 inch iron pin; thence South 00 degrees, 34 minutes and 23 seconds West, leaving said right-of-way line 1170.14 feet to a 3/4 inch iron pipe; thence North 89 degrees, 51 minutes and 37 seconds West 335.05 feet to a Government Monument on the North-South centerline of said Section 34; thence North 00 degrees, 42 minutes and 37 seconds East along said North-South centerline 1198.00 feet to the point of beginning, containing 9.11 Acres, more or less. As per Survey #82-4111-A of Harold R. Crane, Registered Land Surveyor #1111-Missouri.

TRACT NO. 5

A tract of land lying in the West Half of the Northwest Quarter of Section 4, Township 54 North, Range 7 West, Ralls County, Missouri, and being more fully described as follows to-wit:

Beginning at a Government Monument marking the Northwest corner of said Section 4; thence South 89 degrees, 56 minutes and 36 seconds East along the North section line 883.67 feet to an iron pipe; thence South 02 degrees, 13 minutes and 52 seconds West, leaving said North section line 1976.61 feet to an iron pipe; thence South 89 degrees, 53 minutes and 18 seconds East 460.00 feet to a Government Monument; thence South 02 degrees 06 minutes and 42 seconds West 577.34 feet to a Government Monument marking the Southeast

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Name of Utility: Cannon Home Association, Inc.  
Service Area: Ralls County

Rules and Regulations Governing Rendering of  
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corner of the West Half of the Northwest Quarter of said Section 4; hence North 89 degrees, 08 minutes and 22 seconds West along said quarter section line 1321.52 feet to a Government Monument marking the Southwest corner of the Northwest Quarter of said Section 4; thence North 01 degree, 40 minutes and 25 seconds East along the West section line 2540.60 feet to the point of beginning, containing 55.9 Acres, more or less. As per Survey #82-4115 of Harold R. Crane, Registered Land Surveyor #1111-Missouri.

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Rules and Regulations Governing Rendering of  
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Schedule of Rates

Availability:

These rates are available to any sewer customer connected to the Company's collecting sewers for supplying sewer service requested.

Sewer Service Rates:

Monthly rate, based on water use:

Rates Apply to all Customers:

\$33.56 per month for the first 1,000 gallons water use.

Plus \$6.99 per 1,000 gallons after the first 1,000 gallons.

Taxes:

All Applicable Federal, State or local taxes shall be included in addition to the above charges.

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Rules and Regulations Governing Rendering of  
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Schedule of Service Charges

The following Services Charges apply as authorized and described elsewhere in the Company's filed Rule and Regulations:

Service Connection Inspection Fee **\$100**  
See Rule 5 B.

Re-Inspection Fee **\$25**  
See Rule 5 B.

Disconnection/Reconnection **Actual Cost**  
If sewer Discontinuance of Service is accomplished  
by physical disconnection. See Rule 7 B., and C.

Service Calls Actual cost but not less than \$40  
[This description will be decided upon by the Company,  
on a case by case basis.]

Late Charge \$5 or 3% (whichever is greater)

Returned Check Charges \$25

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Rules and Regulations Governing Rendering of  
Sewer Service

Rule 1 DEFINITIONS

- A. An "APPLICANT" is a person, firm, corporation, governmental body, or other entity that has applied for sewer service and/or an extension of collecting sewers along with additional plant facilities; two or more such entities may make one application for a sewer extension, and be considered one APPLICANT. An "ORIGINAL APPLICANT" is an APPLICANT who entered into any contract or agreement with the Company for an extension of collecting sewers and/or additional plant facilities, contributed funds or utility plant assets to the Company under the terms of the contract or agreement, and is eligible for refunds under the terms of the contract or agreement as additional Applicants connect to such extensions or plant facilities.
- B. "B.O.D" denotes Biochemical Oxygen Demand. It is the quantity of oxygen utilized in the biochemical oxidation of waste matter under standard laboratory conditions expressed in milligrams per liter.
- C. "C.O.D" denotes Chemical Oxygen Demand. It is the quantity of oxygen utilized in the chemical oxidation of waste matter under standard laboratory conditions, expressed in milligrams per liter.
- D. A "COLLECTING SEWER" is a pipeline, including force pipelines, gravity sewers, interceptors, laterals, trunk sewers, manholes, lampholes, and necessary appurtenances, including service tees, wyes and saddles, which is owned and maintained by the Company, located on public property or on private easements, and used to transport sewage waste from the Customer's service connection to the point of disposal.
- E. The "COMPANY" is Cannon Home Association, Inc., acting through its officers, managers, or other duly authorized employees or agents.

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Rules and Regulations Governing Rendering of  
Sewer Service

- F. A "CUSTOMER" is any person, firm, corporation or governmental body which has contracted with the Company for sewer service, or is receiving service from the Company, or whose facilities are connected for utilizing such service, and except for a guarantor is responsible for payment for service.
- G. The "DATE OF CONNECTION" shall be the date the permit for a service connection is issued by the Company. In the event no permit is taken and a service connection is made, the date of connection shall be determined based on available information, such as construction/occupancy permits, or water or electric service turn-on dates, or may be the date of commencement of construction of the building upon the property.
- H. A "DEVELOPER" is any person, firm, corporation, partnership or any entity that, directly or indirectly, holds title to, or sells or leases, or offers to sell or lease, or advertises for sale or lease, any lots in a subdivision.
- I. "DISCONTINUANCE OF SERVICE" is the intentional cessation of the use of sewer service by action of the Company not at the request of the Customer. (see Rule 7)
- J. "DOMESTIC SEWAGE" is sewage, excluding storm and surface water, resulting from normal household activities; and, "NON-DOMESTIC SEWAGE" is all sewage other than DOMESTIC SEWAGE including, but not limited to, commercial or industrial wastes. (see Rule 6)
- K. A "FOUNDATION DRAIN" is a pipe installed inside or outside the foundation of a structure for the purpose of draining ground or subsurface water away from the foundation.

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- L. "pH" is the relative degree of acidity or alkalinity of water as indicated by the hydrogen ion concentration. pH is indicated on a scale reading from 1-14, with 7.0 being neutral, below 7.0 acid, and above 7.0 alkaline; more technically defined as the logarithm of the reciprocal of the hydrogen ion concentration.
- M. A "PUMP UNIT" is a self-contained facility consisting generally of a tank and an electric pump and may include liquid level controls, an alarm, and check valves; the Pump Unit may either separate solid from liquid waste retaining the solid waste in the tank and pumping the liquid waste to collecting sewer pipelines (septic tank effluent pump or STEP), or may pump waste water including solids to a collecting sewer. The PUMP UNIT is installed, owned and maintained by the Customer. –customize to company's practice, or eliminate if not needed
- N. A "RETURNED CHECK" is a check that is returned to the Company from any bank unpaid for any reason.
- O. A "SADDLE" is a fitting that connects the Customer's Service Sewer to the collecting sewer whether it be a gravity collecting sewer or a pressure collecting sewer; the saddle clamps around the collecting sewer pipeline into which pipeline a hole is cut, and the Service Sewer is connected to the Saddle thereby connecting it to the collecting sewer.
- P. A "SEASONAL CUSTOMER" is a Customer who is absent from the premises and may turn off, or request the Company turn off, sewer service temporarily. All Rates, Rules and Regulations within this tariff continue to apply to "Seasonal Customers" during periods of seasonal absence or turn-off.
- Q. A "SERVICE CONNECTION" is the connection of a service sewer to the Company's collecting sewer either at the bell of a tee branch or wye branch, or the bell of a saddle placed on the barrel of the collecting sewer.

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Rules and Regulations Governing Rendering of  
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- R. A "SERVICE SEWER" or "CUSTOMER'S SERVICE SEWER" is a pipe with appurtenances installed, owned and maintained by the Customer, used to conduct sewage from the Customer's premises to the collecting sewer, excluding service tees, wyes or saddles. For customers with a pump unit, other parts and fittings, this shall include a stop cock accessible to the Company for turn-off.
- S. A "SUBDIVISION" is any land in the state of Missouri which is divided or proposed to be divided into two or more lots or other divisions of land, whether contiguous or not, or uniform in size or not, for the purpose of sale or lease, and includes resubdivision thereof.
- T. A "TEE" is a three-way one-piece pipe fitting in the shape of the letter "T" that is a part of the Collecting Sewer pipeline and to which the Customer's Service Sewer is connected.
- U. "TERMINATION OF SERVICE" is the cessation of the use of sewer service requested by the Customer. (see Rule 8)
- V. The word "UNIT" or "LIVING UNIT" shall be used herein to define the premises or property of a single sewer user, whether or not that sewer user is the Customer. It shall pertain to any unit whether multi-tenant or single occupancy, residential or commercial, owned or leased. Each mobile home in a mobile home park, and each rental unit of a multi-tenant rental property are considered as separate Units for each single family or firm occupying same as a residence or place of business.
- W. A "WYE" or "WYE BRANCH" is a three-way one-piece pipe fitting in the shape of the letter "y" that is a part of the collecting sewer pipeline, and to which the Customer's service sewer is connected.

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Rules and Regulations Governing Rendering of  
Sewer Service

Rule 2 GENERAL RULES AND REGULATIONS

- A. Every applicant, upon signing an application for sewer service or any Customer accepting service rendered by the Company, shall be considered to have expressed consent to be bound by these Rates, Rules and Regulations.
- B. The Company's Rules and Regulations governing rendering of service are set forth in these numbered sheets. The rates applicable to appropriate sewer service are set forth in Schedule of Rates and constitute a part of these Rules and Regulations.
- C. The Company reserves the right, subject to approval from the Missouri Public Service Commission, to prescribe additional Rates, Rules or Regulations or to alter existing Rates, Rules or Regulations as it may from time-to-time deem necessary or proper.
- D. After the effective date of these Rules and Regulations, all new facilities, construction contracts and written agreements shall conform to these Rules and Regulations, in accordance with the statutes of the State of Missouri, and the Rules and Regulations of the Missouri Public Service Commission. Pre-existing facilities that do not conform with these Rules and Regulations may remain, if said facilities do not cause any service problems or improper use, and reconstruction is impractical.
- E. The point of sewer service provided by the Company shall be at the service connection.

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Rules and Regulations Governing Rendering of  
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- F. The Company shall have the right to enter the Customer's property, as well as enter the Customer's unit, for the purpose of inspecting for compliance with these Rules and Regulations. Company personnel shall identify themselves and such inspections shall be conducted during reasonable hours.

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Rules and Regulations Governing Rendering of  
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Rule 3 LIMITED AUTHORITY OF COMPANY EMPLOYEES

- A. Employees or agents of the Company are expressly forbidden to demand or accept any compensation for any service rendered to its Customers except as covered in the Company's Rules and Regulations.
- B. No employee or agent of the Company shall have the right or authority to bind it by any promise, agreement or representation contrary to the letter or intent of these Rules and Regulations.
- C. The Company shall not be responsible for damages due to any failure to remove waste water from the premises, or for interruption if such failure or interruption is without willful default or negligence on its part.
- D. The Company shall not be liable for damages because of any interruption of sewer service, or for damages caused by defective piping, fittings, fixtures or appliances on the Customer's premises and not owned by the Company.
- E. The Company shall not be liable for damages due to damages from Acts of God, civil disturbances, war, government actions, and other uncontrollable occurrences.

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Rule 4 APPLICATIONS FOR SEWER SERVICE

- A. A written application for service, signed by the Customer, and accompanied by the appropriate fees as provided in the Schedule of Rates, the Schedule of Service Charges, Rule 12 - Extension of Collecting Sewers, and other information required by these Rules and Regulations, must be received from each Customer. Said application must be filed in writing three (3) business days in advance stating the street, house number, name of the applicant, name of the property owner, and the time, at which connection is to be made.
- B. The Company shall have the right to refuse service for failure to comply with the rules herein, or if the Customer owes a past due bill not in dispute for sewer service at any location within the Company's service area.
- C. In any case where a collecting sewer extension or unusual construction or equipment expense is necessary to furnish the service, the Company may require a contract for service specifying a reasonable period of time for the Company to provide the service.
- D. If the Customer is a tenant, the Company shall notify the owner of the property or owner's property manager or other agent, if known to the Company, that such owner or property manager may be responsible for payment of the sewer service bill associated with the application.

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- E. A prospective Commercial or Industrial Customer shall, upon request of the Company, present in writing to the Company a list of devices that will discharge to the collecting sewers, the amount and specifications of any discharge, and the location of any buildings. The Company will then advise the Customer of the form and the character of the wastewater collection facilities available.
- F. When sewer charges are based on water usage, the Company reserves the right to refuse sewer service to any applicant unless said applicant agrees to install a water meter accessible by the Company, so that there will be a basis for sewer charges. The Company and Customer may agree to an estimated water use amount, on an interim basis for a period not to exceed six (6) months, to allow time to install suitable metering equipment.
- G. The Company will determine or approve the location of the service connection. Service sewers will not be extended along public streets or roadways or through property of others in connecting with collecting sewers. If a service connection is requested at a point not already served by a collecting sewer of adequate capacity, the collecting sewer shall be extended in accordance with Rule 12 - Extension of Collecting Sewers, unless in the Company's judgment such a collecting sewer would serve no other future purpose and a service sewer may be constructed to serve the Customer's premises in a reasonable manner.
- H. A new service connection shall be authorized when all conditions in the above paragraphs, and Rule 5 – Inside Piping and Customer Service Sewer, regarding application, construction and inspection provisions, are met.
- I. No substantial addition to the water using equipment or appliances connected to the sewer system shall be made by Commercial or Industrial Customers except upon written notice to and with the written consent of the Company.

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Rule 5 INSIDE PIPING AND SERVICE SEWERS

- A. The Customer is obligated to construct, repair, and maintain the service sewer from the collecting sewer to the unit, and make the connection to the collecting sewer, with the approval of the Company. The Customer shall notify the Company prior to cleaning or repairing the service sewer.
- B. When a service sewer is to be connected to the collecting sewer, the plumber shall advise the Company twenty-four (24) hours in advance of when the connection is expected to be made so a representative of the Company can inspect the installation and connection for compliance with this Rule. An inspection charge may apply as specified in The Schedule of Service Charges. A re-inspection charge may apply if The Company's inspector finds deficiencies and must return to re-inspect. No backfill shall be placed until the work has been inspected by the Company. In the event the Customer or the Customer's agent shall damage a tee branch, wye branch or saddle, or cause damage to the collecting sewer, then the Customer shall be responsible for the cost to repair any such damage, including replacement of pipe or appurtenances as necessary.
- C. Plumbing specifications of all governmental agencies having jurisdiction, and these Rules and Regulations, in effect at the time of connection, must be met. The Company may deny service or may discontinue service where foundation drains, downspouts, or other sources of surface or storm water are permitted to enter the sewer system through either the inside piping or through the unit's sewer.

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D. A separate and independent service sewer shall generally be required for every building. Exceptions are:

1. When one unit stands at the rear of another unit on an interior lot where a proper service sewer cannot be constructed through an adjoining easement. In that situation, the service sewer from the front unit may be extended to the rear unit and it will be considered as one service sewer.

2. When two or more units are a part of a complex that cannot be subdivided.

E. The gravity service sewer shall be constructed using ductile iron pipe, polyvinyl chloride pipe (PVC), ASTM specification or equal; or other suitable material approved by the Company. Only those jointing materials and methods that are approved by the Company may be used. Joints shall be tight and waterproof. Any part of the service sewer that is located within ten (10) feet of a water main or water service pipe shall be constructed of ductile iron or PVC pressure pipe. The pipe shall be bedded according to the manufacturer's specifications and on undisturbed earth or fill compacted to at least ninety-five percent (95%) proctor density. Fill may be non-organic soil or aggregate.

F. The size and slope of the gravity service sewer shall be subject to the approval of the Company, but in no event shall the diameter be less than four (4) inches. The slope of such four (4) inch gravity sewer pipe shall not be less than one-eighth (1/8) inch per foot.

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- G. Whenever possible, the service sewer shall be brought to the unit at an elevation below the basement floor. No service sewer shall be laid parallel to or within three (3) feet of any bearing wall except where the service sewer enters the unit. The depth shall be sufficient to afford protection from frost. The service sewer shall be laid at a uniform grade and in straight alignment insofar as possible. Changes in direction shall be made only with properly curved pipes and fittings.
- H. Existing service sewers may be used in connection with new buildings only when they are found on examination and test to meet all requirements of the Company.
- I. In any unit in which a unit drain is too low to permit the required slope of the service sewer, sanitary sewage carried by such drain shall be lifted by approved artificial means and discharged to the service sewer. No water operated sewage ejector shall be used.
- J. All excavations required for the installation of a service sewer and connection to the collecting sewer shall be open trench work unless otherwise approved by the Company. Pipe laying and backfill shall be performed in accordance with the latest published engineering specifications of the manufacturer of the materials used, and all applicable local plumbing codes.

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- K. The connection of the service sewer to the collecting sewer shall be made at the tee branch or wye branch, if such branch is available at a suitable location. If the collecting sewer is vitrified clay pipe of twelve inch (12") diameter or less and there is no properly located tee branch or wye branch at a suitable location, such a branch shall be furnished and installed by the Customer at a location specified by the Company and by an installation method approved by the Company. If the collecting sewer is greater than twelve inches (12") in diameter, or is PVC of any size, a neat hole may be cut at a location specified by the Company, and a saddle shall be furnished installed by the Customer to which the service sewer will be connected. The invert of the service sewer at the point of connection shall be at the centerline or higher elevation of the collecting sewer. The connection shall be secure and watertight. The wye branch, tee branch, or saddle shall become a part of the Company's collecting sewer and owned by the Company after installation.
- L. Any change in the location of an existing service connection and/or service sewer requested by the Customer shall be made at the Customer's expense.
- M. Company personnel may not work on piping or facilities not owned by the Company, unless authorized by the Customer.
- N. Customer Service Sewers may not be extended along public streets or roadways or through property of others in connecting with the Company's collecting sewers. The service sewer may, however, extend through the collecting sewer easement and roadway easement as necessary in order to be connected to a collecting sewer located across and adjacent to a street in front of the Customer's living unit. The service sewer must be laid in a straight line and at right angles to the collecting sewer and the face of the structure or as nearly so as possible. Any deviation from this because of physical obstruction will be at the discretion of the Company.

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Rule 6 IMPORPER WASTE OR EXCESSIVE USE

- A. In the event that the Customer to be served proposes to discharge, or actually consistently discharges, an abnormally high volume or strength of waste, the Company may require:
1. The Customer to install a pretreatment facility, grease trap or other device on the premises, to prevent the exceeding of discharge limits, or other adverse impacts upon the Company's system. The installation of any such device as well as its operation and maintenance shall be the responsibility of the Customer, and subject to approval and inspection by the Company.
  2. The Customer to enter into a special contract with the Company for treatment of the Customer's discharge, that could require an enlargement of the Company's existing sewage treatment plant or the construction of a temporary sewage treatment plant, and/or the construction or reconstruction of sewer lines or pump facilities, in a form approved by the Missouri Public Service Commission with a rate that is fair and reasonable to both parties and so as not to constitute a burden upon the Company or the existing Customers of the Company.
- B. No Customer shall discharge or cause to be discharged any storm water, surface water, ground water, swimming pool water, roof runoff, sub-surface drainage, or cooling water into the collecting sewers.
- C. The Customer shall not tamper with, by-pass, remove, or willfully damage a water meter that is used for calculation of sewer bills, or allow any such action.
- D. The Customer shall not attempt to discharge sewage either by an unauthorized service connection or direct unauthorized connection to a service sewer.

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- E. Customers will not be permitted to allow discharge in any way from premises other than the service address, nor to permit the use of their drains or connections to the service sewer for waste discharge by others, without permission from the Company.
- F. Except as may be provided in paragraph A.2., above, the Customer shall be required to take any action necessary to meet the following described wastewater limits before the wastewater is discharged into the collection sewer:
1. Maximum temperature of 150 degrees Fahrenheit.
  2. Maximum strength of four-hundred (400) parts per million (B.O.D.).
  3. A maximum of one-hundred (100) parts per million, by weight, any fat, oil or grease.
  4. A maximum of twenty-five (25) parts per million, by weight, any soluble oils.
  5. No gasoline, benzene, naphtha, fuel oil, or other flammable or explosive liquid, solid or gas.
  6. No garbage that has not been properly shredded.
  7. No ashes, cinders, sand, mud, straw, shavings, metal, glass, rags, feathers, tar, plastics, wood or any other solid or viscous substance capable of causing obstruction to the flow in sewers or other interference with the proper operation of the sewer system.

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8. No waste-water having a pH less than 5.0 or greater than 9.0, or having any other corrosive property, capable of causing damage or hazard to structures, equipment or personnel of the Company.
9. No waste-water containing heavy metals, toxic material, or (C.O.D.), in sufficient quantity to disrupt the operation of treatment facilities, or exceeding any limits which may be specified in a service contract for any such substance.

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Rule 7 DISCONTINUANCE OF SEWER SERVICE

A. Discontinuance of service may be accomplished by, but not limited to, physical disconnection or turn-off of the Customer's service sewer from the Company's collecting sewer. Discontinuance of sewer service for non-payment of a sewer bill may be accomplished by physical disconnection or turn-off, or discontinuance by turn-off of water service by the Customer's water utility at the request of the Company. In such cases where discontinuance is accomplished by turn-off of water service:

1. If sewer billing is combined with water billing, Customers will be notified by the water utility by the terms of its rules normally practiced for discontinuance of water service; or
2. If sewer billing is not combined with water billing, Customers will be notified by the terms of paragraphs F., G., and H., below, and not by those of any water utility.

B. The Company may discontinue service for any of the following reasons:

1. Non-payment of a delinquent account not in dispute; or
2. Failure to post a security deposit or guarantee acceptable to the utility; or
3. Unauthorized interference, diversion or use of the utility service situated or delivered on or about the Customer's premises; or
4. Misrepresentation of identity in obtaining utility service; or
5. Enclosing or obstructing any meter so as to make reading or repairs unreasonably difficult, or

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6. Failure to comply with the terms and conditions of a settlement agreement.
  7. Refusal after reasonable notice to grant access at reasonable times to equipment installed upon the premises of the Customer for the purpose of inspection, meter reading, maintenance or replacement; or
  8. Violation of any of these Rules and Regulations on file with and approved by the Missouri Public Service Commission, for unauthorized resale of sewer service, or for any condition which adversely affects the safety of the Customer or other persons, or the integrity of the utility's sewer system; or
- C. Reconnection of any Customer after discontinuance of service by authority of this rule will be made subject to payment of the cost of reconnection.
- D. Where the owner of rental property is the Customer and has been notified of the intent of discontinuance, the tenants shall be given the opportunity in a reasonable and timely manner to pay delinquent bills in lieu of discontinuance of service.
- E. None of the following shall constitute sufficient cause for the Company to discontinue service:
1. The failure of the Customer to pay for merchandise, appliances, or service not subject to Commission jurisdiction as an integral part of the utility service provided by the Company; or

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2. The failure of the Customer to pay for service received at a separate point of service, residence, or location. In the event of discontinuance or termination of service at a separate residential point of service, residence, or location in accordance with these rules, the Company may transfer and bill any unpaid balance to any other residential service account of the Customer and may discontinue service after twenty-one (21) days after rendition of the combined bill, for nonpayment, in accordance with this rule; or
3. The failure of the customer to pay for a different class of service received at the same or different location. The placing of more than one (1) service connection at the same location for the purpose of billing the usage of specific devices under operational rate schedules or provisions is not construed as a different class of service for the purpose of this rule; or
4. The failure to pay the bill of another customer, unless the customer whose service is sought to be discontinued received substantial benefit and use of the service billed to the other customer; or
5. The failure of a previous owner or occupant of the premises to pay an unpaid or delinquent bill except where the previous occupant remains an occupant of the living unit; or
6. The failure to pay a bill correcting a previous underbilling, whenever the customer claims an inability to pay the corrected amount, unless a utility has offered the customer a payment arrangement equal to the period of underbilling.

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F. Unless discontinuance is accomplished by turn-off of water service and discontinuance notice is provided by the water utility, then at least thirty (30) days prior to discontinuance of service, the Company will mail a written notice to the Customer by certified mail, return receipt requested, with a copy of the notice sent to the Public Service Commission and a copy to the property owner if different than the Customer and if known by the Company. If the Company intends to discontinue service to a multi-tenant unit with occupants who are not customers, a notice shall also be conspicuously posted in the building ten (10) days prior to the proposed discontinuance, along with information pertaining to how one or more of the tenants may apply to become customers. Discontinuance shall occur within thirty (30) calendar days after the date given as the discontinuance date, shall occur between the hours of 8:00 a.m. and 4:00 p.m., and shall not occur on a day when the Company will not be available to reconnect service or on a day immediately preceding such a day. The thirty (30) day notice may be waived if there is any waste discharge that might be detrimental to the health and safety of the public, or cause damage to the sewer system. In the event of discontinuance of service without the thirty (30) day notice as above provided, the Customer and the Missouri Public Service Commission shall be notified immediately with a statement of the reasons for such discontinuance of service.

G. A discontinuance notice provided to a customer shall include:

1. The name and address of the Customer, the service address if different than the Customer's address; and
2. A statement of the reason for the proposed discontinuance of service and the cost for reconnection; and
3. How the customer may avoid the discontinuance; and
4. The possibility of a payment agreement if the claim is for a charge not in dispute and the Customer is unable to pay the charge in full at one time; and

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5. A telephone number the Customer may call from the service location without incurring toll charges and the address and any available electronic contact information of the utility prominently displayed where the customer may make an inquiry.
- H. The Company shall make reasonable efforts to contact the Customer, at least twenty-four (24) hours prior to any discontinuance, regarding the reason(s) for discontinuance of service, and the resolution. If discontinuance of service would affect an occupant who is not the Company's Customer, or is not responsible for payment of the bill, then the Company shall make reasonable efforts to inform such occupant(s).
- I. The Company shall postpone the discontinuance if personnel will not be available to restore service the same day, or if personnel will not be available to restore service the following day. The Company also shall postpone discontinuance if a medical emergency exists on the premises, however the postponement may be limited to twenty-one (21) days, and the Company may require proof of a medical emergency.
- J. Company shall have the right to enter the Customer's premises for purposes of discontinuance of service in compliance with these Rules and Regulations. Discontinuance of service will be made during reasonable hours. Company personnel shall identify themselves and announce the intention to discontinue service, or leave a conspicuous notice of the discontinuance. The Company shall have the right to communicate with the owner of the Customer's Unit for purposes of gaining access to the property for discontinuance of service in accordance with the Missouri Public Service Commission's billing practices, but any extra costs for arranging such access shall not be charged to the Customer's account.
- K. The provisions of paragraphs H., and J., above, may be waived if safety of Company personnel while at the premises is a consideration.

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- L. Discontinuance of service to a unit for any reason shall not prevent the Company from pursuing any lawful remedy by action at law or otherwise for the collection of monies due from the Customer.
- M. In case the Company discontinues its service for any violation of these Rules and Regulations, then any monies due the Company shall become immediately due and payable.
- N. The Company has the right to refuse or to discontinue service to any unit to protect itself against fraud or abuse.
- O. The Company shall deal with Customers and handle Customer accounts in accordance with the Missouri Public Service Commission's Utility Billing Practices.

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Rule 8 TERMINATION OF SERVICE

- A. Termination of service at the Customer's request may be accomplished at the expense of the Customer. If termination of service must be accomplished by physical disconnection, the Customer shall notify the Company of the date and time of the disconnection in writing at least five (5) days prior to the disconnection. If termination is accomplished by turn-off of water service, such notice shall be on or before the date of the water turn-off. Service may not be terminated for one unit of a multi-unit building if the building is served by one service sewer, unless accomplished by turnoff of water service to that unit. The method used for termination of service shall be determined by the Company.
- B. A Customer may request temporary turn-off of sewer service by the Company for the Customer's own convenience; however, the Customer shall still be charged for service at the appropriate rate as specified in the Schedule of Rates during the time the service is turned off. The method of temporary turnoff shall be approved by the Company, e.g. water turnoff, physical disconnecting, etc.
- C. A Customer who requests termination of sewer service, but returns to the premises and requests sewer service within nine (9) months of such termination, at the Company's discretion may be deemed to have been a seasonal customer, and applicable charges incurred during the period of absence may apply.

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Rule 9 INTERRUPTIONS IN SERVICE

- A. The Company reserves the right to temporarily interrupt sewer service in its collecting sewers at any time, in a reasonable and non-discriminatory manner, for the purpose of making repairs to the sewer system.
- B. Whenever service is limited for repairs, all Customers affected by such limitation will be notified in advance whenever it is practicable to do so. Every effort will be made to minimize limitation of service.
- C. No refunds of charges for sewer service will be made for limitations of service unless due to willful misconduct of the Company.
- D. In order to avoid service problems when extraordinary conditions exist, the Company reserves the right, at all times, to determine the limit of and regulate sewage discharge in a reasonable and non-discriminatory manner.

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Rule 10 BILLS FOR SERVICE

- A. The charges for sewer service shall be at the rates specified in the Schedule of Rates in these Rules and Regulations. Service charges for connection or disconnection are set forth in the Schedule of Service Charges.
- B. A Customer who has made application for, or who is or has been taking sewer service at one or more units connected to the collecting sewer, shall be held liable for payment of any applicable charges for service furnished to such units from the date of connection until the date requested by the Customer in writing for service to be terminated, or until service is discontinued by the Company.
- C. Bills for sewer service will be mailed or delivered to the Customer's last address as shown by the records of the Company, but failure to receive the bill will not relieve the Customer from the obligation to pay the same.
- D. Payments shall be made at the office of the Company or at a convenient location designated by the Company, by ordinary mail, or by electronic methods employed by the Company. Payment must be received by the close of business on the date due, unless the date due falls on a non-business day in which case payment must be received by the next business day.
- E. Neither the Company nor the Customer will be bound by bills rendered under mistake of fact as to the quantity of service rendered or as a result of clerical error. Customers will be held responsible for charges based on service provided.
- F. Separate bills shall be rendered for each location at which sewer service is provided, even though one entity may be the Customer at such separate locations.

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- G. The Company shall have the right to render bills monthly in advance, or on a monthly basis in arrears when the sewer charges are based on water usage. Bills shall have the due date indicated on the bill. Bills will be rendered net, bearing the last date on which payment will then be considered delinquent. The period after which the payment is considered delinquent is a minimum of 21 days after rendition of the bill. Bills unpaid after the stated due date will be delinquent and the Company shall have the right to discontinue service in accordance with Rule 8. Delinquent bills may be subject to a late charge as provided in the Schedule of Service Charges. The Company shall not be required to restore or connect any new service for such delinquent Customers until the unpaid account due the Company under these Rules and Regulations has been paid in full or arrangements satisfactory to the Company have been made to pay said account.
- H. When bills are rendered for a period of less than a complete billing period due to the connection or termination of service, the billing shall be for the proportionate part of the monthly charge.
- I. Customers terminating after taking service for less than one month shall pay not less than the monthly minimum. The owner of the property served will be held responsible for ultimate payment of a bill. If the customer is a tenant of rental property, copies of all notices of violations of the rules, or of disconnection of service shall also be sent to the owner of the property if the owner is known to the Company.
- J. Unless sewer charges are billed in advance, the Company may require a security deposit or other guarantee as a condition of new service if the Customer:
1. Has a past-due bill which accrued within the last five (5) years and, at the time of the request for service, remains unpaid and not in dispute with a utility for the provision of the same type of service; or,

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Month Day Year

DATE EFFECTIVE June 3, 2016  
Month Day Year

ISSUED BY Dennis Gill, President, 22764 Joanna Dr., Perry, MO 63462  
name of officer title address



Name of Utility: Cannon Home Association, Inc.  
Service Area: Ralls County

Rules and Regulations Governing Rendering of  
Sewer Service

2. Has, in an unauthorized manner, within the last five (5) years prior to applying for service, interfered with or diverted the service of a utility in the provision of the same type of service; or,
  3. Is unable to establish a credit rating with the Company. Adequate credit rating for a residential Customer shall be established if the Customer:
    - a. Owns or is purchasing a home; or,
    - b. Is and has been regularly employed full time for at least one (1) year; or,
    - c. Has an adequate and regular source of income; or
    - d. Can provide credit references from a commercial credit source.
- K. Unless sewer charges are billed in advance, the Company may require a security deposit or other acceptable written guarantee of payment as a condition of continued or re-establishing service if service if:
1. The water service of the Customer has been discontinued for non-payment of a delinquent account not in dispute; or,
  2. The Customer has interfered with, diverted or, in an unauthorized manner, used utility service delivered to the customer's premises; or,
  3. The Customer has failed to pay undisputed bills before the delinquency date for five (5) billing periods out of twelve (12) consecutive monthly billing periods. Prior to requiring a customer to post a deposit under this subsection, the utility shall send the customer a written notice explaining the utility's right to require a deposit or include such explanation with each written discontinuance notice.
- L. The amount of a security deposit shall not exceed utility charges applicable to one (1) billing period plus thirty (30) days, computed on estimated or actual annual usage.

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- M. Interest shall be payable annually on all deposits, but shall not accrue after the utility has made reasonable effort to return the deposit. Interest will be paid at a per annum rate equal to the prime bank lending rate, as published in the *Wall Street Journal* for the last business day of the preceding calendar year, plus one (1) percentage point. Interest may be credited to the Customer's account.
- N. After a Customer has paid proper and undisputed utility bills by the due dates, for a period not to exceed one (1) year, credit shall be established or re-established, and the deposit and any interest due shall be refunded. The utility may withhold full refund of the deposit pending resolution of a disputed matter.
- O. The utility shall give a receipt for deposits received, but shall also keep accurate records of deposits, including Customer name, service address, amounts, interest, attempts to refund and dates of every activity regarding the deposit.
- P. All billing matters shall be handled in accordance with the Missouri Public Service Commission's Rules and Regulations regarding Utility Billing Practices, 4 CSR 240-13.

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Rule 11 SPECIAL CONTRACT FOR EXCESSIVE CAPACITY

- A. In the event that the Customer to be served purposes to discharge into company's system an abnormally high volume or strength of waste as to require an enlargement of the company's existing sewage treatment plant or the construction of a temporary sewage treatment plant, and/or the construction or reconstruction of sewer lines or pump facilities, service shall be provided to such customer under the terms and conditions of a mutually satisfactory contract, in a form approved by the Missouri Public Service Commission, pursuant to which the cost of such improvements will be financed in such a manner as to be fair and reasonable to both parties and so as to not constitute a burden upon the company or the existing customers of the company.
- B. The cost to additional applicants connecting to the sewer contributed by the original applicant shall be as follows:
1. For a single-family residential applicant applying for service in a platted subdivision, the Company shall divide the actual cost of the extension, including income tax impact if any, by the number of lots abutting said extension to determine the per lot extension cost. When counting lots, corner lots which abut existing sewers shall be excluded.
  2. For a single-family residential applicant requesting service to areas that are not platted in subdivision lots, the applicant's cost shall be equal to the total cost of the extension times 100 feet divided by the total length of the extension in feet.
  3. For an industrial, commercial, or multi-family residential applicant, the cost will be equal to the amount calculated for a single-family residence in E. 1., above or E. 2., above, as appropriate, multiplied by a water usage factor. The water usage factor shall be determined by dividing the average monthly usage in gallons by 7,000 gallons, but shall not be less than 1.

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C. Refunds of contributions shall be made to the original applicant as follows:

1. If the actual cost of an extension constructed by the Company under C., or actual costs for inspection by D., above, be less than the estimated cost, the Company shall refund the difference as soon as the actual cost has been ascertained.
2. During the first ten years after the extension is completed, the Company will refund to the original applicant who paid for the extension monies collected from additional applicants in accordance with E., above.
3. The sum of all refunds to the applicant shall not exceed the total contribution, including income tax and inspection costs associated with the extension, which the applicant has paid.
4. If two or more entities are considered an original applicant, the refund shall be distributed to each entity based upon the percentage of the actual extension cost contributed by each entity.

D. Any extension made under this rule shall be and remain the property of the Company in consideration of its perpetual upkeep and maintenance.

E. The Company reserves the right to connect additional extensions to a collecting sewer contributed by the applicant. The connection of new customers to such additional extensions shall not entitle the applicant to any refund.

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Rules and Regulations Governing Rendering of  
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Rule 12 EXTENSION OF COLLECTING SEWERS

- A. The pipe used in making extensions shall be of a type and size which will be reasonably adequate for the area to be served. Such determination as to size and type of pipe shall be left solely to the judgment of the Company. If the Company desires a pipe size, lift station, treatment plant, or any other facility larger than reasonably required to provide service to the applicant, the additional cost due to larger size shall be borne by the Company.
- B. The Company will extend collecting sewers for the applicant under the following terms and conditions:
1. Upon receipt of written application for service as provided in Rule 4 - Applications for Sewer Service, the Company will provide the applicant an itemized estimate of the cost of the proposed extension. Said estimate shall include the cost of all labor and materials required, including reconstruction of existing facilities if necessary, and the direct costs associated with supervision, engineering, permits, and bookkeeping.
  2. The applicant shall enter into a contract with the Company for the installation of said extension and shall tender to the Company a contribution-in-aid-of-construction equal to the amount determined in C. 1., above, plus any appropriate fees as provided in the Schedule of Rates or the Schedule of Service Charges.
  3. If, as a result of reasonably unforeseen circumstances, the actual cost of the extension exceeds the estimated cost of the extension, the applicant shall pay the additional cost.

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C. When the applicant elects to construct an extension, the Company will connect said extension to its existing collecting sewers under the following terms and conditions:

- a. Applicant shall enter into a contract with the Company which provides that the applicant construct said collecting sewers and/or other facilities to meet the requirements of all governmental agencies and the Company's rules. Plans for the extension shall be submitted to the Company for approval prior to construction. Applicant's choice of construction contractor is subject to approval by the Company. Applicant shall contribute said facilities to the Company with a detailed accounting of the actual cost of construction, and contribute to the Company the estimated reasonable cost of the Company's inspection.
- b. The Company, or its representative, shall have the right to inspect and test the extension prior to connecting it to the existing collecting sewers and acceptance of ownership.
- c. Connection of the extension to existing Company collecting sewers shall be made by, or under direct supervision of, the Company or its representative.
- d. The Company shall have the right to refuse ownership and responsibility for the sewer extension until applicant has met the contractual obligations as provided in D. 1.

D. Collecting sewers will be extended within the Company's certificated service area, at the applicant's cost, if service is requested by the applicant at a location where facilities do not exist (the "applicant" is sometimes referred to in this rule as the "original applicant"). The applicant shall enter into a contract with the Company. The applicant may choose to have the Company perform all work under the terms and conditions of C, following, or have a private contractor perform the work under the terms and conditions of D, following. For purposes of this rule, an extension could include, in addition to a collecting sewer, one or more pump stations or treatment plant facilities, as necessary to provide the service.

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- E. The pipe used in making extensions shall be of a type and size which will be reasonably adequate for the area to be served. Such determination as to size and type of pipe shall be left solely to the judgment of the Company. If the Company desires a pipe size, lift station, treatment plant, or any other facility larger than reasonably required to provide service to the applicant, the additional cost due to larger size shall be borne by the Company.
- F. The Company will extend collecting sewers for the applicant under the following terms and conditions:
- a. Upon receipt of written application for service as provided in Rule 4, Applications for Service, the Company will provide the applicant an itemized estimate of the cost of the proposed extension. Said estimate shall include the cost of all labor and materials required, including reconstruction of existing facilities if necessary, and the direct costs associated with supervision, engineering, permits, and bookkeeping.
  - b. The applicant shall enter into a contract with the Company for the installation of said extension and shall tender to the Company a contribution-in-aid-of-construction equal to the amount determined in C 1 above, plus any appropriate fees as provided in the Schedule of Rates or the Schedule of Service Charges.
  - c. If, as a result of reasonably unforeseen circumstances, the actual cost of the extension exceeds the estimated cost of the extension, the applicant shall pay the additional cost.

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G. When the applicant elects to construct an extension, the Company will connect said extension to its existing collecting sewers under the following terms and conditions:

- a. Applicant shall enter into a contract with the Company which provides that the applicant construct said collecting sewers and/or other facilities to meet the requirements of all governmental agencies and the Company's rules. Plans for the extension shall be submitted to the Company for approval prior to construction. Applicant's choice of construction contractor is subject to approval by the Company. Applicant shall contribute said facilities to the Company with a detailed accounting of the actual cost of construction, and contribute to the Company the estimated reasonable cost of the Company's inspection.
- b. The Company, or its representative, shall have the right to inspect and test the extension prior to connecting it to the existing collecting sewers and acceptance of ownership.
- c. Connection of the extension to existing Company collecting sewers shall be made by, or under direct supervision of, the Company or its representative.
- d. The Company shall have the right to refuse ownership and responsibility for the sewer extension until applicant has met the contractual obligations as provided in D 1.

H. The cost to additional applicants connecting to the sewer contributed by the original applicant shall be as follows:

- a. For a single-family residential applicant applying for service in a platted subdivision, the Company shall divide the actual cost of the extension, including income tax impact if any, by the number of lots abutting said extension to determine the per lot extension cost. When counting lots, corner lots which abut existing sewers shall be excluded.

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- b. For a single-family residential applicant requesting service to areas that are not platted in subdivision lots, the applicant's cost shall be equal to the total cost of the extension times 100 feet divided by the total length of the extension in feet.
- c. For an industrial, commercial, or multi-family residential applicant, the cost will be equal to the amount calculated for a single-family residence in E 1 above or E 2 above, as appropriate, multiplied by a water usage factor. The water usage factor shall be determined by dividing the average monthly usage in gallons by 7,000 gallons, but shall not be less than 1.

I. Refunds of contributions shall be made to the original applicant as follows:

- a. If the actual cost of an extension constructed by the Company under Rule C, or actual costs for inspection by the Company under Paragraph D, above, be less than the estimated cost, the Company shall refund the difference as soon as the actual cost has been ascertained.
- b. During the first ten years after the extension is completed, the Company will refund to the original applicant who paid for the extension monies collected from additional applicants in accordance with Rule E above.
- c. The sum of all refunds to the applicant shall not exceed the total contribution, including income tax and inspection costs associated with the extension, which the applicant has paid.
- d. If two or more entities are considered an original applicant, the refund shall be distributed to each entity based upon the percentage of the actual extension cost contributed by each entity.

J. Any extension made under this rule shall be and remain the property of the Company in consideration of its perpetual upkeep and maintenance.

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K. The Company reserves the right to connect additional extensions to a collecting sewer contributed by the applicant. The connection of new customers to such additional extensions shall not entitle the applicant to any refund.

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# Cannon Home Association

## Residential Customer Bill Comparison-Sewer

Rates for 5/8" Meter				
Customer	Current Base Customer Charge	Proposed Base Customer Charge	Current Usage Rate	Proposed Usage Rate
Residential	\$ 16.68	\$ 33.56	\$ 6.55	\$ 6.99

current service charge is monthly charge

usage rate is per 1,000 gallons used

### MONTHLY BILL COMPARISON

Full Time average 5,300 gallons/month usage

Tariff includes an initial 1,000 gallons

<b>Full Time, 5/8" Meter</b>	<b>Current Rates</b>	
	Customer Charge	\$ 16.68
	Usage Charge	\$ 28.18
	Total Bill	\$ 44.86

<b>Proposed Rates</b>	
Customer Charge	\$ 33.56
Usage Charge	\$ 30.04
Total Bill	\$ 63.60

### INCREASES

<b>Customer Charge</b>	
\$ Increase	\$16.88
% Increase	101.21%

<b>Usage Charge</b>	
\$ Increase	\$1.86
% Increase	6.59%

<b>Total Bill</b>	
\$ Increase	\$18.74
% Increase	41.77%

# **REPORT OF WATER AND SEWER DEPARTMENT FIELD OPERATIONS AND TARIFF REVIEWS**

**File No. SR-2016-0112  
Cannon Home Association, Inc.**

## **Introduction**

This report was prepared jointly by Staff members David Spratt, Jon Dallas, and Jarrod Robertson.

On November 16, 2015, Cannon Home Association, Inc. (Company) initiated a small company revenue increase request (Request) for sewer service. The current Commission approved rates have been effective since 2009.

Area developers built the Company's sewer system in the late 1980's. The Company holds a certificate of public convenience and necessity ("CCN") granted by the Missouri Public Service Commission (Commission), under which the Company provides sewer utility service. The Commission granted the CCN for sewer service in Case SA-97-65 by an Order that became effective on October 22, 1997. The current owners, Dennis and Jodi Gill, purchased the stock of the Company from the area developers in August of 2006.

The Company provides sewer service to approximately 108 customers, the majority of which are not full-time residents. Cannon Home Association has not experienced significant growth in the past three to five years and the Company expects minimal growth in the future.

## **Treatment Facilities**

The Company provides sewer treatment with a six-foot deep, one-acre, single-cell lagoon. The Company does not discharge its effluent into a receiving stream like most treatment facilities but rather sprays the treated wastewater onto land adjacent to the lagoon. Because the Company does not discharge its effluent into a receiving stream, it does not need a discharge permit with the Missouri Department of Natural Resources ("DNR"). The lagoon is dewatered by spraying treated effluent onto land owned and leased by the Company through a long hose on a large mechanical reel. The Company owns fifteen acres of land next to the lagoon. Of those fifteen acres, only ten acres are usable for land application. The amount of land owned by the Company is not sufficient to land apply the effluent due to restrictions on how much effluent can be applied at one time. Weather conditions, such as rain or ice, also dictate when the effluent can be applied. There are restrictions to how much wastewater can be land applied, how often it can be land applied, under what conditions it can be applied, and where it can be land applied, all of which must be determined as per DNR's design guide found at 10 CSR 20-8.220. To provide more surface area on which to land apply the effluent, the Company also leases 34 acres of land

on the other side of the lagoon, of which 30 acres are usable for land application. The company previously paid \$1,500 per year to the owner for the rights to land apply its treated effluent. The leased land has recently been purchased by another entity. The new owner is willing to continue to allow the Company to land apply; however, the new contract price is \$5,000 per year.

The Company has a pumping rig used to pump the effluent out of the lagoon by using a long hose on a large reel. The reel has to be moved periodically, so the ground does not become saturated. Because of the reel's size it requires a small utility vehicle that is maneuverable and light enough to drive over pipes to move it. The Company owns an all-terrain vehicle that is an important part of the operations as it allows the company to move the hose reel more easily.

The Company also rents a pumping rig and hose reel from a contract operator, hired by the Company, to assist with the application of treated effluent onto the leased land.

The Company has looked into the costs of putting in a drip irrigation system on the land it owns but it is cost prohibitive at this time. The last estimate the Company received from an engineer was approximately \$250,000. The Company has consulted with DNR about changing its permit to allow the lagoon to discharge into the receiving stream, but the lagoon would not be able to meet the discharge specifications that would be required. The Company and its ratepayers may have difficulties economically meeting more stringent effluent limits if it were to discharge because a new treatment facility would be necessary. At this time, the land application system that is in place seems to be the Company's best option.

### **Collection System**

The Company's sewer collection system consists of gravity sewers and four lift stations with force mains. Lift station number four serves the Timber Creek office. Lift station number one serves the Cannon Dam Cabins and General Store. These two lift stations are in good condition and show very little signs of corrosion. Operations of both of these lift stations could benefit from an all-weather access road, to allow someone to drive a vehicle to them if the pump ever needs to be replaced during poor weather conditions.

Lift station number two serves a restaurant and homes in Lick Creek Estates. This lift station has a lot of grease build up in it, presumably from the restaurant. If the restaurant is the cause of the grease in the lift station, then the restaurant should have a grease trap on its service sewer to prevent excessive grease from getting into the lift station. Rule 6 (B) of the Company's current tariff states:

“The company may require a customer discharging non-domestic sewage to install a pretreatment facility, grease trap or other device on the premises, to prevent exceedance of discharge limits or other adverse impacts upon the company's system. The installation

of any such device as well as its operation and maintenance shall be the responsibility of the customer, and subject to approval and inspection by the company.”

Rule 6 (D) (3) also states:

“The customer shall be required to take any action necessary to meet the following described waste water limits before the wastewater is discharged into the collection sewer:... A maximum of 100 parts per million, by weight, any fat, oil or grease.”

An auto dialer inside the control panel at lift station number two that calls a programmed telephone number to report a lift station malfunction (high water alarm) has not been working properly and needs to be replaced. The Company has made some repairs to it but ultimately may find the best option is to replace it with a new one. The current auto dialer is made by Verbatim and will cost \$950 for a service call and repair. The Company has found a new auto dialer that can replace the old auto dialer for a lower cost.

Lift station number three serves part of the service area known as Dogwood Estates. This lift station shows extensive corrosion to the pumps and structural guiderails that support the pumps. Both of the three-horsepower pumps are still working but have exceeded their life expectancy and should be replaced proactively instead of reactively to avoid a potential service disruption. Mississippi Valley Pump, Inc. has provided a bid to the Company for the rehabilitation of the lift station in the amount of \$19,750.00. The Company also intends to have one of the old pumps rebuilt to keep on hand as a spare.

### **Staff Recommendations**

The Company needs to rehabilitate lift station number three before the corroded metal components break, resulting in structural failure of the rails supporting the pumps and preventing operation of the facility. Structural failure would result in an emergency situation requiring temporary operations equipment and repairs which would lead to additional costs.

The Company shall repair or replace the auto dialer in the control panel of lift station number two, whichever is determined to be more economical.

Regarding the excessive grease in lift station number two, the Company needs to determine whether the restaurant on Lick Creek Rd. is discharging grease by taking samples of its sewage effluent at key times. Then, if the restaurant is exceeding effluent specifications as per the tariff, require the customer to install an adequate grease trap on its service sewer that will prevent grease build up from occurring in the lift station. This is in accordance with the Company’s tariff rules 6 (B) and 6 (D) (3).

## **Sewer Tariff**

The Company's current sewer tariff was approved in 1997. Following a review of the current sewer tariff, Staff is recommending the Company replace the sewer tariff with a new sewer tariff that reflects the current rules and regulations of the Commission, but modified for Cannon Home Association, Inc.

The Schedule of Service Charges has been updated to reflect current sewer miscellaneous service charges billed by the Company. A late charge of \$5 or 3%, with the greater amount being added to the delinquent bill, has been added along with a returned check fee of \$25. Regarding Discontinuance of Service, if disconnection is accomplished in accordance with Rule 7, the charge for reconnection by the Company shall be the total actual cost of disconnection and reconnection. Staff reviewed the existing miscellaneous service charges with the Company to recover the actual costs related to these services. Miscellaneous charges have been calculated by Staff to allow the Company to recover the actual costs, related to these charges from the customers causing the event/cost. A Re-Inspection Fee of a new service sewer of \$25 has been added to the sewer tariff, to be paid if the Company is not at fault. A fee of \$40 has been assigned to service calls that must take place any time other than normal business hours for any reason except a disconnection for a ruptured Customer's service. The aforementioned changes were made to keep the language of this sewer tariff consistent with other Company sewer tariffs, as well as, updating the sewer tariff to include the recent changes made to Chapter 13.

The new and updated sewer tariff for Cannon Home Association, Inc., will be filed by the Company as part of this current rate case proceeding. The current PSC MO Number 1 sewer tariff will be canceled and replaced by PSC MO Number 2 sewer tariff.

## **Rate Design**

Staff also reviewed the Company's current rate design in its investigation. The current rate structure consists of a monthly service and a commodity charge for sewer service. Staff is not making any recommendations to change the Company's current rate structure for sewer service in this case.

## **REPORT OF CUSTOMER SERVICE AND BUSINESS OPERATIONS REVIEW**

### **Consumer and Management Analysis Unit**

### **Small Company Rate Increase Request**

**Case No. SR-2016-0112**

**Cannon Home Association**

**Mark Kiesling and Brooke Richter**

The Consumer and Management Analysis Unit (“CMAU”) staff of the Missouri Public Service Commission (Commission) initiated an informal review in December 2015 of the customer service and business processes, procedures, and practices of Cannon Home Association (Company). Staff performed the review in response to the Company’s request for a rate increase in Case No. SR-2016-0112, which was filed on November 16, 2015. This request is for an increase of \$25,000 in its annual sewer system operating revenues, which represents an increase of approximately 76.92%.

The CMAU staff examined the Company’s tariffs, annual reports, Commission complaint and inquiry records, and other documentation related to the Company’s customer service and business operations. In preparation of this report, the CMAU staff submitted data requests to the Company and conducted on-site interviews with Company personnel on January 12, 2016. The CMAU staff’s review of the Company resulted in the following three recommendations:

#### **THE CMAU STAFF RECOMMENDS THAT COMPANY MANAGEMENT:**

1. Develop and utilize time sheets for all employees to record the time associated with Company work activity. This recommendation should be completed within thirty (30) days of the effective date of any Commission order issued in Case No. SR-2016-0112.
2. Develop and distribute to all current and future customers a brochure detailing the rights and responsibilities of the Company and its customers as required by Commission Rule 4 CSR 240-13.040(3). This recommendation should be completed within thirty (30) days of the effective date of any Commission order issued in Case No. SR-2016-0112.
3. Ensure that customer bills comply with Commission Rule 4 CSR 240-13.020(7) which requires giving customers at least 21 days to pay their bill before their accounts become delinquent. This recommendation should be completed within thirty (30) days of the effective date of any Commission order issued in Case No. SR-2016-0112.



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

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

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

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

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

## **Overview**

Timber Ridge Resort purchased Cannon Home Association in 2006. Area developers built the system in the late 1980's. The Company currently serves 108 sewer customers and the majority of customers are not full-time residents. Cannon Home Association has not experienced significant growth in the past several years and the Company expects minimal growth in the future.

The President and Secretary are responsible for the day-to-day operations of the Company in the field and within their office; however, some of the Company's functions are outsourced. The Company sub-contracts with Willis Plumbing to help inspect new sewer connections. The President tracks his time associated with Company work activities, such as lagoon checks, lift station inspections, and lagoon dewatering by keeping an operations and maintenance log. The Secretary currently does not track her time for Company work activities, such as paying bills and filing forms with the Department of Natural Resources and Commission. The Company's business office is located at 22764 Joanna Drive, Perry, Missouri 63462. The

office hours of operation are 7:00 a.m. to 8:00 p.m. Sunday through Thursday, and 7:00 a.m. to 10:00 p.m. Friday through Saturday. The business office also functions as the office for Timber Ridge Resort, which is the reason for the extended business hours. The President also responds to emergency customer calls.

Cannon Home Association customers receive their water service from Cannon Water District No.1 (“CWD No.1”) and it performs the billing and collection processes for both water and sewer services for the Cannon Home Association customers. The Missouri Public Service Commission does not regulate CWD No.1.

### **Customer Billing**

CWD No.1 conducts the processes associated with billing, payment remittance, and collections for Cannon Home Association. CWD No.1 reads the water meters on or around the 15<sup>th</sup> of the month. Bills are typically generated around the 28<sup>th</sup> of the month and mailed to customers. The bill states that payments are due by the 16<sup>th</sup> of the following month. Monthly sewer charges are \$16.68 for the first 1,000 gallons of water used plus \$6.55 per 1,000 gallons after the first 1,000 gallons used. The bill presented to customers includes its due date, however, does not provide clear indication to customers that they have 21 days by which to pay their bill.

CWD No.1 has installed automated meter reading equipment on all of its meters. This gives CWD No.1 the ability to read meters automatically when service trucks drive within the required distance to accept an automated read. Some meters occasionally may still need to be manually read and entered into the water company’s billing system. Water usage data is then uploaded into the billing system. CWD No.1 indicated that it has estimated bills on rare occasions. If bills must be estimated, then CWD No.1 looks at the same month from the previous year to get a usage amount.

### **Payment Remittance**

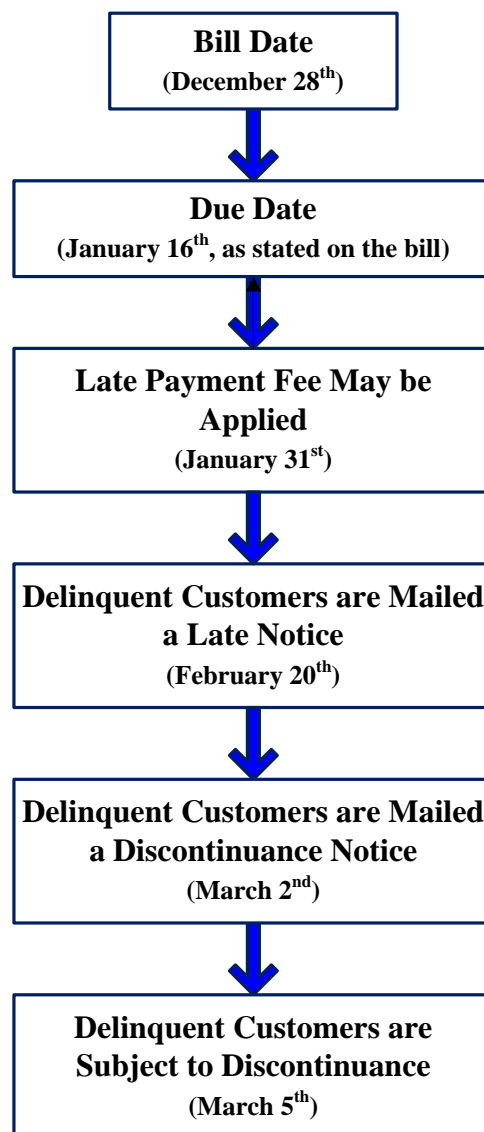
Customer payment options include check or cash and can be mailed or turned in to the CWD No.1 office. CWD No.1 office hours are from 8:00 a.m. to 5:00 p.m. Monday through Friday. CWD No.1 stated that it receives the majority of payments through the mail. Customer bill payments are processed, recorded, and deposited on the day CWD No.1 receives them.

## **Credit and Collections**

Customers requesting sewer services are required to complete an application at CWD No.1 when they apply for water service. A security deposit is not required as a condition for providing service. Company personnel assert that returned checks have not been a problem. The Company's current tariff includes a provision for a \$25.00 returned check fee.

The Company has an established procedure for handling delinquent accounts. The following illustration shows the actions that the Company would take on delinquent accounts:

### **Delinquent Account Actions**



As shown in the illustration for bills with a due date of January 16th, Company personnel assert that customers with unpaid accounts may be assessed a late fee of \$5.00 for any balance due at the end of the month. A late notice is mailed by the 20th of the next month following a delinquent bill, a discontinuance notice is mailed 10 days after the late notice (March 2<sup>nd</sup>), and the service is subject to discontinuance about three days after the discontinuance notice is mailed (March 5th in the illustration).

Cannon Home Association personnel indicated that they have not discontinued service to any customers for nonpayment, as the Company has indicated that there are no delinquent customers beyond 90 days. The Company's tariff includes a provision for a \$100.00 reconnection fee for any nonpaying customer that would have service discontinued. The Company does not use a collection agency to pursue the collection of amounts owed to Cannon Home Association. One uncollectible sewer account was written off in 2013, two were written off in 2014, and there were no uncollectible sewer accounts written off in 2015.

### **Complaints and Inquiries**

Customers with questions or concerns may contact Cannon Home Association during or after office hours by calling the business office phone number. These calls go to an answering machine, which is monitored by the President and Secretary. Customers with an emergency may call the emergency telephone number appearing on their lift station panels. This is the President's cell phone number. Company personnel indicate that customer contacts are recorded on a Customer Complaint Log that includes the date, name, and reason for the contact. A review of the Commission's complaint/inquiry records for calendar years 2013, 2014, and 2015 shows there has been no complaints or inquiries for Cannon Home Association.

### **Customer Communication**

The Company does not have an informational brochure, which Commission Rule 4 CSR 240-13.040 requires. Currently CMAU staff is working with the Company to create and develop an informational brochure to send to all current and future customers.

### **Findings, Conclusions, and Recommendations**

The following discussion presents a summary of the findings, conclusions, and recommendations pertaining to the Company's customer service operations. Recommendations resulting from rule or tariff violations are specifically noted and associated with a 30-day

implementation requirement. The information presented in this section focuses on the following three issues that require Company management's attention:

- Time Sheets
- Customer Brochure
- Customer Bills

### **Time Sheets**

All Company employees do not keep time records for activity associated with Company work. Only the President keeps time records. The Secretary estimates spending approximately 34 hours per year on Company business. However, this is not documented. The lack of actual time records inhibits Company management's ability to support the need for specific resources to operate the sewer company.

Maintaining accurate time records can serve and support several managerial and regulatory purposes, such as planning, budgeting, verification, and human resources.

- Time records assist in tracking the amount of time employees expend on all projects.
- Time sheets create a record, serving as visual feedback of the work and accomplished projects.
- Data contained in the time records should be linked to accounting records and provide the necessary support for financial reporting and allocation of costs. Employee time records are useful in the regulatory process to support the pay and benefits that regulated utilities will receive in customer rates.

### ***THE CMAU STAFF RECOMMENDS THAT COMPANY MANAGEMENT:***

*Develop and utilize time sheets for all employees to record the time associated with Company work activity. This recommendation should be completed within thirty (30) days of the effective date of any Commission order issued in Case No. SR-2016-0112.*

### **Customer Brochure**

The Company has not developed a brochure detailing the rights and responsibilities of the Company and its customers. The development of such a brochure and its prominent display and availability to customers is required by Commission Rule 4 CSR 240- 13.040 (3) which states in part:

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

Specific information to be covered in the brochure is listed in the above referenced rule and includes procedures such as billing, customer verification of billing accuracy, payment requirements, customer deposits, discontinuance of service, inquiries and complaints, and access to the Commission and the Office of Public Counsel.

Since most of the Company's customers are seasonal, this brochure could be mailed. In addition, providing a copy of the brochure to current customers would educate them as to the rights and responsibilities of the Company, as well as its customers.

***THE CMAU STAFF RECOMMENDS THAT COMPANY MANAGEMENT:***

*Develop and distribute to all current and future customers a brochure detailing the rights and responsibilities of the Company and its customers as required by Commission Rule 4 CSR 240-13.040(3). This recommendation should be completed within thirty (30) days of the effective date of any Commission order issued in Case No. SR-2016-0112.*

**Customer Billing**

The Company's bill does not currently indicate that its customers are provided 21 days to pay their bill, between the date the bill is rendered to the due date on the bill. While the Company has informed CMAU staff that the bills are mailed around the 28th of the month, and the due date on the bills is the 16th of the following month, the Company indicates it does not actually consider the bills delinquent until sometime after 21 days. The bill presented to customers including its due date, however, does not provide clear indication to customers that they have 21 days by which to pay their bill. Commission Rule 4 CSR 240-13.020 (7) notes:

A monthly-billed customer shall have at least twenty-one (21) days from the rendition of the bill to pay the utility charges.

After CMAU staff discussed the Commission rule with CWD No.1 and the Company, CWD No.1 has agreed that they are willing to start mailing all sewer bills for Cannon Home Association around the 24th of the month. Moving the mailing date up will allow the customer to receive the bill earlier. This practice will ensure the Company complies with Commission Rule 4 CSR 240-13.020(7) and that customers will have at least 21 days to pay their bill.

***THE CMAU STAFF RECOMMENDS THAT COMPANY MANAGEMENT:***

*Ensure that customer bills comply with Commission Rule 4 CSR 240-13.020(7) which requires giving customers at least 21 days to pay their bill before their accounts become delinquent. This recommendation should be completed within thirty (30) days of the effective date of any Commission order issued in Case No. SR-2016-0112.*

**Implementation Review**

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

## ***AUDITING UNIT RECOMMENDATION MEMORANDUM***

**FROM:** Matthew Young  
V. William Harris  
Auditing Unit Staff

**TO:** Jarrod Robertson  
Water and Sewer Unit, Case Coordinator

**CC:** Jacob Westen  
Staff Counsel's Office

**SUBJECT:** Auditing Unit's Findings and Recommendation  
Cannon Home Association, Inc.: Informal Rate Increase Request  
Case No. SR-2016-0112

**DATE:** March 15, 2016

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On November 16, 2015, Cannon Home Association, Inc. ("Cannon" or "Company") filed an application with the Missouri Public Service Commission ("Commission") seeking a \$25,000 increase in sewer rates under the Commission's informal rate request procedure. The Commission designated Case No. SR-2016-0112 to process this request. The Company's application identified the requested \$25,000 increase as a 76.92% increase in annual sewer operating revenues. Cannon's current rates were established as a result of Case No. SR-2009-0144 and became effective in May 2009.

The Company currently serves 105 residential and three (3) commercial customers in a development consisting of several small subdivisions in Ralls County. The residential subdivisions are platted and are primarily recreational dwellings located near Mark Twain Lake. Upon full development of the service territory, Cannon could potentially serve 260 residential customers.

### **COMPANY STRUCTURE**

The Commission granted Cannon a Certificate of Convenience and Necessity on August 27, 1997 in Case No. SA-97-65. At that time, the sewer utility was wholly owned by Cannon Land Company, a land development company. In 2006, Dennis and Jodi Gill purchased Cannon from Cannon Land Company, and have owned and operated the utility since. Mr. and Mrs. Gill also wholly own another company, COAN Enterprise LLC, DBA Timber Ridge Resort ("Timber Ridge"). Timber Ridge lies within Cannon's service area and is one of the utility's three commercial customers. Timber Ridge also provides many services to Cannon, including labor, storage, equipment, and office space. The Capital Projects Completed and Reclassified, Labor and Non-Labor Agreement sections of this memorandum discuss the affiliate relationship between Cannon and Timber Ridge in more detail.



## **AUDIT FINDINGS**

The Audit Staff comprised of Matthew Young and William Harris conducted an audit of the books and records of the Company, and this audit provides a reasonable basis for our recommendation presented in this Memorandum. The Audit Staff used the twelve months ended December 31, 2014 as its test year, updated for known and measurable changes through December 31, 2015. Construction projects completed and placed in service prior to March 31, 2016 were included in the amounts presented in this Memorandum. Based upon the examination of the Company's books and records, the Audit Staff cost of service calculations show the need for a rate increase of \$19,619 in sewer revenues, representing an overall increase of about 59.13%. Attached to this memorandum is Staff's Accounting Schedules (Attachment B).

Staff's revenue requirement is still premised on a rate of return of 8.36% (assumes 100% equity treatment) as of the update period, which now includes the investment in the lift station (see Staff's Accounting Schedules). After Staff's rate of return is grossed up for the 15% tax rate, this results in a 9.84% pre-tax return. Although Mr. Dennis Gill charged a 10% rate to the capital he provided to the company for the new lift-station, because all of the investment is funded directly by the company or its owners, Staff's rate of return recommendation is based on an equity return for a capital structure consisting of 100% equity. David Murray of the Financial Analysis Unit of the Commission sponsored the initial and updated recommendation.

## **CAPITAL PROJECTS COMPLETED AND RECLASSIFIED**

Prior to February 16, 2016, Cannon provided Staff with invoices for projects and equipment that were ordered and paid for but are not yet completed and placed in service. Mississippi Valley Pump, Inc. was contracted to retrofit lift station #3 at a cost of \$19,750 and to replace and install an auto-dialer and alternator at lift station #2 at a cost of \$916.14. Both projects were completed and placed in service before March 31, 2016 which is the construction deadline. Plant retired through the completion of these projects was originally paid for by the developer and subsequently donated (or contributed) to Cannon.

Staff is recommending that current plant and reserve balances in Accounts 394, 395 and 396 (Tools, Shop and Garage Equipment, Power Operated Equipment, and Communication Equipment, respectively) be combined into Account 393, Other General Equipment, as this structure is more common for sewer utilities in the Class D category.

On February 6, 2009, Cannon entered into an agreement with Timber Ridge whereby Timber Ridge would build, maintain and pay for the electric service at a lift station exclusively serving Timber Ridge in exchange for Cannon providing Timber Ridge with ten years of free sewer service. The following is an excerpt from the agreement describing the exchange of services:

Timber Ridge Resort will donate: Engineering, permits, easements and one duplex lift station, to meet Cannon Home specifications in trade for 10 years of sewer service. Timber Ridge will maintain and pay for the electric service during this time.

Contract will end in 2019 or when Coan Enterprise terminates the Professional Service Contract with Cannon Home Association or ceases to operate Timber Ridge Resort.

Staff has examined the economic reality of this transaction and identified three facts embedded in the arrangement: 1) Cannon is providing sewer service to Timber Ridge and forgoes the earned revenues, 2) Cannon is enjoying savings on the electric and maintenance expense associated with the lift station and 3) the forfeited revenues in excess of the enjoyed savings is an investment by the utility in the sewer lift station.

The lift station was built and began providing service in April 2009. In Cannon's last rate case (Case No. SR-2009-0144), Staff treated the project as a contribution in aid of construction (CIAC) resulting in an offset to rate base. However, upon reconsideration and much discussion, Staff has decided it is more appropriate to reclassify the project as a customer advance which still results in an offset to rate base. The primary difference between CIAC and an advance is that CIAC is a permanent investment made by an entity other than the utility while a customer advance is an investment originally made by an entity other than the utility that subsequently becomes an investment by the utility when the utility reimburses the original investor for the cost of the project. As of March 31, 2015, Cannon has reimbursed Timber Ridge for approximately 48 percent of the full cost of the project through sewer service it provided but did not bill to Timber Ridge. Because this project involved an affiliated company, Staff performed an analysis to determine its overall impact on the Company and if any of Cannon's other ratepayers would be adversely affected. Staff has concluded that at the end of the 10-year agreement, Cannon will have "paid" approximately \$20,000 for a lift station costing approximately \$30,000. Considering the economic value received by Cannon, Staff concludes the other Cannon customers are not harmed by this affiliated transaction.

To account for the lift station, Staff has increased Cannon's rate base by the net amount it has invested as of March 31, 2015. As discussed in the previous paragraph, Staff calculated that the utility has invested 48% of the full cost as of March 31, 2015 and projects that the utility will have invested approximately 65.88% of the full cost at the end of the ten-year period. As such, Staff included the full cost (100%) of the lift station in the March 31, 2015 plant in service, offset by permanent CIAC (34.12% of full cost not projected to be invested) and the remaining balance of the advance (unpaid balance of the projected utility investment). These rate base values will be "trued-up" in Cannon's next rate case.

## **RATE BASE**

With the exception of the aforementioned plant reclassification, the Audit Staff and the Engineering Analysis Unit (Engineering Analysis) of the Commission's Operational Analysis Department updated plant in service and depreciation reserve for Cannon by beginning with the amounts that were agreed upon by all parties in Cannon's last rate case (Case No. SR-2009-0144) and making adjustments for any subsequent plant additions or retirements through March 31, 2015. The significant additions to plant since the last rate case was an \$8,356 Kubota RTV, purchased in October 2009, destroyed in a storage-shed fire, and replaced in December 2015.

The \$10,350 replacement cost was offset by a \$7,350 insurance reimbursement. Also added to plant was the construction performed by Mississippi Valley Pump, Inc, which is discussed above. In addition, some pumps, engines, and less significant plant items were replaced and/or retired since the 2009 rate case. Staff's recommended rate base considers all of these plant transactions.

As of March 31, 2016 the total plant in service for the sewer system is \$446,530, while depreciation reserve is \$293,835. The total net plant as of March 31, 2016 is \$152,695. As of March 31, 2016, CIAC is \$365,957 and CIAC Amortization Reserve is \$283,932, resulting in a net CIAC of \$82,025. Timber Ridge lift station CIAC is \$10,369 and the related CIAC amortization Reserve is \$4,684, resulting in a net CIAC related to Timber Ridge of \$5,685 as of March 31, 2016. The unreimbursed customer advance balance as of March 31, 2016 is \$5,524. Cannon's total rate base, including \$200 in spare parts inventory, is \$59,661 as of March 31, 2016.

<b>At March 31, 2015</b>		<b>Sewer</b>
Plant in Service		\$446,530
Less: Depreciation Reserve		\$293,835
Net Plant		\$152,695
CIAC		\$365,957
Less: CIAC Amortization		\$283,932
Net CIAC		\$82,025
Timber Ridge CIAC		\$10,369
Less: Timber Ridge CIAC Amort.		\$4,684
Net Timber Ridge CIAC		\$5,685
Customer Advance balance		\$5,524
Inventory		\$200
Total Rate Base		\$38,458

Ryan Martin of Engineering Analysis has reclassified several depreciation reserve balances in this case, due to over-accruals of depreciation reserves in Accounts 363 and 392, Pumping Equipment and Transportation Equipment respectively. Staff has created a subaccount for Pumping Equipment (363.1) to segregate fully depreciated pumping equipment from recently installed pumping equipment. For the plant that is fully depreciated in account 363, Staff recommends a 0% depreciation rate. Likewise, the plant that was not fully depreciated in 363, namely Lift Station #4, was transferred to account 363.1, to which Staff recommends a 10% rate. These depreciation rates were used to develop an annualized level of depreciation expense for Cannon based on its plant in service as of March 31, 2016. It is Staff's position that the lowered

depreciation rates more appropriately reflect the observed average service life of the plant in these accounts.

## **REVENUES**

As of December 31, 2015, Cannon provided service to 105 residential customers and 3 commercial customers. Of the residential customers, many are part-time residents and incur a minimal annual volumetric charge. Cannon's current tariff allows for the following sewer rates:

Customer Charge	\$16.68 per month for the first 1,000 gallons of water use
Commodity Charge	\$6.554 per 1,000 gallons after the first 1,000 gallons
Connection/Inspection Fee	\$100
Reconnection/Inspection Charge	\$100
Late Payment Charge	\$5.00
Returned Check Charge	\$25.00

To annualize customer charge revenues, Staff multiplied the current customer count<sup>1</sup> by the current customer charge. For the Company's commodity revenue, Staff averaged the 2013 – 2015 customer usage subject to the commodity charge and multiplied by the commodity rate. The result of the total revenue annualization equals \$32,832. In addition to service revenues, Staff included a normalized amount of miscellaneous revenues totaling \$350.

## **EXPENSES**

Staff examined the expenses incurred by Cannon from 2010 through the update period in this case, December 31, 2015. Staff examined each expense type for annual fluctuations and normalized or annualized as circumstances dictated.

### **Labor Agreement**

Timber Ridge, an affiliated company also owned by Mr. and Mrs. Gill, is currently providing operations and maintenance services to Cannon. The services provided included 24-hour class D operator services, inspections, system checks, regulatory compliance, utility management, customer service, office support, and all other operations and maintenance functions. Cannon and Timber Ridge entered into an agreement for these services for a total annual base compensation of \$9,900. Staff included this annual amount into the cost of service calculations.

### **Non-Labor Agreement**

In addition to the Labor Agreement, Timber Ridge and Cannon have entered into a Non-Labor support agreement for the use of office space, vehicles, office and field equipment, a

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<sup>1</sup> One of Cannon's commercial customers has four meters subject to the customer charge. This was recognized in Staff's annualization.

workshop and an equipment storage facility. The agreement is effective for the period January 1, 2016 through January 1, 2017 at the cost of \$400 per month, or \$4,800 annually.

### **Cellular Expense**

The owners of the Company each have cell phones with service provided by US Cellular. Staff adjusted the test year amount of \$840 to remove texting fees and personal usage that were non-utility related and to remove equipment not related to cellular charges. After adjusting for these items, Staff included a \$436 annualized level for cell phone service in the cost of service calculation. The annualized level of cell phone expense developed by the Staff is a normal level of expense since the operator is frequently in the field and his cell phone is maintained for customer contact as well as for contact on nights and weekends.

### **Electric Expense**

The Company owns and operates four lift stations, located at Timber Ridge, Mark Twain Estates, Lick Creek Estates, and at a local convenience store. Per contractual agreement, Timber Ridge pays for the electricity used by the Timber Ridge lift station. Since Cannon's office is located in space provided by the Timber Ridge Resort, all office electric expenses are included as part of the fee that Cannon pays to Timber Ridge per the Non-Labor Agreement. As such, all electric expenses incurred by Cannon relate to the operation of the other three lift stations. In February 2016, Timber Ridge received notice from Ralls County Electric Cooperative that the electric rates will be increasing by 4% on April 1, 2016. Staff has included the 2015 level of electricity expense, increased by 4% to reflect this increase, in the cost of service calculation.

### **Outside Services – Bruce Carlson Farms**

Currently, Cannon disposes of effluent using irrigation pumping equipment for land application. However, the utility frequently must hire an outside service (Bruce Carlson Farms) to assist in disposing the effluent. The annual cost incurred is dependent upon the amount of time the contractor spends pumping the effluent. Staff examined the historical expense of this service and found the annual amount to be fluctuating. As a result, Staff included a four year normalized expense in the cost of service.

### **Leased Land**

Cannon leases acreage adjacent to the Company's lagoon to dispose of the sewer effluent. Historically, Cannon gained permission to perform land application of the effluent in exchange for \$1,500 per year but in 2015 the ownership of the land changed. The new property owner is agreeable to permitting the Company to apply the effluent on the premises, but increased the lease amount to \$5,000 per year effective January 2016. Staff annualized this lease by including the \$5,000 in the cost of service.

### **Billing Expense**

100% of Cannon's sewer customers obtain water service from Cannon Water District No. 1 ("Water District"). The Company has made an agreement for the Water District to perform the utility's billing and collection functions in exchange for a fee equal to 10% of Cannon's billed revenues. Staff annualized this expense by calculating 10% of Staff's recommended level of future revenue.

### **Rate Case Expense**

Staff has included an amount in the revenue requirement for the rate case expense incurred by the utility through January 21, 2016. Staff calculated the rate case expense to be recovered over a five (5) year period. Staff will update this amount through this proceeding.

### **Additional Adjustments**

Staff has reflected adjustments in its cost of service normalized/annualized amounts related to: 1) communications, 2) repairs, maintenance, and materials, 3) regulatory fees, 4) postage, 5) travel, 6) professional education, 7) other outside services, and 8) property taxes.

### **AUDIT STAFF RECOMMENDATIONS:**

**The Company should fully comply with these recommendations within 180 days of the effective date of the Commission Order for this case:**

- a) The Company shall maintain the Company's books and records in accordance with National Association of Regulated Utility Commissioners ("NARUC") Uniform System of Accounts ("USOA").
- b) The Company shall develop continuing property records ("CPRs") for all of the Company's Plant in Service, Contribution in Aid of Construction ("CIAC") and Customer Advances that include, where applicable, in-service dates, the amount of plant, depreciation reserve, CIAC, and CIAC reserve used by Staff in this case;
- c) The Company shall keep the Company's CPRs up to date and complete;
- d) The Company shall maintain the general ledger for its entire rate base, revenues and expenses;
- e) The Company shall annually update a description of duties and responsibilities for the contract labor provided by affiliate Timber Ridge; and
- f) The Company shall continue to maintain records of the number of hours worked by duty described in e) above.

Cannon Home Association  
Case #SR-2016-0112  
Summary of Case Events

**Date Filed:** November 16, 2015

**Day 150:** April 14, 2016

**Extension?** No  
**If yes, why?** N/A

**Amount Requested:** \$25,000  
**Amount Agreed Upon:** \$22,647

**Item(s) Driving Rate Increase:** Increases in Company's annual operating revenues for sewer service, due to increases in plant maintenance, hiring a contract operator, and an increase in the lease price for land used to apply treated effluent.

**Number of Customers:** 110

**Return on Equity:** 8.36%

**Assessment Current:** Yes  
**Annual Reports Filed:** Yes

**Other Open Cases before Commission:** No

**Status with Secretary of State:** Good Standing  
**DNR Violations:** No

**Significant Service/Quality Issues:** Company needs to rehabilitate lift station number three before the corroded metal components break, resulting in structural failure of the rails supporting the pumps and preventing operation of the facility. Structural failure would result in an emergency situation requiring temporary operations equipment and repairs which would lead to additional costs. Regarding the excessive grease in lift station number two, the Company needs to determine whether the restaurant on Lick Creek Rd. is discharging grease by taking samples of its sewage effluent at key times. Then, if the restaurant is exceeding effluent specifications as per the tariff, require the customer to install an adequate grease trap on its service sewer that will prevent grease build up from occurring in the lift station. This is in accordance with the Company's tariff rules 6 (B) and 6 (D) (3).

## **Staff Participant Affidavits**

***Mark Kiesling*** - Operational Analysis Department, Consumer & Management Analysis

***Ryan W. Martin*** - Operational Analysis Department, Engineering Analysis

***David Murray*** - Operational Analysis Department, Financial Analysis

***Brooke Richter*** - Operational Analysis Department, Consumer & Management Analysis

***Jarrod Robertson*** - Water & Sewer Department

***Matthew Young*** - Auditing Department



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

In the Matter of Cannon Home	)	
Association, Inc. Request for a	)	Case No. SR-2016-0112
Rate Increase	)	

**AFFIDAVIT OF MARK KIESLING**

State of Missouri     )  
                                  ) ss.  
County of Jackson    )

**AFFIDAVIT**

**COMES NOW** Mark Kiesling and on his oath declares that he is of sound mind and lawful age; that he contributed to the attached *Notice of Company/Staff Agreement Regarding Disposition of Small Company Rate Increase Request* ("Disposition Agreement") and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

  
Mark Kiesling

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Jackson, State of Missouri, at my office in Kansas City, on this 14<sup>th</sup> day of April, 2016.

  
NOTARY PUBLIC



TAMMY MORALES  
My Commission Expires  
January 7, 2018  
Clay County  
Commission #14451086

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

In the Matter of Cannon Home  
Association, Inc. Request for a  
Rate Increase

)  
)  
)

Case No. SR-2016-0112


**AFFIDAVIT OF RYAN W. MARTIN. P.E.**

State of Missouri     )  
                                  ) ss.  
County of Cole         )

**AFFIDAVIT**

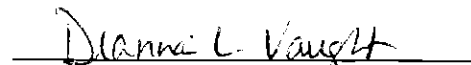
**COMES NOW** Ryan W. Martin, P.E., and on his oath declares that he is of sound mind and lawful age; that he contributed to the attached *Notice of Company/Staff Agreement Regarding Disposition of Small Company Rate Increase Request* ("Disposition Agreement") and that the same is true and correct according to his best knowledge and belief.

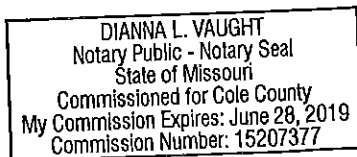
Further the Affiant sayeth not.

  
\_\_\_\_\_  
Ryan W. Martin, P.E.

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 14th day of April, 2016.

  
\_\_\_\_\_  
NOTARY PUBLIC



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

In the Matter of Cannon Home  
Association, Inc. Request for a  
Rate Increase

)  
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Case No. SR-2016-0112

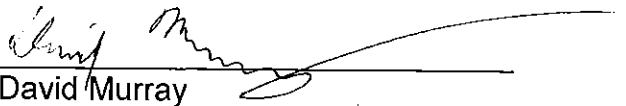
**AFFIDAVIT OF DAVID MURRAY**

State of Missouri    )  
                              ) ss.  
County of Cole        )

**AFFIDAVIT**

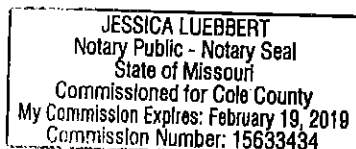
**COMES NOW** David Murray and on his oath declares that he is of sound mind and lawful age; that he contributed to the attached *Notice of Company/Staff Agreement Regarding Disposition of Small Company Rate Increase Request* ("Disposition Agreement") and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

  
\_\_\_\_\_  
David Murray

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 14<sup>th</sup> day of April, 2016.



  
\_\_\_\_\_  
NOTARY PUBLIC

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

In the Matter of Cannon Home  
Association, Inc. Request for a  
Rate Increase

)  
)  
)

Case No. SR-2016-0112

**AFFIDAVIT OF BROOKE RICHTER**

State of Missouri    )  
                                  ) ss.  
County of Jackson    )

**AFFIDAVIT**

**COMES NOW** Brooke Richter and on her oath declares that she is of sound mind and lawful age; that she contributed to the attached *Notice of Company/Staff Agreement Regarding Disposition of Small Company Rate Increase Request* ("Disposition Agreement") and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.

  
\_\_\_\_\_  
Brooke Richter

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Jackson, State of Missouri, at my office in Kansas City, on this 14<sup>th</sup> day of April, 2016.

  
\_\_\_\_\_  
NOTARY PUBLIC



TAMMY MORALES  
My Commission Expires  
January 7, 2018  
Clay County  
Commission #14451086

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

In the Matter of Cannon Home  
Association, Inc. Request for a  
Rate Increase

)  
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Case No. SR-2016-0112

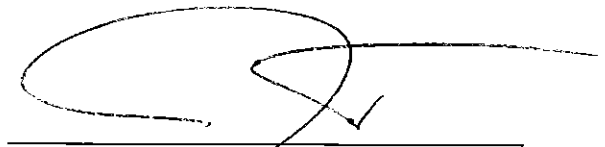
**AFFIDAVIT OF JARROD ROBERTSON**

State of Missouri    )  
                              ) ss.  
County of Cole        )

**AFFIDAVIT**

**COMES NOW** Jarrod Robertson and on his oath declares that he is of sound mind and lawful age; that he contributed to the attached *Notice of Company/Staff Agreement Regarding Disposition of Small Company Rate Increase Request* ("Disposition Agreement") and that the same is true and correct according to his best knowledge and belief.

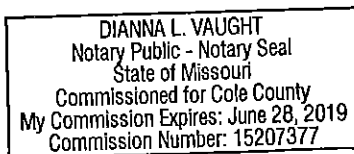
Further the Affiant sayeth not.

  
\_\_\_\_\_  
Jarrod Robertson

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 14th day of April, 2016.

  
\_\_\_\_\_  
NOTARY PUBLIC



**TAMMY MORALES**  
My Commission Expires  
January 7, 2018  
Clay County  
Commission #14451086