

Exhibit No.:
Issues: *Rate Base and
Future Rates*
Witness: *Kimberly K. Bolin*
Sponsoring Party: *MoPSC Staff*
Type of Exhibit: *Rebuttal Testimony*
Case No.: *WO-2014-0340*
Date Testimony Prepared: *October 3, 2014*

MISSOURI PUBLIC SERVICE COMMISSION

REGULATORY REVIEW DIVISION

UTILITY SERVICES - AUDITING

REBUTTAL TESTIMONY

OF

KIMBERLY K. BOLIN

**BRANDCO INVESTMENTS, LLC and
HILLCREST UTILITY OPERATING COMPANY, INC.**

CASE NO. WO-2014-0340

*Jefferson City, Missouri
October 3, 2014*

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REBUTTAL TESTIMONY
OF
KIMBERLY K. BOLIN
BRANDCO INVESTMENTS, LLC and
HILLCREST UTILITY OPERATING COMPANY, INC.
CASE NO. WO-2014-0340**

RATE BASE 2
FUTURE RATES – PRO FORMA INFORMATION 4

1 **REBUTTAL TESTIMONY**

2 **OF**

3 **KIMBERLY K. BOLIN**

4 **BRANDCO INVESTMENTS, LLC and**

5 **HILLCREST UTILITY OPERATING COMPANY, INC.**

6 **CASE NO. WO-2014-0340**

7 Q. Please state your name and business address.

8 A. Kimberly K. Bolin, P.O. Box 360, Suite 440, Jefferson City, MO 65102.

9 Q. By whom are you employed and in what capacity?

10 A. I am a Utility Regulatory Auditor for the Missouri Public Service Commission
11 (“Commission”).

12 Q. Please describe your educational background and work experience.

13 A. I graduated from Central Missouri State University in Warrensburg, Missouri,
14 with a Bachelor of Science in Business Administration, major emphasis in Accounting, in
15 May 1993. Before coming to work at the Commission, I was employed by the Missouri
16 Office of the Public Counsel (“OPC”) as a Public Utility Accountant from September 1994 to
17 April 2005. I commenced employment with the Commission in April 2005.

18 Q. What was the nature of your job duties when you were employed by OPC?

19 A. I was responsible for performing audits and examinations of the books and
20 records of public utilities operating within the state of Missouri.

Rebuttal Testimony of
Kimberly K. Bolin

1 Q. Have you previously filed testimony before this Commission?

2 A. Yes, numerous times. Please refer to Schedule KKB 1, attached to this rebuttal
3 testimony, for a list of the major audits in which I have assisted and filed testimony with
4 OPC and with the Commission.

5 Q. What knowledge, skills, experience, training and education do you have in the
6 areas of which you are testifying as an expert witness?

7 A. I have received continuous training at in-house and outside seminars on
8 technical ratemaking matters both when employed by OPC and since I began my employment
9 at the Commission. I have been employed by this Commission or by OPC as a Regulatory
10 Auditor for over 19 years, and have submitted testimony on ratemaking matters numerous
11 times before the Commission. I have also been responsible for the supervision of other
12 Commission employees in rate cases and other regulatory proceedings.

13 Q. Have you participated in the Commission Staff's ("Staff") investigation of
14 Brandco Investments, LLC ("Brandco"), the current owners of the water and sewer system,
15 and Hillcrest Utility Operating Company, Inc. ("Hillcrest"), the proposed buyers of the water
16 and sewer system?

17 A. Yes, as part of Staff's investigation, I reviewed the plant-in-service records of
18 Brandco to determine Brandco's current rate base. I also prepared pro-forma estimates of the
19 rate impacts caused by future plant planned to be constructed by Hillcrest.

20 **RATE BASE**

21 Q. What is Staff's estimate of the current valuation of rate base for the water and
22 sewer system owned by Brandco?

Rebuttal Testimony of
Kimberly K. Bolin

1 A. Staff estimates the rate base for the water system is \$33,164 and \$49,119 for
2 the sewer system, for a total of \$82,283 for both systems. Schedule KKB 2, attached to my
3 rebuttal testimony, shows Brandco's estimated plant-in-service, depreciation reserve,
4 contributions in aid of construction (CIAC) and CIAC amortization balances as of July 31,
5 2014, the balances of which comprises Staff's estimate of Brandco's rate base at that date.

6 Q. How did Staff determine its estimate of Brandco's rate base?

7 A. In Case Nos. WM-2007-0261 and SM-2007-0262, the Commission ordered
8 Brandco to utilize for accounting purposes Staff's corrected plant account balances that were
9 contained in Staff's recommendation to the cases. In this current case, I used these balances
10 as the starting balances in Staff's investigation, and updated the balances as of July 31, 2014
11 to include additions and retirements to plant, depreciation reserve, CIAC and CIAC
12 amortization.

13 Q. Does the proposed purchase price to be paid by Hillcrest for both of these
14 systems result in an acquisition premium; i.e., a purchase price higher than the current net
15 book value of Brandco's systems?

16 A. No. According to Staff's analysis, the purchase price being paid by Hillcrest is
17 less than the net book value of the water and sewer assets that are being acquired, and less
18 than the rate base amount identified by Staff.

19 Q. Is Staff recommending that the Commission make any finding on rate base
20 level in this case?

21 A. No. Staff's rate base number simply reflects Staff's findings in this review and
22 is presented for information only. There has been no negotiation with other parties who might
23 be interested in a current rate base valuation and who might believe a different amount is

1 appropriate. However, Staff notes that its review of Brandco's rate base has resulted in the
2 conclusion that certain information included in Brandco's recent 2013 annual report is
3 incorrect. As a result Staff recommends that the account balances shown in Schedule KKB 2
4 attached to this testimony be the account balances as of July 31, 2014 to be used by Hillcrest
5 for accounting purposes and in future annual reports as of that date.

6 **FUTURE RATES – PRO FORMA INFORMATION**

7 Q. Why did Staff perform pro-forma estimates of the rate impacts caused by
8 future plant planned to be constructed by Hillcrest?

9 A. Hillcrest has stated in its Joint Application and if Necessary Motion for Waiver
10 that it intends to construct replacement utility plant in the future and has quantified a capital
11 amount associated with the construction. Hillcrest has requested approval to enter into
12 secured indebtedness to purchase the utility assets and fund the construction. Therefore, Staff
13 estimated future potential rates applicable to Hillcrest ownership of these systems based upon
14 its own ratemaking assumptions and Hillcrest's estimated construction costs to test whether
15 Hillcrest would have enough cash flow to meet its projected annual interest and principal
16 payments on the debt.

17 Q. What were the results of Staff's pro-forma estimates?

18 A. Annual revenue for water is expected to increase from \$27,093 to \$67,255 due
19 to higher costs for the necessary improvements needed. Annual revenue for sewer is expected
20 to increase from \$37,883 to \$184,360 due to higher costs for the necessary improvements
21 needed. Staff's pro-forma estimates for revenue are shown in the attached Accounting
22 Schedules for water and sewer, attached as Schedule KKB 3 and KKB 4, respectively. Staff
23 witness Shana Atkinson will provide in her rebuttal testimony Staff's findings as to whether

Rebuttal Testimony of
Kimberly K. Bolin

1 Hillcrest will be able to meet its annual interest and principal payments, based in part on these
2 pro-forma estimates.

3 Q. Is Staff proposing a rate increase for Hillcrest at this time?

4 A. No. The Staff's pro-forma calculations are projections by Staff based on
5 available information on future estimates of plant that may be constructed in the near future.
6 Actual changes to rates in the future should be studied, debated and approved in the context of
7 a future rate case. Staff's accounting schedules in this case are based upon estimates and are
8 for informational purposes only for this case. The accounting schedules are not intended to
9 present current or future recommendations as to Hillcrest's future rate levels.

10 Q. Does this conclude your rebuttal testimony in this proceeding?

11 A. Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of the Joint Application of)
Brandco Investments, LLC and Hillcrest) Case No. WO-2014-0340
Utility Operating Company, Inc., for Hillcrest)
to Acquire Certain Water and Sewer Assets of)
Brandco and, In Connection Therewith, Issue)
Indebtedness and Encumber Assets)

AFFIDAVIT OF KIMBERLY K. BOLIN

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

Kimberly K. Bolin, of lawful age, on her oath states: that she has participated in the preparation of the foregoing Rebuttal Testimony in question and answer form, consisting of 5 pages to be presented in the above case; that the answers in the foregoing Rebuttal Testimony were given by her; that she has knowledge of the matters set forth in such answers; and that such matters are true and correct to the best of her knowledge and belief.

Kimberly K. Bolin
Kimberly K. Bolin

Subscribed and sworn to before me this 3rd day of October, 2014.

D. SUZIE MANKIN
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: December 12, 2016
Commission Number: 12412070

D. Suzie Mankin
Notary Public

**CASE PARTICIPATION
OF
KIMBERLY K. BOLIN**

<u>Company Name</u>	<u>Case Number</u>	<u>Testimony/Issues</u>	<u>Contested or Settled</u>
Lake Region Water & Sewer	WR-2013-0461	<p><u>Direct</u> – Overview of Staff’s Filing <u>Report on Cost of Service</u> – True-Up, Availability Fees, Sewer Operating Expense, Sewer Equipment Maintenance Expense <u>Surrebuttal</u> – Availability Fees <u>True-Up Direct</u> – Overview of True-Up Audit <u>True-Up Rebuttal</u> – Corrections to True-Up</p>	Contested
Empire District Electric Company	ER-2012-0345	<p><u>Direct</u> - Overview of Staff’s Filing <u>Report on Cost of Service</u> – SWPA Hydro Reimbursement, Joplin Tornado AAO Asset, SPP Revenues, SPP Expenses, Regulatory Plan Amortization Impacts, SWPA Amortization, Tornado AAO Amortization <u>Rebuttal</u> – Unamortized Balance of Joplin Tornado AAO, Rate Case Expense, True-Up and Uncontested Issues <u>Surrebuttal</u> – Unamortized Balance of Joplin Tornado AAO, SPP Transmission Expense, True-Up, Advanced Coal Investment Tax Credit</p>	Settled
Missouri-American Water Company	WR-2011-0337	<p><u>Direct</u> – Overview of Staff’s Filing <u>Report on Cost of Service</u> - True-Up Recommendation, Tank Painting Tracker, Tank Painting Expense <u>Rebuttal</u> - Tank Painting Expense, Business Transformation <u>Surrebuttal</u> – Tank Painting Tracker, Acquisition Adjustment</p>	Settled
Missouri-American Water Company	WR-2010-0131	<p><u>Report on Cost of Service</u> - Pension/OPEB Tracker, Tank Painting Tracker, Deferred Income Taxes, FAS 87 Pension Costs, FAS 106 – Other Post-Employment Benefits, Incentive Compensation, Group Insurance and 401(k) Employer Costs, Tank Painting Expense, Dues and Donations, Advertising Expense, Promotional Items, Current and Deferred Income Tax Expense</p>	Settled

**CASE PARTICIPATION
OF
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<u>Company Name</u>	<u>Case Number</u>	<u>Testimony/Issues</u>	<u>Contested or Settled</u>
Empire District Gas Company	GR-2009-0434	<u>Report on Cost of Service</u> – Prepaid Pension Asset, Pension Tracker Asset/Liability, Unamortized Accounting Authority Order Balances, Pension Expense, OPEBs, Amortization of Stock Issuance Costs, Amortization of Accounting Authority Orders <u>Direct</u> – Overview of Staff’s Filing	Settled
Laclede Gas Company	GT-2009-0056	<u>Surrebuttal Testimony</u> – Tariff	Contested
Missouri-American Water Company	WR-2008-0311 & SR-2008-0312	<u>Report on Cost of Service</u> – Tank Painting Tracker, Lobbying Costs, PSC Assessment <u>Direct</u> – Overview of Staff’s Filing <u>Rebuttal</u> – True-Up Items, Unamortized Balance of Security AAO, Tank Painting Expense, Fire Hydrant Painting Expense <u>Surrebuttal</u> – Unamortized Balance of Security AAO, Cedar Hill Waste Water Plant, Tank Painting Expense, Fire Hydrant Painting Expense	Settled
Missouri Gas Utility, Inc.	GR-2008-0060	<u>Report on Cost of Service</u> – Plant-in Service/Capitalization Policy, Plant-in Service/Purchase Price Valuation, Depreciation Reserve, Revenues, Uncollectible Expense	Settled
Laclede Gas Company	GR-2007-0208	<u>Direct</u> - Test Year and True-Up, Environmental costs, AAOs, Revenue, Miscellaneous Revenue, Gross receipts Tax, Gas Costs, Uncollectibles, EWCR, AMR, Acquisition Adjustment	Settled

**CASE PARTICIPATION
OF
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<u>Company Name</u>	<u>Case Number</u>	<u>Testimony/Issues</u>	<u>Contested or Settled</u>
Kansas City Power and Light Company	ER-2006-0314	<p><u>Direct</u>- Gross Receipts Tax, Revenues, Weather Normalization, Customer Growth/Loss Annualization, Large Customer Annualization, Other Revenue, Uncollectible (Bad Debt) Expense, Payroll, A&G Salaries Capitalization Ratio, Payroll Taxes, Employer 401 (k) Match, Other Employee Benefits</p> <p><u>Surrebuttal</u>- Uncollectible (Bad Debt) Expense, Payroll, A&G Salaries Capitalization Ratio, Other Employee Benefits</p>	Contested
Missouri Gas Energy	GR-2006-0204	<p><u>Direct</u>- Payroll, Incentive Compensation, Payroll Taxes, Employee Benefits, Lobbying, Customer & Governmental Relations Department, Collections Contract</p>	Settled

**CASE PARTICIPATION
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WHILE EMPLOYED WITH THE OFFICE OF THE PUBLIC COUNSEL

<u>Company Name</u>	<u>Case Number</u>	<u>Testimony/Issues</u>	<u>Contested or Settled</u>
Missouri Gas Energy	GU-2005-0095	<u>Rebuttal</u> - Accounting Authority Order <u>Surrebuttal</u> - Accounting Authority Order	Contested
The Empire District Electric Company	ER-2004-0570	<u>Direct</u> - Payroll	Settled
Missouri American Water Company & Cedar Hill Utility Company	SM-2004-0275	<u>Direct</u> - Acquisition Premium	Settled
Missouri Gas Energy	GR-2004-0209	<u>Direct</u> - Safety Line Replacement Program; Environmental Response Fund; Dues & Donations; Payroll; Customer & Governmental Relations Department Disallowance; Outside Lobbyist Costs <u>Rebuttal</u> - Customer Service; Incentive Compensation; Environmental Response Fund; Lobbying/Legislative Costs <u>True-Up</u> - Rate Case Expense	Contested
Osage Water Company	ST-2003-0562 / WT-2003-0563	<u>Direct</u> - Payroll <u>Rebuttal</u> - Payroll; Lease Payments to Affiliated Company; alleged Legal Requirement of a Reserve	Case Dismissed
Missouri American Water Company	WR-2003-0500	<u>Direct</u> - Acquisition Adjustment; Water Treatment Plant Excess Capacity; Retired Treatment Plan; Affiliated Transactions; Security AAO; Advertising Expense; Customer Correspondence	Settled
Empire District Electric	ER-2002-424	<u>Direct</u> - Dues & Donations; Memberships; Payroll; Security Costs <u>Rebuttal</u> - Energy Traders' Commission <u>Surrebuttal</u> - Energy Traders' Commission	Settled

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WHILE EMPLOYED WITH THE OFFICE OF THE PUBLIC COUNSEL

<u>Company Name</u>	<u>Case Number</u>	<u>Testimony/Issues</u>	<u>Contested or Settled</u>
Laclede Gas Company	GR-2002-356	<u>Direct</u> - Advertising Expense; Safety Replacement Program and the Copper Service Replacement Program; Dues & Donations; Rate Case Expense <u>Rebuttal</u> - Gas Safety Replacement Program / Deferred Income Taxes for AAOs	Settled
Missouri-American Water Company	WO-2002-273	<u>Rebuttal</u> - Accounting Authority Order <u>Cross-Surrebuttal</u> - Accounting Authority Order	Contested
Environmental Utilities	WA-2002-65	<u>Direct</u> - Water Supply Agreement <u>Rebuttal</u> - Certificate of Convenience & Necessity	Contested
Warren County Water & Sewer	WC-2002-160 / SC-2002-155	<u>Direct</u> - Clean Water Act Violations; DNR Violations; Customer Service; Water Storage Tank; Financial Ability; Management Issues <u>Surrebuttal</u> - Customer Complaints; Poor Management Decisions; Commingling of Regulated & Non-Related Business	Contested
Laclede Gas Company	GR-2001-629	<u>Direct</u> - Advertising Expense; Safety Replacement Program; Dues & Donations; Customer Correspondence	Settled
Gateway Pipeline Company	GM-2001-585	<u>Rebuttal</u> - Acquisition Adjustment; Affiliated Transactions; Company's Strategic Plan	Contested
Empire District Electric	ER-2001-299	<u>Direct</u> - Payroll; Merger Expense <u>Rebuttal</u> - Payroll <u>Surrebuttal</u> - Payroll	Settled
Osage Water Company	SR-2000-556/ WR-2000-557	<u>Direct</u> - Customer Service	Contested

**CASE PARTICIPATION
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WHILE EMPLOYED WITH THE OFFICE OF THE PUBLIC COUNSEL

<u>Company Name</u>	<u>Case Number</u>	<u>Testimony/Issues</u>	<u>Contested or Settled</u>
St. Louis County Water Company	WR-2000-844	<u>Direct</u> - Main Incident Expense	Settled
Missouri American Water Company	WR-2000-281/ SR-2000-282	<u>Direct</u> - Water Plant Premature Retirement; Rate Case Expense <u>Rebuttal</u> - Water Plant Premature Retirement <u>Surrebuttal</u> - Water Plant Premature Retirement	Contested
Laclede Gas Company	GR-99-315	<u>Direct</u> - Advertising Expense; Dues & Donations; Miscellaneous Expense; Items to be Trued-up	Contested
St. Joseph Light & Power	HR-99-245	<u>Direct</u> - Advertising Expense; Dues & Donations; Miscellaneous Expense; Items to be Trued-up <u>Rebuttal</u> - Advertising Expense <u>Surrebuttal</u> - Advertising Expense	Settled
St. Joseph Light & Power	ER-99-247	<u>Direct</u> - Merger Expense; Rate Case Expense; Deferral of the Automatic Mapping/Facility Management Costs <u>Rebuttal</u> - Merger Expense; Rate Case Expense; Deferral of the Automatic Mapping/Facility Management Costs <u>Surrebuttal</u> - Merger Expense; Rate Case Expense; Deferral of the Automatic Mapping/Facility Management Costs	Settled
Laclede Gas Company	GR-98-374	<u>Direct</u> - Advertising Expense; Gas Safety Replacement AAO; Computer System Replacement Costs	Settled
Missouri Gas Energy	GR-98-140	<u>Direct</u> - Payroll; Advertising; Dues & Donations; Regulatory Commission Expense; Rate Case Expense	Contested

**CASE PARTICIPATION
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WHILE EMPLOYED WITH THE OFFICE OF THE PUBLIC COUNSEL

<u>Company Name</u>	<u>Case Number</u>	<u>Testimony/Issues</u>	<u>Contested or Settled</u>
Gascony Water Company, Inc.	WA-97-510	<u>Rebuttal</u> - Rate Base; Rate Case Expense; Cash Working Capital	Settled
Union Electric Company	GR-97-393	<u>Direct</u> - Interest Rates for Customer Deposits	Settled
St. Louis County Water Company	WR-97-382	<u>Direct</u> - Interest Rates for Customer Deposits, Main Incident Expense	Settled
Associated Natural Gas Company	GR-97-272	<u>Direct</u> - Acquisition Adjustment; Interest Rates for Customer Deposits <u>Rebuttal</u> - Acquisition Adjustment; Interest Rates for Customer Deposits <u>Surrebuttal</u> - Interest Rates for Customer Deposits	Contested
Missouri-American Water Company	WA-97-45	<u>Rebuttal</u> - Waiver of Service Connection Charges	Contested
Imperial Utility Corporation	SC-96-427	<u>Direct</u> - Revenues, CIAC <u>Surrebuttal</u> - Payroll; Uncollectible Accounts Expense; Rate Case Expense, Revenues	Settled
St. Louis Water Company	WR-96-263	<u>Direct</u> -Main Incident Repairs <u>Rebuttal</u> - Main Incident Repairs <u>Surrebuttal</u> - Main Incident Repairs	Contested
Steelville Telephone Company	TR-96-123	<u>Direct</u> - Depreciation Reserve Deficiency	Settled

**CASE PARTICIPATION
OF
KIMBERLY K. BOLIN**

WHILE EMPLOYED WITH THE OFFICE OF THE PUBLIC COUNSEL

<u>Company Name</u>	<u>Case Number</u>	<u>Testimony/Issues</u>	<u>Contested or Settled</u>
Missouri-American Water Company	WR-95-205/ SR-95-206	<p><u>Direct</u>- Property Held for Future Use; Premature Retirement of Sewer Plant; Depreciation Study Expense; Deferred Maintenance</p> <p><u>Rebuttal</u>- Property Held for Future Use; Premature Retirement of Sewer Plant; Deferred Maintenance</p> <p><u>Surrebuttal</u>- Property Held for Future Use; Premature Retirement of Sewer Plant</p>	Contested
St. Louis County Water Company	WR-95-145	<p><u>Rebuttal</u>- Tank Painting Reserve Account; Main Repair Reserve Account</p> <p><u>Surrebuttal</u>- Main Repair Reserve Account</p>	Contested

**Brandco Investment LLC - Staff's Corrected Account Balances
as of July 31, 2014**

Water System

<u>Account</u>	<u>Total Plant</u>	<u>Accumulated Depreciation Reserve</u>	<u>CIAC</u>	<u>CIAC Amortization</u>
311 Structures & Improvements	\$ 19,228	\$ 14,868	\$ -	\$ -
314 Wells & Springs	\$ 9,450	\$ 8,458	\$ -	\$ -
316 Supply Mains	\$ 1,162	\$ 1,082	\$ -	\$ -
325 Electronic Pumping Equipment	\$ 14,480	\$ 9,323	\$ -	\$ -
342 Distribution Reservoirs & Standpipes	\$ 35,958	\$ 31,351	\$ -	\$ -
343 Transmission & Distribution Mains	\$ 73,593	\$ 45,339	\$ 10,575	\$ 5,725
345 Services	\$ 1,335	\$ 1,110	\$ -	\$ -
346 Meters	\$ 26,260	\$ 35,821	\$ 709	\$ 777
347 Meter Installations	\$ 500	\$ 388	\$ -	\$ -
348 Hydrants	\$ 13,420	\$ 5,526	\$ 9,100	\$ 4,926
TOTALS	\$ 195,386	\$ 153,266	\$ 20,384	\$ 11,428

Sewer System

<u>Account</u>	<u>Total Plant</u>	<u>Accumulated Depreciation Reserve</u>	<u>CIAC</u>	<u>CIAC Amortization</u>
352.1 Collection Sewers - Force	\$ 57,096	\$ 51,465	\$ 43,060	\$ 31,350
352.2 Collection Sewers - Gravity	\$ 72,980	\$ 34,239	\$ 49,759	\$ 36,227
354 Services to Customers	\$ 7,186	\$ 5,421	\$ -	\$ -
372 Oxidation Lagoon	\$ 91,204	\$ 61,150	\$ 13,605	\$ 12,087
373 Treatment & Disposal Equipment	\$ 12,184	\$ 12,241	\$ -	\$ -
393 Other General Equipment	\$ 700	\$ 955	\$ -	\$ -
TOTALS	\$ 241,350	\$ 165,470	\$ 106,424	\$ 79,663

Exhibit No.:
Issue: Accounting Schedules
Witness: MO PSC Auditors
Sponsoring Party: MO PSC Staff
Case No: WO-2014-0340
Date Prepared: 8/25/2014



MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

For Informational Purposes Only

STAFF ACCOUNTING SCHEDULES

HILLCREST UTILITY OPERATING COMPANY, INC.

CASE NO. WO-2014-0340

Jefferson City, Missouri

Hillcrest Utility Operating Company, Inc.
For Informational Purposes Only
Case No. WO-2014-0340
Test Year Ending 12/31/13 updated to 7/31/14
Rate Design Schedule - Water

Line Number	A Description	B Account Number (Optional)	C Staff Annualized	D Customer Charge	E Commodity	F Percentage Rate
Rev-1	ANNUALIZED REVENUES					
Rev-2	Annualized Rate Revenues	(1)	\$27,093			
Rev-3	Miscellaneous Revenues	(1)	\$0			
Rev-4	TOTAL ANNUALIZED REVENUES		<u>\$27,093</u>			
1	OPERATIONS EXPENSES	(2)				
2	Management Salary (1)		\$8,697	\$0	\$8,697	0.00%
3	Operators Salary/Contract Services (1)		\$7,764	\$0	\$7,764	0.00%
4	Electricity-(Pumping)		\$3,068	\$0	\$3,068	0.00%
5	Chemicals-(Chlorine)		\$0	\$0	\$0	0.00%
6	Water Testing		\$1,130	\$0	\$1,130	0.00%
7	TOTAL OPERATIONS EXPENSE		<u>\$20,659</u>	<u>\$0</u>	<u>\$20,659</u>	
8	MAINTENANCE EXPENSES					
9	System Maintenance		\$818	\$0	\$818	0.00%
10	TOTAL MAINTENANCE EXPENSE		<u>\$818</u>	<u>\$0</u>	<u>\$818</u>	
11	CUSTOMER ACCOUNT EXPENSE					
12	Billing & Collections		\$3,067	\$0	\$3,067	0.00%
13	Office Supplies/Postage		\$895	\$0	\$895	0.00%
14	TOTAL CUSTOMER ACCOUNT EXPENSE		<u>\$3,962</u>	<u>\$0</u>	<u>\$3,962</u>	
15	ADMINISTRATIVE & GENERAL EXPENSES					
16	Telephone & Internet		\$862	\$0	\$862	0.00%
17	Transportation Expense		\$1,513	\$0	\$1,513	0.00%
18	Employee Pensions and Benefits		\$0	\$0	\$0	0.00%
19	Property & Liability Insurance		\$2,340	\$0	\$2,340	0.00%
20	Building Rent/Utilities		\$2,400	\$0	\$2,400	0.00%
21	Outside Services Employed		\$1,315	\$0	\$1,315	0.00%
22	Other Expenses		\$1,183	\$0	\$1,183	0.00%
23	Bank Fees		\$12	\$0	\$12	0.00%
24	TOTAL ADMINISTRATIVE AND GENERAL		<u>\$9,625</u>	<u>\$0</u>	<u>\$9,625</u>	
25	OTHER OPERATING EXPENSES					
26	MO DNR Fees		\$0	\$0	\$0	0.00%
27	PSC Assessment		\$269	\$0	\$269	0.00%
28	Corporate Registration		\$0	\$0	\$0	0.00%
29	Depreciation		\$12,988	\$0	\$12,988	0.00%
30	TOTAL OTHER OPERATING EXPENSES		<u>\$13,257</u>	<u>\$0</u>	<u>\$13,257</u>	
31	TAXES OTHER THAN INCOME					
32	Real & Personal Property Taxes		\$324	\$0	\$324	0.00%
33	Payroll Taxes		\$665	\$0	\$665	0.00%
34	TOTAL TAXES OTHER THAN INCOME		<u>\$989</u>	<u>\$0</u>	<u>\$989</u>	
35	TOTAL OPERATING EXPENSES		<u>\$49,310</u>	<u>\$0</u>	<u>\$49,310</u>	
36	Interest Expense	(3)	\$12,090	\$0	\$12,090	0.00%
37	Return on Equity	(3)	\$4,688	\$0	\$4,688	0.00%
38	Income Taxes	(3)	\$1,167	\$0	\$1,167	0.00%
39	TOTAL INTEREST RETURN & TAXES		<u>\$17,945</u>	<u>\$0</u>	<u>\$17,945</u>	
40	TOTAL COST OF SERVICE		<u>\$67,255</u>	<u>\$0</u>	<u>\$67,255</u>	
41	Less: Miscellaneous Revenues		<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	0.00%
42	COST TO RECOVER IN RATES		<u>\$67,255</u>	<u>\$0</u>	<u>\$67,255</u>	
43	INCREMENTAL INCREASE IN RATE REVENUES		<u>\$40,162</u>			

Hillcrest Utility Operating Company, Inc.
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Rate Design Schedule - Water

A	B	C	D	E	F
Line Number	Account Number (Optional)	Staff Annualized	Customer Charge	Commodity	Percentage Rate
44	PERCENTAGE OF INCREASE	<u>148.24%</u>			
45	REQUESTED INCREASE IN REVENUES	\$0			

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

Hillcrest Utility Operating Company, Inc.
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Rate Base Required Return on Investment Schedule - Water

Line Number	A Rate Base Description	B Dollar Amount	
1	Plant In Service	\$370,386	From Plant Schedule
2	Less Accumulated Depreciation Reserve	<u>\$153,266</u>	From Depreciation Reserve Schedule
3	Net Plant In Service	\$217,120	
4	Other Rate Base Items:	\$0	
	Contribution in Aid of Construction	-\$20,384	
	CIAC Depreciation	\$11,428	
5	Total Rate Base	<u>\$208,164</u>	
6	Total Weighted Rate of Return Including Income Tax	<u>8.62%</u>	From PreTax Return & Taxes Schedule
7	Required Return & Income Tax	<u><u>\$17,945</u></u>	

Hillcrest Utility Operating Company, Inc.
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 Rate of Return Including Income Tax - Water

		A	B	formulas
1	State Income Tax Rate Statutory / Effective	6.25% (2)	5.81%	(1 - (B2 x .5)) x A1
2	Federal Income Tax Rate Statutory / Effective	15.00% (1) & (2)	<u>14.13%</u>	(1 - B1) x A2
3	Composite Effective Income Tax Rate		19.94%	B1 + B2
4	Equity Tax Factor		1.2490	1 / (1-B3)
5	Recommended Weighted Rate of Return on Equity - Common and Preferred		<u>2.25%</u>	From Capital Structure Schedule
6	Weighted Rate of Return on Equity Including Income Tax		2.81%	B4 x B5
7	Recommended Weighted Rate of Return on Debt - Long-Term and Short-Term		<u>5.81%</u>	From Capital Structure Schedule
8	Total Weighted Rate of Return Including Income Tax		<u><u>8.62%</u></u>	B6+B7

To Rate Base Schedule

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

Equity Income Required \$5,515
 & Preliminary Federal Tax

Tax Rate Table

Net Income Range				
Start	End	Tax Rate	Amount in Range	Tax on Range
\$0	\$50,000	15.00%	\$5,515	\$827
\$50,001	\$75,000	25.00%	\$0	\$0
\$75,001	\$100,000	34.00%	\$0	\$0
\$100,001	\$335,000	39.00%	\$0	\$0
\$335,001	\$9,999,999,999	34.00%	\$0	\$0
			<u>\$5,515</u>	<u>\$827</u>
			Consolidated Tax Rate:	
			Average Tax Rate:	0.15

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Capital Structure Schedule - Water

Line Number	A Description	B Dollar Amount	C Percentage of Total Capital Structure	D Embedded Cost of Capital	E Weighted Cost of Capital
1	Common Stock	\$20	20.00%	11.26%	2.252%
2	Other Security-Non Tax Deductible	\$0	0.00%	0.00%	0.000%
3	Preferred Stock	\$0	0.00%	0.00%	0.000%
4	Long Term Debt	\$80	80.00%	7.26%	5.808%
5	Short Term Debt	\$0	0.00%	0.00%	0.000%
6	Other Security-Tax Deductible	\$0	0.00%	0.00%	0.000%
7	TOTAL CAPITALIZATION	<u>\$100</u>	<u>100.00%</u>		<u>8.060%</u>

To PreTax Return Rate Schedule

Note: column C: is 6 positions with 4 that are displayed (if not totaled correctly, due to rounding)

Hillcrest Utility Operating Company, Inc.
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Plant In Service - Water

Line Number	A Account # (Optional)	B Plant Account Description	C Total Plant	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
1		INTANGIBLE PLANT					
2	301.000	Organization	\$0			100.00%	\$0
3	302.000	Franchises	\$0			100.00%	\$0
4		TOTAL INTANGIBLE PLANT	\$0		\$0		\$0
5		SOURCE OF SUPPLY PLANT					
6	310.000	Land & Land Rights - SSP	\$0			100.00%	\$0
7	311.000	Structures & Improvements - SSP	\$19,228			100.00%	\$19,228
8	312.000	Collection & Impounding Reservoirs	\$0			100.00%	\$0
9	313.000	Lake, River & Other Intakes	\$0			100.00%	\$0
10	314.000	Well & Springs	\$9,450			100.00%	\$9,450
11	315.000	Infiltration Galleries & Tunnels	\$0			100.00%	\$0
12	316.000	Supply Mains	\$1,162			100.00%	\$1,162
13		TOTAL SOURCE OF SUPPLY PLANT	\$29,840		\$0		\$29,840
14		PUMPING PLANT					
15	321.000	Structures & Improvements - PP	\$0			100.00%	\$0
16	325.000	Electric Pumping Equipment	\$14,480			100.00%	\$14,480
17	326.000	Diesel Pumping Equipment	\$0			100.00%	\$0
18	328.000	Other Pumping Equipment	\$0			100.00%	\$0
19		TOTAL PUMPING PLANT	\$14,480		\$0		\$14,480
20		WATER TREATMENT PLANT					
21	330.000	Land & Land Rights-WTP	\$0			100.00%	\$0
22	331.000	Structures & Improvements - WTP	\$0			100.00%	\$0
23	332.000	Water Treatment Equipment	\$0			100.00%	\$0
24		TOTAL WATER TREATMENT PLANT	\$0		\$0		\$0
25		TRANSMISSION & DISTRIBUTION PLANT					
26	340.000	Land & Land Rights-T&D	\$0			100.00%	\$0
27	341.000	Structures & Improvements - T&D	\$0			100.00%	\$0
28	342.000	Distribution Reservoirs & Standpipes	\$35,958	P-28	\$100,000	100.00%	\$135,958
29	344.000	Fire Mains	\$0			100.00%	\$0
30	345.000	Services	\$1,335			100.00%	\$1,335
31	343.000	Transmission & Distribution Mains	\$73,593	P-31	\$50,000	100.00%	\$123,593
32	346.000	Meters	\$26,260	P-32	\$25,000	100.00%	\$51,260
33	347.000	Meter Installations	\$500			100.00%	\$500
34	348.000	Other Transmission & Distribution Plant	\$0			100.00%	\$0
35	349.000	Hydrants	\$13,420			100.00%	\$13,420
36		TOTAL TRANS. & DISTRIBUTION PLANT	\$151,066		\$175,000		\$326,066
37		GENERAL PLANT					
38	370.000	Land & Land Rights-GP	\$0			100.00%	\$0
39	371.000	Structures & Improvements - GP	\$0			100.00%	\$0
40	372.000	Office Furniture & Equipment	\$0			100.00%	\$0
41		Office Computer Equipment	\$0			100.00%	\$0
42	373.000	Transportation Equipment - GP	\$0			100.00%	\$0
43	379.000	Other General Equipment	\$0			100.00%	\$0
44		TOTAL GENERAL PLANT	\$0		\$0		\$0
45		TOTAL PLANT IN SERVICE	\$195,386		\$175,000		\$370,386

To Rate Base & Depreciation Schedules

Hillcrest Utility Operating Company, Inc.
 For Informational Purposes Only
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 Test Year Ending 12/31/13 updated to 7/31/14
 Schedule of Adjustments for Plant in Service - Water

A Plant Adjustment Number	B Plant In Service Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment
P-28	Distribution Reservoirs & Standpipes	342.000		\$100,000
	To include future plant construction estimate.		\$100,000	
P-31	Transmission & Distribution Mains	343.000		\$50,000
	To include future plant construction estimate.		\$50,000	
P-32	Meters	346.000		\$25,000
	To include future plant construction estimate.		\$25,000	
Total Plant Adjustments				<u>\$175,000</u>

Hillcrest Utility Operating Company, Inc.
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Depreciation Expense - Water

Line Number	A Account Number	B Plant Account Description	C Adjusted Jurisdictional	D Depreciation Rate	E Depreciation Expense
1		INTANGIBLE PLANT			
2	301.000	Organization	\$0	0.00%	\$0
3	302.000	Franchises	\$0	0.00%	\$0
4		TOTAL INTANGIBLE PLANT	<u>\$0</u>		<u>\$0</u>
5		SOURCE OF SUPPLY PLANT			
6	310.000	Land & Land Rights - SSP	\$0	0.00%	\$0
7	311.000	Structures & Improvements - SSP	\$19,228	2.50%	\$481
8	312.000	Collection & Impounding Reservoirs	\$0	0.00%	\$0
9	313.000	Lake, River & Other Intakes	\$0	0.00%	\$0
10	314.000	Well & Springs	\$9,450	2.00%	\$189
11	315.000	Infiltration Galleries & Tunnels	\$0	0.00%	\$0
12	316.000	Supply Mains	\$1,162	2.00%	\$23
13		TOTAL SOURCE OF SUPPLY PLANT	<u>\$29,840</u>		<u>\$693</u>
14		PUMPING PLANT			
15	321.000	Structures & Improvements - PP	\$0	0.00%	\$0
16	325.000	Electric Pumping Equipment	\$14,480	10.00%	\$1,448
17	326.000	Diesel Pumping Equipment	\$0	0.00%	\$0
18	328.000	Other Pumping Equipment	\$0	0.00%	\$0
19		TOTAL PUMPING PLANT	<u>\$14,480</u>		<u>\$1,448</u>
20		WATER TREATMENT PLANT			
21	330.000	Land & Land Rights-WTP	\$0	0.00%	\$0
22	331.000	Structures & Improvements - WTP	\$0	0.00%	\$0
23	332.000	Water Treatment Equipment	\$0	0.00%	\$0
24		TOTAL WATER TREATMENT PLANT	<u>\$0</u>		<u>\$0</u>
25		TRANSMISSION & DISTRIBUTION PLANT			
26	340.000	Land & Land Rights-T&D	\$0	0.00%	\$0
27	341.000	Structures & Improvements - T&D	\$0	0.00%	\$0
28	342.000	Distribution Reservoirs & Standpipes	\$135,958	2.50%	\$3,399
29	344.000	Fire Mains	\$0	0.00%	\$0
30	345.000	Services	\$1,335	2.50%	\$33
31	343.000	Transmission & Distribution Mains	\$123,593	2.00%	\$2,472
32	346.000	Meters	\$51,260	10.00%	\$5,126
33	347.000	Meter Installations	\$500	2.50%	\$13
34	348.000	Other Transmission & Distribution Plant	\$0	0.00%	\$0
35	349.000	Hydrants	\$13,420	2.00%	\$268
36		TOTAL TRANS. & DISTRIBUTION PLANT	<u>\$326,066</u>		<u>\$11,311</u>
37		GENERAL PLANT			
38	370.000	Land & Land Rights-GP	\$0	0.00%	\$0
39	371.000	Structures & Improvements - GP	\$0	0.00%	\$0

Hillcrest Utility Operating Company, Inc.
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Depreciation Expense - Water

Line Number	<u>A</u> Account Number	<u>B</u> Plant Account Description	<u>C</u> Adjusted Jurisdictional	<u>D</u> Depreciation Rate	<u>E</u> Depreciation Expense
40	372.000	Office Furniture & Equipment	\$0	0.00%	\$0
41		Office Computer Equipment	\$0	0.00%	\$0
42	373.000	Transportation Equipment - GP	\$0	0.00%	\$0
43	379.000	Other General Equipment	\$0	0.00%	\$0
44		TOTAL GENERAL PLANT	<u>\$0</u>		<u>\$0</u>
45		Total Depreciation	<u><u>\$370,386</u></u>		<u><u>\$13,452</u></u>

Hillcrest Utility Operating Company, Inc.
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Accumulated Depreciation Reserve - Water

Line Number	A Account Number	B Depreciation Reserve Description	C Total Reserve	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
1		INTANGIBLE PLANT					
2	301.000	Organization	\$0			100.00%	\$0
3	302.000	Franchises	\$0			100.00%	\$0
4		TOTAL INTANGIBLE PLANT	<u>\$0</u>		<u>\$0</u>		<u>\$0</u>
5		SOURCE OF SUPPLY PLANT					
6	310.000	Land & Land Rights - SSP	\$0			100.00%	\$0
7	311.000	Structures & Improvements - SSP	\$14,868			100.00%	\$14,868
8	312.000	Collection & Impounding Reservoirs	\$0			100.00%	\$0
9	313.000	Lake, River & Other Intakes	\$0			100.00%	\$0
10	314.000	Well & Springs	\$8,458			100.00%	\$8,458
11	315.000	Infiltration Galleries & Tunnels	\$0			100.00%	\$0
12	316.000	Supply Mains	\$1,082			100.00%	\$1,082
13		TOTAL SOURCE OF SUPPLY PLANT	<u>\$24,408</u>		<u>\$0</u>		<u>\$24,408</u>
14		PUMPING PLANT					
15	321.000	Structures & Improvements - PP	\$0			100.00%	\$0
16	325.000	Electric Pumping Equipment	\$9,323			100.00%	\$9,323
17	326.000	Diesel Pumping Equipment	\$0			100.00%	\$0
18	328.000	Other Pumping Equipment	\$0			100.00%	\$0
19		TOTAL PUMPING PLANT	<u>\$9,323</u>		<u>\$0</u>		<u>\$9,323</u>
20		WATER TREATMENT PLANT					
21	330.000	Land & Land Rights-WTP	\$0			100.00%	\$0
22	331.000	Structures & Improvements - WTP	\$0			100.00%	\$0
23	332.000	Water Treatment Equipment	\$0			100.00%	\$0
24		TOTAL WATER TREATMENT PLANT	<u>\$0</u>		<u>\$0</u>		<u>\$0</u>
25		TRANSMISSION & DISTRIBUTION PLANT					
26	340.000	Land & Land Rights-T&D	\$0			100.00%	\$0
27	341.000	Structures & Improvements - T&D	\$0			100.00%	\$0
28	342.000	Distribution Reservoirs & Standpipes	\$31,351			100.00%	\$31,351
29	344.000	Fire Mains	\$0			100.00%	\$0
30	345.000	Services	\$1,110			100.00%	\$1,110
31	343.000	Transmission & Distribution Mains	\$45,339			100.00%	\$45,339
32	346.000	Meters	\$35,821			100.00%	\$35,821
33	347.000	Meter Installations	\$388			100.00%	\$388
34	348.000	Other Transmission & Distribution Plant	\$0			100.00%	\$0
35	349.000	Hydrants	\$5,526			100.00%	\$5,526
36		TOTAL TRANS. & DISTRIBUTION PLANT	<u>\$119,535</u>		<u>\$0</u>		<u>\$119,535</u>
37		GENERAL PLANT					
38	370.000	Land & Land Rights-GP	\$0			100.00%	\$0
39	371.000	Structures & Improvements - GP	\$0			100.00%	\$0
40	372.000	Office Furniture & Equipment	\$0			100.00%	\$0
41		Office Computer Equipment	\$0			100.00%	\$0
42	373.000	Transportation Equipment - GP	\$0			100.00%	\$0
43	379.000	Other General Equipment	\$0			100.00%	\$0
44		TOTAL GENERAL PLANT	<u>\$0</u>		<u>\$0</u>		<u>\$0</u>
45		TOTAL DEPRECIATION RESERVE	<u>\$153,266</u>		<u>\$0</u>		<u>\$153,266</u>

To Rate Base Schedule

Hillcrest Utility Operating Company, Inc.
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Schedule of Adjustments for Accumulated Depreciation Reserve - Water

<u>A</u> Reserve Adjustment Number	<u>B</u> Accumulated Depreciation Reserve Adjustments Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment Amount
Total Reserve Adjustments				\$0

Hillcrest Utility Operating Company, Inc.
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 Revenue Schedule - Water

A	B	C	D	E	F	G	
Line Number	Account Number (Optional)	Revenue Description	Company/ Test Year Amount	Adjustment Number	Jurisdictional Adjustments	Jurisdictional Allocation	Adjusted Jurisdictional
Rev-1		ANNUALIZED REVENUES					
Rev-2		Annualized Rate Revenues	\$28,644	Rev-2	-\$1,551	100.00%	\$27,093
Rev-3		Miscellaneous Revenues	\$0	Rev-3	\$0	100.00%	\$0
Rev-4		TOTAL ANNUALIZED REVENUES	\$28,644		-\$1,551		\$27,093

Hillcrest Utility Operating Company, Inc.
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Revenue Adjustment Schedule - Water

<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>
Revenue Adj Number	Adjustment Description	Account Number	Adjustment Amount	Total Adjustment
Rev-2	Annualized Rate Revenues			-\$1,551
	1. To Annualize Rate Revenues		-\$1,551	
Rev-3	Miscellaneous Revenues			\$0
	1. To Annualize Miscellaneous Revenues		\$0	
Total Revenue Adjustments				-\$1,551

Hillcrest Utility Operating Company, Inc.
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Rate Revenue Feeder Schedule - Water

Line Number	A Description	Residential 5/8"		Commercial 2"	
		B Amount	C Amount	D Amount	E Amount
1	<u>Customer Charge Revenues:</u>				
2	Customer Number	225		0	
3	Bills Per Year	12		0	
4	Customer Bills Per year	2,700		0	
5	Current Customer Charge	<u>\$3.58</u>		<u>\$0.00</u>	
6	Annualized Customer Charge Revenues		\$9,666		\$0
7	<u>Commodity Charge Revenues:</u>				
8	Total Gallons Sold	9,471,000		0	
9	Less: Base Gallons Included In Customer Charge	<u>0</u>		<u>0</u>	
10	Commodity Gallons	9,471,000		0	
11	Block 1, Commodity Gallons per Block	9,471,000		0	
12	Block 1, Number of Commodity Gallons per Unit	<u>1,000</u>		<u>0</u>	
13	Block 1, Commodity Billing Units	9,471.00		0.00	
14	Block 1, Existing Commodity Charge	<u>\$1.84</u>		<u>\$0.00</u>	
15	Block 1, Annualized Commodity Charge Rev.		\$17,427		\$0
16	Total Annualized Water Rate Revenues		<u>\$27,093</u>		<u>\$0</u>

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

Hillcrest Utility Operating Company, Inc.
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Rate Revenue Feeder Schedule - Water

Line Number	A Description	Total	
		F Amount	G Amount
1	<u>Customer Charge Revenues:</u>		
2	Customer Number	225	
3	Bills Per Year		
4	Customer Bills Per year	2,700	
5	Current Customer Charge		
6	Annualized Customer Charge Revenues		\$9,666
7	<u>Commodity Charge Revenues:</u>		
8	Total Gallons Sold	9,471,000	
9	Less: Base Gallons Included In Customer Charge	0	
10	Commodity Gallons	9,471,000	
11	Block 1, Commodity Gallons per Block		
12	Block 1, Number of Commodity Gallons per Unit		
13	Block 1, Commodity Billing Units		
14	Block 1, Existing Commodity Charge		
15	Block 1, Annualized Commodity Charge Rev.		\$17,427
16	Total Annualized Water Rate Revenues		<u>\$27,093</u>

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

Hillcrest Utility Operating Company, Inc.
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Miscellaneous Revenues Feeder - Water

Line Number	<u>A</u> Description	<u>B</u> Amount
1	Total Miscellaneous Revenues	<u><u>\$0</u></u>

Hillcrest Utility Operating Company, Inc.
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Expense Schedule - Water

A	B	C	D	E	F	G	
Line Number	Account Number (Optional)	Expense Description	Company/ Test Year Amount	Adjustment Number	Adjustments	Jurisdictional Allocation	Adjusted Jurisdictional
1		OPERATIONS EXPENSES					
2		Management Salary (1)	\$400	W-2	\$8,297	100.00%	\$8,697
3		Operators Salary/Contract Services (1)	\$0	W-3	\$7,764	100.00%	\$7,764
4		Electricity-(Pumping)	\$3,068			100.00%	\$3,068
5		Chemicals-(Chlorine)	\$0			100.00%	\$0
6		Water Testing	\$1,130			100.00%	\$1,130
7		TOTAL OPERATIONS EXPENSE	<u>\$4,598</u>		<u>\$16,061</u>		<u>\$20,659</u>
8		MAINTENANCE EXPENSES					
9		System Maintenance	\$818			100.00%	\$818
10		TOTAL MAINTENANCE EXPENSE	<u>\$818</u>		<u>\$0</u>		<u>\$818</u>
11		CUSTOMER ACCOUNT EXPENSE					
12		Billing & Collections	\$5,734	W-12	-\$2,667	100.00%	\$3,067
13		Office Supplies/Postage	\$54	W-13	\$841	100.00%	\$895
14		TOTAL CUSTOMER ACCOUNT EXPENSE	<u>\$5,788</u>		<u>-\$1,826</u>		<u>\$3,962</u>
15		ADMINISTRATIVE & GENERAL EXPENSES					
16		Telephone & Internet	\$0	W-16	\$862	100.00%	\$862
17		Transportation Expense	\$3,026	W-17	-\$1,513	100.00%	\$1,513
18		Employee Pensions and Benefits	\$0			100.00%	\$0
19		Property & Liability Insurance	\$297	W-19	\$2,043	100.00%	\$2,340
20		Building Rent/Utilities	\$4,800	W-20	-\$2,400	100.00%	\$2,400
21		Outside Services Employed	\$612	W-21	\$703	100.00%	\$1,315
22		Other Expenses	\$2,365	W-22	-\$1,182	100.00%	\$1,183
23		Bank Fees	\$0	W-23	\$12	100.00%	\$12
24		TOTAL ADMINISTRATIVE AND GENERAL	<u>\$11,100</u>		<u>-\$1,475</u>		<u>\$9,625</u>
25		OTHER OPERATING EXPENSES					
26		MO DNR Fees	\$0			100.00%	\$0
27		PSC Assessment	\$582	W-27	-\$313	100.00%	\$269
28		Corporate Registration	\$0			100.00%	\$0
29		Depreciation	\$0	W-29	\$12,988	100.00%	\$12,988
30		TOTAL OTHER OPERATING EXPENSES	<u>\$582</u>		<u>\$12,675</u>		<u>\$13,257</u>
31		TAXES OTHER THAN INCOME					
32		Real & Personal Property Taxes	\$337	W-32	-\$13	100.00%	\$324
33		Payroll Taxes	\$0	W-33	\$665	100.00%	\$665
34		TOTAL TAXES OTHER THAN INCOME	<u>\$337</u>		<u>\$652</u>		<u>\$989</u>
35		TOTAL OPERATING EXPENSES	<u>\$23,223</u>		<u>\$26,087</u>		<u>\$49,310</u>

Hillcrest Utility Operating Company, Inc.
For Informational Purposes Only
Case No. WO-2014-0340
Test Year Ending 12/31/13 updated to 7/31/14
Expense Adjustment Schedule - Water

<u>A</u> Expense Adj Number	<u>B</u> Adjustment Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment
W-2	Management Salary (1)			\$8,297
	To adjust management salary.		\$8,297	
W-3	Operators Salary/Contract Services (1)			\$7,764
	To adjust operator's salary/contract services.		\$7,764	
W-12	Billing & Collections			-\$2,667
	To adjust Billings & Collections expense.		-\$2,667	
W-13	Office Supplies/Postage			\$841
	To adjust office supplies/postage expense.		\$841	
W-16	Telephone & Internet			\$862
	To adjust Phone and Internet expense.		\$862	
W-17	Transportation Expense			-\$1,513
	To adjust transportation expense.		-\$1,513	
W-19	Property & Liability Insurance			\$2,043
	To adjust insurance expense.		\$2,043	
W-20	Building Rent/Utilities			-\$2,400
	To adjust rent/utility expense.		-\$2,400	
W-21	Outside Services Employed			\$703
	To adjust outside services.		\$703	
W-22	Other Expenses			-\$1,182

Hillcrest Utility Operating Company, Inc.
 For Informational Purposes Only
 Case No. WO-2014-0340
 Test Year Ending 12/31/13 updated to 7/31/14
 Expense Adjustment Schedule - Water

A Expense Adj Number	B Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment
	To adjust other expense.		-\$1,182	
W-23	Bank Fees			\$12
	To adjust Bank Fee expense.		\$12	
W-27	PSC Assessment			-\$313
	To adjust PSC Assessment expense.		-\$313	
W-29	Depreciation			\$12,988
	1. To Annualize Depreciation		\$13,452	
	CIAC Amoritzation offset		-\$464	
W-32	Real & Personal Property Taxes			-\$13
	To adjust property taxes for additonal estimated plant.		-\$13	
W-33	Payroll Taxes			\$665
	To adjust payroll taxes for management salary.		\$665	
Total Expense Adjustments				\$26,087

Exhibit No.:
Issue: Accounting Schedules
Witness: MO PSC Auditors
Sponsoring Party: MO PSC Staff
Case No: SO-2014-0341
Date Prepared: 8/25/2014



MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

For Informational Purposes Only

STAFF ACCOUNTING SCHEDULES

HILLCREST UTILITY OPERATING COMPANY, INC.

CASE NO. SO-2014-0341

Jefferson City, Missouri

Hillcrest Utility Operating Company, Inc.
For Informational Purposes Only
Case No. SO-2014-0341
Test Year Ending 12/31/13 updated to 7/31/14
Rate Design Schedule - Sewer

Line Number	A Description	B Account Number (Optional)	C Staff Annualized	D Customer Charge	E Commodity	F Percentage Rate
Rev-1	ANNUALIZED REVENUES					
Rev-2	Annualized Rate Revenues	(1)	\$37,883			
Rev-3	Miscellaneous Revenues	(1)	\$0			
Rev-4	TOTAL ANNUALIZED REVENUES		\$37,883			
1	OPERATIONS EXPENSES	(2)				
2	Management Salary		\$8,697	\$0	\$8,697	0.00%
3	Operators Salary / Contractor Services		\$7,764	\$0	\$7,764	0.00%
4	Electricity - Pumping Treatment		\$1,482	\$0	\$1,482	0.00%
5	Chemicals		\$90	\$0	\$90	0.00%
6	Sludge Removal		\$1,440	\$0	\$1,440	0.00%
7	Effluent Testing		\$5,750	\$0	\$5,750	0.00%
8	TOTAL OPERATIONS EXPENSE		\$25,223	\$0	\$25,223	
9	MAINTENANCE EXPENSES					
10	System Repairs and Maintenance		\$325	\$0	\$325	0.00%
11	TOTAL MAINTENANCE EXPENSE		\$325	\$0	\$325	
12	CUSTOMER ACCOUNT EXPENSE					
13	Billing & Collections		\$2,867	\$0	\$2,867	0.00%
14	Office Supplies/Postage		\$395	\$0	\$395	0.00%
15	TOTAL CUSTOMER ACCOUNT EXPENSE		\$3,262	\$0	\$3,262	
16	ADMINISTRATIVE & GENERAL EXPENSES					
17	Telephone & Internet		\$862	\$0	\$862	0.00%
18	Transportation Expense		\$1,513	\$0	\$1,513	0.00%
19	Employee Pensions and Benefits		\$0	\$0	\$0	0.00%
20	Property & Liability Insurance		\$1,119	\$0	\$1,119	0.00%
21	Building Rent/Utilities		\$2,400	\$0	\$2,400	0.00%
22	Outside Services Employed		\$1,315	\$0	\$1,315	0.00%
23	Other Expenses		\$1,183	\$0	\$1,183	0.00%
24	Bank Fees		\$12	\$0	\$12	0.00%
25	TOTAL ADMINISTRATIVE AND GENERAL		\$8,404	\$0	\$8,404	
26	OTHER OPERATING EXPENSES					
27	MO DNR Fees		\$0	\$0	\$0	0.00%
28	PSC Assessment		\$282	\$0	\$282	0.00%
29	Corporate Registration		\$0	\$0	\$0	0.00%
30	Depreciation		\$54,672	\$0	\$54,672	0.00%
31	TOTAL OTHER OPERATING EXPENSES		\$54,954	\$0	\$54,954	
32	TAXES OTHER THAN INCOME					
33	Real & Personal Property Taxes		\$1,085	\$0	\$1,085	0.00%
34	Payroll Taxes		\$665	\$0	\$665	0.00%
35	TOTAL TAXES OTHER THAN INCOME		\$1,750	\$0	\$1,750	
36	TOTAL OPERATING EXPENSES		\$93,918	\$0	\$93,918	
37	Interest Expense	(3)	\$60,933	\$0	\$60,933	0.00%
38	Return on Equity	(3)	\$23,626	\$0	\$23,626	0.00%
39	Income Taxes	(3)	\$5,883	\$0	\$5,883	0.00%
40	TOTAL INTEREST RETURN & TAXES		\$90,442	\$0	\$90,442	
41	TOTAL COST OF SERVICE		\$184,360	\$0	\$184,360	
42	Less: Miscellaneous Revenues		\$0	\$0	\$0	0.00%
43	COST TO RECOVER IN RATES		\$184,360	\$0	\$184,360	

Hillcrest Utility Operating Company, Inc.
 For Informational Purposes Only
 Case No. SO-2014-0341
 Test Year Ending 12/31/13 updated to 7/31/14
 Rate Design Schedule - Sewer

A	B	C	D	E	F
Line Number	Account Number (Optional)	Staff Annualized	Customer Charge	Commodity	Percentage Rate
44	INCREMENTAL INCREASE IN RATE REVENUES	<u>\$146,477</u>			
45	PERCENTAGE OF INCREASE	<u>386.66%</u>			
46	REQUESTED INCREASE IN REVENUES	\$0			

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

Hillcrest Utility Operating Company, Inc.
For Informational Purposes Only
Case No. SO-2014-0341
Test Year Ending 12/31/13 updated to 7/31/14
Rate Base Required Return on Investment Schedule - Sewer

Line Number	<u>A</u> Rate Base Description	<u>B</u> Dollar Amount
1	Plant In Service	\$1,241,350 From Plant Schedule
2	Less Accumulated Depreciation Reserve	<u>\$165,471</u> From Depreciation Reserve Schedule
3	Net Plant In Service	\$1,075,879
4	Other Rate Base Items:	\$0
	Contribution of Aid of Construction	-\$106,424
	CIAC Depreciation	\$79,663
5	Total Rate Base	<u>\$1,049,118</u>
6	Total Weighted Rate of Return Including Income Tax	<u>8.62%</u> From PreTax Return & Taxes Schedule
7	Required Return & Income Tax	<u><u>\$90,442</u></u>

Hillcrest Utility Operating Company, Inc.
 For Informational Purposes Only
 Case No. SO-2014-0341
 Test Year Ending 12/31/13 updated to 7/31/14
 Rate of Return Including Income Tax - Sewer

		A		B	formulas
1	State Income Tax Rate Statutory / Effective	6.25%	(2)	5.81%	(1 - (B2 x .5)) x A1
2	Federal Income Tax Rate Statutory / Effective	15.00%	(1) & (2)	<u>14.13%</u>	(1 - B1) x A2
3	Composite Effective Income Tax Rate			19.94%	B1 + B2
4	Equity Tax Factor			1.2490	1 / (1-B3)
5	Recommended Weighted Rate of Return on Equity - Common and Preferred			<u>2.25%</u>	From Capital Structure Schedule
6	Weighted Rate of Return on Equity Including Income Tax			2.81%	B4 x B5
7	Recommended Weighted Rate of Return on Debt - Long-Term and Short-Term			<u>5.81%</u>	From Capital Structure Schedule
8	Total Weighted Rate of Return Including Income Tax			<u><u>8.62%</u></u>	B6+B7

To Rate Base Schedule

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

Equity Income Required \$27,795
 & Preliminary Federal Tax

Tax Rate Table

Net Income Range				
Start	End	Tax Rate	Amount in Range	Tax on Range
\$0	\$50,000	15.00%	\$27,795	\$4,169
\$50,001	\$75,000	25.00%	\$0	\$0
\$75,001	\$100,000	34.00%	\$0	\$0
\$100,001	\$335,000	39.00%	\$0	\$0
\$335,001	\$9,999,999,999	34.00%	\$0	\$0
			<u>\$27,795</u>	<u>\$4,169</u>
			Consolidated Tax Rate:	
			Average Tax Rate: 0.15	

Hillcrest Utility Operating Company, Inc.
For Informational Purposes Only
Case No. SO-2014-0341
Test Year Ending 12/31/13 updated to 7/31/14
Capital Structure Schedule - Sewer

Line Number	<u>A</u> Description	<u>B</u> Dollar Amount	<u>C</u> Percentage of Total Capital Structure	<u>D</u> Embedded Cost of Capital	<u>E</u> Weighted Cost of Capital
1	Common Stock	\$20	20.00%	11.26%	2.252%
2	Other Security-Non Tax Deductible	\$0	0.00%	0.00%	0.000%
3	Preferred Stock	\$0	0.00%	0.00%	0.000%
4	Long Term Debt	\$80	80.00%	7.26%	5.808%
5	Short Term Debt	\$0	0.00%	0.00%	0.000%
6	Other Security-Tax Deductible	\$0	0.00%	0.00%	0.000%
7	TOTAL CAPITALIZATION	<u>\$100</u>	<u>100.00%</u>		<u>8.060%</u>

To PreTax Return Rate Schedule

Hillcrest Utility Operating Company, Inc.
For Informational Purposes Only
Case No. SO-2014-0341
Test Year Ending 12/31/13 updated to 7/31/14
Plant In Service - Sewer

Line Number	A Account # (Optional)	B Plant Account Description	C Total Plant	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
1		INTANGIBLE PLANT					
2	301.000	Organization	\$0			100.00%	\$0
3	302.000	Franchises	\$0			100.00%	\$0
4	303.000	Miscellaneous Intangible Plant	\$0			100.00%	\$0
5		TOTAL INTANGIBLE PLANT	\$0		\$0		\$0
6		SOURCE OF SUPPLY PLANT					
7	310.000	Land & Land Rights	\$0			100.00%	\$0
8	311.000	Structures & Improvements	\$0			100.00%	\$0
9		TOTAL SOURCE OF SUPPLY PLANT	\$0		\$0		\$0
10		COLLECTION PLANT					
11	352.100	Collection Sewers - Force	\$57,096			100.00%	\$57,096
12	352.200	Collection Sewers - Gravity	\$72,980			100.00%	\$72,980
13	353.000	Other Collection Plant Facilities	\$0			100.00%	\$0
14	354.000	Services to Customers	\$7,186			100.00%	\$7,186
15	355.000	Flow Measuring Devices	\$0			100.00%	\$0
16		TOTAL COLLECTION PLANT	\$137,262		\$0		\$137,262
17		PUMPING PLANT					
18	362.000	Receiving Wells and Pump Pits	\$0			100.00%	\$0
19	363.000	Pumping Equipment (Elec.,Diesel, other)	\$0			100.00%	\$0
20		TOTAL PUMPING PLANT	\$0		\$0		\$0
21		TREATMENT & DISPOSAL PLANT					
22	372.000	Oxidation Lagoon	\$91,204			100.00%	\$91,204
23	373.000	Treatment and Disposal Equipment	\$12,184	P-23	\$1,000,000	100.00%	\$1,012,184
24	374.000	Plant Sewers	\$0			100.00%	\$0
25	375.000	Outfall Sewer Lines	\$0			100.00%	\$0
26	376.000	Other Treatment & Disposal Plant Equip.	\$0			100.00%	\$0
27		TOTAL TREATMENT & DISPOSAL PLANT	\$103,388		\$1,000,000		\$1,103,388
28		GENERAL PLANT					
29	391.000	Office Furniture & Equipment	\$0			100.00%	\$0
30		Office Computer Equipment	\$0			100.00%	\$0
31	392.000	Transportation Equipment	\$0			100.00%	\$0
32	393.000	Other General Equipment, includes stores, tools shop & garage, lab, power operated, communication, and other tangible equipment.	\$700			100.00%	\$700
33		TOTAL GENERAL PLANT	\$700		\$0		\$700
34		TOTAL PLANT IN SERVICE	\$241,350		\$1,000,000		\$1,241,350

To Rate Base & Depreciation Schedules

Hillcrest Utility Operating Company, Inc.
For Informational Purposes Only
Case No. SO-2014-0341
Test Year Ending 12/31/13 updated to 7/31/14
Schedule of Adjustments for Plant in Service - Sewer

<u>A</u> Plant Adjustment Number	<u>B</u> Plant In Service Adjustment Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment
P-23	Treatment and Disposal Equipment	373.000		\$1,000,000
	To include future plant construction estimates.		\$1,000,000	
Total Plant Adjustments				<u><u>\$1,000,000</u></u>

Hillcrest Utility Operating Company, Inc.
For Informational Purposes Only
Case No. SO-2014-0341
Test Year Ending 12/31/13 updated to 7/31/14
Depreciation Expense - Sewer

Line Number	A Account Number	B Plant Account Description	C Adjusted Jurisdictional	D Depreciation Rate	E Depreciation Expense
1		INTANGIBLE PLANT			
2	301.000	Organization	\$0	0.00%	\$0
3	302.000	Franchises	\$0	0.00%	\$0
4	303.000	Miscellaneous Intangible Plant	\$0	0.00%	\$0
5		TOTAL INTANGIBLE PLANT	<u>\$0</u>		<u>\$0</u>
6		SOURCE OF SUPPLY PLANT			
7	310.000	Land & Land Rights	\$0	0.00%	\$0
8	311.000	Structures & Improvements	\$0	0.00%	\$0
9		TOTAL SOURCE OF SUPPLY PLANT	<u>\$0</u>		<u>\$0</u>
10		COLLECTION PLANT			
11	352.100	Collection Sewers - Force	\$57,096	2.00%	\$1,142
12	352.200	Collection Sewers - Gravity	\$72,980	2.00%	\$1,460
13	353.000	Other Collection Plant Facilities	\$0	0.00%	\$0
14	354.000	Services to Customers	\$7,186	2.00%	\$144
15	355.000	Flow Measuring Devices	\$0	0.00%	\$0
16		TOTAL COLLECTION PLANT	<u>\$137,262</u>		<u>\$2,746</u>
17		PUMPING PLANT			
18	362.000	Receiving Wells and Pump Pits	\$0	0.00%	\$0
19	363.000	Pumping Equipment (Elec., Diesel, other)	\$0	0.00%	\$0
20		TOTAL PUMPING PLANT	<u>\$0</u>		<u>\$0</u>
21		TREATMENT & DISPOSAL PLANT			
22	372.000	Oxidation Lagoon	\$91,204	4.00%	\$3,648
23	373.000	Treatment and Disposal Equipment	\$1,012,184	5.00%	\$50,609
24	374.000	Plant Sewers	\$0	0.00%	\$0
25	375.000	Outfall Sewer Lines	\$0	0.00%	\$0
26	376.000	Other Treatment & Disposal Plant Equip.	\$0	0.00%	\$0
27		TOTAL TREATMENT & DISPOSAL PLANT	<u>\$1,103,388</u>		<u>\$54,257</u>
28		GENERAL PLANT			
29	391.000	Office Furniture & Equipment	\$0	0.00%	\$0
30		Office Computer Equipment	\$0	0.00%	\$0
31	392.000	Transportation Equipment	\$0	0.00%	\$0
32	393.000	Other General Equipment, includes stores, tools shop & garage, lab, power operated, communication, and other tangible equipment.	\$700	10.00%	\$70
33		TOTAL GENERAL PLANT	<u>\$700</u>		<u>\$70</u>
34		Total Depreciation	<u>\$1,241,350</u>		<u>\$57,073</u>

Hillcrest Utility Operating Company, Inc.
For Informational Purposes Only
Case No. SO-2014-0341
Test Year Ending 12/31/13 updated to 7/31/14
Accumulated Depreciation Reserve - Sewer

Line Number	A Account Number	B Depreciation Reserve Description	C Total Reserve	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
1		INTANGIBLE PLANT					
2	301.000	Organization	\$0			100.00%	\$0
3	302.000	Franchises	\$0			100.00%	\$0
4	303.000	Miscellaneous Intangible Plant	\$0			100.00%	\$0
5		TOTAL INTANGIBLE PLANT	\$0		\$0		\$0
6		SOURCE OF SUPPLY PLANT					
7	310.000	Land & Land Rights	\$0			100.00%	\$0
8	311.000	Structures & Improvements	\$0			100.00%	\$0
9		TOTAL SOURCE OF SUPPLY PLANT	\$0		\$0		\$0
10		COLLECTION PLANT					
11	352.100	Collection Sewers - Force	\$51,465			100.00%	\$51,465
12	352.200	Collection Sewers - Gravity	\$34,239			100.00%	\$34,239
13	353.000	Other Collection Plant Facilities	\$0			100.00%	\$0
14	354.000	Services to Customers	\$5,421			100.00%	\$5,421
15	355.000	Flow Measuring Devices	\$0			100.00%	\$0
16		TOTAL COLLECTION PLANT	\$91,125		\$0		\$91,125
17		PUMPING PLANT					
18	362.000	Receiving Wells and Pump Pits	\$0			100.00%	\$0
19	363.000	Pumping Equipment (Elec., Diesel, other)	\$0			100.00%	\$0
20		TOTAL PUMPING PLANT	\$0		\$0		\$0
21		TREATMENT & DISPOSAL PLANT					
22	372.000	Oxidation Lagoon	\$61,150			100.00%	\$61,150
23	373.000	Treatment and Disposal Equipment	\$12,241			100.00%	\$12,241
24	374.000	Plant Sewers	\$0			100.00%	\$0
25	375.000	Outfall Sewer Lines	\$0			100.00%	\$0
26	376.000	Other Treatment & Disposal Plant Equip.	\$0			100.00%	\$0
27		TOTAL TREATMENT & DISPOSAL PLANT	\$73,391		\$0		\$73,391
28		GENERAL PLANT					
29	391.000	Office Furniture & Equipment	\$0			100.00%	\$0
30		Office Computer Equipment	\$0			100.00%	\$0
31	392.000	Transportation Equipment	\$0			100.00%	\$0
32	393.000	Other General Equipment, includes stores, tools shop & garage, lab, power operated, communication, and other tangible equipment.	\$955			100.00%	\$955
33		TOTAL GENERAL PLANT	\$955		\$0		\$955
34		TOTAL DEPRECIATION RESERVE	\$165,471		\$0		\$165,471

To Rate Base Schedule

Hillcrest Utility Operating Company, Inc.
For Informational Purposes Only
Case No. SO-2014-0341
Test Year Ending 12/31/13 updated to 7/31/14
Schedule of Adjustments for Accumulated Depreciation Reserve - Sewer

<u>A</u> Reserve Adjustment Number	<u>B</u> Accumulated Depreciation Reserve Adjustments Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment Amount
Total Reserve Adjustments				\$0

Hillcrest Utility Operating Company, Inc.
 For Informational Purposes Only
 Case No. SO-2014-0341
 Test Year Ending 12/31/13 updated to 7/31/14
 Revenue Schedule - Sewer

A	B	C	D	E	F	G	
Line Number	Account Number (Optional)	Revenue Description	Company/ Test Year Amount	Adjustment Number	Jurisdictional Adjustments	Jurisdictional Allocation	Adjusted Jurisdictional
Rev-1		ANNUALIZED REVENUES					
Rev-2		Annualized Rate Revenues	\$0	Rev-2	\$37,883	100.00%	\$37,883
Rev-3		Miscellaneous Revenues	\$0	Rev-3	\$0	100.00%	\$0
Rev-4		TOTAL ANNUALIZED REVENUES	\$0		\$37,883		\$37,883

Hillcrest Utility Operating Company, Inc.
For Informational Purposes Only
Case No. SO-2014-0341
Test Year Ending 12/31/13 updated to 7/31/14
Revenue Adjustment Schedule - Sewer

<u>A</u> Revenue Adj Number	<u>B</u> Adjustment Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment
Rev-2	Annualized Rate Revenues			\$37,883
	1. To Annualize Rate Revenues		\$37,883	
Rev-3	Miscellaneous Revenues			\$0
	1. To Annualize Miscellaneous Revenues		\$0	
Total Revenue Adjustments				\$37,883

Hillcrest Utility Operating Company, Inc.
For Informational Purposes Only
Case No. SO-2014-0341
Test Year Ending 12/31/13 updated to 7/31/14
Revenue Summary Schedule - Sewer

Line Number	A Description	Residential Single Family		Commercial	
		B Amount	C Amount	D Amount	E Amount
1	<u>Customer Charge Revenues:</u>				
2	Customer Number	175		1	
3	Bills Per Year	12		12	
4	Customer Bills Per year	2,100		12	
5	Current Customer Charge	<u>\$14.63</u>		<u>\$11.70</u>	
6	Annualized Customer Charge Revenues		\$30,723		\$140
7	<u>Commodity Charge Revenues:</u>				
8	Total Gallons Sold	0		0	
9	Less: Base Gallons Included In Customer Charge	<u>0</u>		<u>0</u>	
10	Commodity Gallons	0		0	
11	Block 1, Commodity Gallons per Block	0		0	
12	Block 1, Number of Commodity Gallons per Unit	<u>0</u>		<u>0</u>	
13	Block 1, Commodity Billing Units	0.00		0.00	
14	Block 1, Existing Commodity Charge	<u>\$0.00</u>		<u>\$0.00</u>	
15	Block 1, Annualized Commodity Charge Rev.		\$0		\$0
16	Total Annualized Sewer Rate Revenues		<u>\$30,723</u>		<u>\$140</u>

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

Hillcrest Utility Operating Company, Inc.
For Informational Purposes Only
Case No. SO-2014-0341
Test Year Ending 12/31/13 updated to 7/31/14
Revenue Summary Schedule - Sewer

Line Number	A Description	Residential Apartments		Total	
		F Amount	G Amount	H Amount	I Amount
1	<u>Customer Charge Revenues:</u>				
2	Customer Number	50		226	
3	Bills Per Year	12			
4	Customer Bills Per year	600		2,712	
5	Current Customer Charge	<u>\$11.70</u>			
6	Annualized Customer Charge Revenues		\$7,020		\$37,883
7	<u>Commodity Charge Revenues:</u>				
8	Total Gallons Sold	0		0	
9	Less: Base Gallons Included In Customer Charge	<u>0</u>		0	
10	Commodity Gallons	0		0	
11	Block 1, Commodity Gallons per Block	0			
12	Block 1, Number of Commodity Gallons per Unit	<u>0</u>			
13	Block 1, Commodity Billing Units	0.00			
14	Block 1, Existing Commodity Charge	<u>\$0.00</u>			
15	Block 1, Annualized Commodity Charge Rev.		\$0		\$0
16	Total Annualized Sewer Rate Revenues		<u>\$7,020</u>		<u>\$37,883</u>

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

Hillcrest Utility Operating Company, Inc.
For Informational Purposes Only
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Test Year Ending 12/31/13 updated to 7/31/14
Miscellaneous Revenues Feeder - Sewer

Line Number	<u>A</u> Description	<u>B</u> Amount
1	Total Miscellaneous Revenues	<u><u>\$0</u></u>

Hillcrest Utility Operating Company, Inc.
For Informational Purposes Only
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Test Year Ending 12/31/13 updated to 7/31/14
Expense Schedule - Sewer

A	B	C	D	E	F	G	
Line Number	Account Number (Optional)	Expense Description	Company/ Test Year Amount	Adjustment Number	Adjustments	Jurisdictional Allocation	Adjusted Jurisdictional
1		OPERATIONS EXPENSES					
2		Management Salary	\$200	S-2	\$8,497	100.00%	\$8,697
3		Operators Salary / Contractor Services	\$0	S-3	\$7,764	100.00%	\$7,764
4		Electricity - Pumping Treatment	\$1,482			100.00%	\$1,482
5		Chemicals	\$90			100.00%	\$90
6		Sludge Removal	\$1,440			100.00%	\$1,440
7		Effluent Testing	\$5,750			100.00%	\$5,750
8		TOTAL OPERATIONS EXPENSE	<u>\$8,962</u>		<u>\$16,261</u>		<u>\$25,223</u>
9		MAINTENANCE EXPENSES					
10		System Repairs and Maintenance	\$325			100.00%	\$325
11		TOTAL MAINTENANCE EXPENSE	<u>\$325</u>		<u>\$0</u>		<u>\$325</u>
12		CUSTOMER ACCOUNT EXPENSE					
13		Billing & Collections	\$200	S-13	\$2,667	100.00%	\$2,867
14		Office Supplies/Postage	\$0	S-14	\$395	100.00%	\$395
15		TOTAL CUSTOMER ACCOUNT EXPENSE	<u>\$200</u>		<u>\$3,062</u>		<u>\$3,262</u>
16		ADMINISTRATIVE & GENERAL EXPENSES					
17		Telephone & Internet	\$0	S-17	\$862	100.00%	\$862
18		Transportation Expense	\$0	S-18	\$1,513	100.00%	\$1,513
19		Employee Pensions and Benefits	\$0			100.00%	\$0
20		Property & Liability Insurance	\$0	S-20	\$1,119	100.00%	\$1,119
21		Building Rent/Utilities	\$0	S-21	\$2,400	100.00%	\$2,400
22		Outside Services Employed	\$1,025	S-22	\$290	100.00%	\$1,315
23		Other Expenses	\$0	S-23	\$1,183	100.00%	\$1,183
24		Bank Fees	\$0	S-24	\$12	100.00%	\$12
25		TOTAL ADMINISTRATIVE AND GENERAL	<u>\$1,025</u>		<u>\$7,379</u>		<u>\$8,404</u>
26		OTHER OPERATING EXPENSES					
27		MO DNR Fees	\$0			100.00%	\$0
28		PSC Assessment	\$0	S-28	\$282	100.00%	\$282
29		Corporate Registration	\$0			100.00%	\$0
30		Depreciation	\$0	S-30	\$54,672	100.00%	\$54,672
31		TOTAL OTHER OPERATING EXPENSES	<u>\$0</u>		<u>\$54,954</u>		<u>\$54,954</u>
32		TAXES OTHER THAN INCOME					
33		Real & Personal Property Taxes	\$0	S-33	\$1,085	100.00%	\$1,085
34		Payroll Taxes	\$0	S-34	\$665	100.00%	\$665
35		TOTAL TAXES OTHER THAN INCOME	<u>\$0</u>		<u>\$1,750</u>		<u>\$1,750</u>
36		TOTAL OPERATING EXPENSES	<u>\$10,512</u>		<u>\$83,406</u>		<u>\$93,918</u>

Hillcrest Utility Operating Company, Inc.
For Informational Purposes Only
Case No. SO-2014-0341
Test Year Ending 12/31/13 updated to 7/31/14
Expense Adjustment Schedule - Sewer

<u>A</u> Expense Adj Number	<u>B</u> Adjustment Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment
S-2	Management Salary			\$8,497
	To adjust management salary.		\$8,497	
S-3	Operators Salary / Contractor Services			\$7,764
	To adjust operator's salary/contract services.		\$7,764	
S-13	Billing & Collections			\$2,667
	To adjust billing and collections expense.		\$2,667	
S-14	Office Supplies/Postage			\$395
	To adjust office supplies/postage expense.		\$395	
S-17	Telephone & Internet			\$862
	To adjust phone and internet expense.		\$862	
S-18	Transportation Expense			\$1,513
	To adjust transportation expense.		\$1,513	
S-20	Property & Liabilty Insurance			\$1,119
	To adjust insurance expense.		\$1,119	
S-21	Building Rent/Utilities			\$2,400
	To adjust building rent/utilites.		\$2,400	
S-22	Outside Services Employed			\$290
	To adjust Outside Services Employed.		\$290	
S-23	Other Expenses			\$1,183

Hillcrest Utility Operating Company, Inc.
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Test Year Ending 12/31/13 updated to 7/31/14
Expense Adjustment Schedule - Sewer

<u>A</u> Expense Adj Number	<u>B</u> Adjustment Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment
	To adjust other expenses.		\$1,183	
S-24	Bank Fees			\$12
	To adjust bank fee expense.		\$12	
S-28	PSC Assessment			\$282
	To adjust PSC assessment fee.		\$282	
S-30	Depreciation			\$54,672
	1. To Annualize Depreciation		\$57,073	
	2. CIAC Amortization offset.		-\$2,401	
S-33	Real & Personal Property Taxes			\$1,085
	To adjust property taxes for additional estimated plant.		\$1,085	
S-34	Payroll Taxes			\$665
	To adjust payroll taxes for management salary.		\$665	
Total Expense Adjustments				\$83,406