

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. WO-2016-0045
I.H. Utilities, Inc. Transfer of Assets to Indian Hills Utility Operating Company, Inc.

FROM: Jim Merciel – Water and Sewer Unit; Case Coordinator
Shana Griffin – Financial Analysis Unit
John Robinett – Engineering Analysis Unit
Kim Bolin – Auditing Unit
Ashley Sarver – Auditing Unit
Deborah Bernsen – Consumer and Management Analysis Unit

<u>/s/ Jim Merciel</u> Case Coordinator	<u>December 14, 2015</u> Date
<u>/s/ Kevin Thompson</u> Staff Counsel	<u>December 14, 2015</u> Date

SUBJECT: Staff’s Recommendation to Conditionally Approve the Transfer of Assets, and Issuance of a Certificate of Convenience and Necessity

DATE: December 14, 2015

CASE BACKGROUND

On August 25, 2015, Indian Hills Utility Operating Company, Inc. (IHUOC or Buyer) filed a *Joint Application and if Necessary Motion for Waiver* (Application) with the Commission, seeking authority from the Commission for I.H. Utilities, Inc. (IHU or Seller) to sell and transfer water utility assets to IHUOC. Along with the approval to transfer assets, it will be necessary to grant a Certificate of Convenience and Necessity (CCN) to IHUOC and cancel the CCN currently held by IHU. Additionally in the Application, IHUOC is requesting Commission Authority to allow it to collateralize the system assets for purposes of raising up to \$1,500,000 in funds through a term loan.

On August 28, 2015 the Commission issued its *Order Directing Staff to File Status Update*, in which it directed Staff to submit a status update by September 11, 2015 informing the Commission of date by which Staff will file a recommendation. On September 11, 2015, Staff filed a *Status Report* stating that it would file a recommendation by November 12, 2015, and then on September 15, 2015 the Commission issued its *Order Directing Staff to File Recommendation* no later than November 12, 2015. On November 12, 2015 Staff requested an extension of the file date to December 14, 2015, which the Commission granted on the same day.

BACKGROUND OF THE UTILITY SYSTEM

IHU presently provides water service to approximately 712 customers in and immediately surrounding the Indian Hills subdivision, a residential/recreational lake development near Cuba, MO in Crawford County. IHU obtained a CCN from the Commission in Case No. 15,389, which was approved in January 1964. The source of supply for the water system is two wells, but one of the wells has been out of service for several years. Production capacity of the single operational well is approximately 300 gallons per minute (gpm). The water system also has chlorine disinfection at the well; a high service pump; a pneumatic pressure tank with an estimated 20,000 to 30,000 gallons total volume (information from different sources varies, and the tank dimensions cannot be easily measured because it is partially buried) to maintain pressure for the distribution system; one booster pump station to maintain adequate pressure at a high elevation area; and meters for each customer.

Since its inception, IHU has been managed by several owners. As an older water system, many components are in less than good condition, an obvious example being the inoperability of one of the two wells. Staff has logged approximately 10 customer complaints and inquiries per year for the past three (3) years about outages and leaks, which is a marked increase from previous years. There is a need to undertake rehabilitation or replacement of some of the system components, due to age and deterioration. However, the current owner of IHU wishes to exit the utility business, and does not have the ability or desire to invest adequate money or time to keep this water system in good condition. In addition to a need for capital improvements, IHU is presently in an enforcement action with the Missouri Department of Natural Resources (DNR). IHU entered into a Bilateral Compliance Agreement with DNR in which it had agreed to obtain a backup operator within 120 days of July 17, 2015. IHUOC submitted email correspondence between it and DNR, pertaining to an extension of this agreement, as a *Supplement to Application* in this case on December 8, 2015, EFIS item No. 8. This issue should be resolved after IHUOC begins operations, in that IHUOC intends to properly operate this water system in compliance with DNR's drinking water regulations found at 10 CSR Chapter 60. Staff takes the position that if this proposed transfer of assets as contemplated in this case is not accomplished, then some other transfer of either IHU corporate stock or the water system assets to another owner is necessary in order that the water system may be adequately upgraded, maintained, and operated, and that safe and adequate water service may be available to customers in the service area in the future.

STAFF'S INVESTIGATION

In its investigation of this case, Staff studied the rate base level of IHU and the apparent technical, managerial, and financial abilities of IHUOC. Staff is evaluating IHUOC by applying principles of Technical, Managerial, and Financial Capacities, similar to methodologies used by the United States Environmental Protection Agency and DNR to evaluate new water systems. IHUOC ** _____

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** The president of IHUOC has experience with water and sewer systems and is also the president of two affiliates of IHUOC that are regulated utilities - Hillcrest Utility Operating Company, Inc., and Raccoon Creek Utility Operating Company, Inc. (the Affiliates). Both of those Affiliates acquired systems of regulated utilities approximately eight (8) months ago in case Nos. WO-2014-0340 and SM-2015-0014, respectively, and are undertaking major system upgrades and improvements to the acquired systems.

Technical Capacity

IHUOC's president has experience in the design and operation of water and sewer systems. IHUOC intends to utilize one or more contract operators for plant operations, utilizing the services of appropriately qualified and licensed utility system operators, ultimately supervised by the president of IHUOC. The contract operators will undertake routine day-to-day inspections, checks, sampling and reporting for the sewer systems, as well as accomplish most system repairs and extraordinary operations tasks as the need arises, to address proper facility operations and customer service matters. IHUOC will not have an operations contract executed for the IHU water system until after approval of the transfer of assets and the parties are ready to close on the transfers, and thus Staff will recommend that IHUOC not close on the assets of any of the IHU assets until applicable operations contracts can be in place immediately after closing.

IHUOC is contemplating upgrading or replacing its source of water supply wells, wellhouse structures, booster pump components, and one or more new storage facilities that are intended to meet modern water system design criteria. The existing water system has a number of inherent shortcomings with respect to design capacity and system reliability, in part because some system components have not been adequately maintained, and in part because water system design criteria that are generally followed today did not exist in the early 1960s when this water system was designed and constructed. Staff notes that water service in this particular service area, as a recreational lake development, involves peak-day usage on busy holiday times such as Memorial Day and Fourth of July, and thus the water system should be especially designed to meet demand during those peak times even if emergencies or mechanical failures occur. IHUOC appears to be formulating plans to accomplish repairs and improvements in order to be able to provide such a level of service.

Proposed Planned Plant Additions

IHUOC has indicated it will make substantial improvements to existing water plant. IHUOC states in the Application that its preliminary estimated capital costs could be \$1.7 million. The financing of capital costs is addressed elsewhere within this memorandum. IHUOC also estimates, as stated in the Application, that future rates will need to increase to approximately \$69 per month for residential customers.

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Although Staff agrees that substantial water system improvements are necessary, it takes no position in the context of this case regarding specific plant improvements or future rates. Rather, the prudence and actual costs of such improvements will be studied and subject to become issues in a future rate case.

To identify an approximate estimate of the rate base after the proposed plant additions are made, Staff developed a rate base which included a plant adjustment for the additions referenced in the Application. Attachment A included with this recommendation is an EMS run, to compare rate base level and revenue requirement for existing plant as of August 31, 2015 and what rate base and revenue requirement would be, assuming the plant additions are made. It should be noted the information regarding these plant additions did not identify the amounts of existing plant expected to be retired. As a consequence, the rate base amounts after additions may be overstated herein, are included for illustration purposes, and are not intended to be representative of actual amounts includable in future ratemaking. Based upon Staff's estimate of future plant additions and estimated expenses, annual cost of service would increase from \$102,705 to \$371,379. However, actual cost of service will be determined when IHUOC files a rate request. Attachment B is a bill comparison, showing current and pro forma rates and the rate impact, as calculated by Staff for a residential customer bill for 5,000 gallons monthly water use, if the possible future plant additions are included in rate calculations.

Financial Capacity

The Auditing Unit conducted a review of plant-in-service records of IHU as of August 31, 2015 in order to determine the net book value of the assets and to determine whether acquisition premiums exist as a result of the proposed acquisition by IHUOC. Staff reviewed documentation relating to the amount of rate base, including annual reports, previous rate case and complaint case stipulations, and exhibit modeling systems (EMS) runs from prior rate and complaint cases. Attachment C, incorporated herein by reference, shows IHU's plant-in-service, depreciation reserve, CIAC and CIAC amortization balances as of August 31, 2015. Current rate base related to the system proposed to be acquired by IHUOC is calculated by Staff to be \$43,996.

Staff has determined that an acquisition premium does not exist as a result of the sale. Per the Agreement of Sale of the Water System ("Agreement;" attached as Exhibit E in the Application) the purchase price shall be ** _____

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Staff has determined that rate base as of August 31, 2015 is \$43,996, and the amounts owed to satisfy liens as described in the agreement of sale are less than rate base. Staff currently estimates

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that IHU owes to various governmental authorities approximately \$36,663.01. The following describes the amounts owed to various parties:

DNR Fees - \$9,296.05

IRS Tax - \$14,949.35

Crawford County Property Tax (2014) - \$5,979.04

Crawford County Property Tax (2015) Due December 31, 2015- \$4,820.15

PSC Assessment - \$1,618.42

Therefore, Staff's interpretation of the terms of the Agreement is that IHUOC will pay \$43,996 to IHU to acquire the IHU assets, equal to the current calculated net book value of the IHU assets. Accordingly, no acquisition adjustment or premium should result from this transaction. This payment amount is greater than the total amount currently owed by IHU to various government entities. As discussed later in this recommendation, prior to closing, those debts should be paid either by IHU out of the purchase proceeds, or by IHUOC after deducting the amount of the debt from the purchase price of the IHU assets.

By Commission regulations found at 4 CSR 240-10.010, 4 CSR 240-50.020, and 4 CSR 240-50.030, IHUOC should keep its financial records for utility plant-in-service and operating expenses in accordance with the National Association of Regulatory Utility Commission (NARUC) Uniform System of Accounts. Staff will recommend the Commission specifically require such recordkeeping. IHUOC will also be required to file annual reports with the Commission and pay annual assessments to the Commission.

The Engineering Analysis Unit (EAU) performed a complete review of the depreciation rates for water utility assets, plant-in-service, and the accumulated depreciation reserves for I.H. Utilities Inc. in Case No. WR-2010-0048. The depreciation rates ordered in that case are still appropriate, and Staff recommends that IHUOC adopt the current Commission-ordered depreciation rates for the water utility assets acquired in this case. The depreciation accrual rates are included as Attachment D and incorporated herein by reference. The Audit Unit used these depreciation rates in calculating the recommended rate base discussed above.

Further information regarding financial capacity, specifically IHUOC's requested approval to enter into secured indebtedness, is discussed in this memorandum below.

Managerial Capacity

IHUOC intends to utilize a contract billing agent and an emergency answering service. The billing agent will be responsible for computing, printing, and sending monthly bills to customers, and then processing payments. The billing agent will also have responsibility for handling customer calls

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pertaining to billing, bill adjustments, payment plans, and the opening and closing of customers' accounts. In addition, the billing agent will interact with Staff in working with customer complaints. The contract billing agent and the answering service will be available to route service complaints and inquiries. The president of IHUOC, Josiah Cox, will also be available by telephone when severe emergencies arise. Similar to an operations contract as discussed above, IHUOC will not have specific billing and answering service contracts in place until after the transfer is approved. Staff will recommend that IHUOC not close on the assets until such contracts can be in place immediately following closing.

IHUOC will need to comply with the Commission's rules that pertain to the provision of customer service for companies regulated by the Commission. These rules are the Service and Billing Practices for Residential Customers of Electric, Gas, Sewer and Water Utilities and are found in the Code of State Regulations at 4 CSR 240-13. These rules are sometimes simply referred as the "Billing Rules" or as "Chapter 13." These rules include requirements in the areas of customer billing, customer complaints/inquiries, credit and collections, and recordkeeping.

In addition to the Billing Rules and the aforementioned rules regarding financial records, IHUOC will need to undertake and keep records of certain other aspects of utility operations including placement of customer meters and meter testing/replacements, found at 4 CSR 240-10.030(38) and (39). References to regulations that are noted in this memorandum are intended to point out some of those regulations that IHUOC will need to follow on a day-to-day basis, and are not intended to be all-inclusive with respect to compliance with regulations. There are also other operations records necessary to document activity and expenses, including facility operations observations and testing, vehicle use, equipment use, and telephone use.

IHUOC's affiliated companies have recently begun operation after approval of their respective acquisitions and have implemented systems to comply with the above. Staff is willing to assist IHUOC in determining the appropriateness of IHU's present practices and procedures in the customer services area especially, with respect to IHUOC.

In order to ensure that adequate communication with the customer has occurred regarding the change in ownership, the CMAU staff recommends that the Company provide it with a copy of the communication with the customer. This should include any change in procedures as well as items such as office hours and telephone numbers. CMAU staff also recommends that the Company provide ten customer bills from the first billing cycle to allow Staff to review for billing accuracy.

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CONDITIONAL APPROVAL OF INDEBTEDNESS

Background

IHUOC is ** _____

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During Staff’s investigation of the aforementioned cases WO-2014-0340 and SM-2015-0014, Staff learned that ** _____

_____ * IHUOC’s proposed financing arrangement in this case is based on similar terms from the lender studied in those cases. ** _____

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Collateralization/Financing Request

Pursuant to Section 393.190, RSMo, IHUOC is requesting Commission Authority to allow it to collateralize the system’s assets for purposes of raising up to \$1,750,000 in funds through a loan from ** _____ ** is not a traditional lender regulated by state or federal banking authorities. ** _____

_____ ** The term of the loan is ** _____ ** and it would be an amortizing loan issued at a ** _____ ** interest rate. IHUOC would use the funds primarily for the construction of a ground storage water tank, remote operations equipment, hydropneumatic tank variable frequency pumping equipment upgrades, permanent chlorine disinfection, the repair of known water taps with leaks, a new pitless well head installation, and a new water main installation to connect the ground storage

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acquisition case because of the ownership structure changes to ** _____ ** If IHUOC should default on the proposed loan, ** _____ **, who are providing all or almost all of the monetary capital through both the debt and equity to IHUOC, would take full control of IHUOC's assets.

In light of the new investors in ** _____ ** Staff believes it is clear that ** _____ ** will be active participants in ensuring their capital is used effectively and efficiently. If the systems should need additional capital, ** _____ ** will likely be the source of this capital in the near-term, at least until ** _____ ** can attract commercial debt and use the amount of leverage they seem to be targeting in order to try and achieve a higher return on their investment. Regardless, Staff still believes certain conditions are necessary to keep Staff and the Commission informed about the proposed financing arrangement.

OTHER ISSUES

IHUOC is not currently a regulated utility, and thus it does not yet have any annual report or assessment payment responsibilities. IHU is current on annual report filings through calendar year 2014. IHU owes annual assessment payments as stated above, herein. Also summarized above, DNR responded to a Staff inquiry stating that IHU has paid lab fees, but is past due on DNR Primacy Fees, for a portion of 2012, all of 2013, 2014 and 2015; and that no payments have been received from IHU since August 2014. DNR has based its fees on 686 service connections. Past due Primacy Fees are as follows:

2012 - (payment plan set up)	\$1,062.49
2013 - \$2,178.19 fee plus \$827.71 penalty =	\$3,005.90
2014 - \$2,178.19 fee plus \$566.33 penalty =	\$2,744.52
2015 - \$2,178.19 fee plus \$304.95 penalty =	\$2,483.14
Total - \$7,597.06 fees plus \$1,698.99 =	\$9,296.05

This total amount is included in the Auditing Unit's report of past due amounts, above. Staff recommends either that IHU be required to pay the full amounts due to the various governmental entities from sale proceeds, or that IHUOC pay these past due amounts and deduct the total paid from the sale amount payable to IHU.

PUBLICITY OF THE PROPOSED TRANSFER OF ASSETS

Staff has received public comments from twenty-two (22) customers of IHU, all supporting the proposed transfer of assets. News of the proposed transfer of assets appeared in the *Smoke Signal*, a monthly publication of the Indian Lake Property Owners Association, Inc. (POA), in the September,

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October, and November issues. Pertinent pages from the *Smoke Signal* issues are included with this memorandum as Attachment E and incorporated herein by reference. These publications in their entirety are available for viewing on the POA web site at <http://ilpoa.org>. Staff has also been verbally informed that the owner of IHUOC has met with some of the homeowners and POA officers. Since there seems to have been considerable publicity, and all indication Staff has received from customers is that there is strong support for this proposed transfer of assets, Staff does not recommend conducting a local public hearing for this transfer.

CERTIFICATE OF CONVENIENCE AND NECESSITY

In the Application, IHUOC requests the Commission grant it a CCN to operate as a water utility, and Staff agrees IHUOC should be granted such a CCN in the context of this case, subject to Staff's proposed conditions. Further, IHUOC will need to hold a CCN when it closes and acquires the IHU assets and actually begins providing service to customers. Similarly, IHU should be relieved of its obligations to provide service upon closing and transferring the assets. Staff therefore recommends that the Commission, if and when the proposed transfer is approved, immediately grant IHUOC a CCN for the service area, the exercise of which IHUOC may begin upon acquisition of the IHU assets. Staff recommends that IHUOC notify the Commission within five (5) business days after closing takes place, after which time the Commission may cancel the CCN issued to IHU. If the transfer does not take place within thirty (30) days after the effective date of a Commission order authorizing the transfer and granting IHUOC a CCN, then IHUOC should submit a status report within five (5) days following that period of time regarding the proposed transfer, as well as further status reports within five (5) days of each thirty (30) day period following that, as necessary. In the event that IHUOC determines that the transfer of assets of IHU will not take place at all, then IHUOC should notify the Commission of such, at which time the CCN issued to IHUOC for the service area should be either canceled or deemed null and void by the Commission.

Staff recommends that IHUOC adopt the water tariff that is presently approved and on file for IHU, by submitting an adoption notice tariff sheet within thirty (30) days of closing of IHU's assets. Staff also recommends that the Commission authorize IHUOC to utilize and operate under the IHU tariff on an interim measure immediately after closing but before the adoption notice tariff sheet takes effect.

STAFF'S FINDINGS & CONCLUSIONS

Staff takes the position that the transfer of assets from IHU to IHUOC is in the public interest, assuming Staff's recommended conditions are imposed, because the owners of the IHU no longer wish to be in the utility business, and because IHUOC has adequate technical, managerial, and financial capacity to operate, maintain, and improve the facilities and provide service to customers. Staff recommends the Commission conditionally approve the transfer of assets as requested, with the conditions as described herein and as specifically recommended herein below.

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STAFF'S RECOMMENDATIONS

Based upon the above, the Staff recommends that the Commission:

1. Approve the sale of water assets, under conditions as described within this memorandum and following;
2. Immediately grant IHUOC a CCN to provide water service in the existing service area of IHU, to be exercised upon closing of the assets;
3. Prohibit IHUOC from closing on assets or operating as a water utility unless it has operation, billing, and emergency answering arrangements (contracts) that can be in place applicable to the specific service area and exercised immediately upon closing of assets;
4. Require IHUOC to notify the Commission of closing of the IHU assets within five (5) days after such closing;
5. Authorize IHU to cease providing service immediately after closing of the respective assets, then after closing and notifications of such as contemplated in 4., above, cancel the CCN currently issued to IHU for water service;
6. If closing on the IHU assets does not take place within thirty (30) days following the effective date of the Commission's order, require IHUOC to submit a status report within five (5) days after this thirty (30) day period regarding the status of closing on the assets, and additional status reports within five (5) days after each additional thirty (30) day period, until closing takes place, or until IHUOC determines that a sale of the assets will not occur;
7. If IHUOC determines that a sale of any of the assets will not occur, require IHUOC to notify the Commission of such, after which time the Commission may cancel, or deem null and void, the CCN issued to IHUOC for the specific service area;
8. Authorize IHUOC to operate using IHU's existing tariff, on an interim basis, immediately after closing of the respective assets but before the effective date of a tariff adoption notice sheet;
9. Require IHUOC to file a tariff adoption notice sheets for IHU's water tariff within thirty (30) days after closing of the respective assets, to adopt existing rules, rates and service charges;

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10. Authorize IHUOC to utilize depreciation rates that are currently approved for IHU, as shown in Attachment D;
11. Recognize the plant-in-service, depreciation reserve, CIAC and CIAC amortization balances, as calculated by the Audit Staff valued as of August 31, 2015, for purposes of rate base for plant-in-service and depreciation reserve to be included within the books and records of IHUOC and requires IHUOC to maintain and retain proper rate base records on a going forward basis;
12. Require IHUOC to keep its financial books and records for plant-in-service and operating expenses in accordance with the NARUC Uniform System of Accounts;
13. Require IHUOC to keep operations records identifiable for the IHU system, including those for customer complaints/inquiries, vehicle mileage, equipment and telephone use records, and customer account records;
14. Require IHUOC to maintain time sheets for all employees and officers, including Josiah Cox, to document time spent on IHUOC matters; and for IHUOC to maintain mileage logs to document transportation expense associated with IHUOC business; time sheets and mileage logs should specifically identify time and mileage by individual system, the amount of time spent on construction projects and time spent on other activities such as non-regulated activities, including acquisition and/or merger activities, etc.;
15. Require IHUOC to track outside contractor expense (for customer billing, customer calls, plant operator, etc.) for the IHUOC's system, and for any other systems owned by Central States Water Resources, Inc. or by entities it owns, in a manner that would allow identification of costs that were incurred for IHUOC business only; IHUOC to track contractor expenses such as mileage, equipment, labor telephone and other office expenses that are specific to IHUOC only;
16. Require either IHU, or IHUOC, as the parties may be able to agree upon, to pay the annual assessments that are past due or due through Fiscal Year 2015, in the total amount of \$1,618.42; and for either IHU or IHUOC to pay DNR fees, tax liabilities, or any other fees that could jeopardize title and control of the water utility assets;
17. Require IHUOC to comply with all Commission Rules including the filing of the annual reports and keeping current on payments of the Commission's annual assessments;
18. Authorize IHUOC to collateralize its assets for purposes of the proposed financing arrangement;

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19. Require IHUOC to file with the Commission within ten (10) days of the issuance of any financing authorized pursuant to a Commission order in this proceeding, a report including the amount of financing issued, date of issuance, stated return required, maturity date, redemption schedules or special terms, if any, use of proceeds, estimated expenses, and the final executed financing agreement;
20. Require IHUOC Utility Operating Company, Inc. ** _____
_____ ** to provide Staff access, upon reasonable written notice during normal working hours, to all books and records related to investments in Missouri regulated utility assets. The access to information shall include, but not be limited to, information provided to or received from the proposed debt investor, ** _____ **;
21. Require IHUOC to submit to file with the Missouri Public Service Commission all documentation required pursuant to the terms of the financing agreement. In the event that IHUOC is in violation of any of the terms and/or covenants of the financing agreement, IHUOC shall file a report with the Missouri Public Service Commission indicating IHUOC's plan to cure such violation. If such violation is waived, then IHUOC shall indicate why the violation was waived and how long the waiver shall be effective;
22. Require that IHUOC and any successors or assigns shall bear the burden of proof, in subsequent rate cases where such financing is at issue, to show that it sought the least cost option available to it as to the proposed financing and ownership structure. If the Commission determines that IHUOC has not carried this burden, then the Commission should order a hypothetical capital structure and cost of capital consistent with similarly situated small water companies in Missouri, or such other capital structure and/or cost of capital that the Commission may find to be appropriate;
23. Require that the proceeds from the proposed financing shall be used only for the acquisition of IHU's water utility assets, and the proposed tangible improvements to the water system that can be booked to plant in service for purposes of ratemaking;
24. IHUOC shall notify the Commission immediately if there are any changes to the current investment structure or investors in IHUOC ** _____
_____ **
this notice shall include all documents executed to complete such investment structure and/or ownership changes;

25. In the event of default on the IHUOC loan, require **_____** to file a written plan with the Commission on how it will ensure continued funding necessary to maintain safe and adequate service for the IHUOC customers;
26. Require IHUOC to provide the CMAU Staff a sample of ten (10) billing statements issued to its customers. These should be submitted within thirty (30) days of the first billing sent to customers;
27. Require IHUOC to provide an example of its communication efforts with the customers regarding its acquisition of the system and methods by which customers can contact the IHUOC; and,
28. Make no finding of the value of this transaction for ratemaking purposes, and make no finding that would preclude the Commission from considering the ratemaking treatment to be afforded these financing transactions or any other matters pertaining to approval of this transfer of assets and the granting of a CCN to IHUOC, including expenditures incurred related to water systems in the certificated service area, in any later proceeding.

Staff will file a further recommendation regarding approval of the tariff adoption notice that IHUOC will be submitting in accordance with the Commission's order granting it a CCN.

List of Attachments:

- Attachment A – Auditing EMS Run for Example Future Plant and Revenue
- Attachment B – Example Rate Calculation and Bill Comparison, For Future Plant
- Attachment C – Auditing Unit Plant-in-Service Balances
- Attachment D – Depreciation Accrual Rates for Water Plant
- Attachment E – Selected Pages From issues of the *Smoke Signal* Newsletter

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

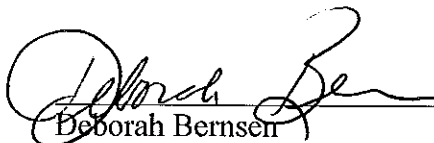
In the Matter of the Application of Indian Hills
Utility Operating Company, Inc. to Acquire
Certain Water Assets of I.H. Utilities, Inc. and
In Connection Therewith, Issue Indebtedness
and Encumber Assets

File No. WO-2016-0045

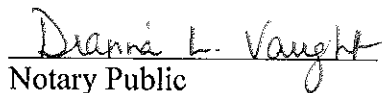
AFFIDAVIT OF DEBORAH BERNSEN

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Deborah Bernsen, of lawful age, on her oath states: (1) that she is a Utility Management Analyst III in the Consumer and Management Analysis Unit of the of the Missouri Public Service Commission; (2) that she participated in the preparation of the foregoing Staff Recommendation, in memorandum form; (3) that information in the Staff Recommendation was provided by her; (4) that she has knowledge of matters set forth in the Staff Recommendation; and (5) that such matters set forth in the Staff Recommendation are true and correct to the best of her knowledge, information and belief.


Deborah Bernsen

Subscribed and sworn to before me this 14th day of December, 2015.


Notary Public

DIANNA L. VAUGHT
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: June 28, 2019
Commission Number: 15207377

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

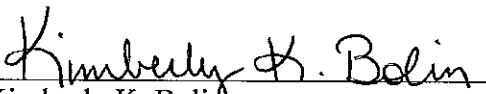
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AFFIDAVIT OF KIMBERLY K. BOLIN

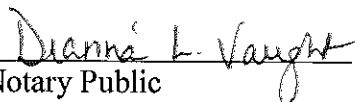
STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Kimberly K. Bolin, of lawful age, on her oath states: (1) that she is a Utility Regulatory Auditor V in the Auditing Department of the of the Missouri Public Service Commission; (2) that she participated in the preparation of the foregoing Staff Recommendation, in memorandum form; (3) that information in the Staff Recommendation was provided by her; (4) that she has knowledge of matters set forth in the Staff Recommendation; and (5) that such matters set forth in the Staff Recommendation are true and correct to the best of her knowledge, information and belief.

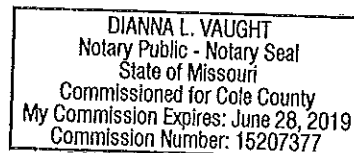


Kimberly K. Bolin

Subscribed and sworn to before me this 14th day of December, 2015.



Notary Public



BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

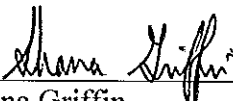
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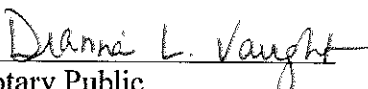
STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Shana Griffin, of lawful age, on her oath states: (1) that she is a Utility Regulatory Auditor III in the Financial Analysis Unit of the Missouri Public Service Commission; (2) that she participated in the preparation of the foregoing Staff Recommendation, in memorandum form; (3) that information in the Staff Recommendation was provided by her; (4) that she has knowledge of matters set forth in the Staff Recommendation; and (5) that such matters set forth in the Staff Recommendation are true and correct to the best of her knowledge, information and belief.

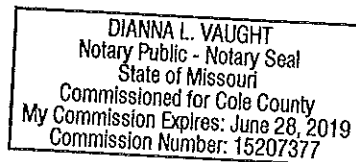


Shana Griffin

Subscribed and sworn to before me this 14th day of December, 2015.



Notary Public



BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Application of Indian Hills
Utility Operating Company, Inc. to Acquire
Certain Water Assets of I.H. Utilities, Inc. and
In Connection Therewith, Issue Indebtedness
and Encumber Assets

File No. WO-2016-0045

AFFIDAVIT OF JAMES A. MERCIEL, JR., P.E.

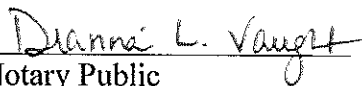
STATE OF MISSOURI)
) ss
COUNTY OF COLE)

James A. Merciel, Jr., P.E., of lawful age, on his oath states: (1) that he is the Utility Regulatory Engineering Supervisor in the Water and Sewer Department of the of the Missouri Public Service Commission; (2) that he participated in the preparation of the foregoing Staff Recommendation, in memorandum form; (3) that information in the Staff Recommendation was provided by him; (4) that he has knowledge of matters set forth in the Staff Recommendation; and (5) that such matters set forth in the Staff Recommendation are true and correct to the best of his knowledge, information and belief.

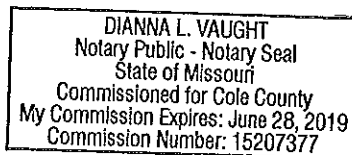


James A. Merciel, Jr., P.E.

Subscribed and sworn to before me this 14th day of December, 2015.



Notary Public



BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

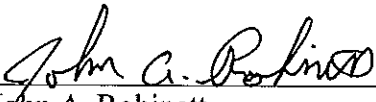
In the Matter of the Application of Indian Hills
Utility Operating Company, Inc. to Acquire
Certain Water Assets of I.H. Utilities, Inc. and
In Connection Therewith, Issue Indebtedness
and Encumber Assets

File No. WO-2016-0045

AFFIDAVIT OF JOHN A. ROBINETT

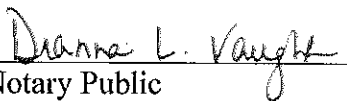
STATE OF MISSOURI)
) ss
COUNTY OF COLE)

John A. Robinett, of lawful age, on his oath states: (1) that he is a Utility Engineering Specialist III in the Engineering Analysis Unit of the Missouri Public Service Commission; (2) that he participated in the preparation of the foregoing Staff Recommendation, in memorandum form; (3) that information in the Staff Recommendation was provided by him; (4) that he has knowledge of matters set forth in the Staff Recommendation; and (5) that such matters set forth in the Staff Recommendation are true and correct to the best of his knowledge, information and belief.

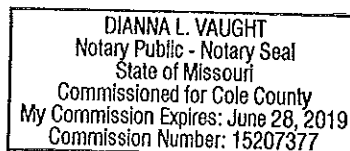


John A. Robinett

Subscribed and sworn to before me this 14th day of December, 2015.



Notary Public



BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

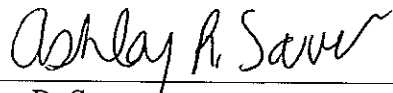
In the Matter of the Application of Indian Hills
Utility Operating Company, Inc. to Acquire
Certain Water Assets of I.H. Utilities, Inc. and
In Connection Therewith, Issue Indebtedness
and Encumber Assets

File No. WO-2016-0045

AFFIDAVIT OF ASHLEY R. SARVER

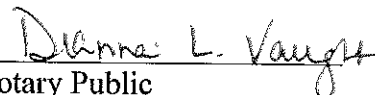
STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Ashley Sarver, of lawful age, on her oath states: (1) that she is an Auditor in Auditing Department of the of the Missouri Public Service Commission; (2) that she participated in the preparation of the foregoing Staff Recommendation, in memorandum form; (3) that information in the Staff Recommendation was provided by her; (4) that she has knowledge of matters set forth in the Staff Recommendation; and (5) that such matters set forth in the Staff Recommendation are true and correct to the best of her knowledge, information and belief.



Ashley R. Sarver

Subscribed and sworn to before me this 14th day of December, 2015.



Notary Public

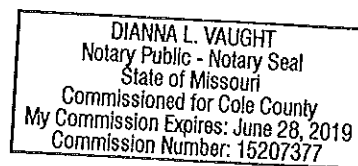


Exhibit No.: 1
Issue: Accounting Schedules
Witness: MO PSC Auditors
Sponsoring Party: MO PSC Staff
Case No: WO-2016-0045
Date Prepared: 12/14/2015



MISSOURI PUBLIC SERVICE COMMISSION
COMMISSION STAFF DIVISION
STAFF ACCOUNTING SCHEDULES

I.H. UTILITIES, INC
CASE NO. WO-2016-0045

Jefferson City, Missouri

I.H. Utilities, Inc
FOR INFORMATIONAL PURPOSES ONLY
Tracking Number WO-2016-0045
Test Year Ending 8/31/2015
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)	\$102,705			
Rev-3	Miscellaneous Revenues	(1)	\$0			
Rev-4	TOTAL ANNUALIZED REVENUES		<u>\$102,705</u>			
1	OPERATIONS EXPENSES	(2)				
2	Management Salary (1)		\$21,486	\$0	\$21,486	0.00%
3	Operators Salary/Contract Services (1)		\$16,179	\$0	\$16,179	0.00%
4	Water Testing		\$200	\$0	\$200	0.00%
5	Electricity-(Pumping)		\$13,772	\$0	\$13,772	0.00%
6	Chemicals-(Chlorine)		\$1,763	\$0	\$1,763	0.00%
7	TOTAL OPERATIONS EXPENSE		<u>\$53,400</u>	\$0	\$53,400	
8	MAINTENANCE EXPENSES					
9	Outside Services Employed (1)		\$11,025	\$0	\$11,025	0.00%
10	Materials and Supplies		\$0	\$0	\$0	0.00%
11	Repairs and Maintenance		\$15,506	\$0	\$15,506	0.00%
12	Misc. Maintenance		\$0	\$0	\$0	0.00%
13	System Maintenance		\$0	\$0	\$0	0.00%
14	TOTAL MAINTENANCE EXPENSE		<u>\$26,531</u>	\$0	\$26,531	
15	CUSTOMER ACCOUNT EXPENSE					
16	Accounting Fees		\$0	\$0	\$0	0.00%
17	Billing & Collections		\$17,615	\$0	\$17,615	0.00%
18	Supplies & Expenses		\$3,720	\$0	\$3,720	0.00%
19	Postage		\$0	\$0	\$0	0.00%
20	Uncollectible Accounts		\$4,325	\$0	\$4,325	0.00%
21	TOTAL CUSTOMER ACCOUNT EXPENSE		<u>\$25,660</u>	\$0	\$25,660	
22	ADMINISTRATIVE & GENERAL EXPENSES					
23	Administration & General Salary (1)		\$19,687	\$0	\$19,687	0.00%
24	Telephone & Internet		\$1,000	\$0	\$1,000	0.00%
25	Vehicle Insurance		\$0	\$0	\$0	0.00%
26	Vehicle Expense		\$4,536	\$0	\$4,536	0.00%
27	Medical Insurance		\$0	\$0	\$0	0.00%
28	Property & Liability Insurance		\$3,108	\$0	\$3,108	0.00%
29	Building Rent		\$8,695	\$0	\$8,695	0.00%
30	Other Misc. Expenses		\$0	\$0	\$0	0.00%
31	TOTAL ADMINISTRATIVE AND GENERAL		<u>\$37,026</u>	\$0	\$37,026	
32	OTHER OPERATING EXPENSES					
33	MO DNR Fees		\$0	\$0	\$0	0.00%
34	Regulatory Commission Expenses		\$690	\$0	\$690	0.00%
35	Corporate Registration		\$0	\$0	\$0	0.00%
36	Amortization Expense		\$0	\$0	\$0	0.00%
37	Depreciation		\$39,162	\$0	\$39,162	0.00%
38	TOTAL OTHER OPERATING EXPENSES		<u>\$39,852</u>	\$0	\$39,852	
39	TAXES OTHER THAN INCOME					
40	Real & Personal Property Taxes		\$45,040	\$0	\$45,040	0.00%
41	Payroll Taxes		\$1,530	\$0	\$1,530	0.00%
42	TOTAL TAXES OTHER THAN INCOME		<u>\$46,570</u>	\$0	\$46,570	
43	TOTAL OPERATING EXPENSES		<u>\$229,039</u>	\$0	\$229,039	
44	Interest Expense	(3)	\$88,709	\$0	\$88,709	0.00%
45	Return on Equity	(3)	\$42,889	\$0	\$42,889	0.00%
46	Income Taxes	(3)	\$10,742	\$0	\$10,742	0.00%
47	TOTAL INTEREST RETURN & TAXES		<u>\$142,340</u>	\$0	\$142,340	

I.H. Utilities, Inc
FOR INFORMATIONAL PURPOSES ONLY
 Tracking Number WO-2016-0045
 Test Year Ending 8/31/2015
 Rate Design Schedule - Water

Line Number	A Description	B Account Number (Optional)	C Staff Annualized	D Customer Charge	E Commodity	F Percentage Rate
48	TOTAL COST OF SERVICE		\$371,379	\$0	\$371,379	
49	Less: Miscellaneous Revenues		\$0	\$0	\$0	0.00%
50	COST TO RECOVER IN RATES		\$371,379	\$0	\$371,379	
51	INCREMENTAL INCREASE IN RATE REVENUES		<u>\$268,674</u>			
52	PERCENTAGE OF INCREASE		<u>261.60%</u>			
53	REQUESTED INCREASE IN REVENUES		\$0			

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

I.H. Utilities, Inc
FOR INFORMATIONAL PURPOSES ONLY
Tracking Number WO-2016-0045
Test Year Ending 8/31/2015
Rate Base Required Return on Investment Schedule - Water

Line Number	A Rate Base Description	B Dollar Amount	
1	Plant In Service	\$1,448,681	From Plant Schedule
2	Less Accumulated Depreciation Reserve	<u>\$114,007</u>	From Depreciation Reserve Schedule
3	Net Plant In Service	\$1,334,674	
4	Other Rate Base Items:	\$0	
	Contribution in Aid of Construction Amortization	\$1,103	
	Contribution in Aid of Construction	-\$7,750	
	Materials and Supplies	\$3,939	
5	Total Rate Base	<u>\$1,331,966</u>	
6	Total Weighted Rate of Return Including Income Tax	<u>10.69%</u>	From PreTax Return & Taxes Schedule
7	Required Return & Income Tax	<u><u>\$142,340</u></u>	

I.H. Utilities, Inc
FOR INFORMATIONAL PURPOSES ONLY
Tracking Number WO-2016-0045
Test Year Ending 8/31/2015
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	15.10% (1) & (2)	<u>14.22%</u>	(1 - B1) x A2
3	Composite Effective Income Tax Rate		20.03%	B1 + B2
4	Equity Tax Factor		1.2505	1 / (1-B3)
5	Recommended Weighted Rate of Return on Equity - Common and Preferred		<u>3.22%</u>	From Capital Structure Schedule
6	Weighted Rate of Return on Equity Including Income Tax		4.03%	B4 x B5
7	Recommended Weighted Rate of Return on Debt - Long-Term and Short-Term		<u>6.66%</u>	From Capital Structure Schedule
8	Total Weighted Rate of Return Including Income Tax		<u><u>10.69%</u></u>	B6+B7

To Rate Base Schedule

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

Equity Income Required **\$50,519**
& Preliminary Federal Tax

Tax Rate Table

Net Income Range				
Start	End	Tax Rate	Amount in Range	Tax on Range
\$0	\$50,000	15.00%	\$50,000	\$7,500
\$50,001	\$75,000	25.00%	\$519	\$130
\$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>\$50,519</u>	<u>\$7,630</u>
			Consolidated Tax Rate:	
			Average Tax Rate:	0.151

I.H. Utilities, Inc
FOR INFORMATIONAL PURPOSES ONLY
Tracking Number WO-2016-0045
Test Year Ending 8/31/2015
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	\$332,991	25.00%	12.88%	3.220%
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	\$998,974	75.00%	8.88%	6.660%
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>\$1,331,965</u>	<u>100.00%</u>		<u>9.880%</u>

To PreTax Return Rate Schedule

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

I.H. Utilities, Inc
FOR INFORMATIONAL PURPOSES ONLY
Tracking Number WO-2016-0045
Test Year Ending 8/31/2015
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	\$750			100.00%	\$750
3	302.000	Franchises	\$0			100.00%	\$0
4		TOTAL INTANGIBLE PLANT	\$750		\$0		\$750
5		SOURCE OF SUPPLY PLANT					
6	310.000	Land & Land Rights - SSP	\$1,500	P-6	\$15,000	100.00%	\$16,500
7	311.000	Structures & Improvements - SSP	\$1,600	P-7	\$45,000	100.00%	\$46,600
8	312.000	Collecting & Impounding Reservoirs	\$0			100.00%	\$0
9	313.000	Lake, River & Other Intakes	\$0			100.00%	\$0
10	314.000	Wells and Springs	\$12,619	P-10	\$320,000	100.00%	\$332,619
11	315.000	Infiltration Galleries & Tunnels	\$0			100.00%	\$0
12	316.000	Supply Mains	\$0			100.00%	\$0
13		TOTAL SOURCE OF SUPPLY PLANT	\$15,719		\$380,000		\$395,719
14		PUMPING PLANT					
15	321.000	Structures & Improvements - PP	\$5,025			100.00%	\$5,025
16	325.000	Electric Pumping Equipment	\$37,823	P-16	\$105,000	100.00%	\$142,823
17	326.000	Diesel Pumping Equipment	\$0			100.00%	\$0
18	328.000	Other Pumping Equipment	\$0			100.00%	\$0
19		TOTAL PUMPING PLANT	\$42,848		\$105,000		\$147,848
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	\$10,697			100.00%	\$10,697
24		TOTAL WATER TREATMENT PLANT	\$10,697		\$0		\$10,697
25		TRANSMISSION & DISTRIBUTION PLANT					
26	340.000	Land & Land Rights-T&D	\$0			100.00%	\$0
27	341.000	Structures & Improvements - T&D	\$0	P-27	\$25,000	100.00%	\$25,000
28	342.000	Distribution Reservoirs & Standpipes	\$13,880	P-28	\$300,000	100.00%	\$313,880
29	343.000	Transmission and Distribution Mains	\$17,684	P-29	\$280,000	100.00%	\$297,684
30	346.000	Meters- Bronze Chamber	\$23,892	P-30	\$178,000	100.00%	\$201,892
31	347.000	Meter Installations- Bronze	\$0			100.00%	\$0
32		TOTAL TRANS. & DISTRIBUTION PLANT	\$55,456		\$783,000		\$838,456
33		GENERAL PLANT					
34	389.000	Land & Land Rights-GP	\$0	P-34	\$20,000	100.00%	\$20,000
35	390.000	Structures & Improvements - GP	\$0			100.00%	\$0
36	391.000	Office Furniture & Equipment	\$2,697			100.00%	\$2,697
37	391.100	Office Computer Equipment	\$0			100.00%	\$0
38	394.000	Tools, Shop and Garage Equipment	\$352			100.00%	\$352
39	396.000	Power Operated Equipment	\$23,724			100.00%	\$23,724
40	398.000	Miscellaneous Equipment	\$8,438			100.00%	\$8,438
41	399.000	Other Tangible Property	\$0			100.00%	\$0
42		TOTAL GENERAL PLANT	\$35,211		\$20,000		\$55,211
43		TOTAL PLANT IN SERVICE	\$160,681		\$1,288,000		\$1,448,681

To Rate Base & Depreciation Schedules

I.H. Utilities, Inc
FOR INFORMATIONAL PURPOSES ONLY
Tracking Number WO-2016-0045
Test Year Ending 8/31/2015
Schedule of Adjustments for Plant in Service - Water

<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-6	Land & Land Rights - SSP	310.000		\$15,000
	To include future plant construction estimate.		\$15,000	
P-7	Structures & Improvements - SSP	311.000		\$45,000
	To include future plant construction estimate.		\$35,000	
	To include future plant construction estimate.		\$10,000	
P-10	Wells and Springs	314.000		\$320,000
	To include future plant construction estimate.		\$20,000	
	To include future plant construction estimate.		\$250,000	
	To include future plant construction estimate.		\$40,000	
	To include future plant construction estimate.		\$10,000	
P-16	Electric Pumping Equipment	325.000		\$105,000
	To include future plant construction estimate.		\$80,000	
	To include future plant construction estimate.		\$25,000	
P-27	Structures & Improvements - T&D	341.000		\$25,000
	To include future plant construction estimate.		\$20,000	
	To include future plant construction estimate.		\$5,000	
P-28	Distribution Reservoirs & Standpipes	342.000		\$300,000
	To include future plant construction estimate.		\$300,000	
P-29	Transmission and Distribution Mains	343.000		\$280,000

I.H. Utilities, Inc
FOR INFORMATIONAL PURPOSES ONLY
Tracking Number WO-2016-0045
Test Year Ending 8/31/2015
Schedule of Adjustments for Plant in Service - Water

<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
	To include future plant construction estimate.		\$80,000	
	To include future plant construction estimate.		\$200,000	
P-30	Meters- Bronze Chamber	346.000		\$178,000
	To include future plant construction estimate.		\$178,000	
P-34	Land & Land Rights-GP	389.000		\$20,000
	To include future plant construction estimate.		\$20,000	
Total Plant Adjustments				<u><u>\$1,288,000</u></u>

I.H. Utilities, Inc
FOR INFORMATIONAL PURPOSES ONLY
Tracking Number WO-2016-0045
Test Year Ending 8/31/2015
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	\$750	0.00%	\$0
3	302.000	Franchises	\$0	0.00%	\$0
4		TOTAL INTANGIBLE PLANT	<u>\$750</u>		<u>\$0</u>
5		SOURCE OF SUPPLY PLANT			
6	310.000	Land & Land Rights - SSP	\$16,500	0.00%	\$0
7	311.000	Structures & Improvements - SSP	\$46,600	2.50%	\$1,165
8	312.000	Collecting & Impounding Reservoirs	\$0	0.00%	\$0
9	313.000	Lake, River & Other Intakes	\$0	0.00%	\$0
10	314.000	Wells and Springs	\$332,619	2.00%	\$6,652
11	315.000	Infiltration Galleries & Tunnels	\$0	0.00%	\$0
12	316.000	Supply Mains	\$0	0.00%	\$0
13		TOTAL SOURCE OF SUPPLY PLANT	<u>\$395,719</u>		<u>\$7,817</u>
14		PUMPING PLANT			
15	321.000	Structures & Improvements - PP	\$5,025	2.50%	\$126
16	325.000	Electric Pumping Equipment	\$142,823	10.50%	\$14,996
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>\$147,848</u>		<u>\$15,122</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	\$10,697	0.00%	\$0
24		TOTAL WATER TREATMENT PLANT	<u>\$10,697</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	\$25,000	2.50%	\$625
28	342.000	Distribution Reservoirs & Standpipes	\$313,880	2.50%	\$7,847
29	343.000	Transmission and Distribution Mains	\$297,684	0.00%	\$0
30	346.000	Meters- Bronze Chamber	\$201,892	2.70%	\$5,451
31	347.000	Meter Installations- Bronze	\$0	0.00%	\$0
32		TOTAL TRANS. & DISTRIBUTION PLANT	<u>\$838,456</u>		<u>\$13,923</u>
33		GENERAL PLANT			
34	389.000	Land & Land Rights-GP	\$20,000	0.00%	\$0
35	390.000	Structures & Improvements - GP	\$0	0.00%	\$0
36	391.000	Office Furniture & Equipment	\$2,697	10.00%	\$270
37	391.100	Office Computer Equipment	\$0	0.00%	\$0
38	394.000	Tools, Shop and Garage Equipment	\$352	5.00%	\$18
39	396.000	Power Operated Equipment	\$23,724	6.70%	\$1,590

I.H. Utilities, Inc
FOR INFORMATIONAL PURPOSES ONLY
Tracking Number WO-2016-0045
Test Year Ending 8/31/2015
Depreciation Expense - Water

Line Number	A Account Number	B Plant Account Description	C Adjusted Jurisdictional	D Depreciation Rate	E Depreciation Expense
40	398.000	Miscellaneous Equipment	\$8,438	5.00%	\$422
41	399.000	Other Tangible Property	<u>\$0</u>	5.00%	<u>\$0</u>
42		TOTAL GENERAL PLANT	\$55,211		\$2,300
43		Total Depreciation	<u><u>\$1,448,681</u></u>		<u><u>\$39,162</u></u>

I.H. Utilities, Inc
 FOR INFORMATIONAL PURPOSES ONLY
 Tracking Number WO-2016-0045
 Test Year Ending 8/31/2015
 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	\$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	\$360			100.00%	\$360
8	312.000	Collecting & Impounding Reservoirs	\$0			100.00%	\$0
9	313.000	Lake, River & Other Intakes	\$0			100.00%	\$0
10	314.000	Wells and Springs	\$9,354			100.00%	\$9,354
11	315.000	Infiltration Galleries & Tunnels	\$0			100.00%	\$0
12	316.000	Supply Mains	\$0			100.00%	\$0
13		TOTAL SOURCE OF SUPPLY PLANT	\$9,714		\$0		\$9,714
14		PUMPING PLANT					
15	321.000	Structures & Improvements - PP	\$649			100.00%	\$649
16	325.000	Electric Pumping Equipment	\$44,004			100.00%	\$44,004
17	326.000	Diesel Pumping Equipment	\$0			100.00%	\$0
18	328.000	Other Pumping Equipment	\$0			100.00%	\$0
19		TOTAL PUMPING PLANT	\$44,653		\$0		\$44,653
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	\$2,476			100.00%	\$2,476
24		TOTAL WATER TREATMENT PLANT	\$2,476		\$0		\$2,476
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	\$9,860			100.00%	\$9,860
29	343.000	Transmission and Distribution Mains	\$15,046			100.00%	\$15,046
30	346.000	Meters- Bronze Chamber	\$5,510			100.00%	\$5,510
31	347.000	Meter Installations- Bronze	\$0			100.00%	\$0
32		TOTAL TRANS. & DISTRIBUTION PLANT	\$30,416		\$0		\$30,416
33		GENERAL PLANT					
34	389.000	Land & Land Rights-GP	\$0			100.00%	\$0
35	390.000	Structures & Improvements - GP	\$0			100.00%	\$0
36	391.000	Office Furniture & Equipment	\$2,974			100.00%	\$2,974
37	391.100	Office Computer Equipment	\$0			100.00%	\$0
38	394.000	Tools, Shop and Garage Equipment	\$179			100.00%	\$179
39	396.000	Power Operated Equipment	\$16,717			100.00%	\$16,717
40	398.000	Miscellaneous Equipment	\$6,878			100.00%	\$6,878
41	399.000	Other Tangible Property	\$0			100.00%	\$0
42		TOTAL GENERAL PLANT	\$26,748		\$0		\$26,748
43		TOTAL DEPRECIATION RESERVE	\$114,007		\$0		\$114,007

To Rate Base Schedule

I.H. Utilities, Inc
 FOR INFORMATIONAL PURPOSES ONLY
 Tracking Number WO-2016-0045
 Test Year Ending 8/31/2015
 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	\$102,705	Rev-2	\$0	100.00%	\$102,705
Rev-3		Miscellaneous Revenues	\$0	Rev-3	\$0	100.00%	\$0
Rev-4		TOTAL ANNUALIZED REVENUES	\$102,705		\$0		\$102,705

I.H. Utilities, Inc
FOR INFORMATIONAL PURPOSES ONLY
Tracking Number WO-2016-0045
Test Year Ending 8/31/2015
Rate Revenue Feeder Schedule - Water

Line Number	A Description	Residential 5/8"		Metered 5/8"	
		B Amount	C Amount	D Amount	E Amount
1	<u>Customer Charge Revenues:</u>				
2	Customer Number	4		708	
3	Bills Per Year	12		12	
4	Customer Bills Per year	48		8,496	
5	Current Customer Charge	<u>\$10.81</u>		<u>\$10.81</u>	
6	Annualized Customer Charge Revenues		\$519		\$91,842
7	<u>Commodity Charge Revenues:</u>				
8	Total Gallons Sold	0		16,718,002	
9	Less: Base Gallons Included In Customer Charge	<u>0</u>		<u>0</u>	
10	Commodity Gallons	0		16,718,002	
11	Block 1, Commodity Gallons per Block	0		5,473,250	
12	Block 1, Number of Commodity Gallons per Unit	<u>0</u>		<u>1,000</u>	
13	Block 1, Commodity Billing Units	0.00		5,473.25	
14	Block 1, Existing Commodity Charge	<u>\$0.00</u>		<u>\$1.89</u>	
15	Block 1, Annualized Commodity Charge Rev.		\$0		\$10,344
16	Total Annualized Water Rate Revenues		<u>\$519</u>		<u>\$102,186</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.

I.H. Utilities, Inc
FOR INFORMATIONAL PURPOSES ONLY
Tracking Number WO-2016-0045
Test Year Ending 8/31/2015
Rate Revenue Feeder Schedule - Water

Line Number	A Description	Total	
		F Amount	G Amount
1	<u>Customer Charge Revenues:</u>		
2	Customer Number	712	
3	Bills Per Year		
4	Customer Bills Per year	8,544	
5	Current Customer Charge		
6	Annualized Customer Charge Revenues		\$92,361
7	<u>Commodity Charge Revenues:</u>		
8	Total Gallons Sold	16,718,002	
9	Less: Base Gallons Included In Customer Charge	0	
10	Commodity Gallons	16,718,002	
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.		\$10,344
16	Total Annualized Water Rate Revenues		\$102,705

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.

I.H. Utilities, Inc
FOR INFORMATIONAL PURPOSES ONLY
Tracking Number WO-2016-0045
Test Year Ending 8/31/2015
Expense Schedule - Water

Line Number	A Account Number (Optional)	B Expense Description	C Company/ Test Year Amount	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
1		OPERATIONS EXPENSES					
2		Management Salary (1)	\$5,000	W-2	\$16,486	100.00%	\$21,486
3		Operators Salary/Contract Services (1)	\$16,179			100.00%	\$16,179
4		Water Testing	\$200			100.00%	\$200
5		Electricity-(Pumping)	\$7,662	W-5	\$6,110	100.00%	\$13,772
6		Chemicals-(Chlorine)	\$1,763			100.00%	\$1,763
7		TOTAL OPERATIONS EXPENSE	<u>\$30,804</u>		<u>\$22,596</u>		<u>\$53,400</u>
8		MAINTENANCE EXPENSES					
9		Outside Services Employed (1)	\$7,005	W-9	\$4,020	100.00%	\$11,025
10		Materials and Supplies	\$0			100.00%	\$0
11		Repairs and Maintenance	\$15,506			100.00%	\$15,506
12		Misc. Maintenance	\$0			100.00%	\$0
13		System Maintenance	\$0			100.00%	\$0
14		TOTAL MAINTENANCE EXPENSE	<u>\$22,511</u>		<u>\$4,020</u>		<u>\$26,531</u>
15		CUSTOMER ACCOUNT EXPENSE					
16		Accounting Fees	\$0			100.00%	\$0
17		Billing & Collections	\$3,872	W-17	\$13,743	100.00%	\$17,615
18		Supplies & Expenses	\$3,720			100.00%	\$3,720
19		Postage	\$0			100.00%	\$0
20		Uncollectible Accounts	\$4,325			100.00%	\$4,325
21		TOTAL CUSTOMER ACCOUNT EXPENSE	<u>\$11,917</u>		<u>\$13,743</u>		<u>\$25,660</u>
22		ADMINISTRATIVE & GENERAL EXPENSES					
23		Administration & General Salary (1)	\$0	W-23	\$19,687	100.00%	\$19,687
24		Telephone & Internet	\$0	W-24	\$1,000	100.00%	\$1,000
25		Vehicle Insurance	\$0			100.00%	\$0
26		Vehicle Expense	\$4,536			100.00%	\$4,536
27		Medical Insurance	\$0			100.00%	\$0
28		Property & Liability Insurance	\$3,108			100.00%	\$3,108
29		Building Rent	\$0	W-29	\$8,695	100.00%	\$8,695
30		Other Misc. Expenses	\$0			100.00%	\$0
31		TOTAL ADMINISTRATIVE AND GENERAL	<u>\$7,644</u>		<u>\$29,382</u>		<u>\$37,026</u>
32		OTHER OPERATING EXPENSES					
33		MO DNR Fees	\$0			100.00%	\$0
34		Regulatory Commission Expenses	\$200	W-34	\$490	100.00%	\$690
35		Corporate Registration	\$0			100.00%	\$0
36		Amortization Expense	\$0			100.00%	\$0
37		Depreciation	\$0	W-37	\$39,162	100.00%	\$39,162
38		TOTAL OTHER OPERATING EXPENSES	<u>\$200</u>		<u>\$39,652</u>		<u>\$39,852</u>
39		TAXES OTHER THAN INCOME					
40		Real & Personal Property Taxes	\$15,101	W-40	\$29,939	100.00%	\$45,040
41		Payroll Taxes	\$7,580	W-41	-\$6,050	100.00%	\$1,530
42		TOTAL TAXES OTHER THAN INCOME	<u>\$22,681</u>		<u>\$23,889</u>		<u>\$46,570</u>
43		TOTAL OPERATING EXPENSES	<u>\$95,757</u>		<u>\$133,282</u>		<u>\$229,039</u>

I.H. Utilities, Inc
FOR INFORMATIONAL PURPOSES ONLY
Tracking Number WO-2016-0045
Test Year Ending 8/31/2015
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)			\$16,486
	To adjust management salary.		\$16,486	
W-5	Electricity-(Pumping)			\$6,110
	To adjust electricity expense for 2nd well.		\$6,110	
W-9	Outside Services Employed (1)			\$4,020
	To adjust for meter reading expense.		\$4,020	
W-17	Billing & Collections			\$13,743
	To adjust for billing expense.		\$13,743	
W-23	Administration & General Salary (1)			\$19,687
	To adjust for administrative and general salary.		\$19,687	
W-24	Telephone & Internet			\$1,000
	To adjust for telephone and internet expense.		\$1,000	
W-29	Building Rent			\$8,695
	To adjust for building rent.		\$8,695	
W-34	Regulatory Commission Expenses			\$490
	To adjust PSC Assessment Fee.		\$490	
W-37	Depreciation			\$39,162
	1. To Annualize Depreciation		\$39,162	
W-40	Real & Personal Property Taxes			\$29,939

I.H. Utilities, Inc
FOR INFORMATIONAL PURPOSES ONLY
Tracking Number WO-2016-0045
Test Year Ending 8/31/2015
Expense Adjustment Schedule - Water

<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>
Expense Adj Number	Adjustment Description	Account Number	Adjustment Amount	Total Adjustment
	To adjust for projected plant property tax.		\$29,939	
W-41	Payroll Taxes			-\$6,050
	To adjust for payroll taxes.		-\$6,050	
Total Expense Adjustments				<u><u>\$133,282</u></u>

Indian Hills Utility Operating Company, Inc.
 for WO-2016-0045
 BILL COMPARISON, POSSIBLE FUTURE PLANT

current customers 712
 current estimated average usage 40,000,000 gallons per year
 4682 gallons per month per customer

Current Rates:		
\$ 10.81	residential customer charge 4,000 gallons	
\$ 5.40	yard hydrant customer charge 4,000 gallons	
\$ 1.89	per 1,000 gallons over 4,000 gallons	
\$ 12.70	Monthly Residential Bill for 5,000 gallons	

Current Revenue	\$ 102,705	
Possible Future Revenue	\$ 371,379	262% increase

Future Rates, Based on Future Revenue, and "Across-the-Board" Rate Design		
\$ 39.09	residential customer charge 4,000 gallons	
\$ 19.53	yard hydrant customer charge 4,000 gallons	
\$ 6.83	per 1,000 gallons over 4,000 gallons	
\$ 45.92	Monthly Residential Bill for 5,000 gallons	

I.H. Utilities, Inc. - Staff's Corrected Account Balances

Rate Base as of August 31, 2015

<u>Water System</u>			Accumulated
<u>Account</u>	<u>Account Description</u>	<u>Total Plant</u>	<u>Depreciation Reserve</u>
301	Organization	\$ 750	\$ -
310	Land and Land Rights	\$ 1,500	\$ -
311	Structures & Improvements	\$ 1,600	\$ 360
314	Wells & Springs	\$ 12,619	\$ 9,354
321	Structures & Improvements	\$ 5,025	\$ 649
325	Electronic Pumping Equipment	\$ 37,823	\$ 44,004
332	Water Treatment Equip.	\$ 10,697	\$ 2,476
342	Distribution Reservoirs & Standpipes	\$ 13,880	\$ 9,860
343	Transmission & Distribution Mains	\$ 17,684	\$ 15,046
346	Meters	\$ 23,892	\$ 5,510
391	Office Furniture & Equip.	\$ 2,697	\$ 2,974
394	Tools, Shop, Garage Equip	\$ 352	\$ 179
396	Power Operated Equip.	\$ 23,724	\$ 16,717
398	Misc. Equipment	\$ 8,438	\$ 6,878
TOTALS		\$ 160,681	\$ 114,007
	Plant in Service	\$ 160,681	
	Accumulated Dep. Reserve	\$ (114,007)	
	Contributions in Aid of Construction (CIAC)	\$ (7,750)	
	CIAC Amortization	\$ 1,103	
	Materials and Supplies	\$ 3,939	
	Total Rate Base	\$ 43,966	

Indian Hills Utilities Operating Company, Inc.

DEPRECIATION RATES

(WATER)

Adoption of ordered depreciation rates for I. H. Utilities Inc. WR-2010-0048

WO-2016-0045

<u>ACCOUNT NUMBER</u>	<u>ACCOUNT DESCRIPTION</u>	<u>DEPRECIATION RATE</u>	<u>AVERAGE SERVICE LIFE (YEARS)</u>	<u>NET SALVAGE</u>
311	Structures & Improvements	2.5%	40	0%
314	Wells & Springs	2.0%	50	0%
325	Electric Pumping Equipment	10.5%	10	-5%
332	Water Treatment Equipment	0.0%	35	0%
342	Distribution Reservoirs & Standpipes	2.5%	40	0%
343	Transmission & Distribution Mains	0.0%	50	0%
346	Meters - Bronze	2.7%	35	5%
391	Office Furniture & Equipment	10.0%	10	0%
394	Tools, Shop, Garage Equipment	5.0%	20	0%
396	Power Operated Equipment	6.7%	15	0%
399	Other Tangible Property	5.0%	20	0%



2015

SMOKE SIGNAL

September 2015

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PRESIDENT'S UPDATE

As summer winds down, I hope everyone enjoyed their use of the lake. Whether you were in or on the water or just liked to take in the beauty of what we and you have here, I hope the summer season met your expectations.

Here are a few things I'd like to draw your attention to:

- ⇒ Inappropriate Behavior: Gate Security personnel unfortunately experienced several instances during the past month where members or their guests were extremely abusive and obnoxious when our people were attempting to carry out their duties. The particular members have been notified that this behavior was out of line and will not be tolerated. If anyone has issue with any rule the members have put in place, that concern should be raised with the appropriate authority. Our employees should at all times be treated with dignity and respect, just as we expect them to treat the members in the same manner.
- ⇒ 2015 Annual Meeting: The annual membership meeting will be held at the Community Hall on Saturday, October 10th at 1:00pm. As this is an official meeting of the members, a quorum of 50 members is required to conduct any business. Last year was the first time in many years that a quorum was present. Please make every effort to attend, in order to learn, receive updates on the business of the Association and to meet the candidates who will be running to fill the five positions available on the Board of Directors for the coming year.
- ⇒ **2015 Elections: There will be five positions open on the Board of Directors for 2016, three 3-year terms and two 1-year terms. If you want to play a part in the continuing effort to make our community better, serving on the Board is a great place to make a difference. Nomination forms are available at the Office and on our website www.ilpoa.org. Completed forms must be turned in to the Office by 4:00pm on Saturday, September 12, 2015.**
- ⇒ If you wish to submit a proposal to create, change or delete any by-law or rule and regulation, the appropriate form must be completed and turned in to the Office by 4:00pm on Saturday, September 19, 2015. Forms are available at the Office and on our website www.ilpoa.org.
- ⇒ MIP Member Feedback Meeting: The MIP Committee will hold the last of six meetings it has convened to present information about the major improvement projects initiative and get your input on Saturday, September 12th at 9:00am at the Community Hall. Please plan to attend, especially if you haven't made it to one of the previous meetings. The committee wants to get feedback from as many members as possible.
- ⇒ IH Utilities: In case you have not heard, the water company is under contract to be sold. We understand that the purchaser is in the process of preparing the application that must be submitted to the PSC for the sale to be approved.

As always if you ever have any questions, comments or concerns to share, please feel free to contact any Board director.

Mark Miller, President

C: 314-518-4654

E: mark.s.miller6@gmail.com

Attachment E
Page 1 of 5

Anniversary Party/ Beautification Committee

The feedback we have had on this year's party was that it was a success and everyone had a great time! Once again Dana Murray did a bang up job on getting everything organized! This year Dana had to miss the actual party to attend a family event but Marsha Schramm, Evelyn Blazevidh and the Men's Club, stepped up to the plate and handled all the organizing and set up on the day of the event-we all owe the 3 of them a big round of applause. The DJ was very good and played a great variety of music for all age groups and it was fun watching the smallest 4year olds dancing on up to the over 60's crowds, all dancing to the same tunes. We had 3 dance contests based on age groups and the talent was tough this year-so tough that there were 2 winners in each category. I am sorry we don't have the names of the winners to pass on, but congratulations to all! Especially a big thank you to the winners of the over 21 contest who led everyone in 2 Conga lines - now that was fun!! Please stay tuned for more information in the Smoke Signal or an email on this committee and all the work that we have and want to accomplish for our community! This year I will be helping Dana co-chair the committee and I am looking forward to getting ideas from all of you! If you would like to make a donation to the committee for Beautification Projects (100% of money collected goes to these projects and the Anniversary Party) please use the form below or call us! There will be forms in the office to pick up as well.

Thanks to everyone who supports us and to those who attended the party-we hope to see more of you next year!

Debbie Dolen - Co-Chair

Dana Murray - Co-Chair

Beautification Committee

(Sponsors of the annual Indian Lake Anniversary Party and beautification projects at the Lake)

We need your ongoing support, would you please consider a donation to the committee? The money collected goes toward the Beautification Projects at the Lake for all of our enjoyment and the improvement of community.

Please make check payable to: ILPOA, in the memo portion PLEASE STATE this is for the Beautification Committee. Any denomination is appreciated and accepted with all of our thanks!

Would you consider being an annual supporter of the Beautification Committee? If so please provide the following information for our records and return with your check.

Annual Donation: _____ \$10.00 _____ \$20.00 _____ \$25.00 \$ _____ write in amount

Name: _____

Mailing Address: _____

Email address: _____

ATTENTION

The Water Company (Indian Hills Utilities), is not owned or operated by Indian Lake Property Owners Association (ILPOA). It is a separate company owned and operated by Ms. Lois Stanley. She can be reached at (573) 885-3320 if you are having problems with your water service.

If you are experiencing problems or issues with I.H. Utilities (Lois Stanley), that are not being resolved, you are encouraged to contact the Missouri Public Service Commission in Jefferson City, MO. They can be reached at by writing to:

Public Service Commission
P.O. Box 360
Jefferson City, MO 65102

Or you may call them at 1-800-392-4211 or e-mail them at pscinfo@psc.mo.gov with your problem. We strongly urge you to write regarding your specific problem, along with the details of your problem to obtain the best response.
Calling the ILPOA Office will not resolve your problem with the Water Co... Call Lois Stanley!

Attachment E
Page 2 of 5



2015

HALLOWEEN

SMOKE SIGNAL

October 2015

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PRESIDENT'S UPDATE

As fall is upon us and winter not far behind, it's a good time to begin getting your ducks in a row preparing your home and water toys for the colder weather. I hope our weekenders will plan to spend some time here during the fall, as it is really pretty here when the leaves begin their turn.

Here are a few items to note:

- ⇒ Water Company - Last month I mentioned that the water company was under contract to be sold. The proposed buyer, Central States Water Resources, has completed their due diligence process and submitted their application to the Public Service Commission. The buyer shared that the application approval process can take 2-3 months. If you wish to support the change in ownership, you may wish to send a letter to the PSC. Reference Case # WO-2016-0045 and send your letter to: Public Service Commission; PO Box 360; Jefferson City, MO 65102.
- ⇒ Annual Member Meeting: The meeting will be held on Saturday, October 10th at the Community Hall beginning at 1pm. The agenda will include updates on the Association's business, review of any proposed changes to the By-Laws and Rules & Regulations, and an opportunity to meet the candidates who will be vying for the 5 director positions that will need to be filled for the coming year. In order for the meeting to be official, a quorum of 50 members must be present. Please plan to attend as your presence and participation will help make the meeting relevant and successful.
- ⇒ Board Candidates: 11 members submitted their nomination for the 5 director positions that are open for next year. Information on each candidate is contained in this newsletter. Thanks to each candidate for stepping up to the plate. Good luck to each in the election.
- ⇒ Marina: The owners of the marina business have it under contract to be sold. If all goes as planned, the new owner will take over on November 2nd.

As always if you ever have any questions, comments or concerns to share, please feel free to contact any Board director or me.

Mark Miller, President

C: 314-518-4654

E: mark.s.miller6@gmail.com

MEMBER FORUM

In between the Quarterly Member Meetings if you have a matter you wish to address with the Board, you may do so at a monthly Board meeting. A "Member Forum" will be the first order of business of every monthly Board meeting. At that time you may share any comment or make any request of the Board. Depending upon the nature of a comment or request, the Board may choose to respond immediately or may choose to address the issue privately before responding at a later time.

To sign up for a Member Forum, you must contact the Office by 4:30pm on the Thursday before a Board meeting and provide your name, phone number and the general nature of your comment or request. Only those members who have signed up will be allowed to attend the Board meeting and the Member Forum segment.

The next Member Forum will be held during the monthly Board meeting on Friday, October 9, 2015 at 9:00am at the Community Hall.

Mark Miller, President

Attachment E
Page 3 of 5

Indian Hills Men's Club Christmas Party

December 5th, 2015

Social Hour Starts at 11:00 am

Lunch Starts at Noon - Catered by Cuba Country Club

Indian Hills Community Hall

Tickets are \$18.00 per person, gratuity included. The widows of I.H. are as usual invited to be our guests.

Contact either of the following:

Don Weingart - 573-885-7036

Jerry Dolan - 573-885-4221

Reminder - Section 11 Animal Control, Paragraph A - Dogs and Cats at Large, Subsection 2 states:

No Member owning or harboring a domestic animal shall allow said animal to bark, bay, howl or emit any other sound which is disturbing or alarming to another.

Offending animal owners are subject to citation at the discretion of the Board.



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It is a separate company owned and operated by Ms. Lois Stanley. She can be reached at (573) 885-3320 if you are having problems with your water service.

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Public Service Commission

P.O. Box 360

Jefferson City, MO 65102

Or you may call them at 1-800-392-4211 or e-mail them at pscinfo@psc.mo.gov with your problem. We strongly urge you to write regarding your specific problem, along with the details of your problem to obtain the best response.

Calling the ILPOA Office will not resolve your problem with the Water Co... Call Lois Stanley!



2015

SMOKE SIGNAL

November 2015

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PRESIDENT'S UPDATE

Thanks to everyone who attended the 2015 Annual Membership Meeting. There were 96 members in attendance, which gave us a quorum for the second year in a row. For those of you who were unable to attend, here are a few highlights of the meeting:

- ⇒ Gary Boos was recognized for his 8 years of service on the Board. During much of that time, Gary chaired the Roads & Maintenance Committee and served as Co-Chair on many others. Gary will be resigning his position on the Board effective December 10th, as he and Linda plan to spend more time at the Florida home. Thanks again, Gary, for all you did and continue to do for our community.
- ⇒ Four proposed changes to the Rules & Regulations changes and one proposed change to the By-Laws that will be placed on the ballot for this year's election were highlighted for the members.
- ⇒ Updates were provided on the sale of the water company and the marina.
- ⇒ The Osage Nation Project was highlighted for the members. See our website for additional details.
- ⇒ Additional financial documents were distributed which offered a different look and explanation of our income and expenses.
- ⇒ It was announced that the 2016 annual dues assessment will see no increase over 2015's assessment, since the Consumer Price Index for the St. Louis area did not increase over the past year.
- ⇒ The 10 candidates for the Board of Directors openings were present to introduce themselves and respond to members' questions.

Regarding the sale of the water company, the buyer's application to the PSC is scheduled to be reviewed for approval on November 12th. If you would like to support their application and thus a change in ownership, please send a letter of support to the PSC. It can be address to PO Box 360; Jefferson City, MO 65102. Be sure to reference the specific application, which is Case #WO-2016-0045.

As always if you ever have any questions, comments or concerns to share, please feel free to contact any Board director or me.

Mark Miller, President

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MEMBER FORUM

In between the Quarterly Member Meetings if you have a matter you wish to address with the Board, you may do so at a monthly Board meeting. A "Member Forum" will be the first order of business of every monthly Board meeting. At that time you may share any comment or make any request of the Board. Depending upon the nature of a comment or request, the Board may choose to respond immediately or may choose to address the issue privately before responding at a later time.

To sign up for a Member Forum, you must contact the Office by 4:30pm on the Thursday before a Board meeting and provide your name, phone number and the general nature of your comment or request. Only those members who have signed up will be allowed to attend the Board meeting and the Member Forum segment.

The next Member Forum will be held during the monthly Board meeting on Friday, November 13, 2015 at 1:00pm at the Community Hall.

Mark Miller, President

Attachment E
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