

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

In the Matter of Lincoln County Sewer & Water, LLC for)	
A Certificate of Convenience and Necessity Authorizing)	<u>File No. WA-2012-0018</u>
It to Own, Operate, Maintain, Control and Manage Water)	SA-2012-0019
And Sewer Systems in Lincoln County, Missouri)	

STAFF RECOMMENDATION TO APPROVE APPLICATIONS

COMES NOW the Staff of the Missouri Public Service Commission (“Staff”), by and through counsel, and submits its *Recommendation* as follows:

1. On July 19, 2011, Lincoln County Sewer & Water (LCSW) filed an *Application* with the Missouri Public Service Commission (Commission) seeking a certificate of convenience and necessity (CCN) to own, operate, maintain, control and manage water systems in Lincoln County, Missouri. Concurrently, LCSW filed an *Application* with the Commission seeking a CCN to own, operate, maintain, control and manage sewer systems in Lincoln County, Missouri. The two applications were consolidated under the present case, File No. WA-2012-0018, on August 3, 2011.

2. At the request of Staff, the Commission held a local public hearing on August 25, 2011; and, on August 30, 2011, the Commission directed Staff to file a status report regarding that local public hearing no later than September 30, 2011. Staff filed its status report on September 29, 2011. Updates on the issues covered in the status report are included in the *Staff Memorandum* attached and incorporated herein as Appendix A.

3. On October 3, 2011, the Commission issued an *Order Setting Deadline for Recommendation*, directing Staff to file its recommendation no later than February 10, 2012.

3. Staff is recommending that the Commission approve the *Application for a Certificate of Convenience and Necessity*. See *Staff Memorandum*.

4. According to Section 393.170.3 RSMo (2000), the Commission has the “power to grant [a certificate of convenience and necessity]. . . whenever it shall after due hearing determine that such construction or such exercise of the right, [or] privilege . . . is necessary or convenient for the public service. The Commission may by its order impose such condition or conditions as it may deem reasonable and necessary.”

5. The Commission established five criteria in *In re Tartan Energy Company*, 3 Mo. P.S.C. 3d 173, 177 (1994), for consideration when making a determination in an application case: (1) there must be a need for the service; (2) the applicant must be qualified to provide the service; (3) the applicant must have the financial ability to provide the service; (4) the applicant’s proposal must be economically feasible; and (5) the service must promote the public interest.

6. In the *Staff Memorandum* attached hereto, Staff has determined that the Company has met all five criteria set forth in *In re Tartan Energy Company*, thus establishing a need for a CCN for the service areas at issue.

7. The Commission need not hold a hearing, if, after proper notice and opportunity to intervene, no party requests such a hearing. *State ex rel. Rex Deffenderfer Enterprises, Inc. v. Public Service Commission*, 776 S.W.2d 494 (Mo. App. W.D. 1989). No party or individual has requested a hearing, therefore the Commission need not hold a hearing to grant a CCN to LSCW.

WHEREFORE, Staff respectfully requests the Commission issue an order granting Lincoln County Sewer & Water a certificate of convenience and necessity to provide water and sewer service to the service areas described in the *Staff Memorandum* attached hereto.

Respectfully submitted,

/s/ Amy E. Moore

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed with first-class postage, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 10th day of February, 2012.

/s/ Amy E. Moore

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
File No. WA-2012-0018
Lincoln County Sewer & Water, LLC

FROM: Jim Merciel – Water & Sewer Unit
Lisa Hanneken – Auditing Unit
Erin Carle – Auditing Unit
David Williams – Engineering and Management Services Unit

/s/ Jim Busch 2/10/2012
Water and Sewer Unit / Date

/s/ Rachel Lewis 2/10/2012
Staff Counsel's Office / Date

SUBJECT: Staff Recommendation Regarding Certificate of Convenience and Necessity

DATE: February 10, 2012

PROCEDURAL BACKGROUND

On February 10, 2011, Staff filed a formal complaint against Dennis Kallash, Toni Kallash, Bennington, Inc., and Bennington Water, Inc., referred to as Respondents, alleging that Respondents are providing water and sewer utility service in a manner that makes them subject to the jurisdiction of the Commission. This certificate case was filed to address the allegations of the formal complaint. The formal complaint case is presently continued, with a status report due from Staff on March 12, 2012.

On July 19, 2011, Lincoln County Sewer & Water, LLC (LCSW or Company) filed an *Application* with the Missouri Public Service Commission (Commission) seeking a Certificate of Convenience and Necessity (CCN) to provide water and sewer service in two separate subdivision developments known as Bennington and Rockport, located in Lincoln County, Missouri.

Also on July 19, 2011, the Commission issued an *Order Directing Notice and Setting Date for Submission of Intervention Requests*, in which, among other things, it set August 2, 2011, as the date by which interested parties should submit applications to intervene. No parties requested to intervene in this proceeding.

Due to customer comments Staff received regarding several matters, Staff submitted *Staff's Request for Local Public Hearing* on July 29, 2011, and after a series of filings and orders, the Commission held a Local Public Hearing in Troy, Missouri on August 25, 2011.

APPENDIX A

As LCSW submitted two separate certificate cases, the Commission consolidated File No. SA-2012-0019 with this subject case on August 16, 2011.

On August 30, 2011, the Commission issued an *Order Directing Status Report*, which directed Staff to provide status information regarding issues raised at the local public hearing, and state by when it expects to file a recommendation in this case. Staff filed its *Staff's Status Report and Requested Date to File Response or Recommendation to the Application* on September 29, 2011.

In its *Order Setting Deadline for Recommendation*, the Commission set February 10, 2012, as the date by which the Staff is to file a recommendation.

STAFF'S INVESTIGATION, FINDINGS, AND CONCLUSIONS

COMPANY AND SYSTEM BACKGROUND

LCSW is a newly formed entity that filed documents with the Secretary of State on May 9, 2011 and is owned by Dennis Kallash. Among other business interests, Mr. Kallash is involved with subdivision development including the two subdivisions within the proposed service areas, Bennington and Rockport. LCSW proposes to own and operate the Bennington and Rockport water and sewer systems. In the past, these systems have been owned and operated by other entities in which Mr. Kallash is involved. Certain operational aspects of the water and sewer systems are currently governed by subdivision covenants and by-laws. If the Commission approves the *Application*, LCSW will become the entity responsible for the utility services previously operated as part of the Bennington and Rockport developments. LCSW will then file tariffs that will need to be approved for its operations, and the covenants and by-laws of Bennington and Rockport will no longer apply to those operations. Staff recognizes this may have an impact on the construction of those covenants and by-laws; however, how the subdivisions or home owners associations proceed in the operation of other aspects of Bennington and Rockport subdivisions will be outside the influence of LCSW just as LCSW will be outside the influence of the subdivisions. Further, such other subdivision operations will be outside the jurisdiction of the Commission, and will no longer be related to utility operations.

Bennington is located about a mile west of Troy, Missouri. This subdivision currently has forty-nine (49) water customers and fifty (50) sewer customers, and also has approximately ten (10) vacant lots on which new homes could be constructed and connected to the water and sewer systems. The Bennington water system consists of a single well that provides eighty (80) gallons per minute, a 9,500 gallon pressure tank, and a distribution system. Water service to customers is not metered. The well pumping capacity is adequate to provide volume for domestic use including peak day and peak hour times, but it is not adequate to support significant outdoor water use such as lawn irrigation. Mr. Kallash prohibits lawn sprinkling at present. The usable

volume of the pressure tank is not enough to provide a one-day supply of water, as is desirable for single-well systems. Replacement of a well pump is a one-day task, so this means that if the pump fails and needs to be replaced, water in the storage tank would be available for a while, but then the customers would be without water within a few hours after the failure. The Bennington sewer system consists of gravity collecting sewers, and an extended aeration treatment facility with a design flow capacity of 24,000 gallons per day and design population of 282 persons, which is more than enough capacity to serve customers in the subdivision.

Rockport is located several miles south of Troy, Missouri. At present, this subdivision has sixty-two (62) water and sewer customers not including two (2) vacant homes. There are also additional developed but vacant lots and a substantial amount of undeveloped property in the requested service area. The Rockport water system consists of a single well providing 420 gallons per minute, a standpipe of 130,000 gallon volume, and a distribution system. Meter settings are in place for each customer but meters are not installed. This system is constructed to serve considerably more customers than presently exist and Staff is proposing capacity adjustments to water and sewer plant investment. The pumping capacity of the well is enough to provide service for approximately 1,000 customers on a peak day considering domestic use. The usable volume of the standpipe could provide a one-day supply of water for approximately 200 customers. The extra capacity currently available with this water system is sufficient to permit lawn sprinkling, and Staff could revise its capacity adjustments in the future based on actual customer demand if lawn sprinkling and other significant outdoor use occur. The Rockport sewer system consists of gravity collecting sewers and an extended aeration treatment facility with treatment capacity flow of 78,000 gallons per day or a design population of 776 persons. The treatment facility consists of three (3) treatment units, but only one of the units is in service at present. The other two treatment units are constructed but are not in use because they are not needed at the present customer level. Current customers are using more than one-half of the capacity of the single treatment facility unit in service. If all three units were in service, there would be capacity for approximately 350 customers, by Staff's estimate.

PLANT IN SERVICE, CONTRIBUTED PLANT, CAPACITY ADJUSTMENT, AND DEPRECIATION

By the terms of subdivision by-laws and covenants, the developer of Bennington collects \$750 for each water connection and sewer connection, totaling \$1,500, in consideration of constructing utility systems. The developer of Rockport collects \$1,000 for each water connection and sewer connection, totaling \$2,000. Staff takes the position, based on the Commission's previous treatment of certain fees that are created by subdivision documents, that the above amounts collected from Bennington and Rockport residents are not subject to PSC jurisdiction¹. Staff normally refers to fees such as this as "contribution-in-aid-of-construction" (CIAC) fees because they offset construction costs incurred by either a utility or a developer. Staff contends that these CIAC fees were used for construction of water distribution mains and

¹ See *In the Matter of Lake Region Water & Sewer Company's Application to Implement a General Rate Increase in Water and Sewer Service*, WL 3378384 (August 18, 2010).

collecting sewers, and also likely do not exceed the cost of existing mains and sewers. Staff further contends that the water mains and collecting sewers of both the Bennington and Rockport systems are contributed assets. Customers in Rockport are also required, as a part of their home construction to install a water service line and a meter setting.

Staff reviewed all supporting documentation provided by Mr. Kallash to develop initial plant in service levels for the Rockport and Bennington water and sewer systems. After developing the plant in service, Staff calculated plant and reserve adjustments that reduced the overall cost of service calculation in order to address excess capacity issues that exist on the Rockport water and sewer systems. Staff applied a capacity adjustment to certain plant components for the Rockport water and sewer systems that is based on the existing sixty-two (62) customers, specifically as follows:

- Staff's adjustment to the cost of the storage tank, a standpipe, is made in consideration of the volume needed to allow time for replacement of the single well pump, which would take approximately one day. The usable volume of the standpipe is 44,000 gallons. Assuming a normal average daily use of approximately 180 gallons per day per customer, the 62 existing customers would use approximately 11,160 gallons in a one-day period, or approximately 25% of the available tank volume. Staff applied a 75% disallowance of the tank cost.
- Staff's adjustment to the well pump/motor is made in consideration of its pumping capacity of 420 gallons per minute, and a desired maximum run time of fourteen (14) hours per day. This total volume of water is 352,800 gallons and is the amount needed to meet customer demand for one day at maximum daily usage, which is "peak day." An assumed peak day usage of 600 gallons per customer, which could occur with outdoor water use such as lawn sprinkling, would result in total daily usage of 37,200 gallons for the existing customers, which is approximately 11% of pump capacity. Staff made a 90% disallowance of the cost of the well pump.
- Staff's adjustment to the sewage treatment facility is in consideration of the discharge permit issued by the Missouri Department of Natural Resources (DNR). The plant capacity as stated on the permit is 78,000 gallons per day, and an "adjusted design flow," to reflect current usage at present as stated on the permit, is 14,999 gallons per day. This adjusted flow is approximately 19.2% of the facility design flow, which is only slightly more than Staff estimates to be the current usage of the existing customers. Based on the discharge permit, Staff made an 80% disallowance on the cost of the treatment facility.

If these capacity adjustments were not applied, the existing customers would overpay in rates for the excessive capital cost related to overbuilding of certain components of these systems in anticipation of future growth. Staff made no adjustments to other components of the utility facilities such as structures, fencing and real estate, because these other items are fully used

without regard to customer usage and growth.

The following charts summarize the rate base balances at June 30, 2011 for each of the four systems on a separate basis and in total, including a “before and after” capacity adjustment rate base balance for the Rockport water and sewer systems:

	TOTAL ALL SYSTEMS	BENNINGTON SEWER	BENNINGTON WATER	ROCKPORT SEWER	ROCKPORT WATER
NUMBER OF CUSTOMERS	223	50	49	62	62
NET PLANT	\$446,573	\$23,561	\$38,735	\$144,736	\$239,541
CAPACITY ADJUSTMENT	(203,716)	0	0	(115,583)	(88,133)
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NET ADJUSTED PLANT	\$242,857	\$23,561	\$38,735	29,153	\$151,408
INVENTORY	292	140	6	140	6
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NET RATE BASE	\$243,149	\$23,701	\$38,741	\$29,293	\$151,414

Staff recommends that the Commission approve depreciation rate schedules for LCSW as shown on Attachments B and C to this memorandum and incorporated by reference herein. These depreciation rates were used to develop depreciation reserve balances through June 30, 2011.

OPERATING EXPENSES AND MONTHLY RATES

Staff is recommending both flat rates and metered rates at this time because meters do not exist for any customers at present, but LCSW has expressed a desire to install meters and Staff is willing to recommend a meter installation program, which is described in the Issues from the Local Public Hearing section, below. Although Staff made certain assumptions with regard to water use for the Rockport capacity adjustments, Staff used master meter readings (measuring pumpage at the well) to estimate water usage for billing purposes.

Flat rates for water service would apply to customers without meters, then after a meter is installed the metered rate would apply. Rates proposed to be approved are as follows:

Bennington Water	Unmetered Flat Rate	\$29.30 per month
	Customer Charge	\$13.50 per month
	Commodity Charge	\$3.86 per 1,000 gallons
Bennington Sewer	Flat Rate	\$36.22 per month

Rockport Water	Unmetered Flat Rate	\$36.70 per month
	Customer Charge	\$11.76 per month
	Commodity Charge	\$5.08 per 1,000 gallons
Rockport Sewer	Flat Rate	\$33.52 per month

Presently, customers in each subdivision are being charged \$25 per month for water service and \$30 per month for sewer service.

Staff has determined appropriate charges for late fees, disconnection and reconnection fees, and returned check fees. The following chart details these fees for the Commission’s approval:

Recommended Tariff Fee Schedule

Late Fees	\$ 5.00 or 3% of unpaid balance whichever is greater
Disconnection Fee	\$ 25.00
Reconnection Fee	\$ 25.00
Returned Check Fee	\$ 25.00

These items will appear in LCSW’s revised tariff in addition to any other similar items that may need to be addressed.

Staff’s accounting schedules reflecting the Auditing Unit’s findings of actual expenses are included and incorporated herein by reference as Attachment A. Staff’s workpapers calculating the above rates, using both actual expenses and estimated capital expenses related to a meter installation program, are included and incorporated herein by reference as Attachment D. Meter installation is further discussed in the Issues From the Local Public Hearing section, below.

Since water usage and expenses related to meter installations are estimated, Staff will hold itself out to review revenue, water usage and expenses in the context of actual operating historical records as it deems necessary, as well as in future rate cases filed by LCSW.

If the Commission approves the *Application*, LCSW must take ownership of utility assets from any other entity that may presently have ownership of the assets that are in service, or alternatively, lease agreements that provide for full and indefinite access to the assets by LCSW. Transfer of property or granting of access rights needs to be accomplished immediately or as soon as possible after Commission approval. LCSW will also be required to keep its books and records in accordance with the Uniform System of Accounts, including day-to-day operating expenses, revenues, and recording in the Company’s ledger existing capital items and adjustments for new capital items placed into service and recording the cost of removal and gross salvage for all replaced or retired plant. LCSW also must utilize a work order system to track

material, labor, and overhead costs for this acquired system.

Staff takes the position that LCSW has adequate technical, managerial, and financial capacity to own and operate the water and sewer systems in Bennington and Rockport.

CUSTOMER SERVICE AND BILLING ISSUES

Staff recommends that the Company review and comply with 4 CSR 240-13 (Chapter 13) which governs billing, meter reading, payment, discontinuance of service, handling of inquiries and other service processes for water utilities. The Staff mailed a letter to the Company dated September 16, 2011, which included a copy of Chapter 13 as well as a listing of specific rules that the staff frequently finds non-compliance with among small water systems. Additional material including a sample complaint log, time sheet and customer brochure were also included in the letter to assist the Company.

ISSUES FROM THE LOCAL PUBLIC HEARING

After the Local Public Hearing held on August 25, 2011, the Commission issued an order seeking information from Staff with regard to several items that were raised at the local public hearing. On September 29, 2011, Staff submitted a *Status Report*, identifying eight issues that were raised at the local public hearing. The following information represents the Staff's findings and conclusions with respect to those various issues:

a. Meter Installation and Cost to Customers – LCSW has expressed a desire to install meters for all customers. In the Bennington service area all or most customers need meter settings, consisting of meter yokes and meter boxes and lids, to be installed on customers' service lines, then meters may be set into them and would be accessible for reading and replacement. Installing meter settings requires excavation at each customer's service line. In the Rockport service area customers have meter settings installed as a part of their service lines so no further excavation is necessary; LCSW only needs to set meters in them. Additionally, LCSW will need to plan for meter replacements at its cost (investment) in the future, as required by 4 CSR 240 10.030(38). Staff recommends LCSW be required to install meters for all Rockport and Bennington customers, using utility investment, as a five (5) year program. The metered rates proposed by Staff reflect the estimated capital costs of meters and construction of meter settings for Bennington, and the estimated capital costs of installing meters at Rockport, with appropriate depreciation. For both Bennington and Rockport, all new customers should be required to install meter settings as a part of construction of their water service line, into which LCSW will install a Company-owned meter. For existing Rockport customers, the Staff recommends that LCSW be required to install a minimum of twelve (12) meters per year beginning on the effective date of the Commission's Order approving a CCN in this proceeding, until such time that all Rockport water customers are metered. Similarly, for existing Bennington customers, the Staff recommends that LCSW be required to install a minimum of ten (10) meter settings and

meters per year beginning with the effective date of the Commission’s Order approving a CCN until such time that all Bennington water customers are metered. Staff recommends no connection charges, contribution-in-aid-of-construction (CIAC) charges, or other special fees related to water service line, meter setting, or meter installation, for existing or future customers. Investment necessary by LCSW to undertake meter installations is being estimated for purposes of this CCN case, specifically estimated to be a capital cost of \$500 for construction of a meter setting and installation of a meter for each existing customer in Bennington, and \$150 for a meter and its installation for each existing customer in Rockport. LCSW needs to properly record the actual investment incurred installing meters and meter settings, and these actual capital costs will be reviewed by Staff in future rate cases.

b. Water and Sewer System Capacity – The capacities of the two water systems and the two sewer systems are addressed above in the Company and System Background section. To summarize, the Bennington water system is adequate for ordinary domestic use but is not adequate for extensive outdoor water use, and thus lawn sprinkling and watering of gardens need to be limited. The sewer system is adequate for this subdivision. The Rockport water and sewer systems are designed and built for considerably more customers than currently exist, and for that reason, Staff is making capacity adjustments to plant investment. Outdoor water use is not an issue in the Rockport area at this time.

c. Rates and Costs – Staff is recommending rates, as an ordinary course of procedure with a CCN case such as this one, and proposed rates are addressed above in the Operating Expenses and Monthly Rates section.

d. Customer identification and privacy issues – A few years ago, the Federal Trade Commission issued new regulations designed to mitigate identity theft, commonly known as the “Red Flags Rule.”² Staff is of the understanding that utilities are required to comply with these regulations. The Missouri Rural Water Association has an example of a model program that small water utilities may use to comply with the federal regulations.³ Staff takes the position that LCSW should undertake reasonable measures such as be sure anyone who contacts their office representing themselves to be a customer or potential customer actually is who they say they are, that no sensitive information is given to anyone contacting the office even if the person is known to be the actual customer, and that LCSW comply with federal regulations by adopting the Missouri Rural Water Association Model, or some variation of it, as necessary.

e. Emergency Response – During the course of working on this case, Auditing Unit Staff

2 Regulations were outlined in the Federal Register Volume 72, No. 217 dated November 9, 2007.
<http://www.ftc.gov/os/fedreg/2007/november/071109redflags.pdf>

3 A link to the Rural Water Association model may be found on its website at
http://moruralwater.org/search_results.php?cx=007097539477434289857%3A34h8xmtuccy&cof=FORID%3A9&ie=UTF-8&q=red+flags+rule&sa=Search&siteurl=www.moruralwater.org%2F

worked in LCSW's office and discussed this issue. During business hours, customers calling LCSW's office get the secretary. She typically takes a message and will forward messages to Dennis Kallash for operational issues or to Toni Kallash for billing issues. Toni Kallash stated she gets back to the customers the next time she is in the office (every 2-3 days). Staff does not have a specific time frame for Dennis Kallash's response, but he stated that all his customers know him and his number is in the telephone book if after-hours response is necessary. Staff recommends that customers should be provided contact information and that Mr. Kallash institute a system wherein someone is available to receive emergency calls at all times.

f. Requirement to transfer to homeowners and authority to transfer to other entity – the subdivision by-laws and covenants for both Bennington and Rockport state that the developer WILL dedicate the sewer system to the Homeowners Association, and MAY dedicate the water distribution system, with certain reservations. However, because the Bennington and Rockport water and sewer systems were being operated as utilities subject to regulation and not an exempt nonprofit entity, it was necessary for LCSW to apply for a CCN to lawfully operate as a regulated utility. As a regulated utility, the Bennington and Rockport subdivision documents will no longer apply to LCSW's operations. Any subdivision documents that relate to utility service will now be governed by LCSW's tariffs. If the property owners of Bennington and Rockport believe that subdivision documents are not being followed by the developer, then they would need to undertake enforcement or seek relief through civil measures, and not through a utility regulatory process.

g. Water Quality – In response to comments about water discoloration, odors and corrosiveness, Staff and a water quality specialist from the DNR, who brought field water test kits, visited the Bennington and Rockport subdivisions on September 19, 2011. Tests for hardness, pH (acid or base, 7 being neutral) and iron were done at ten (10) residences, and Staff made contact with four (4) additional customers either in the field or by telephone. Hardness was found to be in the range of just over 230 parts per million (ppm) as calcium carbonate, which is hard water and typical for groundwater from a deep well. The pH level was found to be in the range of just over 7 to 7.5, again typical for this type of system. Trace amounts of iron were found in each test. Iron can be a source of discoloration. Staff observed one instance of discoloration, it was very brief when a customer's outdoor faucet was opened, likely occurring in the plumbing at or near that faucet. No odors were observed by Staff during the field visit.

One customer at the local public hearing testified about corrosion problems. Corrosion exists to some extent in most water systems and it is not a simple phenomenon. Corrosiveness is the ability of water to return a metal to its natural ore state. Various metals exist in water mains, house plumbing and plumbing fixtures. Corrosion is influenced by several factors that include hardness, pH, oxygen content, other dissolved gases and minerals that can inhibit corrosion, and the presence of electrical currents caused either by grounding house electrical system to metal pipes or by currents generated by dissimilar metals in the plumbing system. The extent of corrosive effects of water is also different on different metals. As a result of the many variables

involved with corrosion, it is not possible to do one test, or make an accurate prediction of what could happen in any given water system, and thus Staff is not able to make a definitive conclusion with respect to corrosion or the need for some type of corrosion control at this time.

The results of the tests performed for hardness, pH and iron, and Staff's and DNR's observations do not indicate any unusual or dangerous characteristics, and Staff's observations do not indicate widespread problems. Nonetheless, some customers apparently experience these problems and consider them to be extensive; however, some experience such problems but consider them minor issues, and some do not experience these problems. There are ways to treat discoloration and corrosion, which may or may not be related, possibly by pH control or by chemical sequestering agents. Odors caused by hydrogen sulfide producing what is called a "rotten egg" odor can sometimes be reduced by using chlorine as an oxidizing agent, but the chlorine can also oxidize iron and cause particulate precipitation and make discoloration worse. Regular flushing of the system may significantly reduce discoloration and odors, and in fact some customers stated to Staff that Mr. Kallash flushes periodically and they stated they believe this action is valuable. Any method of water treatment, as may be needed beyond regular system flushing, needs proper technical study, an evaluation of whether or not a method intended to be an improvement will cause some other problem, and approval by DNR of systems to be installed. The cost of undertaking water treatment also would need to be a factor. Staff is not able to make any specific conclusions at this time with respect to the need to make specific improvements, but will hold itself out to make additional observations in the future.

h. Business Continuity – While this was brought up by customers, Staff is routinely concerned about business continuity not only in CCN cases for an initial evaluation, but as an ongoing concern because of changes that occur as company owners retire, other corporation people become involved, or company stock is transferred to other owners. Sometimes such unavoidable changes end up being detrimental, but it unfortunately is not possible to predict such future events. Staff's observation for LCSW for purposes of this CCN case is that the owner is a local businessman who has the ability to operate this utility and is not likely to lose his ability to do so, nor to simply walk away from the responsibility of operating this utility company. Staff is willing to work with LCSW to ensure that any Emergency Plan required by DNR is acceptable, and adequately addresses this issue, as it has done for other regulated small water and sewer utilities.

THE TARTAN ENERGY CRITERIA

As is customary with most cases involving a CCN, the Staff is using criteria similar to that which was studied by the Commission in a past CCN case that was filed by the Tartan Energy Company to justify granting a CCN, as follows:

Is there a need for service?

Yes, there is a need for service, in that residential customers desire and need water and sewer

service. Additionally, water and sewer systems are necessary in order for this development to exist and be in compliance with drinking water and water pollution control regulations.

Is the Company qualified to provide the service?

Yes, Staff has determined that LCSW is able to continue the operations of the existing systems, and is capable of undertaking necessary improvements for continued operations of those systems.

Does the Company have the financial ability to provide the service?

Yes, Staff auditors observed financial resources available to the owner of LCSW, and Staff determined that LCSW has adequate financial resources necessary for continued operation of these systems.

Is the Company's proposal economically feasible?

Yes, the proposal is economically feasible, based on Staff's overall evaluation of system operations.

Does the Company's proposal promote the public interest?

Yes, LCSW's proposal to continue operations of the existing systems and provide future service promotes the public interest.

Could the service be provided by another entity?

There are, at present no other entities readily available to provide service. Both systems are outside the city limits of Troy, and other privately-owned or public utilities exist but are not in a position to acquire these systems at this time. Nonprofit utility entities do not exist at present.

OTHER MATTERS

LCSW will need to submit new complete tariffs for water and sewer service. The tariffs should be filed within thirty (30) days after the effective date of an order issued by the Commission granting a CCN. Staff will work with LCSW as necessary to prepare tariffs for filing.

Staff determined there were some inaccuracies in the written description of the Rockport service area as included in the *Application*. Staff has worked with LCSW on this matter, and a revised description for the Rockport service area is included as Attachment E to this memorandum and incorporated herein.

LCSW has no issues with respect to the submission of annual reports and assessments to the Commission since it is not yet a regulated utility.

STAFF'S RECOMMENDATIONS

Staff recommends the Commission approve LCSW's *Application* for a CCN for water and sewer service. Staff specifically recommends the Commission issue an order that includes the following:

1. Grants a Certificate of Convenience and Necessity to LCSW for water and sewer service, for the service areas requested by the Company for Bennington and as modified for Rockport as shown in Attachment E.
2. Requires LCSW to acquire ownership or full access to all water and sewer utility assets in Bennington and Rockport within sixty (60) days after the effective date of the Commission's order; if ownership or access to any such assets is not accomplished by that time, LCSW is required to notify the Commission by status report describing what assets are involved, why acquisition has not taken place, and a plan with a time frame for acquisition or access.
3. Requires LCSW to file water and sewer tariff sheets as thirty (30) day filings, depicting the service areas to apply to Bennington and Rockport, that contain monthly rates as described herein in each tariff, and rules that include meter setting construction and rates, as discussed herein.
4. Requires LCSW to file rate requests for all four systems concurrently as part of any future rate increase request.
5. Requires LCSW to apply the depreciation schedules as shown in Attachments B and C, incorporated by reference herein.
6. Requires LCSW to maintain utility plant records and customer account records, and to keep all books and records, including plant property records, in accordance with the Uniform System of Accounts, version 1973 and revised in 1976 for water, and version 1976 for sewer, as described in this memorandum.
7. Requires adherence by LCSW to all Commission Rules regarding water system operation, sewer system operation, customer service and billing, and specifically including the timely submission of annual reports with the Commission, statements of revenue, and payment of annual Commission assessments.
8. Requires LCSW to install twelve (12) water meters per year for existing customers at Rockport and ten (10) water meters and meter settings per year for existing customers at Bennington beginning with the effective date of the Commission's Order granting a CCN until such time that all customers on each system are metered, and install meters for all new customers; such meter and meter installations, and future replacement meters, shall be made at

the cost (investment) of LCSW or its successors unless otherwise ordered or approved by the Commission.

9. Makes no finding that would preclude the Commission from considering the ratemaking treatment to be afforded any matters pertaining to the granting of the certificate, including future expenditures by MAWC, in any later proceeding.

Attachment: A – Accounting Schedules
B – Water Depreciation Schedule
C – Sewer Depreciation Schedule
D – Rate Design Workpapers
E – Rockport Service Area Written Description

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Lincoln County Sewer &)
Water, LLC for a certificate of Convenience) File No. WA-2012-0018
and Necessity Authorizing it to Own,) (consolidated with SA-2012-0019)
Operate, Maintain, Control and Manage)
Water Systems in Lincoln County, Missouri.)

AFFIDAVIT OF LISA K. HANNEKEN

STATE OF MISSOURI)
) ss.
COUNTY OF Cole)

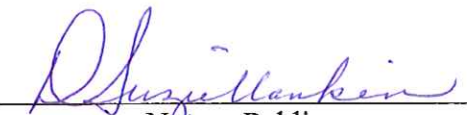
COMES NOW Lisa K. Hanneken, being of lawful age, and on her oath states the following: (1) that she is a Utility Regulatory Auditor IV in the Missouri Public Service Commission's Auditing Unit; (2) that she participated in the preparation of the foregoing *Staff Recommendation Regarding Certificate of Convenience and Necessity*, in memorandum form; (3) that certain information in the *Staff Recommendation Regarding Certificate of Convenience and Necessity* were provided by her; (4) that she was responsible for the preparation of Attachment A to the *Staff Recommendation Regarding Certificate of Convenience and Necessity*; (5) that she has knowledge of those matters set forth in the *Staff Recommendation Regarding Certificate of Convenience and Necessity*; and (6) that those matters set forth in the *Staff Recommendation Regarding Certificate of Convenience and Necessity*; are true and correct to the best of her knowledge, information, and belief.



Lisa K. Hanneken
Utility Regulatory Auditor IV
Auditing Unit

Subscribed and sworn to before me this 10th day of February, 2012.





Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of Lincoln County Sewer &)
Water, LLC for a certificate of Convenience) File No. WA-2012-0018
and Necessity Authorizing it to Own,) (consolidated with SA-2012-0019)
Operate, Maintain, Control and Manage)
Water Systems in Lincoln County, Missouri)

AFFIDAVIT OF ERIN M. CARLE

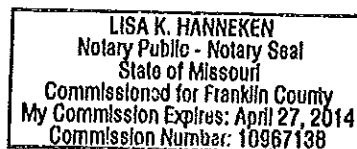
STATE OF MISSOURI)
) ss.
COUNTY OF ST. LOUIS)

COMES NOW Erin M. Carle, being of lawful age, and on her oath states the following: (1) that she is a Utility Regulatory Auditor III in the Missouri Public Service Commission's Auditing Unit; (2) that she participated in the preparation of the foregoing *Staff Recommendation Regarding Certificate of Convenience and Necessity*, in memorandum form; (3) that certain information in the *Staff Recommendation Regarding Certificate of Convenience and Necessity* were provided by her; (4) that she has knowledge of those matters set forth in the *Staff Recommendation Regarding Certificate of Convenience and Necessity*; and; (5) that such matters set forth in the *Staff Recommendation Regarding Certificate of Convenience and Necessity* are true and correct to the best of her knowledge, information, and belief.

Erin M. Carle
Erin M. Carle
Utility Regulatory Auditor III
Auditing Unit

Subscribed and sworn to before me this 9th day of February, 2012.

Lisa K. Hanneken
Notary Public




BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Lincoln County Sewer &)
Water, LLC for a certificate of Convenience) File No. WA-2012-0018
and Necessity Authorizing it to Own,) (consolidated with SA-2012-0019)
Operate, Maintain, Control and Manage)
Water Systems in Lincoln County, Missouri.)

AFFIDAVIT OF DAVID WILLIAMS

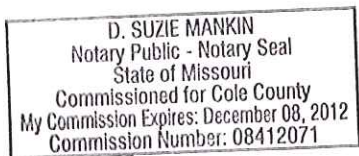
STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

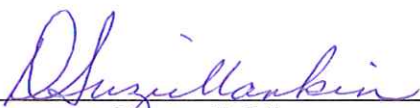
COMES NOW David Williams, being of lawful age, and on his oath states the following: (1) that he is a Utility Engineering Specialist III in the Missouri Public Service Commission's Engineering & Management Services Unit; (2) that he participated in the preparation of the foregoing *Staff Recommendation Regarding Certificate of Convenience and Necessity*, in memorandum form; (3) that certain information in the *Staff Recommendation Regarding Certificate of Convenience and Necessity* were provided by him; (4) that he was responsible for the preparation of Attachment B and C to the *Staff Recommendation Regarding Certificate of Convenience and Necessity*; (5) that he has knowledge of those matters set forth in the *Staff Recommendation Regarding Certificate of Convenience and Necessity*; and (6) that those matters set forth in the *Staff Recommendation Regarding Certificate of Convenience and Necessity*; are true and correct to the best of his knowledge, information, and belief.



David Williams
Utility Engineering Specialist III
Engineering & Management Services Unit

Subscribed and sworn to before me this 10th day of February, 2012.





Notary Public

Exhibit No.:
Issue: Accounting Schedules
Witness: MO PSC Auditors
Sponsoring Party: MO PSC Staff
Case No: WA-2012-0018 and SA-2012-0019
Date Prepared: February 9, 2012



MISSOURI PUBLIC SERVICE COMMISSION
UTILITY SERVICES DIVISION
STAFF ACCOUNTING SCHEDULES

LINCOLN COUNTY SEWER & WATER, LLC
(BENNINGTON SEWER)

CASE NO. WA-2012-0018 and SA-2012-0019

Jefferson City, Missouri

February 9, 2012

Lincoln County Sewer Water, LLC (Bennington Sewer)
 Informal Rate/Certification Case
 Tracking Number WA-2012-0018/SA-2012-0019
 Test Year Ending 06-30-2011
 Rate Design Schedule - Sewer

A	B	C	D	E	F	
Line Number	Description	Account Number (Optional)	Staff Annualized	Customer Charge	Commodity	Percentage Rate
Rev-1	ANNUALIZED REVENUES					
Rev-2	Annualized Rate Revenues	(1)	\$18,000			
Rev-3	Miscellaneous Revenues	(1)	\$173			
Rev-4	TOTAL ANNUALIZED REVENUES		<u>\$18,173</u>			
1	OPERATIONS EXPENSES	(2)				
2	Management Contract Services / Salary		\$1,882	\$0	\$1,882	0.00%
3	Contract Operations & Repairs / Maintenance		\$5,572	\$0	\$5,572	0.00%
4	Electricity - Pumping Treatment		\$1,889	\$0	\$1,889	0.00%
5	Sludge Removal		\$1,750	\$0	\$1,750	0.00%
6	TOTAL OPERATIONS EXPENSE		<u>\$10,893</u>	<u>\$0</u>	<u>\$10,893</u>	
7	MAINTENANCE EXPENSES					
8	Outside Services Employed		\$525	\$0	\$525	0.00%
9	TOTAL MAINTENANCE EXPENSE		<u>\$525</u>	<u>\$0</u>	<u>\$525</u>	
10	CUSTOMER ACCOUNT EXPENSE					
11	Accounting Fees		\$400	\$0	\$400	0.00%
12	Billing & Collections		\$91	\$0	\$91	0.00%
13	Office Supplies		\$30	\$0	\$30	0.00%
14	Postage Expense		\$172	\$0	\$172	0.00%
15	TOTAL CUSTOMER ACCOUNT EXPENSE		<u>\$693</u>	<u>\$0</u>	<u>\$693</u>	
16	ADMINISTRATIVE & GENERAL EXPENSES					
17	Admin. & Gen. Contract Services / Salary		\$1,345	\$0	\$1,345	0.00%
18	Legal Fees		\$26	\$0	\$26	0.00%
19	Case Expense		\$562	\$0	\$562	0.00%
20	Telephone & Pagers		\$64	\$0	\$64	0.00%
21	Vehicle Expense		\$380	\$0	\$380	0.00%
22	Property & Liability Insurance		\$771	\$0	\$771	0.00%
23	TOTAL ADMINISTRATIVE AND GENERAL		<u>\$3,148</u>	<u>\$0</u>	<u>\$3,148</u>	
24	OTHER OPERATING EXPENSES					
25	MO DNR Fees		\$100	\$0	\$100	0.00%
26	PSC Assessment		\$1,748	\$0	\$1,748	0.00%
27	Corporate Registration		\$11	\$0	\$11	0.00%
28	Depreciation		\$3,154	\$0	\$3,154	0.00%
29	TOTAL OTHER OPERATING EXPENSES		<u>\$5,013</u>	<u>\$0</u>	<u>\$5,013</u>	
30	TAXES OTHER THAN INCOME					
31	Real & Personal Property Taxes		\$69	\$0	\$69	0.00%
32	TOTAL TAXES OTHER THAN INCOME		<u>\$69</u>	<u>\$0</u>	<u>\$69</u>	
33	TOTAL OPERATING EXPENSES		<u>\$20,341</u>	<u>\$0</u>	<u>\$20,341</u>	
34	Interest Expense	(3)	\$889	\$0	\$889	0.00%
35	Return on Equity	(3)	\$677	\$0	\$677	0.00%
36	Income Taxes	(3)	\$0	\$0	\$0	0.00%
37	TOTAL INTEREST RETURN & TAXES		<u>\$1,566</u>	<u>\$0</u>	<u>\$1,566</u>	
38	TOTAL COST OF SERVICE		<u>\$21,907</u>	<u>\$0</u>	<u>\$21,907</u>	
39	Less: Miscellaneous Revenues		\$173	\$0	\$173	0.00%
40	COST TO RECOVER IN RATES		<u>\$21,734</u>	<u>\$0</u>	<u>\$21,734</u>	
41	INCREMENTAL INCREASE IN RATE REVENUES		<u>\$3,734</u>			

Lincoln County Sewer Water, LLC (Bennington Sewer)
 Informal Rate/Certification Case
 Tracking Number WA-2012-0018/SA-2012-0019
 Test Year Ending 06-30-2011
 Rate Design Schedule - Sewer

A	B	C	D	E	F
Line Number	Account Number (Optional)	Staff Annualized	Customer Charge	Commodity	Percentage Rate
42	PERCENTAGE OF INCREASE	<u>20.55%</u>			
43	REQUESTED INCREASE IN REVENUES	\$12,240			

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

Lincoln County Sewer Water, LLC (Bennington Sewer)
Informal Rate/Certification Case
Tracking Number WA-2012-0018/SA-2012-0019
Test Year Ending 06-30-2011
Rate Base Required Return on Investment Schedule - Sewer

Line Number	A Rate Base Description	B Dollar Amount
1	Plant In Service	\$62,703 From Plant Schedule
2	Less Accumulated Depreciation Reserve	<u>\$39,142</u> From Depreciation Reserve Schedule
3	Net Plant In Service	\$23,561
4	Other Rate Base Items:	\$0
	Materials and Supplies Inventory	\$140
5	Total Rate Base	<u>\$23,701</u>
6	Total Weighted Rate of Return Including Income Tax	<u>6.61%</u> From PreTax Return & Taxes Schedule
7	Required Return & Income Tax	<u><u>\$1,565</u></u>

Lincoln County Sewer Water, LLC (Bennington Sewer)
 Informal Rate/Certification Case
 Tracking Number WA-2012-0018/SA-2012-0019
 Test Year Ending 06-30-2011
 Rate of Return Including Income Tax - Sewer

		A		B	formulas
1	State Income Tax Rate Statutory / Effective	0.00%	(2)	0.00%	$(1 - (B2 \times .5)) \times A1$
2	Federal Income Tax Rate Statutory / Effective	0.00%	(1) & (2)	0.00%	$(1 - B1) \times A2$
3	Composite Effective Income Tax Rate			0.00%	$B1 + B2$
4	Equity Tax Factor			1.0000	$1 / (1 - B3)$
5	Recommended Weighted Rate of Return on Equity - Common and Preferred			2.86%	From Capital Structure Schedule
6	Weighted Rate of Return on Equity Including Income Tax			2.86%	$B4 \times B5$
7	Recommended Weighted Rate of Return on Debt - Long-Term and Short-Term			3.75%	From Capital Structure Schedule
8	Total Weighted Rate of Return Including Income Tax			6.61%	$B6 + B7$

To Rate Base Schedule

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

Equity Income Required \$0
 & Preliminary Federal Tax

Tax Rate Table

Net Income Range					
Start	End	Tax Rate	Amount in Range	Tax on Range	
\$0	\$50,000	15.00%	\$0	\$0	
\$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	
			\$0	\$0	
Consolidated Tax Rate:					
Average Tax Rate:				0	

Lincoln County Sewer Water, LLC (Bennington Sewer)
 Informal Rate/Certification Case
 Tracking Number WA-2012-0018/SA-2012-0019
 Test Year Ending 06-30-2011
 Capital Structure Schedule - Sewer

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	\$5,925	25.00%	11.42%	2.855%
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	\$17,776	75.00%	5.00%	3.750%
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>\$23,701</u>	<u>100.00%</u>		<u>6.605%</u>

To PreTax Return Rate Schedule

Lincoln County Sewer Water, LLC (Bennington Sewer)
 Informal Rate/Certification Case
 Tracking Number WA-2012-0018/SA-2012-0019
 Test Year Ending 06-30-2011
 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	P-2	\$74	100.00%	\$74
3		TOTAL INTANGIBLE PLANT	\$0		\$74		\$74
4		SOURCE OF SUPPLY PLANT					
5		TOTAL SOURCE OF SUPPLY PLANT	\$0		\$0		\$0
6		COLLECTION PLANT					
7	352.200	Collection Sewers - Gravity	\$121			100.00%	\$121
8		TOTAL COLLECTION PLANT	\$121		\$0		\$121
9		PUMPING PLANT					
10		TOTAL PUMPING PLANT	\$0		\$0		\$0
11		TREATMENT & DISPOSAL PLANT					
12	373.000	Treatment and Disposal Equipment	\$62,280			100.00%	\$62,280
13		TOTAL TREATMENT & DISPOSAL PLANT	\$62,280		\$0		\$62,280
14		GENERAL PLANT					
15	391.100	Office Computer Equipment	\$0	P-15	\$148	100.00%	\$148
16	393.000	Other General Equipment, includes stores, tools shop & garage, lab, power operated, communication, and other tangible equipment.	\$80			100.00%	\$80
17		TOTAL GENERAL PLANT	\$80		\$148		\$228
18		TOTAL PLANT IN SERVICE	\$62,481		\$222		\$62,703

To Rate Base & Depreciation Schedules

Lincoln County Sewer Water, LLC (Bennington Sewer)
Informal Rate/Certification Case
Tracking Number WA-2012-0018/SA-2012-0019
Test Year Ending 06-30-2011
Schedule of Adjustments for Plant in Service - Sewer

A	B	C	D	E
Plant Adjustment Number	Plant In Service Adjustment Description	Account Number	Adjustment Amount	Total Adjustment
P-2	Organization	301.000		\$74
	1. To reclassify expense to capital item (Hanneken)		\$74	
P-15	Office Computer Equipment	391.100		\$148
	1. To include computer, office equipment and software (Carle)		\$148	
Total Plant Adjustments				<u>\$222</u>

Lincoln County Sewer Water, LLC (Bennington Sewer)
 Informal Rate/Certification Case
 Tracking Number WA-2012-0018/SA-2012-0019
 Test Year Ending 06-30-2011
 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	\$74	0.00%	\$0
3		TOTAL INTANGIBLE PLANT	<u>\$74</u>		<u>\$0</u>
4		SOURCE OF SUPPLY PLANT			
5		TOTAL SOURCE OF SUPPLY PLANT	<u>\$0</u>		<u>\$0</u>
6		COLLECTION PLANT			
7	352.200	Collection Sewers - Gravity	\$121	2.00%	\$2
8		TOTAL COLLECTION PLANT	<u>\$121</u>		<u>\$2</u>
9		PUMPING PLANT			
10		TOTAL PUMPING PLANT	<u>\$0</u>		<u>\$0</u>
11		TREATMENT & DISPOSAL PLANT			
12	373.000	Treatment and Disposal Equipment	\$62,280	5.00%	\$3,114
13		TOTAL TREATMENT & DISPOSAL PLANT	<u>\$62,280</u>		<u>\$3,114</u>
14		GENERAL PLANT			
15	391.100	Office Computer Equipment	\$148	20.00%	\$30
16	393.000	Other General Equipment, includes stores, tools shop & garage, lab, power operated, communication, and other tangible equipment.	\$80	10.00%	\$8
17		TOTAL GENERAL PLANT	<u>\$228</u>		<u>\$38</u>
18		Total Depreciation	<u><u>\$62,703</u></u>		<u><u>\$3,154</u></u>

Lincoln County Sewer Water, LLC (Bennington Sewer)
 Informal Rate/Certification Case
 Tracking Number WA-2012-0018/SA-2012-0019
 Test Year Ending 06-30-2011
 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		TOTAL INTANGIBLE PLANT	<u>\$0</u>		<u>\$0</u>		<u>\$0</u>
4		SOURCE OF SUPPLY PLANT					
5		TOTAL SOURCE OF SUPPLY PLANT	<u>\$0</u>		<u>\$0</u>		<u>\$0</u>
6		COLLECTION PLANT					
7	352.200	Collection Sewers - Gravity	\$4			100.00%	\$4
8		TOTAL COLLECTION PLANT	<u>\$4</u>		<u>\$0</u>		<u>\$4</u>
9		PUMPING PLANT					
10		TOTAL PUMPING PLANT	<u>\$0</u>		<u>\$0</u>		<u>\$0</u>
11		TREATMENT & DISPOSAL PLANT					
12	373.000	Treatment and Disposal Equipment	\$39,127			100.00%	\$39,127
13		TOTAL TREATMENT & DISPOSAL PLANT	<u>\$39,127</u>		<u>\$0</u>		<u>\$39,127</u>
14		GENERAL PLANT					
15	391.100	Office Computer Equipment	\$0			100.00%	\$0
16	393.000	Other General Equipment, includes stores, tools shop & garage, lab, power operated, communication, and other tangible equipment.	\$11			100.00%	\$11
17		TOTAL GENERAL PLANT	<u>\$11</u>		<u>\$0</u>		<u>\$11</u>
18		TOTAL DEPRECIATION RESERVE	<u><u>\$39,142</u></u>		<u><u>\$0</u></u>		<u><u>\$39,142</u></u>

To Rate Base Schedule

Lincoln County Sewer Water, LLC (Bennington Sewer)
 Informal Rate/Certification Case
 Tracking Number WA-2012-0018/SA-2012-0019
 Test Year Ending 06-30-2011
 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

Lincoln County Sewer Water, LLC (Bennington Sewer)
 Informal Rate/Certification Case
 Tracking Number WA-2012-0018/SA-2012-0019
 Test Year Ending 06-30-2011
 Revenue Schedule - Sewer

Line Number	A Account Number (Optional)	B Revenue Description	C Company/ Test Year Amount	D Adjustment Number	E Jurisdictional Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
Rev-1		ANNUALIZED REVENUES					
Rev-2		Annualized Rate Revenues	\$17,715	Rev-2	\$285	100.00%	\$18,000
Rev-3		Miscellaneous Revenues	\$135	Rev-3	\$38	100.00%	\$173
Rev-4		TOTAL ANNUALIZED REVENUES	\$17,850		\$323		\$18,173

Lincoln County Sewer Water, LLC (Bennington Sewer)
 Informal Rate/Certification Case
 Tracking Number WA-2012-0018/SA-2012-0019
 Test Year Ending 06-30-2011
 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			\$285
	1. To Annualize Rate Revenues		\$285	
	2. Description		\$0	
	3. Description		\$0	
Rev-3	Miscellaneous Revenues			\$38
	1. To Annualize Miscellaneous Revenues		\$38	
	2. Description		\$0	
Total Revenue Adjustments				\$323

Lincoln County Sewer Water, LLC (Bennington Sewer)
 Informal Rate/Certification Case
 Tracking Number WA-2012-0018/SA-2012-0019
 Test Year Ending 06-30-2011
 Revenue Summary Schedule - Sewer

Line Number	A Description	Residential Sewer		Total	
		B Amount	C Amount	D Amount	E Amount
1	<u>Customer Charge Revenues:</u>				
2	Customer Number	50		50	
3	Bills Per Year	12			
4	Customer Bills Per year	600		600	
5	Current Customer Charge	<u>\$30.00</u>			
6	Annualized Customer Charge Revenues		\$18,000		\$18,000
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>\$18,000</u>		<u>\$18,000</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.

Lincoln County Sewer Water, LLC (Bennington Sewer)
Informal Rate/Certification Case
Tracking Number WA-2012-0018/SA-2012-0019
Test Year Ending 06-30-2011
Miscellaneous Revenues Feeder - Sewer

Line Number	A Description	B Amount
3	Total Miscellaneous Revenues	<u>\$173</u>

Lincoln County Sewer Water, LLC (Bennington Sewer)
 Informal Rate/Certification Case
 Tracking Number WA-2012-0018/SA-2012-0019
 Test Year Ending 06-30-2011
 Expense Schedule - Sewer

Line Number	A Account Number (Optional)	B Expense Description	C Company/ Test Year Amount	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
1		OPERATIONS EXPENSES					
2		Management Contract Services / Salary	\$0	S-2	\$1,682	100.00%	\$1,682
3		Contract Operations & Repairs / Maintenance	\$5,512	S-3	\$60	100.00%	\$5,572
4		Electricity - Pumping Treatment	\$1,782	S-4	\$107	100.00%	\$1,889
5		Sludge Removal	\$2,210	S-5	-\$460	100.00%	\$1,750
6		TOTAL OPERATIONS EXPENSE	\$9,504		\$1,389		\$10,893
7		MAINTENANCE EXPENSES					
8		Outside Services Employed	\$1,374	S-8	-\$849	100.00%	\$525
9		TOTAL MAINTENANCE EXPENSE	\$1,374		-\$849		\$525
10		CUSTOMER ACCOUNT EXPENSE					
11		Accounting Fees	\$0	S-11	\$400	100.00%	\$400
12		Billing & Collections	\$0	S-12	\$91	100.00%	\$91
13		Office Supplies	\$0	S-13	\$30	100.00%	\$30
14		Postage Expense	\$0	S-14	\$172	100.00%	\$172
15		TOTAL CUSTOMER ACCOUNT EXPENSE	\$0		\$693		\$693
16		ADMINISTRATIVE & GENERAL EXPENSES					
17		Admin. & Gen. Contract Services / Salary	\$1,200	S-17	\$145	100.00%	\$1,345
18		Legal Fees	\$261	S-18	-\$235	100.00%	\$26
19		Case Expense	\$3,428	S-19	-\$2,866	100.00%	\$562
20		Telephone & Pagers	\$0	S-20	\$64	100.00%	\$64
21		Vehicle Expense	\$0	S-21	\$380	100.00%	\$380
22		Property & Liability Insurance	\$0	S-22	\$771	100.00%	\$771
23		TOTAL ADMINISTRATIVE AND GENERAL	\$4,889		-\$1,741		\$3,148
24		OTHER OPERATING EXPENSES					
25		MO DNR Fees	\$0	S-25	\$100	100.00%	\$100
26		PSC Assessment	\$0	S-26	\$1,748	100.00%	\$1,748
27		Corporate Registration	\$15	S-27	-\$4	100.00%	\$11
28		Depreciation	\$0	S-28	\$3,154	100.00%	\$3,154
29		TOTAL OTHER OPERATING EXPENSES	\$15		\$4,998		\$5,013
30		TAXES OTHER THAN INCOME					
31		Real & Personal Property Taxes	\$0	S-31	\$69	100.00%	\$69
32		TOTAL TAXES OTHER THAN INCOME	\$0		\$69		\$69
33		TOTAL OPERATING EXPENSES	\$15,782		\$4,559		\$20,341

Lincoln County Sewer Water, LLC (Bennington Sewer)
 Informal Rate/Certification Case
 Tracking Number WA-2012-0018/SA-2012-0019
 Test Year Ending 06-30-2011
 Expense Adjustment Schedule - Sewer

A Expense Adj Number	B Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment
S-2	Management Contract Services / Salary			\$1,682
	1. To include annualized expense (Hanneken)		\$1,682	
S-3	Contract Operations & Repairs / Maintenance			\$60
	1. To annualize maintenance expense (Hanneken)		\$60	
S-4	Electricity - Pumping Treatment			\$107
	1. To annualize level of expense (Carle)		\$107	
S-5	Sludge Removal			-\$460
	1. To annualize sludge expense (Hanneken)		-\$460	
S-8	Outside Services Employed			-\$849
	1. To annualize expense for laborer (Hanneken)		-\$849	
S-11	Accounting Fees			\$400
	1. To include annualized level of expense (Carle)		\$400	
S-12	Billing & Collections			\$91
	1. To include annualized level of expense (Carle)		\$91	
S-13	Office Supplies			\$30
	1. To include annualized level of expense (Carle)		\$30	
S-14	Postage Expense			\$172

Lincoln County Sewer Water, LLC (Bennington Sewer)
 Informal Rate/Certification Case
 Tracking Number WA-2012-0018/SA-2012-0019
 Test Year Ending 06-30-2011
 Expense Adjustment Schedule - Sewer

A Expense Adj Number	B Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment
	1. To annualize postage expense (Carle)		\$172	
S-17	Admin. & Gen. Contract Services / Salary			\$145
	1. To annualize expense (Hanneken)		\$145	
S-18	Legal Fees			-\$235
	1. To capitalize organization costs (Hanneken)		-\$148	
	2. To remove costs related to sale discussions (Hanneken)		-\$113	
	3. To normalize legal expense (Hanneken)		\$26	
S-19	Case Expense			-\$2,866
	1. To normalize application case expense (Carle)		-\$1,267	
	2. To normalize complaint case expense (Carle)		-\$1,599	
S-20	Telephone & Pagers			\$64
	1. To include annualized level of expense (Carle)		\$64	
S-21	Vehicle Expense			\$380
	1. To include annualized level of vehicle expense (Hanneken)		\$380	
S-22	Property & Liability Insurance			\$771
	1. To include annualized level of expense (Carle)		\$771	
S-25	MO DNR Fees			\$100
	1. To include annualized level of expense (Carle)		\$100	

Lincoln County Sewer Water, LLC (Bennington Sewer)
 Informal Rate/Certification Case
 Tracking Number WA-2012-0018/SA-2012-0019
 Test Year Ending 06-30-2011
 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-26	PSC Assessment			\$1,748
	1. To annualize PSC Assessment (Carle)		\$1,748	
S-27	Corporate Registration			-\$4
	1. To annualize Sec. of State fee (Carle)		-\$4	
S-28	Depreciation			\$3,154
	1. To Annualize Depreciation		\$3,154	
S-31	Real & Personal Property Taxes			\$69
	1. To redistribute tax expense (Carle)		\$69	
Total Expense Adjustments				\$4,559

Exhibit No.:
Issue: Accounting Schedules
Witness: MO PSC Auditors
Sponsoring Party: MO PSC Staff
Case No: WA-2012-0018 SA-2012-0019
Date Prepared: February 9, 2012



MISSOURI PUBLIC SERVICE COMMISSION
UTILITY SERVICES DIVISION
STAFF ACCOUNTING SCHEDULES

LINCOLN COUNTY SEWER & WATER, LLC
(BENNINGTON WATER)

CASE NO. WA-2012-0018 & SA-2012-0019

Jefferson City, Missouri

February 9, 2012

Lincoln County Sewer Water, LLC (Bennington Water)
 Informal Case/Rate Case
 Tracking Number WA-2012-0018/SA-2012-0019
 Test Year Ending 06-30-2011
 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) \$14,700			
Rev-3	Miscellaneous Revenues		(1) \$332			
Rev-4	TOTAL ANNUALIZED REVENUES		<u>\$15,032</u>			
1	OPERATIONS EXPENSES		(2)			
2	Management Contract Services / Salary		\$1,648	\$0	\$1,648	0.00%
3	Contract Operations		\$1,800	\$0	\$1,800	0.00%
4	Electricity-(Pumping)		\$1,662	\$0	\$1,662	0.00%
5	Testing		\$200	\$0	\$200	0.00%
6	TOTAL OPERATIONS EXPENSE		<u>\$5,310</u>	<u>\$0</u>	<u>\$5,310</u>	
7	MAINTENANCE EXPENSES					
8	Outside Services Employed		\$514	\$0	\$514	0.00%
9	TOTAL MAINTENANCE EXPENSE		<u>\$514</u>	<u>\$0</u>	<u>\$514</u>	
10	CUSTOMER ACCOUNT EXPENSE					
11	Accounting Fees		\$400	\$0	\$400	0.00%
12	Billing & Collections		\$91	\$0	\$91	0.00%
13	Office Supplies		\$28	\$0	\$28	0.00%
14	Postage		\$162	\$0	\$162	0.00%
15	TOTAL CUSTOMER ACCOUNT EXPENSE		<u>\$681</u>	<u>\$0</u>	<u>\$681</u>	
16	ADMINISTRATIVE & GENERAL EXPENSES					
17	Admin. & Gen. Contract Services / Salary		\$1,319	\$0	\$1,319	0.00%
18	Legal Fees		\$26	\$0	\$26	0.00%
19	Case Expense		\$561	\$0	\$561	0.00%
20	Telephones & Pagers		\$63	\$0	\$63	0.00%
21	Vehicle Expense		\$380	\$0	\$380	0.00%
22	Property & Liability Insurance		\$915	\$0	\$915	0.00%
23	TOTAL ADMINISTRATIVE AND GENERAL		<u>\$3,264</u>	<u>\$0</u>	<u>\$3,264</u>	
24	OTHER OPERATING EXPENSES					
25	PSC Assessment		\$85	\$0	\$85	0.00%
26	Corporate Registration		\$11	\$0	\$11	0.00%
27	Primacy Fees		\$159	\$0	\$159	0.00%
28	Depreciation		\$5,065	\$0	\$5,065	0.00%
29	TOTAL OTHER OPERATING EXPENSES		<u>\$5,320</u>	<u>\$0</u>	<u>\$5,320</u>	
30	TAXES OTHER THAN INCOME					
31	Real & Personal Property Taxes		\$69	\$0	\$69	0.00%
32	TOTAL TAXES OTHER THAN INCOME		<u>\$69</u>	<u>\$0</u>	<u>\$69</u>	
33	TOTAL OPERATING EXPENSES		<u>\$15,158</u>	<u>\$0</u>	<u>\$15,158</u>	
34	Interest Expense		(3) \$1,453	\$0	\$1,453	0.00%
35	Return on Equity		(3) \$1,106	\$0	\$1,106	0.00%
36	Income Taxes		(3) \$0	\$0	\$0	0.00%
37	TOTAL INTEREST RETURN & TAXES		<u>\$2,559</u>	<u>\$0</u>	<u>\$2,559</u>	
38	TOTAL COST OF SERVICE		\$17,717	\$0	\$17,717	
39	Less: Miscellaneous Revenues		\$332	\$0	\$332	0.00%
40	COST TO RECOVER IN RATES		<u>\$17,385</u>	<u>\$0</u>	<u>\$17,385</u>	
41	INCREMENTAL INCREASE IN RATE REVENUES		<u>\$2,685</u>			
42	PERCENTAGE OF INCREASE		<u>17.86%</u>			

Lincoln County Sewer Water, LLC (Bennington Water)
 Informal Case/Rate Case
 Tracking Number WA-2012-0018/SA-2012-0019
 Test Year Ending 06-30-2011
 Rate Design Schedule - Water

A	B	C	D	E	F	
Line Number	Description	Account Number (Optional)	Staff Annualized	Customer Charge	Commodity	Percentage Rate
43	REQUESTED INCREASE IN REVENUES		\$6,000			

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

Lincoln County Sewer Water, LLC (Bennington Water)
 Informal Case/Rate Case
 Tracking Number WA-2012-0018/SA-2012-0019
 Test Year Ending 06-30-2011
 Rate Base Required Return on Investment Schedule - Water

Line Number	A Rate Base Description	B Dollar Amount	
1	Plant In Service	\$94,585	From Plant Schedule
2	Less Accumulated Depreciation Reserve	\$55,849	From Depreciation Reserve Schedule
3	Net Plant In Service	\$38,736	
4	Other Rate Base Items:	\$0	
	Materials and Supplies Inventory	\$6	
5	Total Rate Base	\$38,742	
6	Total Weighted Rate of Return Including Income Tax	6.61%	From PreTax Return & Taxes Schedule
7	Required Return & Income Tax	\$2,559	

Lincoln County Sewer Water, LLC (Bennington Water)
 Informal Case/Rate Case
 Tracking Number WA-2012-0018/SA-2012-0019
 Test Year Ending 06-30-2011
 Rate of Return Including Income Tax - Water

		A		B	formulas
1	State Income Tax Rate Statutory / Effective	0.00%	(2)	0.00%	$(1 - (B2 \times .5)) \times A1$
2	Federal Income Tax Rate Statutory / Effective	0.00%	(1) & (2)	0.00%	$(1 - B1) \times A2$
3	Composite Effective Income Tax Rate			0.00%	B1 + B2
4	Equity Tax Factor			1.0000	$1 / (1 - B3)$
5	Recommended Weighted Rate of Return on Equity - Common and Preferred			2.86%	From Capital Structure Schedule
6	Weighted Rate of Return on Equity Including Income Tax			2.86%	B4 x B5
7	Recommended Weighted Rate of Return on Debt - Long-Term and Short-Term			3.75%	From Capital Structure Schedule
8	Total Weighted Rate of Return Including Income Tax			6.61%	B6+B7

To Rate Base Schedule

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

Equity Income Required \$0
 & Preliminary Federal Tax

Tax Rate Table

Net Income Range				
Start	End	Tax Rate	Amount in Range	Tax on Range
\$0	\$50,000	15.00%	\$0	\$0
\$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
			\$0	\$0
			Consolidated Tax Rate:	
			Average Tax Rate:	0

Lincoln County Sewer Water, LLC (Bennington Water)
 Informal Case/Rate Case
 Tracking Number WA-2012-0018/SA-2012-0019
 Test Year Ending 06-30-2011
 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	\$9,686	25.00%	11.42%	2.855%
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	\$29,057	75.00%	5.00%	3.750%
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>\$38,743</u>	<u>100.00%</u>		<u>6.605%</u>

To PreTax Return Rate Schedule

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

Lincoln County Sewer Water, LLC (Bennington Water)
 Informal Case/Rate Case
 Tracking Number WA-2012-0018/SA-2012-0019
 Test Year Ending 06-30-2011
 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	P-2	\$74	100.00%	\$74
3		TOTAL INTANGIBLE PLANT	\$0		\$74		\$74
4		SOURCE OF SUPPLY PLANT					
5	314.000	Wells and Springs	\$55,010			100.00%	\$55,010
6		TOTAL SOURCE OF SUPPLY PLANT	\$55,010		\$0		\$55,010
7		PUMPING PLANT					
8	325.100	Submersible Pumps	\$39,356			100.00%	\$39,356
9		TOTAL PUMPING PLANT	\$39,356		\$0		\$39,356
10		WATER TREATMENT PLANT					
11		TOTAL WATER TREATMENT PLANT	\$0		\$0		\$0
12		TRANSMISSION & DISTRIBUTION PLANT					
13		TOTAL TRANS. & DISTRIBUTION PLANT	\$0		\$0		\$0
14		GENERAL PLANT					
15	372.100	Office Computer Equipment	\$0	P-15	\$145	100.00%	\$145
16		TOTAL GENERAL PLANT	\$0		\$145		\$145
17		TOTAL PLANT IN SERVICE	\$94,366		\$219		\$94,585

To Rate Base & Depreciation Schedules

Lincoln County Sewer Water, LLC (Bennington Water)
 Informal Case/Rate Case
 Tracking Number WA-2012-0018/SA-2012-0019
 Test Year Ending 06-30-2011
 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-2	Organization	301.000		\$74
	1. To reclassify expense to capital item (Hanneken)		\$74	
P-15	Office Computer Equipment	372.100		\$145
	1. To include computer, office equipment, and software (Carle)		\$145	
Total Plant Adjustments				\$219

Lincoln County Sewer Water, LLC (Bennington Water)
 Informal Case/Rate Case
 Tracking Number WA-2012-0018/SA-2012-0019
 Test Year Ending 06-30-2011
 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	\$74	0.00%	\$0
3		TOTAL INTANGIBLE PLANT	<u>\$74</u>		<u>\$0</u>
4		SOURCE OF SUPPLY PLANT			
5	314.000	Wells and Springs	\$55,010	2.00%	\$1,100
6		TOTAL SOURCE OF SUPPLY PLANT	<u>\$55,010</u>		<u>\$1,100</u>
7		PUMPING PLANT			
8	325.100	Submersible Pumps	\$39,356	10.00%	\$3,936
9		TOTAL PUMPING PLANT	<u>\$39,356</u>		<u>\$3,936</u>
10		WATER TREATMENT PLANT			
11		TOTAL WATER TREATMENT PLANT	<u>\$0</u>		<u>\$0</u>
12		TRANSMISSION & DISTRIBUTION PLANT			
13		TOTAL TRANS. & DISTRIBUTION PLANT	<u>\$0</u>		<u>\$0</u>
14		GENERAL PLANT			
15	372.100	Office Computer Equipment	\$145	20.00%	\$29
16		TOTAL GENERAL PLANT	<u>\$145</u>		<u>\$29</u>
17		Total Depreciation	<u><u>\$94,585</u></u>		<u><u>\$5,065</u></u>

Lincoln County Sewer Water, LLC (Bennington Water)
 Informal Case/Rate Case
 Tracking Number WA-2012-0018/SA-2012-0019
 Test Year Ending 06-30-2011
 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		TOTAL INTANGIBLE PLANT	<u>\$0</u>		<u>\$0</u>		<u>\$0</u>
4		SOURCE OF SUPPLY PLANT					
5	314.000	Wells and Springs	\$12,202			100.00%	\$12,202
6		TOTAL SOURCE OF SUPPLY PLANT	<u>\$12,202</u>		<u>\$0</u>		<u>\$12,202</u>
7		PUMPING PLANT					
8	325.100	Submersible Pumps	\$43,647			100.00%	\$43,647
9		TOTAL PUMPING PLANT	<u>\$43,647</u>		<u>\$0</u>		<u>\$43,647</u>
10		WATER TREATMENT PLANT					
11		TOTAL WATER TREATMENT PLANT	<u>\$0</u>		<u>\$0</u>		<u>\$0</u>
12		TRANSMISSION & DISTRIBUTION PLANT					
13		TOTAL TRANS. & DISTRIBUTION PLANT	<u>\$0</u>		<u>\$0</u>		<u>\$0</u>
14		GENERAL PLANT					
15	372.100	Office Computer Equipment	\$0			100.00%	\$0
16		TOTAL GENERAL PLANT	<u>\$0</u>		<u>\$0</u>		<u>\$0</u>
17		TOTAL DEPRECIATION RESERVE	<u><u>\$55,849</u></u>		<u><u>\$0</u></u>		<u><u>\$55,849</u></u>

To Rate Base Schedule

Lincoln County Sewer Water, LLC (Bennington Water)
Informal Case/Rate Case
Tracking Number WA-2012-0018/SA-2012-0019
Test Year Ending 06-30-2011
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

Lincoln County Sewer Water, LLC (Bennington Water)
 Informal Case/Rate Case
 Tracking Number WA-2012-0018/SA-2012-0019
 Test Year Ending 06-30-2011
 Revenue Schedule - Water

Line Number	A Account Number (Optional)	B Revenue Description	C Company/ Test Year Amount	D Adjustment Number	E Jurisdictional Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
Rev-1		ANNUALIZED REVENUES					
Rev-2		Annualized Rate Revenues	\$14,775	Rev-2	-\$75	100.00%	\$14,700
Rev-3		Miscellaneous Revenues	\$705	Rev-3	-\$373	100.00%	\$332
Rev-4		TOTAL ANNUALIZED REVENUES	\$15,480		-\$448		\$15,032

Lincoln County Sewer Water, LLC (Bennington Water)
 Informal Case/Rate Case
 Tracking Number WA-2012-0018/SA-2012-0019
 Test Year Ending 06-30-2011
 Revenue Adjustment Schedule - Water

<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			-\$75
	1. To Annualize Rate Revenues		-\$75	
Rev-3	Miscellaneous Revenues			-\$373
	1. To Annualize Miscellaneous Revenues		-\$373	
Total Revenue Adjustments				<u>-\$448</u>

Lincoln County Sewer Water, LLC (Bennington Water)
 Informal Case/Rate Case
 Tracking Number WA-2012-0018/SA-2012-0019
 Test Year Ending 06-30-2011
 Rate Revenue Feeder Schedule - Water

Line Number	A Description	Residential Sewer		Total	
		B Amount	C Amount	D Amount	E Amount
1	<u>Customer Charge Revenues:</u>				
2	Customer Number	49		49	
3	Bills Per Year	12			
4	Customer Bills Per year	588		588	
5	Current Customer Charge	<u>\$25.00</u>			
6	Annualized Customer Charge Revenues		\$14,700		\$14,700
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 Water Rate Revenues		<u>\$14,700</u>		<u>\$14,700</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.

Lincoln County Sewer Water, LLC (Bennington Water)
Informal Case/Rate Case
Tracking Number WA-2012-0018/SA-2012-0019
Test Year Ending 06-30-2011
Miscellaneous Revenues Feeder - Water

Line Number	A Description	B Amount
4	Total Miscellaneous Revenues	<u>\$332</u>

Lincoln County Sewer Water, LLC (Bennington Water)
 Informal Case/Rate Case
 Tracking Number WA-2012-0018/SA-2012-0019
 Test Year Ending 06-30-2011
 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 Contract Services / Salary	\$0	W-2	\$1,648	100.00%	\$1,648
3		Contract Operations	\$1,800			100.00%	\$1,800
4		Electricity-(Pumping)	\$1,575	W-4	\$87	100.00%	\$1,662
5		Testing	\$200			100.00%	\$200
6		TOTAL OPERATIONS EXPENSE	\$3,575		\$1,735		\$5,310
7		MAINTENANCE EXPENSES					
8		Outside Services Employed	\$250	W-8	\$264	100.00%	\$514
9		TOTAL MAINTENANCE EXPENSE	\$250		\$264		\$514
10		CUSTOMER ACCOUNT EXPENSE					
11		Accounting Fees	\$0	W-11	\$400	100.00%	\$400
12		Billing & Collections	\$0	W-12	\$91	100.00%	\$91
13		Office Supplies	\$0	W-13	\$28	100.00%	\$28
14		Postage	\$0	W-14	\$162	100.00%	\$162
15		TOTAL CUSTOMER ACCOUNT EXPENSE	\$0		\$681		\$681
16		ADMINISTRATIVE & GENERAL EXPENSES					
17		Admin. & Gen. Contract Services / Salary	\$1,200	W-17	\$119	100.00%	\$1,319
18		Legal Fees	\$261	W-18	-\$235	100.00%	\$26
19		Case Expense	\$3,428	W-19	-\$2,867	100.00%	\$561
20		Telephones & Pagers	\$0	W-20	\$63	100.00%	\$63
21		Vehicle Expense	\$0	W-21	\$380	100.00%	\$380
22		Property & Liability Insurance	\$0	W-22	\$915	100.00%	\$915
23		TOTAL ADMINISTRATIVE AND GENERAL	\$4,889		-\$1,625		\$3,264
24		OTHER OPERATING EXPENSES					
25		PSC Assessment	\$0	W-25	\$85	100.00%	\$85
26		Corporate Registration	\$15	W-26	-\$4	100.00%	\$11
27		Primacy Fees	\$156	W-27	\$3	100.00%	\$159
28		Depreciation	\$0	W-28	\$5,065	100.00%	\$5,065
29		TOTAL OTHER OPERATING EXPENSES	\$171		\$5,149		\$5,320
30		TAXES OTHER THAN INCOME					
31		Real & Personal Property Taxes	\$138	W-31	-\$69	100.00%	\$69
32		TOTAL TAXES OTHER THAN INCOME	\$138		-\$69		\$69
33		TOTAL OPERATING EXPENSES	\$9,023		\$6,135		\$15,158

Lincoln County Sewer Water, LLC (Bennington Water)
 Informal Case/Rate Case
 Tracking Number WA-2012-0018/SA-2012-0019
 Test Year Ending 06-30-2011
 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 Contract Services / Salary			\$1,648
	1. To include annualized expense (Hanneken)		\$1,648	
W-4	Electricity-(Pumping)			\$87
	1. To annualize level of expense (Carle)		\$87	
W-8	Outside Services Employed			\$264
	1. To annualize expense for laborer (Hanneken)		\$264	
W-11	Accounting Fees			\$400
	1. To include annualized level of expense (Carle)		\$400	
W-12	Billing & Collections			\$91
	1. To include annualized level of expense (Carle)		\$91	
W-13	Office Supplies			\$28
	1. To include annualized level of expense (Carle)		\$28	
W-14	Postage			\$162
	1. To annualize postage expense (Carle)		\$162	
W-17	Admin. & Gen. Contract Services / Salary			\$119
	1. To annualize expense (Hanneken)		\$119	
W-18	Legal Fees			-\$235
	1. To capitalize organizational costs (Hanneken)		-\$148	

Lincoln County Sewer Water, LLC (Bennington Water)
 Informal Case/Rate Case
 Tracking Number WA-2012-0018/SA-2012-0019
 Test Year Ending 06-30-2011
 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
	2. To remove costs related to sale discussions (Hanneken)		-\$113	
	3. To normalize legal expense (Hanneken)		\$26	
W-19	Case Expense			-\$2,867
	1. To normalize application case expense (Carle)		-\$1,268	
	2. To normalized complaint case expense (Carle)		-\$1,599	
W-20	Telephones & Pagers			\$63
	1. To include annualized level of expense (Carle)		\$63	
W-21	Vehicle Expense			\$380
	1. To include annualized level of vehicle expense (Hanneken)		\$380	
W-22	Property & Liability Insurance			\$915
	1. To include annualized level of expense (Carle)		\$915	
W-25	PSC Assessment			\$85
	1. To annualize PSC assessment (Carle)		\$85	
W-26	Corporate Registration			-\$4
	1. To annualize Sec. of State fees (Carle)		-\$4	
W-27	Primacy Fees			\$3
	1. To annualize primacy fees (Carle)		\$3	

Lincoln County Sewer Water, LLC (Bennington Water)
 Informal Case/Rate Case
 Tracking Number WA-2012-0018/SA-2012-0019
 Test Year Ending 06-30-2011
 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-28	Depreciation			\$5,065
	1. To Annualize Depreciation		\$5,065	
W-31	Real & Personal Property Taxes			-\$69
	1. To redistribute taxes (Carle)		-\$69	
Total Expense Adjustments				\$6,135

Exhibit No.:
Issue: Accounting Schedules
Witness: MO PSC Auditors
Sponsoring Party: MO PSC Staff
Case No: WA-2012-0018 and SA-2012-0019
Date Prepared: February 9, 2012



MISSOURI PUBLIC SERVICE COMMISSION
UTILITY SERVICES DIVISION
STAFF ACCOUNTING SCHEDULES

LINCOLN COUNTY SEWER & WATER, LLC
(ROCKPORT SEWER)

CASE NO. WA-2012-0018 and SA-2012-0019

Jefferson City, Missouri

February 9, 2012

Lincoln County Sewer Water, LLC (Rockport Sewer)
 Informal Rate/Certification Case
 Tracking Number WA-2012-0018/SA-2012-0019
 Test Year Ending 06-30-2011
 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) \$22,320			
Rev-3	Miscellaneous Revenues		(1) \$220			
Rev-4	TOTAL ANNUALIZED REVENUES		<u>\$22,540</u>			
1	OPERATIONS EXPENSES		(2)			
2	Management Contract Services / Salary		\$2,085	\$0	\$2,085	0.00%
3	Contract Operations & Repairs / Maintenance		\$4,997	\$0	\$4,997	0.00%
4	Electricity - Pumping Treatment		\$4,047	\$0	\$4,047	0.00%
5	Chemicals		\$526	\$0	\$526	0.00%
6	Sludge Removal		\$1,540	\$0	\$1,540	0.00%
7	TOTAL OPERATIONS EXPENSE		<u>\$13,195</u>	\$0	<u>\$13,195</u>	
8	MAINTENANCE EXPENSES					
9	Outside Services Employed		\$651	\$0	\$651	0.00%
10	TOTAL MAINTENANCE EXPENSE		<u>\$651</u>	\$0	<u>\$651</u>	
11	CUSTOMER ACCOUNT EXPENSE					
12	Accounting Fees		\$400	\$0	\$400	0.00%
13	Billing & Collections		\$109	\$0	\$109	0.00%
14	Office Supplies		\$30	\$0	\$30	0.00%
15	Postage Expense		\$206	\$0	\$206	0.00%
16	TOTAL CUSTOMER ACCOUNT EXPENSE		<u>\$745</u>	\$0	<u>\$745</u>	
17	ADMINISTRATIVE & GENERAL EXPENSES					
18	Admin. & Gen. Contract Services / Salary		\$1,668	\$0	\$1,668	0.00%
19	Legal Fees		\$26	\$0	\$26	0.00%
20	Case Expense		\$576	\$0	\$576	0.00%
21	Telephone & Pagers		\$80	\$0	\$80	0.00%
22	Vehicle Expense		\$397	\$0	\$397	0.00%
23	Property & Liability Insurance		\$1,207	\$0	\$1,207	0.00%
24	TOTAL ADMINISTRATIVE AND GENERAL		<u>\$3,954</u>	\$0	<u>\$3,954</u>	
25	OTHER OPERATING EXPENSES					
26	MO DNR Fees		\$550	\$0	\$550	0.00%
27	PSC Assessment		\$2,169	\$0	\$2,169	0.00%
28	Corporate Registration		\$11	\$0	\$11	0.00%
29	Depreciation		\$1,952	\$0	\$1,952	0.00%
30	TOTAL OTHER OPERATING EXPENSES		<u>\$4,682</u>	\$0	<u>\$4,682</u>	
31	TAXES OTHER THAN INCOME					
32	TOTAL TAXES OTHER THAN INCOME		<u>\$0</u>	\$0	<u>\$0</u>	
33	TOTAL OPERATING EXPENSES		<u>\$23,227</u>	\$0	<u>\$23,227</u>	
34	Interest Expense		(3) \$1,098	\$0	\$1,098	0.00%
35	Return on Equity		(3) \$836	\$0	\$836	0.00%
36	Income Taxes		(3) \$0	\$0	\$0	0.00%
37	TOTAL INTEREST RETURN & TAXES		<u>\$1,934</u>	\$0	<u>\$1,934</u>	
38	TOTAL COST OF SERVICE		<u>\$25,161</u>	\$0	<u>\$25,161</u>	
39	Less: Miscellaneous Revenues		<u>\$220</u>	\$0	<u>\$220</u>	0.00%
40	COST TO RECOVER IN RATES		<u>\$24,941</u>	\$0	<u>\$24,941</u>	
41	INCREMENTAL INCREASE IN RATE REVENUES		<u>\$2,621</u>			

Lincoln County Sewer Water, LLC (Rockport Sewer)
 Informal Rate/Certification Case
 Tracking Number WA-2012-0018/SA-2012-0019
 Test Year Ending 06-30-2011
 Rate Design Schedule - Sewer

A	B	C	D	E	F
Line Number	Account Number (Optional)	Staff Annualized	Customer Charge	Commodity	Percentage Rate
42	PERCENTAGE OF INCREASE	<u>11.63%</u>			
43	REQUESTED INCREASE IN REVENUES	\$13,440			

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

Lincoln County Sewer Water, LLC (Rockport Sewer)
 Informal Rate/Certification Case
 Tracking Number WA-2012-0018/SA-2012-0019
 Test Year Ending 06-30-2011
 Rate Base Required Return on Investment Schedule - Sewer

Line Number	A Rate Base Description	B Dollar Amount
1	Plant In Service	\$38,547 From Plant Schedule
2	Less Accumulated Depreciation Reserve	<u>\$9,394</u> From Depreciation Reserve Schedule
3	Net Plant In Service	\$29,153
4	Other Rate Base Items:	\$0
	Materials and Supplies Inventory	\$140
5	Total Rate Base	<u>\$29,293</u>
6	Total Weighted Rate of Return Including Income Tax	<u>6.61%</u> From PreTax Return & Taxes Schedule
7	Required Return & Income Tax	<u><u>\$1,935</u></u>

Lincoln County Sewer Water, LLC (Rockport Sewer)
 Informal Rate/Certification Case
 Tracking Number WA-2012-0018/SA-2012-0019
 Test Year Ending 06-30-2011
 Rate of Return Including Income Tax - Sewer

		A		B	formulas
1	State Income Tax Rate Statutory / Effective	0.00%	(2)	0.00%	$(1 - (B2 \times .5)) \times A1$
2	Federal Income Tax Rate Statutory / Effective	0.00%	(1) & (2)	0.00%	$(1 - B1) \times A2$
3	Composite Effective Income Tax Rate			0.00%	$B1 + B2$
4	Equity Tax Factor			1.0000	$1 / (1 - B3)$
5	Recommended Weighted Rate of Return on Equity - Common and Preferred			2.86%	From Capital Structure Schedule
6	Weighted Rate of Return on Equity Including Income Tax			2.86%	$B4 \times B5$
7	Recommended Weighted Rate of Return on Debt - Long-Term and Short-Term			3.75%	From Capital Structure Schedule
8	Total Weighted Rate of Return Including Income Tax			6.61%	$B6 + B7$

To Rate Base Schedule

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

Equity Income Required \$0
 & Preliminary Federal Tax

Tax Rate Table

Net Income Range					
Start	End	Tax Rate	Amount in Range	Tax on Range	
\$0	\$50,000	15.00%	\$0	\$0	
\$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	
			\$0	\$0	
Consolidated Tax Rate:					
Average Tax Rate:				0	

Lincoln County Sewer Water, LLC (Rockport Sewer)
 Informal Rate/Certification Case
 Tracking Number WA-2012-0018/SA-2012-0019
 Test Year Ending 06-30-2011
 Capital Structure Schedule - Sewer

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	\$7,323	25.00%	11.42%	2.855%
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	\$21,970	75.00%	5.00%	3.750%
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><u>\$29,293</u></u>	<u><u>100.00%</u></u>		<u><u>6.605%</u></u>

To PreTax Return Rate Schedule

Lincoln County Sewer Water, LLC (Rockport Sewer)
 Informal Rate/Certification Case
 Tracking Number WA-2012-0018/SA-2012-0019
 Test Year Ending 06-30-2011
 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	P-2	\$74	100.00%	\$74
3		TOTAL INTANGIBLE PLANT	\$0		\$74		\$74
4		SOURCE OF SUPPLY PLANT					
5		TOTAL SOURCE OF SUPPLY PLANT	\$0		\$0		\$0
6		COLLECTION PLANT					
7		TOTAL COLLECTION PLANT	\$0		\$0		\$0
8		PUMPING PLANT					
9		TOTAL PUMPING PLANT	\$0		\$0		\$0
10		TREATMENT & DISPOSAL PLANT					
11	373.000	Treatment and Disposal Equipment	\$191,450	P-11	-\$153,160	100.00%	\$38,290
12		TOTAL TREATMENT & DISPOSAL PLANT	\$191,450		-\$153,160		\$38,290
13		GENERAL PLANT					
14	391.100	Office Computer Equipment	\$0	P-14	\$183	100.00%	\$183
15		TOTAL GENERAL PLANT	\$0		\$183		\$183
16		TOTAL PLANT IN SERVICE	\$191,450		-\$152,903		\$38,547

To Rate Base & Depreciation Schedules

Lincoln County Sewer Water, LLC (Rockport Sewer)
 Informal Rate/Certification Case
 Tracking Number WA-2012-0018/SA-2012-0019
 Test Year Ending 06-30-2011
 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-2	Organization	301.000		\$74
	1. To reclassify expense to capital item (Hanneken)		\$74	
P-11	Treatment and Disposal Equipment	373.000		-\$153,160
	1. Capacity adjustment to treatment plant (Merciel & Hanneken)		-\$153,160	
P-14	Office Computer Equipment	391.100		\$183
	1. To include computer, office equipment and software (Carle)		\$183	
Total Plant Adjustments				<u>-\$152,903</u>

Lincoln County Sewer Water, LLC (Rockport Sewer)
 Informal Rate/Certification Case
 Tracking Number WA-2012-0018/SA-2012-0019
 Test Year Ending 06-30-2011
 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	\$74	0.00%	\$0
3		TOTAL INTANGIBLE PLANT	<u>\$74</u>		<u>\$0</u>
4		SOURCE OF SUPPLY PLANT			
5		TOTAL SOURCE OF SUPPLY PLANT	<u>\$0</u>		<u>\$0</u>
6		COLLECTION PLANT			
7		TOTAL COLLECTION PLANT	<u>\$0</u>		<u>\$0</u>
8		PUMPING PLANT			
9		TOTAL PUMPING PLANT	<u>\$0</u>		<u>\$0</u>
10		TREATMENT & DISPOSAL PLANT			
11	373.000	Treatment and Disposal Equipment	\$38,290	5.00%	\$1,915
12		TOTAL TREATMENT & DISPOSAL PLANT	<u>\$38,290</u>		<u>\$1,915</u>
13		GENERAL PLANT			
14	391.100	Office Computer Equipment	\$183	20.00%	\$37
15		TOTAL GENERAL PLANT	<u>\$183</u>		<u>\$37</u>
16		Total Depreciation	<u><u>\$38,547</u></u>		<u><u>\$1,952</u></u>

Lincoln County Sewer Water, LLC (Rockport Sewer)
 Informal Rate/Certification Case
 Tracking Number WA-2012-0018/SA-2012-0019
 Test Year Ending 06-30-2011
 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		TOTAL INTANGIBLE PLANT	\$0		\$0		\$0
4		SOURCE OF SUPPLY PLANT					
5		TOTAL SOURCE OF SUPPLY PLANT	\$0		\$0		\$0
6		COLLECTION PLANT					
7		TOTAL COLLECTION PLANT	\$0		\$0		\$0
8		PUMPING PLANT					
9		TOTAL PUMPING PLANT	\$0		\$0		\$0
10		TREATMENT & DISPOSAL PLANT					
11	373.000	Treatment and Disposal Equipment	\$46,971	R-11	-\$37,577	100.00%	\$9,394
12		TOTAL TREATMENT & DISPOSAL PLANT	\$46,971		-\$37,577		\$9,394
13		GENERAL PLANT					
14	391.100	Office Computer Equipment	\$0			100.00%	\$0
15		TOTAL GENERAL PLANT	\$0		\$0		\$0
16		TOTAL DEPRECIATION RESERVE	\$46,971		-\$37,577		\$9,394

To Rate Base Schedule

Lincoln County Sewer Water, LLC (Rockport Sewer)
 Informal Rate/Certification Case
 Tracking Number WA-2012-0018/SA-2012-0019
 Test Year Ending 06-30-2011
 Schedule of Adjustments for Accumulated Depreciation Reserve - Sewer

A Reserve Adjustment Number	B Accumulated Depreciation Reserve Adjustments Description	C Account Number	D Adjustment Amount	E Total Adjustment Amount
R-11	Treatment and Disposal Equipment	373.000		-\$37,577
	1. Capacity adjustment to treatment plant (Merciel & Hanneken)		-\$37,577	
Total Reserve Adjustments				<u>-\$37,577</u>

Lincoln County Sewer Water, LLC (Rockport Sewer)
 Informal Rate/Certification Case
 Tracking Number WA-2012-0018/SA-2012-0019
 Test Year Ending 06-30-2011
 Revenue Schedule - Sewer

Line Number	A Account Number (Optional)	B Revenue Description	C Company/ Test Year Amount	D Adjustment Number	E Jurisdictional Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
Rev-1		ANNUALIZED REVENUES					
Rev-2		Annualized Rate Revenues	\$18,112	Rev-2	\$4,208	100.00%	\$22,320
Rev-3		Miscellaneous Revenues	\$1,556	Rev-3	-\$1,336	100.00%	\$220
Rev-4		TOTAL ANNUALIZED REVENUES	\$19,668		\$2,872		\$22,540

Lincoln County Sewer Water, LLC (Rockport Sewer)
 Informal Rate/Certification Case
 Tracking Number WA-2012-0018/SA-2012-0019
 Test Year Ending 06-30-2011
 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			\$4,208
	1. To Annualize Rate Revenues		\$4,208	
	2. Description		\$0	
	3. Description		\$0	
Rev-3	Miscellaneous Revenues			-\$1,336
	1. To Annualize Miscellaneous Revenues		-\$1,336	
	2. Description		\$0	
Total Revenue Adjustments				<u>\$2,872</u>

Lincoln County Sewer Water, LLC (Rockport Sewer)
 Informal Rate/Certification Case
 Tracking Number WA-2012-0018/SA-2012-0019
 Test Year Ending 06-30-2011
 Revenue Summary Schedule - Sewer

Line Number	A Description	Residential Sewer		Total	
		B Amount	C Amount	D Amount	E Amount
1	Customer Charge Revenues:				
2	Customer Number	62		62	
3	Bills Per Year	12			
4	Customer Bills Per year	744		744	
5	Current Customer Charge	<u>\$30.00</u>			
6	Annualized Customer Charge Revenues		\$22,320		\$22,320
7	Commodity Charge Revenues:				
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>\$22,320</u>		<u>\$22,320</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.

Lincoln County Sewer Water, LLC (Rockport Sewer)
Informal Rate/Certification Case
Tracking Number WA-2012-0018/SA-2012-0019
Test Year Ending 06-30-2011
Miscellaneous Revenues Feeder - Sewer

Line Number	A Description	B Amount
3	Total Miscellaneous Revenues	<u>\$220</u>

Lincoln County Sewer Water, LLC (Rockport Sewer)
 Informal Rate/Certification Case
 Tracking Number WA-2012-0018/SA-2012-0019
 Test Year Ending 06-30-2011
 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 Contract Services / Salary	\$0	S-2	\$2,085	100.00%	\$2,085
3		Contract Operations & Repairs / Maintenance	\$4,937	S-3	\$60	100.00%	\$4,997
4		Electricity - Pumping Treatment	\$3,857	S-4	\$190	100.00%	\$4,047
5		Chemicals	\$481	S-5	\$65	100.00%	\$526
6		Sludge Removal	\$840	S-6	\$700	100.00%	\$1,540
7		TOTAL OPERATIONS EXPENSE	<u>\$10,095</u>		<u>\$3,100</u>		<u>\$13,195</u>
8		MAINTENANCE EXPENSES					
9		Outside Services Employed	\$250	S-9	\$401	100.00%	\$651
10		TOTAL MAINTENANCE EXPENSE	<u>\$250</u>		<u>\$401</u>		<u>\$651</u>
11		CUSTOMER ACCOUNT EXPENSE					
12		Accounting Fees	\$0	S-12	\$400	100.00%	\$400
13		Billing & Collections	\$0	S-13	\$109	100.00%	\$109
14		Office Supplies	\$0	S-14	\$30	100.00%	\$30
15		Postage Expense	\$0	S-15	\$206	100.00%	\$206
16		TOTAL CUSTOMER ACCOUNT EXPENSE	<u>\$0</u>		<u>\$745</u>		<u>\$745</u>
17		ADMINISTRATIVE & GENERAL EXPENSES					
18		Admin. & Gen. Contract Services / Salary	\$1,200	S-18	\$468	100.00%	\$1,668
19		Legal Fees	\$53	S-19	-\$27	100.00%	\$26
20		Case Expense	\$955	S-20	-\$379	100.00%	\$576
21		Telephone & Pagers	\$0	S-21	\$80	100.00%	\$80
22		Vehicle Expense	\$0	S-22	\$397	100.00%	\$397
23		Property & Liability Insurance	\$0	S-23	\$1,207	100.00%	\$1,207
24		TOTAL ADMINISTRATIVE AND GENERAL	<u>\$2,208</u>		<u>\$1,746</u>		<u>\$3,954</u>
25		OTHER OPERATING EXPENSES					
26		MO DNR Fees	\$0	S-26	\$550	100.00%	\$550
27		PSC Assessment	\$0	S-27	\$2,169	100.00%	\$2,169
28		Corporate Registration	\$15	S-28	-\$4	100.00%	\$11
29		Depreciation	\$0	S-29	\$1,952	100.00%	\$1,952
30		TOTAL OTHER OPERATING EXPENSES	<u>\$15</u>		<u>\$4,667</u>		<u>\$4,682</u>
31		TAXES OTHER THAN INCOME					
32		TOTAL TAXES OTHER THAN INCOME	<u>\$0</u>		<u>\$0</u>		<u>\$0</u>
33		TOTAL OPERATING EXPENSES	<u>\$12,568</u>		<u>\$10,659</u>		<u>\$23,227</u>

Lincoln County Sewer Water, LLC (Rockport Sewer)
 Informal Rate/Certification Case
 Tracking Number WA-2012-0018/SA-2012-0019
 Test Year Ending 06-30-2011
 Expense Adjustment Schedule - Sewer

A Expense Adj Number	B Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment
S-2	Management Contract Services / Salary			\$2,085
	1. To include annualized expense (Hanneken)		\$2,085	
S-3	Contract Operations & Repairs / Maintenance			\$60
	1. To annualize maintenance expense (Hanneken)		\$60	
S-4	Electricity - Pumping Treatment			\$190
	1. To annualize electricity expense (Carle)		\$190	
S-5	Chemicals			\$65
	1. To annualize chemical expense (Carle)		\$65	
S-6	Sludge Removal			\$700
	1. To annualize sludge expense (Hanneken)		\$700	
S-9	Outside Services Employed			\$401
	1. To annualize expense for laborer (Hanneken)		\$401	
S-12	Accounting Fees			\$400
	1. To include annualized level of expense (Carle)		\$400	
S-13	Billing & Collections			\$109
	1. To include annualized level of expense (Carle)		\$109	
S-14	Office Supplies			\$30

Lincoln County Sewer Water, LLC (Rockport Sewer)
 Informal Rate/Certification Case
 Tracking Number WA-2012-0018/SA-2012-0019
 Test Year Ending 06-30-2011
 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
	1. To include annualized level of expense (Carle)		\$30	
S-15	Postage Expense			\$206
	1. To include annualized level of expense (Carle)		\$206	
S-18	Admin. & Gen. Contract Services / Salary			\$468
	1. To annualize expense (Hanneken)		\$468	
S-19	Legal Fees			-\$27
	1. To normalize legal expense (Hanneken)		-\$27	
S-20	Case Expense			-\$379
	1. To normalize application case expense (Carle)		\$85	
	2. To normalize complaint case expense (Carle)		-\$464	
S-21	Telephone & Pagers			\$80
	1. To include annualized level of expense (Carle)		\$80	
S-22	Vehicle Expense			\$397
	1. To include annualized level of vehicle expense (Hanneken)		\$397	
S-23	Property & Liability Insurance			\$1,207
	1. To include annualized level of expense (Carle)		\$1,207	
S-26	MO DNR Fees			\$550

Lincoln County Sewer Water, LLC (Rockport Sewer)
 Informal Rate/Certification Case
 Tracking Number WA-2012-0018/SA-2012-0019
 Test Year Ending 06-30-2011
 Expense Adjustment Schedule - Sewer

A Expense Adj Number	B Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment
	1. To include annualized level of expense (Carle)		\$550	
S-27	PSC Assessment			\$2,169
	1. To annualize PSC assessment (Carle)		\$2,169	
S-28	Corporate Registration			-\$4
	1. To annualize Sec. of State fee (Carle)		-\$4	
S-29	Depreciation			\$1,952
	1. To Annualize Depreciation		\$1,952	
Total Expense Adjustments				<u>\$10,659</u>

Exhibit No.:
Issue: Accounting Schedules
Witness: MO PSC Auditors
Sponsoring Party: MO PSC Staff
Case No: WA-2012-0018 and SA-2012-0019
Date Prepared: February 9, 2012



MISSOURI PUBLIC SERVICE COMMISSION
UTILITY SERVICES DIVISION
STAFF ACCOUNTING SCHEDULES

LINCOLN COUNTY SEWER & WATER, LLC
(ROCKPORT WATER)

CASE NO. WA-2012-0018 and SA-2012-0019

Jefferson City, Missouri

February 9, 2012

Lincoln County Sewer Water, LLC (Rockport Water)
 Informal Rate/Certification Case
 Tracking Number WA-2012-0018/SA-2012-0019
 Test Year Ending 06-30-2011
 Rate Design Schedule - Water

A	B	C	D	E	F	
Line Number	Description	Account Number (Optional)	Staff Annualized	Customer Charge	Commodity	Percentage Rate
Rev-1	ANNUALIZED REVENUES					
Rev-2	Annualized Rate Revenues	(1)	\$18,600			
Rev-3	Miscellaneous Revenues	(1)	\$421			
Rev-4	TOTAL ANNUALIZED REVENUES		\$19,021			
1	OPERATIONS EXPENSES	(2)				
2	Management Contract Services / Salary		\$2,085	\$0	\$2,085	0.00%
3	Contract Operations		\$1,800	\$0	\$1,800	0.00%
4	Electricity-(Pumping)		\$1,140	\$0	\$1,140	0.00%
5	Testing		\$200	\$0	\$200	0.00%
6	TOTAL OPERATIONS EXPENSE		\$5,225	\$0	\$5,225	
7	MAINTENANCE EXPENSES					
8	Outside Services Employed		\$651	\$0	\$651	0.00%
9	TOTAL MAINTENANCE EXPENSE		\$651	\$0	\$651	
10	CUSTOMER ACCOUNT EXPENSE					
11	Accounting Fees		\$400	\$0	\$400	0.00%
12	Billing & Collections		\$109	\$0	\$109	0.00%
13	Office Supplies		\$29	\$0	\$29	0.00%
14	Postage		\$200	\$0	\$200	0.00%
15	TOTAL CUSTOMER ACCOUNT EXPENSE		\$738	\$0	\$738	
16	ADMINISTRATIVE & GENERAL EXPENSES					
17	Admin. & Gen. Contract Services / Salary		\$1,668	\$0	\$1,668	0.00%
18	Legal Fees		\$26	\$0	\$26	0.00%
19	Case Expense		\$576	\$0	\$576	0.00%
20	Telephones & Pagers		\$80	\$0	\$80	0.00%
21	Vehicle Expense		\$397	\$0	\$397	0.00%
22	Property & Liability Insurance		\$1,061	\$0	\$1,061	0.00%
23	TOTAL ADMINISTRATIVE AND GENERAL		\$3,808	\$0	\$3,808	
24	OTHER OPERATING EXPENSES					
25	PSC Assessment		\$108	\$0	\$108	0.00%
26	Corporate Registration		\$11	\$0	\$11	0.00%
27	Primacy Fees		\$201	\$0	\$201	0.00%
28	Depreciation		\$7,183	\$0	\$7,183	0.00%
29	TOTAL OTHER OPERATING EXPENSES		\$7,503	\$0	\$7,503	
30	TAXES OTHER THAN INCOME					
31	TOTAL TAXES OTHER THAN INCOME		\$0	\$0	\$0	
32	TOTAL OPERATING EXPENSES		\$17,925	\$0	\$17,925	
33	Interest Expense	(3)	\$5,678	\$0	\$5,678	0.00%
34	Return on Equity	(3)	\$4,323	\$0	\$4,323	0.00%
35	Income Taxes	(3)	\$0	\$0	\$0	0.00%
36	TOTAL INTEREST RETURN & TAXES		\$10,001	\$0	\$10,001	
37	TOTAL COST OF SERVICE		\$27,926	\$0	\$27,926	
38	Less: Miscellaneous Revenues		\$421	\$0	\$421	0.00%
39	COST TO RECOVER IN RATES		\$27,505	\$0	\$27,505	
40	INCREMENTAL INCREASE IN RATE REVENUES		\$8,905			
41	PERCENTAGE OF INCREASE		46.82%			

Lincoln County Sewer Water, LLC (Rockport Water)
 Informal Rate/Certification Case
 Tracking Number WA-2012-0018/SA-2012-0019
 Test Year Ending 06-30-2011
 Rate Design Schedule - Water

A	B	C	D	E	E
Line Number	Account Number (Optional)	Staff Annualized	Customer Charge	Commodity	Percentage Rate
42	REQUESTED INCREASE IN REVENUES	\$6,720			

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

Lincoln County Sewer Water, LLC (Rockport Water)
Informal Rate/Certification Case
Tracking Number WA-2012-0018/SA-2012-0019
Test Year Ending 06-30-2011
Rate Base Required Return on Investment Schedule - Water

Line Number	A Rate Base Description	B Dollar Amount	
1	Plant In Service	\$184,249	From Plant Schedule
2	Less Accumulated Depreciation Reserve	\$32,841	From Depreciation Reserve Schedule
3	Net Plant In Service	\$151,408	
4	Other Rate Base Items:	\$0	
	Materials and Supplies Inventory	\$6	
5	Total Rate Base	\$151,414	
6	Total Weighted Rate of Return Including Income Tax	6.61%	From PreTax Return & Taxes Schedule
7	Required Return & Income Tax	\$10,001	

Lincoln County Sewer Water, LLC (Rockport Water)
 Informal Rate/Certification Case
 Tracking Number WA-2012-0018/SA-2012-0019
 Test Year Ending 06-30-2011
 Rate of Return Including Income Tax - Water

	A		B	formulas
1 State Income Tax Rate Statutory / Effective	0.00%	(2)	0.00%	$(1 - (B2 \times .5)) \times A1$
2 Federal Income Tax Rate Statutory / Effective	0.00%	(1) & (2)	0.00%	$(1 - B1) \times A2$
3 Composite Effective Income Tax Rate			0.00%	$B1 + B2$
4 Equity Tax Factor			1.0000	$1 / (1 - B3)$
5 Recommended Weighted Rate of Return on Equity - Common and Preferred			2.86%	From Capital Structure Schedule
6 Weighted Rate of Return on Equity Including Income Tax			2.86%	$B4 \times B5$
7 Recommended Weighted Rate of Return on Debt - Long-Term and Short-Term			3.75%	From Capital Structure Schedule
8 Total Weighted Rate of Return Including Income Tax			6.61%	$B6 + B7$

To Rate Base Schedule

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

Equity Income Required \$0
 & Preliminary Federal Tax

Tax Rate Table

Net Income Range				
Start	End	Tax Rate	Amount in Range	Tax on Range
\$0	\$50,000	15.00%	\$0	\$0
\$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
			\$0	\$0
		Consolidated Tax Rate:		
		Average Tax Rate:		0

Lincoln County Sewer Water, LLC (Rockport Water)
 Informal Rate/Certification Case
 Tracking Number WA-2012-0018/SA-2012-0019
 Test Year Ending 06-30-2011
 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	\$37,854	25.00%	11.42%	2.855%
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	\$113,561	75.00%	5.00%	3.750%
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>\$151,415</u>	<u>100.00%</u>		<u>6.605%</u>

To PreTax Return Rate Schedule

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

Lincoln County Sewer Water, LLC (Rockport Water)
 Informal Rate/Certification Case
 Tracking Number WA-2012-0018/SA-2012-0019
 Test Year Ending 06-30-2011
 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	P-2	\$74	100.00%	\$74
3		TOTAL INTANGIBLE PLANT	\$0		\$74		\$74
4		SOURCE OF SUPPLY PLANT					
5	314.000	Wells and Springs	\$115,212			100.00%	\$115,212
6		TOTAL SOURCE OF SUPPLY PLANT	\$115,212		\$0		\$115,212
7		PUMPING PLANT					
8	325.100	Submersible Pumps	\$61,884	P-8	-\$20,250	100.00%	\$41,634
9		TOTAL PUMPING PLANT	\$61,884		-\$20,250		\$41,634
10		WATER TREATMENT PLANT					
11		TOTAL WATER TREATMENT PLANT	\$0		\$0		\$0
12		TRANSMISSION & DISTRIBUTION PLANT					
13	342.000	Distribution Reservoirs & Standpipes	\$108,583	P-13	-\$81,437	100.00%	\$27,146
14		TOTAL TRANS. & DISTRIBUTION PLANT	\$108,583		-\$81,437		\$27,146
15		GENERAL PLANT					
16	372.100	Office Computer Equipment	\$0	P-16	\$183	100.00%	\$183
17		TOTAL GENERAL PLANT	\$0		\$183		\$183
18		TOTAL PLANT IN SERVICE	\$285,679		-\$101,430		\$184,249

To Rate Base & Depreciation Schedules

Lincoln County Sewer Water, LLC (Rockport Water)
 Informal Rate/Certification Case
 Tracking Number WA-2012-0018/SA-2012-0019
 Test Year Ending 06-30-2011
 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-2	Organization	301.000		\$74
	1. To reclassify expense to capital item (Hanneken)		\$74	
P-8	Submersible Pumps	325.100		-\$20,250
	1. Capacity adjustment for well pump (Merciel & Hanneken)		-\$20,250	
P-13	Distribution Reservoirs & Standpipes	342.000		-\$81,437
	1. Capacity adjustment for storage tank (Merciel & Hanneken)		-\$81,437	
P-16	Office Computer Equipment	372.100		\$183
	1. To include computer, office equipment and software (Carle)		\$183	
Total Plant Adjustments				<u>-\$101,430</u>

Lincoln County Sewer Water, LLC (Rockport Water)
 Informal Rate/Certification Case
 Tracking Number WA-2012-0018/SA-2012-0019
 Test Year Ending 06-30-2011
 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	\$74	0.00%	\$0
3		TOTAL INTANGIBLE PLANT	\$74		\$0
4		SOURCE OF SUPPLY PLANT			
5	314.000	Wells and Springs	\$115,212	2.00%	\$2,304
6		TOTAL SOURCE OF SUPPLY PLANT	\$115,212		\$2,304
7		PUMPING PLANT			
8	325.100	Submersible Pumps	\$41,634	10.00%	\$4,163
9		TOTAL PUMPING PLANT	\$41,634		\$4,163
10		WATER TREATMENT PLANT			
11		TOTAL WATER TREATMENT PLANT	\$0		\$0
12		TRANSMISSION & DISTRIBUTION PLANT			
13	342.000	Distribution Reservoirs & Standpipes	\$27,146	2.50%	\$679
14		TOTAL TRANS. & DISTRIBUTION PLANT	\$27,146		\$679
15		GENERAL PLANT			
16	372.100	Office Computer Equipment	\$183	20.00%	\$37
17		TOTAL GENERAL PLANT	\$183		\$37
18		Total Depreciation	\$184,249		\$7,183

Lincoln County Sewer Water, LLC (Rockport Water)
 Informal Rate/Certification Case
 Tracking Number WA-2012-0018/SA-2012-0019
 Test Year Ending 06-30-2011
 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		TOTAL INTANGIBLE PLANT	<u>\$0</u>		<u>\$0</u>		<u>\$0</u>
4		SOURCE OF SUPPLY PLANT					
5	314.000	Wells and Springs	\$10,827			100.00%	\$10,827
6		TOTAL SOURCE OF SUPPLY PLANT	<u>\$10,827</u>		<u>\$0</u>		<u>\$10,827</u>
7		PUMPING PLANT					
8	325.100	Submersible Pumps	\$22,389	R-8	-\$3,670	100.00%	\$18,719
9		TOTAL PUMPING PLANT	<u>\$22,389</u>		<u>-\$3,670</u>		<u>\$18,719</u>
10		WATER TREATMENT PLANT					
11		TOTAL WATER TREATMENT PLANT	<u>\$0</u>		<u>\$0</u>		<u>\$0</u>
12		TRANSMISSION & DISTRIBUTION PLANT					
13	342.000	Distribution Reservoirs & Standpipes	\$13,179	R-13	-\$9,884	100.00%	\$3,295
14		TOTAL TRANS. & DISTRIBUTION PLANT	<u>\$13,179</u>		<u>-\$9,884</u>		<u>\$3,295</u>
15		GENERAL PLANT					
16	372.100	Office Computer Equipment	\$0			100.00%	\$0
17		TOTAL GENERAL PLANT	<u>\$0</u>		<u>\$0</u>		<u>\$0</u>
18		TOTAL DEPRECIATION RESERVE	<u>\$46,395</u>		<u>-\$13,554</u>		<u>\$32,841</u>

To Rate Base Schedule

Lincoln County Sewer Water, LLC (Rockport Water)
 Informal Rate/Certification Case
 Tracking Number WA-2012-0018/SA-2012-0019
 Test Year Ending 06-30-2011
 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
R-8	Submersible Pumps	325.100		-\$3,670
	1. Capacity adjustment for well pump (Merciel & Hanneken)		-\$3,670	
R-13	Distribution Reservoirs & Standpipes	342.000		-\$9,884
	1. Capacity adjustment for storage tank (Merciel & Hanneken)		-\$9,884	
Total Reserve Adjustments				<u><u>-\$13,554</u></u>

Lincoln County Sewer Water, LLC (Rockport Water)
 Informal Rate/Certification Case
 Tracking Number WA-2012-0018/SA-2012-0019
 Test Year Ending 06-30-2011
 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	\$15,096	Rev-2	\$3,504	100.00%	\$18,600
Rev-3		Miscellaneous Revenues	\$2,808	Rev-3	-\$2,387	100.00%	\$421
Rev-4		TOTAL ANNUALIZED REVENUES	\$17,904		\$1,117		\$19,021

Lincoln County Sewer Water, LLC (Rockport Water)
 Informal Rate/Certification Case
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 Test Year Ending 06-30-2011
 Revenue Adjustment Schedule - Water

<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			\$3,504
	1. To Annualize Rate Revenues		\$3,504	
Rev-3	Miscellaneous Revenues			-\$2,387
	1. To Annualize Miscellaneous Revenues		-\$2,387	
Total Revenue Adjustments				\$1,117

Lincoln County Sewer Water, LLC (Rockport Water)
 Informal Rate/Certification Case
 Tracking Number WA-2012-0018/SA-2012-0019
 Test Year Ending 06-30-2011
 Rate Revenue Feeder Schedule - Water

Line Number	A Description	Residential Non-metered		Total	
		B Amount	C Amount	D Amount	E Amount
1	<u>Customer Charge Revenues:</u>				
2	Customer Number	62		62	
3	Bills Per Year	12			
4	Customer Bills Per year	744		744	
5	Current Customer Charge	<u>\$25.00</u>			
6	Annualized Customer Charge Revenues		\$18,600		\$18,600
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 Water Rate Revenues		<u>\$18,600</u>		<u>\$18,600</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.

Lincoln County Sewer Water, LLC (Rockport Water)
Informal Rate/Certification Case
Tracking Number WA-2012-0018/SA-2012-0019
Test Year Ending 06-30-2011
Miscellaneous Revenues Feeder - Water

Line Number	A Description	B Amount
4	Total Miscellaneous Revenues	<u>\$421</u>

Lincoln County Sewer Water, LLC (Rockport Water)
 Informal Rate/Certification Case
 Tracking Number WA-2012-0018/SA-2012-0019
 Test Year Ending 06-30-2011
 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 Contract Services / Salary	\$0	W-2	\$2,085	100.00%	\$2,085
3		Contract Operations	\$1,800			100.00%	\$1,800
4		Electricity-(Pumping)	\$1,086	W-4	\$54	100.00%	\$1,140
5		Testing	\$200			100.00%	\$200
6		TOTAL OPERATIONS EXPENSE	\$3,086		\$2,139		\$5,225
7		MAINTENANCE EXPENSES					
8		Outside Services Employed	\$550	W-8	\$101	100.00%	\$651
9		TOTAL MAINTENANCE EXPENSE	\$550		\$101		\$651
10		CUSTOMER ACCOUNT EXPENSE					
11		Accounting Fees	\$0	W-11	\$400	100.00%	\$400
12		Billing & Collections	\$0	W-12	\$109	100.00%	\$109
13		Office Supplies	\$6	W-13	\$23	100.00%	\$29
14		Postage	\$0	W-14	\$200	100.00%	\$200
15		TOTAL CUSTOMER ACCOUNT EXPENSE	\$6		\$732		\$738
16		ADMINISTRATIVE & GENERAL EXPENSES					
17		Admin. & Gen. Contract Services / Salary	\$1,200	W-17	\$468	100.00%	\$1,668
18		Legal Fees	\$53	W-18	-\$27	100.00%	\$26
19		Case Expense	\$955	W-19	-\$379	100.00%	\$576
20		Telephones & Pagers	\$0	W-20	\$80	100.00%	\$80
21		Vehicle Expense	\$0	W-21	\$397	100.00%	\$397
22		Property & Liability Insurance	\$0	W-22	\$1,061	100.00%	\$1,061
23		TOTAL ADMINISTRATIVE AND GENERAL	\$2,208		\$1,600		\$3,808
24		OTHER OPERATING EXPENSES					
25		PSC Assessment	\$0	W-25	\$108	100.00%	\$108
26		Corporate Registration	\$15	W-26	-\$4	100.00%	\$11
27		Primacy Fees	\$159	W-27	\$42	100.00%	\$201
28		Depreciation	\$0	W-28	\$7,183	100.00%	\$7,183
29		TOTAL OTHER OPERATING EXPENSES	\$174		\$7,329		\$7,503
30		TAXES OTHER THAN INCOME					
31		TOTAL TAXES OTHER THAN INCOME	\$0		\$0		\$0
32		TOTAL OPERATING EXPENSES	\$6,024		\$11,901		\$17,925

Lincoln County Sewer Water, LLC (Rockport Water)
 Informal Rate/Certification Case
 Tracking Number WA-2012-0018/SA-2012-0019
 Test Year Ending 06-30-2011
 Expense Adjustment Schedule - Water

A Expense Adj Number	B Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment
W-2	Management Contract Services / Salary			\$2,085
	1. To include annualized expense (Hanneken)		\$2,085	
W-4	Electricity-(Pumping)			\$54
	1. To annualize electricity expense (Carle)		\$54	
W-8	Outside Services Employed			\$101
	1. To annualize expense for laborer (Hanneken)		\$101	
W-11	Accounting Fees			\$400
	1. To include annualized level of expense (Carle)		\$400	
W-12	Billing & Collections			\$109
	1. To include annualized level of expense (Carle)		\$109	
W-13	Office Supplies			\$23
	1. To annualize level of expense (Carle)		\$23	
W-14	Postage			\$200
	1. To include annualized level of expense (Carle)		\$200	
W-17	Admin. & Gen. Contract Services / Salary			\$468
	1. To annualize expense (Hanneken)		\$468	
W-18	Legal Fees			-\$27
	1. To normalize legal expense (Hanneken)		-\$27	

Lincoln County Sewer Water, LLC (Rockport Water)
 Informal Rate/Certification Case
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 Test Year Ending 06-30-2011
 Expense Adjustment Schedule - Water

A Expense Adj Number	B Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment
W-19	Case Expense			-\$379
	1. To normalize application case expense (Carle)		\$85	
	2. To normalize complaint case expense (Carle)		-\$464	
W-20	Telephones & Pagers			\$80
	1. To include annualized level of expense (Carle)		\$80	
W-21	Vehicle Expense			\$397
	1. To include annualized level of vehicle expense (Hanneken)		\$397	
W-22	Property & Liability Insurance			\$1,061
	1. To include annualized level of expense (Carle)		\$1,061	
W-25	PSC Assessment			\$108
	1. To annualize PSC Assessment (Carle)		\$108	
W-26	Corporate Registration			-\$4
	1. To annualize Sec. of State fees (Carle)		-\$4	
W-27	Primacy Fees			\$42
	1. To annualize primacy fees (Carle)		\$42	
W-28	Depreciation			\$7,183
	1. To Annualize Depreciation		\$7,183	

Lincoln County Sewer Water, LLC (Rockport Water)
Informal Rate/Certification Case
Tracking Number WA-2012-0018/SA-2012-0019
Test Year Ending 06-30-2011
Expense Adjustment Schedule - Water

A	B	C	D	E
Expense Adj Number	Adjustment Description	Account Number	Adjustment Amount	Total Adjustment
	Total Expense Adjustments			\$11,901

Lincoln County Sewer & Water LLC
SCHEDULE of DEPRECIATION RATES - Attachment B
(WATER Class D)

File No. WA-2012-0018
(consolidated with SA-2012-0019)

NARUC

USOA ACCOUNT NUMBER	ACCOUNT DESCRIPTION	DEPRECIATION RATE	AVERAGE SERVICE LIFE (YEARS)	NET SALVAGE
Source of Supply				
311	Structures & Improvements	2.5%	40	
314	Wells & Springs	2.0%	50	
Pumping Plant				
321	Structures & Improvements	2.5%	40	
325.1	Submersible Pumping Equipment	10.0%	10	
325.2	High Service or Booster Pumping Equip.	6.7%	15	
WaterTreatment Plant				
331	Structures & Improvements	2.5%	40	
332	Water Treatment Equipment	2.9%	35	
Transmission and Distribution				
342	Distribution Reservoirs & Standpipes	2.5%	40	
343	Transmission & Distribution Mains	2.0%	50	
345	Customer Services	2.5%	40	
346	Customer Meters,	10.0%	10	
347	Customer Meter Pits & Installation	2.5%	40	
348	Hydrants	2.0%	50	
General Plant CLASS D				
371	Structures & Improvements	2.5%	40	
372	Office Furniture & Equipment	5.0%	20	
372.1	Office Electronic & Computer Equip.	20.0%	5	
373	Transportation Equipment	13.0%	7	9%
379	Other General Equipment (tools, shop equip., backhoes, trenchers, etc.)	10.0%	10	

Lincoln County Sewer & Water LLC
SCHEDULE of DEPRECIATION RATES - Attachment C
(SEWER Class D)
File No. WA-2012-0018
(consolidated with SA-2012-0019)

<u>ACCOUNT NUMBER</u>	<u>ACCOUNT DESCRIPTION</u>	<u>DEPRECIATION RATE</u>	<u>AVERAGE SERVICE LIFE (YEARS)</u>	<u>NET SALVAGE</u>
COLLECTION PLANT				
352.2	Collection Sewers (Gravity)	2.0%	50	
354	Services	2.0%	50	
PUMPING PLANT				
NA	None			
TREATMENT & DISPOSAL PLANT				
373	Treatment & Disposal Facilities	5.0%	20	
374	Plant Sewers	2.5%	40	
375	Outfall Sewer Lines	2.0%	50	
GENERAL PLANT				
390	Structures & Improvements	2.5%	40	
391	Office Furniture & Equipment	5.0%	20	
391.1	Office Electronic & Computer Equip.	20.0%	5	
392	Transportation Equipment	13.0%	7	9%
393	Other General Equipment (tools, shop equip., backhoes, trenchers, etc.)	10.0%	10	

Lincoln County Sewer & Water LLC
 WA-2012-0018
 Bennington Water

Item	Amount	add for cost of meters	
		customer	commodity
Management Contract Services	\$ 1,648	\$ 824	\$ 824
Contract Operations	\$ 1,800	\$ 450	\$ 1,350
Electricity-Pumping	\$ 1,662	\$ -	\$ 1,662
Testing	\$ 200	\$ -	\$ 200
Outside Services	\$ 514	\$ 257	\$ 257
Accounting Fee	\$ 400	\$ 400	
Billing & Collections	\$ 91	\$ 91	
Office Supplies	\$ 28	\$ 28	
Postage	\$ 162	\$ 162	
Administration & General - Salaries	\$ 1,319	\$ 660	\$ 660
Legal Fees	\$ 26	\$ 26	
Case Expense	\$ 561	\$ 561	\$ -
Telephone & Pagers Expense	\$ 63	\$ 32	\$ 32
Transportation Expense	\$ 380	\$ -	\$ 380
Property & Liability Insurance	\$ 915	\$ 458	\$ 458
Regulatory Commission Expense	\$ 85 0.493%	\$ 14	\$ 49
Corporate Registration	\$ 11	\$ 6	\$ 6
Property Taxes	\$ 69	\$ 10	\$ 59
Depreciation Expense	\$ 5,065	\$ 1,164	\$ 4,305
Interest Expense	\$ 1,453	\$ 218	\$ 1,235
Return on rate base	\$ 1,106	\$ 1,785	\$ 940
total cost of service	\$ 17,558	\$ 7,940	\$ 12,415
less misc revenues	\$ 332		\$ 332
Total Expenses	\$ 17,226 excludes primacy fee	\$ 7,940	\$ 12,083
		0.397	0.603

commodity factor
0.85

6.61%
 49 customers
 175 gallons per day usage

\$ 29.30
flat rate

\$ 13.50
customer charge

\$ 3.86
commodity charge

estimated costs
 \$ 150 meter
 \$ 350 meter setting

Lincoln County Sewer & Water LLC
 WA-2012-0018
 Bennington Sewer

Operations expenses

management contract services/salary	\$1,682
contract operations & repairs/maintenance	\$5,572
electricity - pumping/aeration	\$1,889
chemicals	
sludge removal	\$1,750
outside services employed	\$525
accounting fees	\$400
billing/collection	\$91
office supplies	\$30
postage expense	\$172
admin & general contract svc/salary	\$1,345
legal fees	\$26
case expense	\$562
telephone and pagers	\$64
vehicle expense	\$380
property and liability insurance	\$771
MO DNR fees	\$100
PSC assessment	\$1,748
corporate registration	\$11
depreciation	\$3,154
taxes othe than income	\$69
interest	\$889
return on equity	\$677
total cost of service	\$21,907
less miscellaneous reveueues	\$173
total for rate calculation	\$21,734

\$ 36.22 flat rate per month

50 customers

Lincoln County Sewer & Water LLC
 WA-2012-0018
 Rockport Water

Item	Amount	add for cost of meters	
		customer	commodity
Management Contract Services	\$ 2,085	\$ 1,043	\$ 1,043
Contract Operations	\$ 1,800	\$ 450	\$ 1,350
Electricity-Pumping	\$ 1,140	\$ -	\$ 1,140
Testing	\$ 200	\$ -	\$ 200
Outside Services	\$ 651	\$ 326	\$ 326
Accounting Fee	\$ 400	\$ 400	
Billing & Collections	\$ 109	\$ 109	
Office Supplies	\$ 29	\$ 29	
Postage	\$ 200	\$ 200	
Administration & General - Salaries	\$ 1,668	\$ 834	\$ 834
Legal Fees	\$ 26	\$ 26	
Case Expense	\$ 576	\$ 576	\$ -
Telephone & Pagers Expense	\$ 80	\$ 40	\$ 40
Transportation Expense	\$ 397	\$ -	\$ 397
Property & Liability Insurance	\$ 1,061	\$ 531	\$ 531
Regulatory Commission Expense	\$ 108 0.390%	\$ 6	\$ 57
Corporate Registration	\$ 11	\$ 6	\$ 6
Property Taxes	\$ -	\$ -	\$ -
Depreciation Expense	\$ 7,183	\$ 930	\$ 6,106
Interest Expense	\$ 5,678	\$ 852	\$ 4,826
Return on rate base	\$ 4,323	\$ 615	\$ 3,675
total cost of service	\$ 27,725	\$ 8,747	\$ 20,528
less misc revenues	\$ 421		\$ 421
Total Expenses	\$ 27,304 excludes primacy fee	\$ 8,747	\$ 20,107

commodity factor
0.85

6.61% weighted return
 62 customers
 175 gallons per day usage

\$ 36.70
flat rate

\$ 11.76
customer charge

\$ 5.08
commodity charge

estimated costs
 \$ 150 meter

Lincoln County Sewer & Water LLC
WA-2012-0018
Rockport Sewer

Operations expenses

management contract services/salary	\$2,085
contract operations & repairs/maintenance	\$4,997
electricity - pumping/aeration	\$4,047
chemicals	\$526
sludge removal	\$1,540
outside services employed	\$651
accounting fees	\$400
billing/collection	\$109
office supplies	\$30
postage expense	\$206
admin & general contract svc/salary	\$1,668
legal fees	\$26
case expense	\$576
telephone and pagers	\$80
vehicle expense	\$397
property and liability insurance	\$1,207
MO DNR fees	\$550
PSC assessment	\$2,169
corporate registration	\$11
depreciation	\$1,952
taxes othe than income	\$0
interest	\$1,098
return on equity	\$836
total cost of service	\$25,161
less miscellaneous reveeneues	\$220
total for rate calculation	\$24,941

\$ 33.52 flat rate per month

62 customers

WA-2012-0018
Rockport Service Area

A 54.049 ACRE TRACT OF LAND WITHIN PART OF SECTION 13, TOWNSHIP 48 NORTH, RANGE 1 WEST OF THE 5TH P.M. AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS: COMMENCING AT THE S.E. CORNER OF THE S.W. ¼ OF THE S.E. ¼ OF SECTION 13 THENCE N 00 DEG. 43'00" E 1714.92 FT. TO A POINT; THENCE N 89 DEG. 53'00" W 1267.48 FT. TO A POINT; THENCE S 00 DEG. 53'10" W 233.12 FT. TO A POINT; THENCE S 03 DEG. 39'09" E. 89.67 FT. TO THE POINT OF BEGINNING OF THE TRACT HEREIN DESCRIBED; THENCE S 00 DEG. 53'10" W 430.39 FT. TO A POINT; THENCE N 87 DEG. 37'50" W 2597.90 FT. TO A POINT; THENCE N 01 DEG. 45'10" E 847.18 FT. TO A POINT; THENCE N 82 DEG. 54.23" E 1493.56 FT. TO A POINT; THENCE S 73 DEG. 03'35" E 482.39 FT. TO A POINT; THENCE ALONG A CURVE TO THE LEFT HAVING A RADIUS OF 513.36 FT. AN INCLUDE ANGLE OF 20 DEG. 51'02", AND A CHORD WHICH BEARS S 39 DEG. 34'35" E 185.79 FT., AN ARC DISTANCE OF 186.82 FT. TO A POINT; THENCE S 50 DEG. 00'06" E 585.60 FT. TO A POINT; THENCE ALONG A CURVE TO THE LEFT HAVING A RADIUS OF 608.69 FT., AN INCLUDE ANGLE OF 07 DEG. 41'03", AND A CHORD WHICH BEARS S 53 DEG. 50' 37" E 81.57 FT., AN ARC DISTANCE OF 81.63 FT. TO THE POINT OF THE BEGINNING. ALL AS SHOWN ON A PLAT BY FITCH AND ASSOC.

A 24.220 ACRE TRACT OF LAND WITHIN PART OF SECTION 13 AND PART OF SECTION 24 TOWNSHIP 48 NORTH, RANGE 1 WEST OF THE 5TH P.M. AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS: COMMENCING AT THE S.W. CORNER OF SECTION 13 THENCE N 01 DEG. 45'10" E 910.00 FT. TO A POINT; THENCE S 87 DEG. 37'50" E 474.00 FT. TO THE POINT OF BEGINNING OF THE TRACT HEREIN DESCRIBED; THENCE S 87 DEG. 37'50" E 873.54 FT. TO A POINT; THENCE S 06 DEG. 22'56" W 1117.88 FT. TO A POINT; THENCE N 87 DEG. 24'42" W 1021.40 FT. TO A POINT; THENCE N 13 DEG. 52'10" E 1134.00 FT. TO THE POINT OF THE BEGINNING ALL AS SHOWN ON A PLAT BY FITCH AND ASSOC.

52.64 ACRES, BEING PART OF THE WEST HALF OF SECTION 13, TOWNSHIP 48 NORTH, RANGE 1 WEST, OF THE 5TH P.M. AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS: BEGINNING AT AN OLD STONE, THE WEST QUARTER CORNER OF SECTION 13, TOWNSHIP 48 NORTH, RANGE 1 WEST OF THE 5TH P.M. THENCE WITH THE SECTION LINE, N. 2 DEGREES 21' E., 810.30 FEET TO AN IRON ROD AT THE SOUTH RIGHT OF WAY STATE HIGHWAY "U"; THENCE WITH THE SOUTH RIGHT OF WAY HIGHWAY "U" S., 87 DEGREES 15' E. 1623.15 FEET TO AN IRON ROD. THENCE S. 14 DEG. 30' W. 559.33 FEET TO AN IRON ROD; THENCE S. 78 DEG. 31.27' E. 275.00 FEET TO A POINT AT THE WEST RIGHT OF WAY OF HIGHWAY "U"; THENCE S. 24 DEG. 21.89' W. 798.99 FEET TO A CORNER POST; THENCE S. 84 DEG. 27.26' W. 1491.53 FEET TO AN IRON ROD IN THE SECTION LINE; THENCE WITH THE SECTION LINE, N. 2 DEG. 21' E. 742.32 FEET TO THE PLACE OF BEGINNING CONTAINING IN THE AGGREGATE 52.64 ACRES, MORE OR LESS, AND BEING A PART OF THE WEST HALF OF SECTION 13, T. 48 N. R. 1 W., OF THE 5TH P.M.

A TRACT OF LAND BEING PART OF THE WEST HALF OF SECTION 13, TOWNSHIP 48 NORTH, RANGE 1 WEST OF THE 5TH PRINCIPAL MERIDIAN, AND DESCRIBED AS FOLLOWS: BEGINNING AT AN IRON ROD AT THE SOUTH RIGHT-OF-WAY LINE OF STATE HIGHWAY "U", SAID IRON ROD BEING NORTH 1 DEGREE 05' EAST, 626.7 FEET AND SOUTH 87 DEGREES 15' EAST 1623.15 FEET FROM THE WEST QUARTER CORNER OF SECTION 13, TOWNSHIP 48 NORTH, RANGE 1 WEST OF THE 5TH P.M., THENCE WITH THE RIGHT-OF-WAY, SOUTH 87 DEGREES 10'EAST, 269.95 FEET TO AN IRON ROD; THENCE SOUTH 36 DEGREES 01' EAST 76.5 FEET TO AN IRON ROD; THENCE SOUTH 19 DEGREES 53' WEST, 248.95 FEET TO AN IRON ROD; THENCE NORTH 78 DEGREES 14' WEST, 300.20 FET TO AN IRON ROD; THENCE NORTH 14 DEGREES 30' EAST, 256.6 FEET TO THE PLACE OF BEGINNING, CONTAINING IN THE AGGREGATE 1.987 ACRE, MORE OR LESS.