

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

In the Matter of Missouri Utilities Company)
Small Company Rate Increase.)

Case No. WR-2009-0150

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

COMES NOW the Staff of the Missouri Public Service Commission (Staff), by and through counsel, and for its *Notice of Company/Staff Agreement Regarding Disposition of Small Water Company Revenue Increase Request* (Agreement Notice) states the following to the Missouri Public Service Commission (Commission):

1. On October 23, 2008, the Commission received a Rate Increase Request Letter (Request Letter) from Missouri Utilities Company (MOU or Company).
2. In its Request Letter, MOU requests the Commission allow an increase of 100% in its annual water system operating revenues pursuant to Commission Rule 4 CSR 240-3.050.
3. Upon completion of its investigation of MOU's request, Staff provided the Company and the Office of the Public Counsel (OPC) with various information, as well as Staff's initial recommendations for the resolution of the revenue increase request.
4. Pursuant to negotiations conducted after the receipt by MOU and OPC of the above-referenced information and recommendations, Staff and the Company were able to reach an agreement (Disposition Agreement) regarding the resolution of MOU's request.
5. Included in Appendix A, attached hereto, is a copy of the above-referenced Disposition Agreement, as well as various attachments related to the Disposition Agreement and Staff's investigation of the revenue increase request. Additionally, Appendix A contains affidavits from Staff members that participated in the investigation.

6. The Disposition Agreement reflects an agreed-upon annualized operating revenue increase in the amount of \$170.

7. Pursuant to Rule 3.050, MOU will file tariff sheets on May 26, 2009, seeking to implement the terms of the Disposition Agreement and as required will bear the minimum 45-day effective date of July 10, 2009.

8. MOU is current on its annual report filings, and statements of revenue. The Company is delinquent on Commission Assessment Fees (Assessment) for fiscal years 2000, 2003, 2004, 2005, 2006 and 2007. Staff notes the Receiver paid the Assessment for 2008 and has been making payments for fiscal year 2009. MOU has one other case, SR-2009-0153, pending before the Commission regarding its rate increase request for its waste water system.

WHEREFORE, the Staff respectfully submits this Agreement Notice and the attached Appendix for the Commission's information and consideration in this case and requests that the Commission enter an Order adopting the terms agreed upon by Staff and the Company.

Respectfully submitted,
/s/ Shelley Syler Brueggemann
Shelley Syler Brueggemann
Missouri Bar No. 52173

Attorney for the Staff of the
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102
(573) 526-7393 (Telephone)
(573) 751-9285 (Fax)
shelley.brueggemann@psc.mo.gov (e-mail)

Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 21st day of May 2009.

/s/ Shelley Syler Brueggemann

APPENDIX A

STAFF PARTICIPANT AFFIDAVITS AND DISPOSITION AGREEMENT & ATTACHMENTS

CASE NO. WR-2009-0150

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Staff Participant Affidavits

James M. Russo – Water & Sewer Department

Dana Eaves – Auditing Department

David Williams – Engineering & Management Services Department

Gary Bangert – Engineering & Management Services Department

BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

AFFIDAVIT OF JAMES M. RUSSO

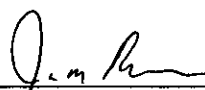
STATE OF MISSOURI)

) SS

CASE NO. WR-2009-0150

COUNTY OF COLE)

COMES NOW James M. Russo, being of lawful age, and on his oath states the following: (1) that he is the Rate and Tariff Examination Supervisor of the Missouri Public Service Commission's Water & Sewer Department; (2) that he participated in the Staff's investigation of the small company rate increase request that is the subject of the instant case; (3) that he was responsible for the preparation of the following *Company/Staff Agreement Regarding Disposition of Small Water Company Revenue Increase Request* ("*Disposition Agreement*"); (4) that he was responsible for the preparation of Attachments A, B, D, E and H to the Disposition Agreement; (5) that he has knowledge of the matters set forth in the Disposition Agreement and the above-referenced attachments thereto; and (6) that the matters set forth in the Disposition Agreement and the above-referenced attachments thereto are true and correct to the best of his knowledge, information and belief.



James M. Russo
Rate & Tariff Examination Supervisor
Water and Sewer Department

Subscribed and sworn to before me this 19th day of May, 2009.


Notary Public

SUSAN L. SUNDERMEYER
My Commission Expires
September 21, 2010
Callaway County
Commission #06942086

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI
AFFIDAVIT OF DANA E. EAVES

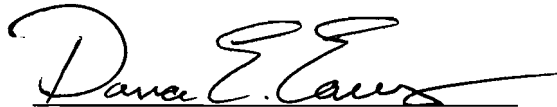
STATE OF MISSOURI

ss.

COUNTY OF COLE

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) Case No. WR-2009-0150
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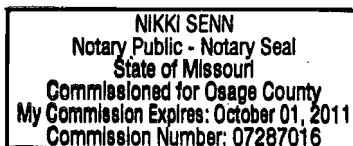
COMES NOW Dana E. Eaves, being of lawful age, and on his oath states the following: (1) that he is an Utility Regulatory Auditor III in the Missouri Public Service Commission's Auditing Department; (2) that he participated in the Staff's investigation of the small company rate increase request that is the subject of the instant case; (3) that he has knowledge of the following *Company/Staff Agreement Regarding Disposition of Small Water Company Revenue Increase Request* ("Disposition Agreement"); (4) that he was responsible for the preparation of Attachment C to the Disposition Agreement; (5) that he has knowledge of the matters set forth in Attachment C to the Disposition Agreement; and (6) that the matters set forth in Attachment C to the Disposition Agreement are true and correct to the best of his knowledge, information, and belief.



Dana E. Eaves

Utility Regulatory Auditor III
Auditing Department

Subscribed and sworn to before me this 18th day of May, 2009.




Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI
AFFIDAVIT OF DAVID WILLIAMS

STATE OF MISSOURI

ss.

COUNTY OF COLE

)
) Case No. WR-2009-0150
)
)

COMES NOW David Williams, being of lawful age, and on his oath states the following: (1) that he is a(n) Utility Engineer Specialist II in the Missouri Public Service Commission's Engineering & Management Services Department; (2) that he participated in the Staff's investigation of the small company rate increase request that is the subject of the instant case; (3) that he has knowledge of the foregoing *Company/Staff Agreement Regarding Disposition of Small Water Company Revenue Increase Request* ("Disposition Agreement"); (4) that he was responsible for the preparation of Attachment F to the Disposition Agreement; (5) that he has knowledge of the matters set forth in Attachment F to the Disposition Agreement; and (6) that the matters set forth in Attachment F to the Disposition Agreement are true and correct to the best of his knowledge, information, and belief.



David Williams

Utility Engineer Specialist II
Engineering & Management
Services Department

Subscribed and sworn to before me this 19th day of May, 2009.

NIKKI SENN
Notary Public - Notary Seal
State of Missouri
Commissioned for Osage County
My Commission Expires: October 01, 2011
Commission Number: 07287016



Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

AFFIDAVIT OF GARY R. BANGERT

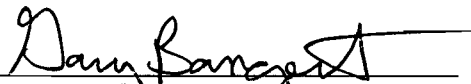
STATE OF MISSOURI

ss.

COUNTY OF COLE

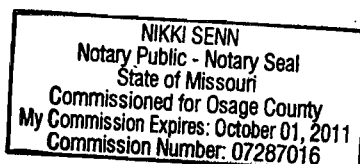
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) Case No. WR-2009-0150
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COMES NOW Gary R. Bangert, being of lawful age, and on his oath states the following: (1) that he is a(n) Utility Management Analyst III in the Missouri Public Service Commission's Engineering & Management Services Department; (2) that he participated in the Staff's investigation of the small company rate increase request that is the subject of the instant case; (3) that he has knowledge of the foregoing *Company/Staff Agreement Regarding Disposition of Small Water Company Revenue Increase Request* ("Disposition Agreement"); (4) that he was responsible for the preparation of Attachment G to the Disposition Agreement; (5) that he has knowledge of the matters set forth in Attachment G to the Disposition Agreement; and (6) that the matters set forth in Attachment G to the Disposition Agreement are true and correct to the best of his knowledge, information, and belief.



Gary R. Bangert
Utility Management Analyst III
Engineering & Management
Services Department

Subscribed and sworn to before me this 18th day of May, 2009.





Notary Public

Company/Staff Disposition Agreement

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

MISSOURI UTILITIES COMPANY

MO PSC CASE NO WR-2009-0150

BACKGROUND

Missouri Utilities Company ("Company") initiated the small company revenue increase request ("Request") for water service that is the subject of the above-referenced Missouri Public Service Commission ("Commission") Case Number by submitting a letter to the Secretary of the Commission in accordance with the provisions of Commission Rule 4 CSR 240-3.050, Small Utility Rate Case Procedure ("Small Company Procedure"). In its request letter, which was received by the Commission on October 23, 2008, the Company set forth its request for an increase of 100% in its total annual water service operating revenues. In its request letter, the Company also acknowledged that the design of its customer rates, its service charges, its customer service practices, its general business practices and its general tariff provisions would be reviewed during the Commission Staff's ("Staff") review of the revenue increase request, and could thus be the subject of Staff recommendations. The Company provides service to approximately 155 customers, the vast majority of which are residential customers.

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

Upon completion of its investigation of the Company's Request, Staff provided the Company and the Office of the Public Counsel ("OPC") with various information regarding the results of the investigation, as well as Staff's initial recommendations for the resolution of the Company's Request.

RESOLUTION OF THE COMPANY'S RATE INCREASE REQUEST

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

- (1) That for the purpose of implementing the agreements set out herein, the Company will file proposed tariff revisions with the Commission containing the rates, charges and language set out in the example tariff sheets attached hereto as Attachment A, with those proposed tariff revisions bearing an effective date of July 10, 2009.
- (2) That except as otherwise noted in the agreements below, the ratemaking income statement attached hereto as Attachment B accurately reflects the Company's annualized revenues generated by its current customer rates, the agreed-upon total annualized cost of service for the Company, and the resulting agreed-upon annualized operating revenue increase of \$170 needed to recover the Company's cost of service.
- (3) That the audit workpapers attached hereto as Attachment C, which include consideration of a capital structure of 51.00% equity for the Company and a return on that equity of 10.47%, accurately reflect the agreed-upon total annualized cost of service for the Company and provide the basis for the ratemaking income statement referenced in item (2) above.
- (4) That the rates set out in the attached example tariff sheets, the development of which is shown on the rate design worksheet attached hereto as Attachment D, are designed to generate revenues sufficient to recover the agreed-upon total annualized cost of service for the Company.
- (5) That the rates included in the attached example tariff sheets will result in the residential customer impacts shown on the billing comparison worksheet attached hereto as Attachment E.
- (6) That the rates included in the attached example tariff sheets are just and reasonable, and that the provisions of the attached example tariff sheets also properly reflect all other agreements set out herein, where necessary.
- (7) That the schedule of depreciation rates attached hereto as Attachment F, which includes the depreciation rates used by Staff in its revenue requirement analysis, should be the prescribed schedule of water plant depreciation rates for the Company.
- (8) The Company will maintain all of its financial records in accordance with the Commission's Uniform System of Accounts ("USOA").
- (9) Within thirty (30) days of the effective date of an order approving this Company/Staff Disposition Agreement, the Company will implement the

recommendations contained in the Engineering & Management Services Department (“EMSD”) Report. These recommendations include the following

- a. Develop and distribute to all current and future customers written information specifying the rights and responsibilities of the Company and its customers.
- b. Require a signed customer application prior to service being provided by the Company as provided in its tariff. The Company’s customer application shall include the date and the customer’s signature indicating that the customer agrees to abide by the Company’s rates, rules and regulations and applicable state statutes.
- c. Implement a procedure under which the Company charges its customers the “turn on” and “turn off” fees in a consistent and equitable manner. The procedure shall adhere to the Company’s tariff Sheet No. 5.
- d. Develop and implement a process to ensure all customer complaints received by Company personnel are documented and maintained for at least two (2) years. Documentation shall include the customer name, address, nature of the complaint, date of occurrence, as well as an explanation of what the Company has done to address the complaint.

(10) Within six (6) months of the effective date of an order approving this Disposition Agreement, the Company will implement the recommendations contained in the Engineering & Management Services Department (“EMSD”) Report. These recommendations include the following:

- a. Establish and implement a policy regarding the collection of delinquent accounts and consistently apply the policy to all customers.

(11) The Company will mail its customers a written notice of the rates and charges included in its proposed tariff revisions within fifteen (15) days or during its next billing cycle after the issuance of the Commission Order approving the terms of this Company/Staff Disposition Agreement. The notice will include a summary of the impact of the proposed rates on an average residential customer's bill. When the Company mails the notice to its customers, it will also send a copy to Staff Case Coordinator who will file a copy in the subject case file.

(12) That Staff will conduct follow-up reviews of the Company's operations to ensure that the Company has complied with the provisions of this Company/Staff Disposition Agreement.

(13) That Staff may file a formal complaint against the Company, if the Company does not comply with the provisions of this Company/Staff Disposition Agreement.

(14) That the Company agrees that it has read the foregoing Company/Staff Agreement Regarding Disposition of Small Water Company Revenue Increase Request; that upon the Company's best knowledge and belief the facts stated therein are true; that the foregoing conditions accurately reflect the agreement reached between the Company and Staff; and that the Company freely and voluntarily enters into this agreement.

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

ADDITIONAL MATTERS

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

The Company has filed the annual report for only the 2007 and 2008 calendar years. The Company is delinquent on the Missouri Public Service Commission Assessment Fees ("Assessment") for fiscal years 2000, 2003, 2004, 2005, 2006 and 2007. The Receiver paid the Assessment for fiscal year 2008 and has been making payments for fiscal year 2009.

The Company and Staff acknowledge that they have previously agreed to an extension of the normal "Day-150" date by which an agreement regarding the resolution of a small company revenue increase request is to be reached because the initial customer notice did not meet the requirements of 4 CSR 240-3.050 (7). A copy of the extension agreement can be found in the EFIS docket for this case.


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

The Company acknowledges that Staff will be filing this Company/Staff Disposition Agreement and the attachments hereto, in the existing case after the Company files the proposed tariff revisions mandated by this agreement. The Company also acknowledges that Staff may make other filings in this case.

EFFECTIVE DATE AND SIGNATURES

This Disposition Agreement shall be considered effective as of the date that the Company files the proposed tariff revisions required herein with the Commission.


Agreement Signed and Dated:



Gary V. Cover
Receiver
Missouri Utilities Corporation

5-14-09

Date



James Busch
Manager
Water & Sewer Department
Missouri Public Service Commission Staff

5-20-09

Date

List of Attachments

- Attachment A - Example Tariff Sheets
- Attachment B - Ratemaking Income Statement
- Attachment C - Audit Workpapers
- Attachment D - Rate Design Worksheet
- Attachment E - Billing Comparison Worksheet
- Attachment F - Schedule of Depreciation Rates
- Attachment G - EMSD Report
- Attachment H - Summary of Events

Agreement Attachment A

Example Tariff Sheets

P.S.C. MO. No. 1

1st Revised Sheet No. 4

Canceling Original Sheet No. 4

Missouri Utilities

For Part of Unincorporated Pettis County

Name of Issuing Corporation

RULES GOVERNING RENDERING OF
WATER SERVICE

SCHEDULE OF RATES

Availability: Water service is available to customers adjacent to the company's mains, where the mains are suitable for providing the service requested.

Flat rates for unmetered customers,

Water – mobile homes in parks and apartments	\$6.34/ month	+
single family units	\$ 7.92/ month	+
Commercial.....	\$ 14.24/ month	+

And metered rates:

Water – minimum plus the usage charge

5/8 inch meter minimum (to include 4500 gal.)	\$6.34	+
3/4 inch meter minimum (to include 6000 gal.)	\$7.92	+
1 inch meter minimum (to include 12000 gal.)	\$14.24	+
Plus a usage charge of \$1.05/ thousand over the minimum...		+

*Indicates New Rate or Text

+Indicates Change

DATE OF ISSUE May 26, 2009 DATE EFFECTIVE July 10, 2009
Issued by: Gary V. Cover, Receiver P.O. Box 506 Clinton MO 64735
Name of Officer Title Address

P.S.C. MO. No. 1

1st Revised Sheet No. 5

Canceling Original Sheet No. 5

Missouri Utilities

For Part of Unincorporated Pettis County

Name of Issuing Corporation

RULES GOVERNING RENDERING OF
WATER SERVICE

SCHEDULE OF SERVICE CHARGE

The service connection charge (water only) -

Materials only, customers does installation/excavation\$175.00

or

materials and company does installation/excavation.....\$325.00

materials include: meter pit and lid, yoke assembly, and corp.
stop/saddle assembly

The construction inspection charge per connection

(water or sewer)\$75.00

Turn on fees during business hours\$15.00

Turn off fees during business hours\$15.00

Turn on fees outside normal business hours\$30.00

Turn off fees outside normal business hours\$30.00

Meter Test fee (see Rule 12 (a)) up to 2" meter\$45.00

Meter Test fee (see Rule 12 (a)) greater than or

equal to 2" meter\$ actual cost

Late Fee..... \$5.00 *

Returned check charge.....\$25.00 +

*Indicates New Rate or Text

+Indicates Change

DATE OF ISSUE May 26, 2009 DATE EFFECTIVE July 10, 2009

Issued by: Gary V. Cover, Receiver P.O. Box 506 Clinton MO 64735

Name of Officer

Title

Address

Agreement Attachment B

Ratemaking Income Statement

MISSOURI UTILITIES

Rate Making Income Statement-Water

Operating Revenues at Current Rates

1	Tariffed Rate Revenues *	\$ 12,898
2	Other Operating Revenues *	\$ -
3	Total Operating Revenues	\$ 12,898
4	* See "Revenues - Current Rates" for Details	

Cost of Service

Item	Amount
1 Pumping Equipment-Purchased Power	\$ 2,362
2 Operator Salary-Contract Services	\$ 3,967
3 Water Treatment -Testing/Laboratory Fees	\$ -
4 Maintenance of Parts/Equipment	\$ -
5 Receivership Fees	\$ 4,395
6 Office Supplies	\$ 10
7 Billing & Collections	\$ 1,487
8 Accounting Fees	\$ 150
9 Customer Refunds	\$ 19
10 Regulatory Commission Expense	\$ 90
11 Miscellaneous General Expenses	\$ 21
12 Sub-Total Operating Expenses	\$ 12,501
13 Property Taxes	\$ -
14 MO Franchise Taxes	\$ -
15 Employer FICA Taxes	\$ -
16 Federal Unemployment Taxes	\$ -
17 State Unemployment Taxes	\$ -
18 State & Federal Income Taxes	\$ 62
19 Sub-Total Taxes	\$ 62
20 Depreciation Expense	\$ 93
21 Interest Expense	\$ 161
22 Sub-Total Depreciation/Amortization	\$ 254
23 Return on Rate Base	\$ 251
24 Total Cost of Service	\$ 13,068
25 Overall Revenue Increase Needed	\$ 170

Agreement Attachment C

Audit Workpapers

Exhibit No.:
Issue: Accounting Schedules
Witness: Dana Eaves
Sponsoring Party: MO PSC Staff
Case No: WR-2009-0150
Date Prepared: January 16, 2009



MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

STAFF ACCOUNTING SCHEDULES

MISSOURI UTILITIES, INC

CASE NO. WR-2009-0150

Jefferson City, Missouri

January 2009

Missouri Utilities, Inc
Informal Rate/Certificate Case
Tracking Number WR-2009-0150
Test Year Ending 06-30-2008
Expense Schedule - Water

Line Number	A Account Number (Optional)	B Expense Description	C Company/ Test Year Amount	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
1		OPERATIONS EXPENSES					
2		Management Salary (1)	\$0			100.00%	\$0
3		Operators Salary/Contract Services (1)	\$4,242	W-3	-\$275	100.00%	\$3,967
4		Electricity-(Pumping)	\$2,602	W-4	-\$240	100.00%	\$2,362
5		Purchased Power - Propane	\$0			100.00%	\$0
6		Chemicals-(Chlorine)	\$0			100.00%	\$0
7		TOTAL OPERATIONS EXPENSE	\$6,844		-\$515		\$6,329
8		MAINTENANCE EXPENSES					
9		Outside Services Employed (1)	\$0			100.00%	\$0
10		Material and Supplies	\$0			100.00%	\$0
11		Vehicle Expense - Fuel	\$0			100.00%	\$0
12		Misc. Supplies	\$0			100.00%	\$0
13		System Maintenance	\$0			100.00%	\$0
14		Repair & Maintenance	\$0			100.00%	\$0
15		Repair & Maint. Road Cut Repairs	\$0			100.00%	\$0
16		Meters and Supplies	\$0			100.00%	\$0
17		Misc Maintenance Expense	\$0			100.00%	\$0
18		TOTAL MAINTENANCE EXPENSE	\$0		\$0		\$0
19		CUSTOMER ACCOUNT EXPENSE					
20		Meter Reading	\$0			100.00%	\$0
21		Accounting Fees	\$0	W-21	\$300	50.00%	\$150
22		Legal Fees	\$0			100.00%	\$0
23		Billing & Collections	\$1,611	W-23	-\$124	100.00%	\$1,487
24		Office Supplies	\$10			100.00%	\$10
25		Postage	\$0			100.00%	\$0
26		Customer Refunds	\$19			100.00%	\$19
27		Uncollectible Accounts	\$0			100.00%	\$0
28		TOTAL CUSTOMER ACCOUNT EXPENSE	\$1,640		\$176		\$1,666
29		ADMINISTRATIVE & GENERAL EXPENSES					
30		Administration & General Salary (1)	\$0			100.00%	\$0
31		Office Utilities	\$0			100.00%	\$0
32		Telephone - Cell Phone	\$0			100.00%	\$0
33		Vehicle Insurance	\$0			100.00%	\$0
34		Vehicle Expense	\$0			100.00%	\$0
35		Medical Insurance	\$0			100.00%	\$0
36		Property & Liability Insurance	\$0			100.00%	\$0
37		Dues and Donations	\$0			100.00%	\$0
38		Building Rent	\$0			100.00%	\$0
39		Training	\$0			100.00%	\$0
40		Receivership Fees - Cover	\$4,132	W-40	\$263	100.00%	\$4,395
41		Other Misc. Expenses	\$21			100.00%	\$21
42		TOTAL ADMINISTRATIVE AND GENERAL	\$4,153		\$263		\$4,416
43		OTHER OPERATING EXPENSES					
44		MO DNR Fees	\$0			100.00%	\$0
45		PSC Assessment	\$105	W-45	-\$15	100.00%	\$90
46		Corporate Registration	\$0			100.00%	\$0
47		Amortization Expense	\$0			100.00%	\$0
48		Depreciation	\$0	W-48	\$93	100.00%	\$93
49		TOTAL OTHER OPERATING EXPENSES	\$105		\$78		\$183
50		TAXES OTHER THAN INCOME					
51		Real & Personal Property Taxes	\$189	W-51	-\$189	100.00%	\$0
52		Payroll Taxes	\$0			100.00%	\$0
53		Sales Tax	\$10	W-53	-\$10	100.00%	\$0
54		TOTAL TAXES OTHER THAN INCOME	\$199		-\$199		\$0

Missouri Utilities, Inc
 Informal Rate/Certificate Case
 Tracking Number WR-2009-0150
 Test Year Ending 06-30-2008
 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
55		TOTAL OPERATING EXPENSES	\$12,941		-\$197		\$12,594

Missouri Utilities, Inc
Informal Rate/Certificate Case
Tracking Number WR-2009-0150
Test Year Ending 06-30-2008
Expense Adjustment Schedule - Water

A Expense Adj Number	B Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment
W-3	Operators Salary/Contract Services (1)			-\$275
	To reflect the annualization of operators fess performed by Larry Castle		-\$275	
W-4	Electricity-(Pumping)			-\$240
	To reflect the annualized level of purchase power expense (electricity).		-\$240	
W-21	Accounting Fees			\$300
	To reflect the normalized level of accounting fees for Taylor, Hoskins & Shaw		\$300	
W-23	Billing & Collections			-\$124
	To reflect the annualized level of billing expense for services provided by Show Me Real Estate Agency		-\$124	
W-40	Receivership Fees - Cover			\$263
	To reflect the annualized level of receivership fees associated with Gary Cover duties.		\$263	
W-45	PSC Assessment			-\$15
	To reflect the current MoPSC fiscal 2009 assessment		-\$15	
W-48	Depreciation			\$93
	1. To Annualize Depreciation		\$93	
W-51	Real & Personal Property Taxes			-\$189
	To reflect current Personal and Real Property Tax for utility property		-\$189	

Missouri Utilities, Inc
 Informal Rate/Certificate Case
 Tracking Number WR-2009-0150
 Test Year Ending 06-30-2008
 Expense Adjustment Schedule - Water

<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>
Expense Adj Number	Adjustment Description	Account Number	Adjustment Amount	Total Adjustment
W-53	Sales Tax			-\$10
	To reflect the elimination of sales tax from expense level MU is not subject to sales tax		-\$10	
	Total Expense Adjustments			-\$197

Missouri Utilities, Inc
Informal Rate/Certificate Case
Tracking Number WR-2009-0150
Test Year Ending 06-30-2008
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	\$12,379	Rev-2	\$519	100.00%	\$12,898
Rev-3		Miscellaneous Revenues	\$0	Rev-3	\$0	100.00%	\$0
Rev-4		TOTAL ANNUALIZED REVENUES	\$12,379		\$519		\$12,898

Missouri Utilities, Inc
Informal Rate/Certificate Case
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Test Year Ending 06-30-2008
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			\$519
	1. To Annualize Rate Revenues		\$519	
Rev-3	Miscellaneous Revenues			\$0
	1. To Annualize Miscellaneous Revenues		\$0	
	Description		\$0	
	Description		\$0	
	Total Revenue Adjustments			\$519

Missouri Utilities, Inc
Informal Rate/Certificate Case
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Test Year Ending 06-30-2008
Rate Revenue Feeder Schedule - Water

Line Number	Description	Residential 5/8"		Mobile Home & Apartments 5/8"	
		B Amount	C Amount	D Amount	E Amount
1	<u>Customer Charge Revenues:</u>				
2	Customer Number	54		102	
3	Bills Per Year	12		12	
4	Customer Bills Per year	648		1,224	
5	Current Customer Charge	\$7.82		\$6.26	
6	Annualized Customer Charge Revenues		\$5,067		\$7,662
7	<u>Commodity Charge Revenues:</u>				
8	Total Gallons Sold	0		0	
9	Less: Base Gallons Included In Customer Charge	0		0	
10	Commodity Gallons	0		0	
11	Block 1, Commodity Gallons per Block	0		0	
12	Block 1, Number of Commodity Gallons per Unit	0		0	
13	Block 1, Commodity Billing Units	0.00		0.00	
14	Block 1, Existing Commodity Charge	\$0.00		\$0.00	
15	Block 1, Annualized Commodity Charge Rev.		\$0		\$0
16	Total Annualized Water Rate Revenues		\$5,067		\$7,662

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.

Missouri Utilities, Inc
Informal Rate/Certificate Case
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Test Year Ending 06-30-2008
Rate Revenue Feeder Schedule - Water

Line Number	A Description	Commercial 2		Total	
		F Amount	G Amount	H Amount	I Amount
1	<u>Customer Charge Revenues:</u>				
2	Customer Number	1		157	
3	Bills Per Year	12			
4	Customer Bills Per year	12		1,884	
5	Current Customer Charge	\$14.06			
6	Annualized Customer Charge Revenues		\$169		\$12,898
7	<u>Commodity Charge Revenues:</u>				
8	Total Gallons Sold	0		0	
9	Less: Base Gallons Included In Customer Charge	0		0	
10	Commodity Gallons	0		0	
11	Block 1, Commodity Gallons per Block	0			
12	Block 1, Number of Commodity Gallons per Unit	0			
13	Block 1, Commodity Billing Units	0.00			
14	Block 1, Existing Commodity Charge	\$0.00			
15	Block 1, Annualized Commodity Charge Rev.		\$0		\$0
16	Total Annualized Water Rate Revenues		\$169		\$12,898

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.

Missouri Utilities, Inc
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Miscellaneous Revenues Feeder - Water

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

Missouri Utilities, Inc
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Test Year Ending 06-30-2008
Rate Design Schedule - Water

Line Number	Description	Account Number (Optional)	C Staff Annualized	D Customer Charge	E Commodity	F Percentage Rate
Rev-1	ANNUALIZED REVENUES					
Rev-2	Annualized Rate Revenues	(1)	\$12,898			
Rev-3	Miscellaneous Revenues	(1)	\$0			
Rev-4	TOTAL ANNUALIZED REVENUES		\$12,898			
1	OPERATIONS EXPENSES	(2)				
2	Management Salary (1)		\$0	\$0	\$0	0.00%
3	Operators Salary/Contract Services (1)		\$3,967	\$0	\$3,967	0.00%
4	Electricity-(Pumping)		\$2,362	\$0	\$2,362	0.00%
5	Purchased Power - Propane		\$0	\$0	\$0	0.00%
6	Chemicals-(Chlorine)		\$0	\$0	\$0	0.00%
7	TOTAL OPERATIONS EXPENSE		\$6,329	\$0	\$6,329	
8	MAINTENANCE EXPENSES					
9	Outside Services Employed (1)		\$0	\$0	\$0	0.00%
10	Material and Supplies		\$0	\$0	\$0	0.00%
11	Vehical Expense - Fuel		\$0	\$0	\$0	0.00%
12	Misc. Supplies		\$0	\$0	\$0	0.00%
13	System Maintenance		\$0	\$0	\$0	0.00%
14	Repair & Maintenance		\$0	\$0	\$0	0.00%
15	Repair & Maint. Road Cut Repairs		\$0	\$0	\$0	0.00%
16	Meters and Supplies		\$0	\$0	\$0	0.00%
17	Misc Maintenance Expense		\$0	\$0	\$0	0.00%
18	TOTAL MAINTENANCE EXPENSE		\$0	\$0	\$0	
19	CUSTOMER ACCOUNT EXPENSE					
20	Meter Reading		\$0	\$0	\$0	0.00%
21	Accounting Fees		\$150	\$0	\$150	0.00%
22	Legal Fees		\$0	\$0	\$0	0.00%
23	Billing & Collections		\$1,487	\$0	\$1,487	0.00%
24	Office Supplies		\$10	\$0	\$10	0.00%
25	Postage		\$0	\$0	\$0	0.00%
26	Customer Refunds		\$19	\$0	\$19	0.00%
27	Uncollectible Accounts		\$0	\$0	\$0	0.00%
28	TOTAL CUSTOMER ACCOUNT EXPENSE		\$1,666	\$0	\$1,666	
29	ADMINISTRATIVE & GENERAL EXPENSES					
30	Administration & General Salary (1)		\$0	\$0	\$0	0.00%
31	Office Utilities		\$0	\$0	\$0	0.00%
32	Telephone - Cell Phone		\$0	\$0	\$0	0.00%
33	Vehicle Insurance		\$0	\$0	\$0	0.00%
34	Vehicle Expense		\$0	\$0	\$0	0.00%
35	Medical Insurance		\$0	\$0	\$0	0.00%
36	Property & Liability Insurance		\$0	\$0	\$0	0.00%
37	Dues and Donations		\$0	\$0	\$0	0.00%
38	Building Rent		\$0	\$0	\$0	0.00%
39	Training		\$0	\$0	\$0	0.00%
40	Receivership Fees - Cover		\$4,395	\$0	\$4,395	0.00%
41	Other Misc. Expenses		\$21	\$0	\$21	0.00%
42	TOTAL ADMINISTRATIVE AND GENERAL		\$4,416	\$0	\$4,416	
43	OTHER OPERATING EXPENSES					
44	MO DNR Fees		\$0	\$0	\$0	0.00%
45	PSC Assessment		\$90	\$0	\$90	0.00%
46	Corporate Registration		\$0	\$0	\$0	0.00%
47	Amortization Expense		\$0	\$0	\$0	0.00%
48	Depreciation		\$93	\$0	\$93	0.00%
49	TOTAL OTHER OPERATING EXPENSES		\$183	\$0	\$183	
50	TAXES OTHER THAN INCOME					
51	Real & Personal Property Taxes		\$0	\$0	\$0	0.00%
52	Payroll Taxes		\$0	\$0	\$0	0.00%

Missouri Utilities, Inc
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Rate Design Schedule - Water

Line Number	A Description	B Account Number (Optional)	C Staff Annualized	D Customer Charge	E Commodity	F Percentage Rate
53	Sales Tax		\$0	\$0	\$0	0.00%
54	TOTAL TAXES OTHER THAN INCOME		\$0	\$0	\$0	
55	TOTAL OPERATING EXPENSES		\$12,594	\$0	\$12,594	
56	Interest Expense	(3)	\$161	\$0	\$161	0.00%
57	Return on Equity	(3)	\$251	\$0	\$251	0.00%
58	Income Taxes	(3)	\$62	\$0	\$62	0.00%
59	TOTAL INTEREST RETURN & TAXES		\$474	\$0	\$474	
60	TOTAL COST OF SERVICE		\$13,068	\$0	\$13,068	
61	Less: Miscellaneous Revenues		\$0	\$0	\$0	0.00%
62	COST TO RECOVER IN RATES		\$13,068	\$0	\$13,068	
63	INCREMENTAL INCREASE IN RATE REVENUES		\$170			
64	PERCENTAGE OF INCREASE		1.32%			
65	REQUESTED INCREASE IN REVENUES		\$0			

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

Missouri Utilities, Inc
Informal Rate/Certificate Case
Tracking Number WR-2009-0150
Test Year Ending 06-30-2008
Rate of Return Including Income Tax - Water

	A	B	formulas
1 State Income Tax Rate Statutory / Effective	6.25% (2)	5.81%	$(1 - (B2 \times .5)) \times A1$
2 Federal Income Tax Rate Statutory / Effective	14.92% (1) & (2)	14.05%	$(1 - B1) \times A2$
3 Composite Effective Income Tax Rate		19.86%	$B1 + B2$
4 Equity Tax Factor		1.2479	$1 / (1 - B3)$
5 Recommended Weighted Rate of Return on Equity - Common and Preferred		5.34%	From Capital Structure Schedule
6 Weighted Rate of Return on Equity Including Income Tax		6.66%	$B4 \times B5$
7 Recommended Weighted Rate of Return on Debt - Long-Term and Short-Term		3.43%	From Capital Structure Schedule
8 Total Weighted Rate of Return Including Income Tax		10.09%	$B6 + B7$

To Rate Base Schedule

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

Equity Income Required \$295
& Preliminary Federal Tax

Tax Rate Table

Net Income Range				
Start	End	Tax Rate	Amount in Range	Tax on Range
\$0	\$50,000	15.00%	\$295	\$44
\$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
			\$295	\$44
Consolidated Tax Rate:				
Average Tax Rate:				0.1492

Missouri Utilities, Inc
 Informal Rate/Certificate Case
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 Test Year Ending 06-30-2008
 Rate Base Required Return on Investment Schedule - Water

Line Number	Rate Base Description	B Dollar Amount	
1	Plant In Service	\$4,715	From Plant Schedule
2	Less Accumulated Depreciation Reserve	\$15	From Depreciation Reserve Schedule
3	Net Plant In Service	\$4,700	
4	Other Rate Base Items:	\$0	
	Contribution in Aid of Construction	\$0	
	CIAC Depreciation	\$0	
5	Total Rate Base	\$4,700	
6	Total Weighted Rate of Return Including Income Tax	10.09%	From PreTax Return & Taxes Schedule
7	Required Return & Income Tax	\$474	

Missouri Utilities, Inc
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Capital Structure Schedule - Water

Line Number	A Description	B Dollar Amount	C Percentage of Total Capital Structure	D Embedded Cost of Capital	E Weighted Cost of Capital
1	Common Stock	\$51	51.00%	10.47%	5.340%
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	\$49	49.00%	7.00%	3.430%
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	\$100	100.00%		8.770%

To PreTax Return Rate Schedule

Missouri Utilities, Inc
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Test Year Ending 06-30-2008
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	\$1,000			100.00%	\$1,000
3	302.000	Franchises	\$0			100.00%	\$0
4		TOTAL INTANGIBLE PLANT	\$1,000		\$0		\$1,000
5		SOURCE OF SUPPLY PLANT					
6	310.000	Land & Land Rights SP	\$0			100.00%	\$0
7	311.000	Structures & Improvements - SSP	\$0	P-7	\$3,715	100.00%	\$3,715
8	312.000	Collection & Impounding Reservoirs	\$0			100.00%	\$0
9	313.000	Lake, River & Other Intakes	\$0			100.00%	\$0
10	314.000	Wells & Springs	\$0			100.00%	\$0
11	315.000	Infiltration Galleries & Tunnels	\$0			100.00%	\$0
12	316.000	Supply Mains	\$0			100.00%	\$0
13		TOTAL SOURCE OF SUPPLY PLANT	\$0		\$3,715		\$3,715
14		PUMPING PLANT					
15	321.000	Structures & Improvements - PP	\$0			100.00%	\$0
16	325.000	Electric Pumping Equipment	\$0			100.00%	\$0
17	326.000	Diesel Pumping Equipment	\$0			100.00%	\$0
18	328.000	Other Pumping Equipment	\$0			100.00%	\$0
19		TOTAL PUMPING PLANT	\$0		\$0		\$0
20		WATER TREATMENT PLANT					
21	330.000	Land & Land Rights-WTP	\$0			100.00%	\$0
22	331.000	Structures & Improvements - WTP	\$0			100.00%	\$0
23	332.000	Water Treatment Equipment	\$0			100.00%	\$0
24		TOTAL WATER TREATMENT PLANT	\$0		\$0		\$0
25		TRANSMISSION & DISTRIBUTION PLANT					
26	340.000	Land & Land Rights-T&D	\$0			100.00%	\$0
27	341.000	Structures & Improvements - T&D	\$0			100.00%	\$0
28	342.000	Distribution Reservoirs & Standpipes	\$0			100.00%	\$0
29	344.000	Fire Mains	\$0			100.00%	\$0
30	345.000	Services	\$0			100.00%	\$0
31	343.000	Transmission & Distribution Mains	\$0			100.00%	\$0
32	346.000	Meters- Bronze Chamber	\$0			100.00%	\$0
33	346.000	Meters- Plastic Chamber	\$0			100.00%	\$0
34	347.000	Meter Installations- Bronze	\$0			100.00%	\$0
35	347.000	Meter Installations- Plastic	\$0			100.00%	\$0
36	348.000	Other Transmission & Distribution Plant	\$0			100.00%	\$0
37	349.000	Hydrants	\$0			100.00%	\$0
38		TOTAL TRANS. & DISTRIBUTION PLANT	\$0		\$0		\$0
39		GENERAL PLANT					
40	370.000	Land & Land Rights-GP	\$0			100.00%	\$0
41	371.000	Structures & Improvements - GP	\$0			100.00%	\$0
42	372.000	Office Furniture & Equipment	\$0			100.00%	\$0
43		Office Computer Equipment	\$0			100.00%	\$0
44	373.000	Transportation Equipment - GP	\$0			100.00%	\$0
45	379.000	Other General Equipment	\$0			100.00%	\$0
46	394.000	Tools, Shop & Garage Equipment	\$0			100.00%	\$0
47	396.000	Power Operated Equipment	\$0			100.00%	\$0
48	398.000	Miscellaneous Equipment	\$0			100.00%	\$0
49		TOTAL GENERAL PLANT	\$0		\$0		\$0
50		TOTAL PLANT IN SERVICE	\$1,000		\$3,715		\$4,715

Missouri Utilities, Inc
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Plant In Service - Water

Line	A Account #	B Plant Account Description	C Total	D Adjustment	E Adjustments	F Jurisdictional	G Adjusted
Number	(Optional)		Plant	Number		Allocation	Jurisdictional

To Rate Base & Depreciation Schedules

Missouri Utilities, Inc
Informal Rate/Certificate Case
Tracking Number WR-2009-0150
Test Year Ending 06-30-2008
Schedule of Adjustments for Plant in Service - Water

<u>A</u> Plant Adjustment Number	<u>B</u> Plant In Service Adjustment Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment
P-7	Structures & Improvements - SSP	311.000		\$3,715
	To reflect repair of the well house by Thomas Construction		\$3,715	
Total Plant Adjustments				\$3,715

Missouri Utilities, Inc
Informal Rate/Certificate Case
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Test Year Ending 06-30-2008
Accumulated Depreciation Reserve - Water

Line Number	A Account Number	B Depreciation Reserve Description	C Total Reserve	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
1		INTANGIBLE PLANT					
2	301.000	Organization	\$0			100.00%	\$0
3	302.000	Franchises	\$0			100.00%	\$0
4		TOTAL INTANGIBLE PLANT	\$0		\$0		\$0
5		SOURCE OF SUPPLY PLANT					
6	310.000	Land & Land Rights SP	\$0			100.00%	\$0
7	311.000	Structures & Improvements - SSP	\$0	R-7	\$15	100.00%	\$15
8	312.000	Collection & Impounding Reservoirs	\$0			100.00%	\$0
9	313.000	Lake, River & Other Intakes	\$0			100.00%	\$0
10	314.000	Wells & Springs	\$0			100.00%	\$0
11	315.000	Infiltration Galleries & Tunnels	\$0			100.00%	\$0
12	316.000	Supply Mains	\$0			100.00%	\$0
13		TOTAL SOURCE OF SUPPLY PLANT	\$0		\$15		\$15
14		PUMPING PLANT					
15	321.000	Structures & Improvements - PP	\$0			100.00%	\$0
16	325.000	Electric Pumping Equipment	\$0			100.00%	\$0
17	326.000	Diesel Pumping Equipment	\$0			100.00%	\$0
18	328.000	Other Pumping Equipment	\$0			100.00%	\$0
19		TOTAL PUMPING PLANT	\$0		\$0		\$0
20		WATER TREATMENT PLANT					
21	330.000	Land & Land Rights-WTP	\$0			100.00%	\$0
22	331.000	Structures & Improvements - WTP	\$0			100.00%	\$0
23	332.000	Water Treatment Equipment	\$0			100.00%	\$0
24		TOTAL WATER TREATMENT PLANT	\$0		\$0		\$0
25		TRANSMISSION & DISTRIBUTION PLANT					
26	340.000	Land & Land Rights-T&D	\$0			100.00%	\$0
27	341.000	Structures & Improvements - T&D	\$0			100.00%	\$0
28	342.000	Distribution Reservoirs & Standpipes	\$0			100.00%	\$0
29	344.000	Fire Mains	\$0			100.00%	\$0
30	345.000	Services	\$0			100.00%	\$0
31	343.000	Transmission & Distribution Mains	\$0			100.00%	\$0
32	346.000	Meters- Bronze Chamber	\$0			100.00%	\$0
33	346.000	Meters- Plastic Chamber	\$0			100.00%	\$0
34	347.000	Meter Installations- Bronze	\$0			100.00%	\$0
35	347.000	Meter Installations- Plastic	\$0			100.00%	\$0
36	348.000	Other Transmission & Distribution Plant	\$0			100.00%	\$0
37	349.000	Hydrants	\$0			100.00%	\$0
38		TOTAL TRANS. & DISTRIBUTION PLANT	\$0		\$0		\$0
39		GENERAL PLANT					
40	370.000	Land & Land Rights-GP	\$0			100.00%	\$0
41	371.000	Structures & Improvements - GP	\$0			100.00%	\$0
42	372.000	Office Furniture & Equipment	\$0			100.00%	\$0
43		Office Computer Equipment	\$0			100.00%	\$0
44	373.000	Transportation Equipment - GP	\$0			100.00%	\$0
45	379.000	Other General Equipment	\$0			100.00%	\$0
46	394.000	Tools, Shop & Garage Equipment	\$0			100.00%	\$0
47	396.000	Power Operated Equipment	\$0			100.00%	\$0
48	398.000	Miscellaneous Equipment	\$0			100.00%	\$0
49		TOTAL GENERAL PLANT	\$0		\$0		\$0

Missouri Utilities, Inc
 Informal Rate/Certificate Case
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 Test Year Ending 06-30-2008
 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
50	TOTAL DEPRECIATION RESERVE		\$0		\$15		\$15

To Rate Base Schedule

Missouri Utilities, Inc
Informal Rate/Certificate Case
Tracking Number WR-2009-0150
Test Year Ending 06-30-2008

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-7	Structures & Improvements - SSP	311.000		\$15
	To reflect depreciation reserve for plant addition thru 10/31/2008		\$15	
Total Reserve Adjustments				\$15

Missouri Utilities, Inc
Informal Rate/Certificate Case
Tracking Number WR-2009-0150
Test Year Ending 06-30-2008
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	\$1,000	0.00%	\$0
3	302.000	Franchises	\$0	0.00%	\$0
4		TOTAL INTANGIBLE PLANT	\$1,000		\$0
5		SOURCE OF SUPPLY PLANT			
6	310.000	Land & Land Rights SP	\$0	0.00%	\$0
7	311.000	Structures & Improvements - SSP	\$3,715	2.50%	\$93
8	312.000	Collection & Impounding Reservoirs	\$0	0.00%	\$0
9	313.000	Lake, River & Other Intakes	\$0	0.00%	\$0
10	314.000	Wells & Springs	\$0	1.67%	\$0
11	315.000	Infiltration Galleries & Tunnels	\$0	0.00%	\$0
12	316.000	Supply Mains	\$0	0.00%	\$0
13		TOTAL SOURCE OF SUPPLY PLANT	\$3,715		\$93
14		PUMPING PLANT			
15	321.000	Structures & Improvements - PP	\$0	0.00%	\$0
16	325.000	Electric Pumping Equipment	\$0	10.00%	\$0
17	326.000	Diesel Pumping Equipment	\$0	0.00%	\$0
18	328.000	Other Pumping Equipment	\$0	0.00%	\$0
19		TOTAL PUMPING PLANT	\$0		\$0
20		WATER TREATMENT PLANT			
21	330.000	Land & Land Rights-WTP	\$0	0.00%	\$0
22	331.000	Structures & Improvements - WTP	\$0	0.00%	\$0
23	332.000	Water Treatment Equipment	\$0	5.00%	\$0
24		TOTAL WATER TREATMENT PLANT	\$0		\$0
25		TRANSMISSION & DISTRIBUTION PLANT			
26	340.000	Land & Land Rights-T&D	\$0	0.00%	\$0
27	341.000	Structures & Improvements - T&D	\$0	10.00%	\$0
28	342.000	Distribution Reservoirs & Standpipes	\$0	2.50%	\$0
29	344.000	Fire Mains	\$0	20.00%	\$0
30	345.000	Services	\$0	10.00%	\$0
31	343.000	Transmission & Distribution Mains	\$0	2.90%	\$0
32	346.000	Meters- Bronze Chamber	\$0	10.00%	\$0
33	346.000	Meters- Plastic Chamber	\$0	0.00%	\$0
34	347.000	Meter Installations- Bronze	\$0	0.00%	\$0
35	347.000	Meter Installations- Plastic	\$0	0.00%	\$0
36	348.000	Other Transmission & Distribution Plant	\$0	0.00%	\$0
37	349.000	Hydrants	\$0	0.00%	\$0
38		TOTAL TRANS. & DISTRIBUTION PLANT	\$0		\$0
39		GENERAL PLANT			
40	370.000	Land & Land Rights-GP	\$0	0.00%	\$0

Missouri Utilities, Inc
Informal Rate/Certificate Case
Tracking Number WR-2009-0150
Test Year Ending 06-30-2008
Depreciation Expense - Water

Line Number	A Account Number	B Plant Account Description	C Adjusted Jurisdictional	D Depreciation Rate	E Depreciation Expense
41	371.000	Structures & Improvements - GP	\$0	0.00%	\$0
42	372.000	Office Furniture & Equipment	\$0	14.30%	\$0
43		Office Computer Equipment	\$0	20.00%	\$0
44	373.000	Transportation Equipment - GP	\$0	0.00%	\$0
45	379.000	Other General Equipment	\$0	0.00%	\$0
46	394.000	Tools, Shop & Garage Equipment	\$0	14.29%	\$0
47	396.000	Power Operated Equipment	\$0	6.70%	\$0
48	398.000	Miscellaneous Equipment	\$0	10.00%	\$0
49		TOTAL GENERAL PLANT	\$0		\$0
50		Total Depreciation	\$4,715		\$93

Agreement Attachment D

Rate Design Worksheet

MISSOURI UTILITIES

Development of Tariffed Rates-Water

Agreement is to increase currently tariffed rates by a percentage equal to the agreed-upon overall revenue increase divided by the revenues generated by the currently tariffed rates.

Revenues Generated by Current Tariffed Rates	\$ 12,898
Agreed-Upon Overall Revenue Increase	\$ 170
Percentage Increase Needed	1.316%

Metered Customer Rates

Customer Type	Current Service Charge	Proposed Service Charge	Current Usage Rate	Proposed Usage Rate
Mobile Home & Apartments	\$ 6.26	\$ 6.34	\$ 1.04	\$ 1.05
Residential	\$ 7.82	\$ 7.92	\$ 1.04	\$ 1.05
Commercial	\$ 14.06	\$ 14.24	\$ 1.04	\$ 1.05

Agreement Attachment E

Billing Comparison Worksheet

MISSOURI UTILITIES

Residential Customer Bill Comparison-Water

Rates for 5/8" Meter

<u>Current Base Customer Charge</u>	<u>Proposed Base Customer Charge</u>	<u>Current Usage Rate</u>	<u>Proposed Usage Rate</u>
\$6.26	\$6.34	\$1.04	\$1.05

current service charge is monthly charge

usage rate is per 1,000 gallons used

MONTHLY BILL COMPARISON

6,000 gallons/month usage

Current Rates

Customer Charge	\$ 6.26
Usage Charge	\$ 6.24
Total Bill	\$ 12.50

Proposed Rates

Customer Charge	\$ 6.34
Usage Charge	\$ 6.32
Total Bill	\$ 12.66

INCREASES

Customer Charge

\$ Increase	\$0.08
% Increase	1.32%

Usage Charge

\$ Increase	\$0.08
% Increase	1.32%

Total Bill

\$ Increase	\$0.16
% Increase	1.32%

Agreement Attachment F

Schedule of Depreciation Rates

MISSOURI UTILITIES COMPANY
DEPRECIATION RATES
(WATER)
WR-2009-0150 Attachment F

<u>ACCOUNT NUMBER</u>	<u>ACCOUNT</u>	<u>DEPRECIATION RATE %</u>	<u>AVERAGE SERVICE LIFE (YEARS)</u>	<u>NET SALVAGE</u>
341	Structures & Improvements	2.5%	40	0%
344	Fire Mains	2.0%	50	0%
345	Services	2.5%	40	0%

Agreement Attachment G

EMSD Report

REPORT OF CUSTOMER SERVICE AND BUSINESS OPERATIONS REVIEW

Engineering and Management Services Department

Small Company Rate Increase Request

Case Nos: WR-2009-0150 and SR-2009-0153

Missouri Utilities Company

Missouri Utilities Company (Missouri Utilities or Company) filed a rate increase request on October 23, 2008, for water and sewer service it provides in its Missouri service area near Sedalia, Missouri. The Engineering and Management Services Department (EMSD) staff initiated an informal review of customer service processes, procedures, and practices at Missouri Utilities in December 2008. This customer service review was done in conjunction with the Company's rate increase request. Prior to on-site interviews, the EMSD staff examined Company tariffs, annual reports, Missouri Public Service Commission (Commission) complaint records, and other documentation related to the Company's customer service operations.

The purpose of the Engineering and Management Services Department is to promote and encourage efficient and effective utility management. This purpose contributes to the Commission's overall mission to ensure that customers receive safe and adequate service at a reasonable cost, while providing utilities the opportunity to earn a fair return on their investment.

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

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

- Meter Reading
- Customer Billing
- Credit and Collections
- Complaints and Inquiries
- Customer Communication

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

Overview

Missouri Utilities Company was certificated to provide water and sewer service on December 24, 1992. Mr. Gary Cover, an attorney with an office in Clinton, Missouri, was appointed as Receiver to manage the Company in September 2006. The Company has approximately 47 customers that are responsible for water and sewer service at 152 locations. Some customers are responsible for a group of mobile homes or apartments that serve multiple families. The business office for Missouri Utilities is located at the business location of Show Me Real Estate Agency in Sedalia, Missouri. Local business office hours are 8:00 – 3:00, Monday, Tuesday, Thursday, and Friday. Customers have 24-hour, 7-day access to Company personnel by calling a telephone number provided on the bill.

Missouri Utilities' staffing includes Mr. Cover, an outside contractor, and an office employee of Show Me Real Estate Agency. Mr. Cover has overall responsibility for policy development and general problem solving. The outside contractor's primary responsibilities include daily system checks, chlorination, collecting samples for monthly water tests, routine maintenance, and responding to customer emergency calls. The office employee is responsible for business office functions including taking new service applications, maintaining customer account records, posting customer bill payments, and responding to customer inquiries and complaints.

Company personnel anticipate minimal future growth in the number of customers served by the Company. Applications for new service are typically from customers moving into existing homes. Customers may call the Company with questions about rules and procedures associated with the provision of service; however, the Company has not prepared written information documenting the rights and responsibilities of the Company and its customers.

Meter Reading

All customers receive service at an unmetered, flat monthly rate. Consequently, no meters are read. The Company stated that there have been no problems with theft of water service.

Customer Billing

The Company uses an Excel spreadsheet to track customers' account information. A Word file is used to prepare and print customer bills. Company personnel stated that bills are usually mailed on or shortly after the 22nd of the month and are due on the 20th of the month.

Customer rates for water and sewer service are provided in the Company's tariffs. Customers' water bills are based on a monthly flat rate of \$6.26 per month for mobile homes and apartments and \$7.82 for single family units. Customers' sewer bills are based on a monthly flat rate of \$6.05 for mobile homes and apartments and \$7.51 for single family units. Customers may either mail their bill payments or pay them in person at the Company business office.

Credit and Collections

The Company informed the EMSD staff that it does not utilize a customer application form for customers to complete when initiating service with it, although required by its tariff, and that it is typically informed by the tenant or the property owner of name changes to service locations. The Company does not collect any customer deposit. The Company was provided information from the previous owner that it possibly had collected deposits from three customers, but the deposit funds were not provided by the owners to the Company.

The EMSD staff was informed by the Company that it does not charge a late charge to delinquent paying accounts; the Company stated that approximately 90% of its accounts pay prior to the delinquent date. The Company adds any balances due to the current month's bill.

After three months of nonpayment, accounts are forwarded to the Company's Receiver for collection. The Company's Receiver stated that collection letters for past due accounts are mailed on his laws firm's stationery; these letters are mailed irregularly. A copy of the Receiver's collection letter is shown on the following page. The Company indicated that it had disconnected for nonpayment no customers in 2006, one customer in 2007 and one customer in 2008. The EMSD staff was informed that the Company does not have the ability to disconnect for nonpayment at all of its locations.

The Company received two returned checks during 2007. The returned checks are provided to the Company's Receiver; the Receiver charges the account a \$25.00 returned check charge and mails a letter requesting payment in full. The \$25.00 returned check fee is not included in the Company's tariff; the Commission's Water and Sewer Department will address

this matter during its revision of the Company's tariffs. The Company's bad debt write-offs are shown in the table below:

Bad Debt Write-Offs	
2006	\$248.77
2007	\$312.40
2008	\$61.32

Source: Missouri Utilities Company

Complaints and Inquiries

Customers with questions or concerns may call the Company contact number appearing on the bill. Business office personnel respond to customer contacts; however, customer complaints and inquiries are not documented. Mr. Cover is occasionally involved in responding to customer concerns.

A review of Commission complaint/inquiry records for the past three years showed three customer contacts in 2006, one in 2007, and one in 2008. The three contacts in 2006 included two sewer customer complaints about billing and one complaint about sewer rates. In 2007, there was one inquiry about water service. The customer contact in 2008 was a billing complaint about water service.

Customer Communication

The Company occasionally communicates to customers by incorporating notes on customers' bills. Letters are used to notify customers about rate case activity. Mr. Cover stated that, occasionally, he corresponds with a customer by e-mail.

Findings, Conclusions, and Recommendations

The following discussion presents a summary of the findings, conclusions, and recommendations pertaining to the Company's customer service operations. The information presented in this section focuses on the following issues that require Company management's attention:

- Customer Rights and Responsibilities Documentation
- Customer Applications
- Delinquent Accounts
- Complaint and Inquiry Documentation

Customer Rights and Responsibilities Documentation

The Company has not prepared written information documenting the rights and responsibilities of the Company and its customers. The development of such information and its prominent display and availability to customers is required by Commission Rule 4 CSR 240-13.040(3) which states:

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

The availability of written information would provide useful facts relating to billing procedures, payment requirements, customer deposits, discontinuance of service, inquiries and complaints, and access to the Company, Commission, and the Office of the Public Counsel. Written information would be a valuable educational resource for new and existing customers.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Develop and distribute to all current and future customers written information specifying the rights and responsibilities of the Company and its customers. This recommendation must be completed within thirty (30) days of the Commission order approving the disposition agreement in Case No. WR-2009-0150. This recommendation must be completed within thirty (30) days of the Commission order approving the disposition agreement in Case No. SR-2009-0153.

Customer Applications

The Company does not collect a signed customer applications from its customers. Applications for Service are addressed in the Company's tariff. Sheet No. 10, Rule 4, (a) states:

A written application for service, signed by the customer, stating the type of service required and accompanied by any other pertinent information, will be required from each customer before service is provided to any unit. Every customer, upon signing an application for any service rendered by the Company, or upon taking of service, shall be considered to have expressed consent to the Company's rate and rules.

The customer application should include the customer's signature that the customer agrees to abide by the Company's rates, rules and regulations and state statutes and the date the document was signed. The signed and dated customer application would provide Missouri Utilities Company more leverage to collect monies owed should the need arise.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Require a signed customer application prior to service being provided by the Company as provided in its tariff. The Company's customer application shall include the date and the customer's signature indicating that the customer agrees to abide by the Company's rates, rules and regulations, and applicable state statutes. This recommendation must be completed within thirty (30) days of the Commission order approving the disposition agreement in Case No. WR-2009-0150. This recommendation must be completed within thirty (30) days of the Commission order approving the disposition agreement in Case No. SR-2009-0153.

Delinquent Accounts

The Company lacks an effective policy regarding collection of delinquent accounts. Staff noted two accounts that are unpaid since September 2008, four unpaid accounts since November 2008 and eleven unpaid accounts for December 2008. The Company's December 2008 total arrearage was \$292.54. Rule 7 of the Company's tariff states:

- (a) The company may discontinue service for any of the following reasons: 1. Nonpayment of a delinquent account not in dispute. . . . (b) The company may discontinue service after notice by first class mail is sent to the customer at least ten (10) days prior to the date of the proposed discontinuance. If written notice is hand delivered to the customer, it shall be done at least ninety six (96) hours prior to discontinuance. Service of notice by mail is complete upon mailing.

With established criteria for the handling of delinquent accounts, the Company would be enabled to take a more consistent and aggressive stance toward discontinuance for nonpayment. This action should result in the Company's more likely collection of revenues in a timely fashion.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Establish and implement a policy regarding the collection of delinquent accounts and consistently apply the policy to all customers.

The Company's charge for "turn off" fees and "turn on" fees for disconnection of nonpayment accounts is inconsistently applied to customers. During the Company's interview with the EMSD staff, the staff was informed that no "turn off" or "turn on" fees were charged on one occasion and "turn on" and "turn off" fees of \$200, instead of over \$800, were once charged. The Company should consistently and fairly apply its "turn off" and "turn on" fees to its customers.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Implement a procedure under which the Company charges its customers the "turn on" and "turn off" fees in a consistent and equitable manner. The procedure should adhere to the Company's tariff Sheet No. 5. This recommendation must be completed within thirty (30) days of the Commission order approving the disposition agreement in Case No. WR-2009-0150. This recommendation must be completed within thirty (30) days of the Commission order approving the disposition agreement in Case No. SR-2009-0153.

Complaint and Inquiry Documentation

The Company does not keep a record of customer contacts involving complaints it receives. This violates Commission rules conveying customer contact documentation requirements that are applicable to water companies contained in Commission Rule 4 CSR 240-13. In the section titled "Inquiries" of 4 CSR 240-13.040(5), it states:

A utility shall maintain records on its customers for at least two (2) years which contain information concerning: ... (B) The number and general description of complaints registered with the utility;

Commission Rule 4 CSR 240-60.010(4) applicable to sewer companies states:

"The utility shall maintain a file of customer complaints received on the service it provides. The file shall include the name and address, as well as the nature of the complaint and date of occurrence. A detailed explanation of what the utility did to correct the trouble which originated the complaint shall be recorded."

The availability of documented customer contact information would enable Company management to evaluate why customers contact the Company, determine if any corrective measures could be taken to reduce customer contacts, and improve customer satisfaction. The availability of documentation regarding customer contacts would also help to show the Company's responsiveness in addressing customer issues.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Develop and implement a process to ensure all customer complaints received by Company personnel are documented and maintained for at least two (2) years. Documentation shall include the customer name, address, nature of the complaint, date of occurrence, as well as an explanation of what the Company has done to address the complaint. This recommendation must be completed within thirty (30) days of the Commission order approving the disposition agreement in Case No. WR-2009-0150. This recommendation must be completed within thirty (30) days of the Commission order approving the disposition agreement in Case No. SR-2009-0153.

Follow-Up

The EMSD staff will conduct follow-ups of all of the EMSD recommendations no later than the deadlines as set out for each EMSD recommendation in the disposition agreement in Case No. WR-2009-0150. The EMSD staff will conduct follow-ups of all of the EMSD recommendations no later than the deadlines as set out for each EMSD recommendation in the disposition agreement in Case No. SR-2009-0153.

Agreement Attachment H

Summary of Case Events

Summary of Case Events
WR-2009-0150

Date Filed	10/23/08
Day 150	3/23/09 5/21/09
Extension?	Yes-60 days
If yes, why?	Amended Customer Notice
Amount Requested	100%
Amount Agreed Upon	\$170
Number of Customers	157
Rate of Return	8.77%
Return on Equity	10.47%
Assessments	\$241.03 due for current year \$110.47 due for 2007 \$952.37 due for 2006 \$928.41 due for 2005 \$626.99 due for 2004 \$0.13 due for 2003 \$285.95 due for 2000
Annual Reports Filed	Yes
Statement of Revenue Filed	Yes
Other Open Cases before Commission	No
Status with Secretary of State	Administratively Dissolved 8/29/06
DNR Violations	No