

Hillshine Manor Water
Informal Rate Case
Case No. WR-2010-0345
Test Year Ending 5/31/2010
Capital Structure Schedule - Water

Line Number	Description	Dollar Amount	Percentage of Total Capital Structure	Embedded Cost of Capital	Weighted Cost of Capital
1	Common Stock	\$15,941	100.00%	9.02%	9.020%
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	\$0	0.00%	0.00%	0.000%
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>\$15,941</u>	<u>100.00%</u>		<u>9.020%</u>

To PreTax Return Rate Schedule

Hillshine Manor Water
Informal Rate Case
Case No. WR-2010-0345
Test Year Ending 5/31/2010
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	\$4,465			100.00%	\$4,465
3		TOTAL INTANGIBLE PLANT	\$4,465		\$0		\$4,465
4		SOURCE OF SUPPLY PLANT					
5		TOTAL SOURCE OF SUPPLY PLANT	\$0		\$0		\$0
6		PUMPING PLANT					
7	321.000	Structures & Improvements - PP	\$6,985	P-7	\$170	100.00%	\$7,155
8	325.000	Electric Pumping Equipment	\$1,015			100.00%	\$1,015
9	328.000	Other Pumping Equipment	\$1,034			100.00%	\$1,034
10		TOTAL PUMPING PLANT	\$9,034		\$170		\$9,204
11		WATER TREATMENT PLANT					
12		TOTAL WATER TREATMENT PLANT	\$0		\$0		\$0
13		TRANSMISSION & DISTRIBUTION PLANT					
14	345.000	Customer Services	\$0	P-14	\$1,168	100.00%	\$1,168
15	346.000	Meters	\$6,352	P-15	\$3,022	100.00%	\$9,374
16	347.000	Meter Installation	\$0	P-16	\$2,141	100.00%	\$2,141
17	348.000	Hydrants	\$0	P-17	\$1,200	100.00%	\$1,200
18		TOTAL TRANS. & DISTRIBUTION PLANT	\$6,352		\$7,531		\$13,883
19		GENERAL PLANT					
20	391.100	Computer & Software	\$213			100.00%	\$213
21	392.000	Transportation Equipment	\$966	P-21	-\$441	100.00%	\$525
22	394.000	Other General Equipment	\$390			100.00%	\$390
23	397.000	Communication Equipment	\$7			100.00%	\$7
24		TOTAL GENERAL PLANT	\$1,576		-\$441		\$1,135
25		TOTAL PLANT IN SERVICE	\$21,427		\$7,260		\$28,687

To Rate Base & Depreciation Schedules

Hillshine Manor Water
Informal Rate Case
Case No. WR-2010-0345
Test Year Ending 5/31/2010
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 - PP	321.000		\$170
	1. To Capitalize Maintenance Expense Proven to be Plant in Service 10/15/2010 (Grissum)		\$170	
P-14	Customer Services	345.000		\$1,168
	1. To Reflect Plant Additions related to Meter Replacements or Installations per R&O in Case No. WR-2006-0286 (Grissum)		\$223	
	2. To Capitalize Maintenance Expense Proven to be Plant in Service 10/15/2010 (Grissum)		\$945	
P-15	Meters	346.000		\$3,022
	1. To Reflect Plant Additions Related to Unpaid Invoices (Grissum)		\$4,143	
	2. To Reclassify Meter Installations to Appropriate FERC Acct. 347 (Robinett)		-\$1,415	
	3. To Reflect Plant Additions related to Meter Replacements or Installations per R&O in Case No. WR-2006-0286 (Grissum)		\$116	
	4. To Capitalize Maintenance Expense Proven to be Plant in Service 10/15/2010 (Grissum)		\$178	
P-16	Meter Installation	347.000		\$2,141
	1. To Reclassify Meter Installations to Appropriate FERC Acct. 347 (Robinett)		\$1,415	
	2. To Capitalize Maintenance Expense Proven to be Plant in Service 10/15/2010 (Grissum)		\$726	

Hillshine Manor Water
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 Schedule of Adjustments for Plant in Service - Water

<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>
Plant Adjustment Number	Plant In Service Adjustment Description	Account Number	Adjustment Amount	Total Adjustment
P-17	Hydrants	348.000		\$1,200
	1. To Reflect Plant Addition Related to Unpaid Invoices (Grissum)		\$1,200	
P-21	Transportation Equipment	392.000		-\$441
	1. To Reallocated Ford F-150 PU based upon usage of truck by each system (Grissum)		-\$441	
Total Plant Adjustments				<u>\$7,260</u>

Hillshine Manor Water
Informal Rate Case
Case No. WR-2010-0345
Test Year Ending 5/31/2010
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	<u>\$4,465</u>	0.00%	<u>\$0</u>
3		TOTAL INTANGIBLE PLANT	<u>\$4,465</u>		<u>\$0</u>
4		SOURCE OF SUPPLY PLANT			
5		TOTAL SOURCE OF SUPPLY PLANT	<u>\$0</u>		<u>\$0</u>
6		PUMPING PLANT			
7	321.000	Structures & Improvements - PP	\$7,155	2.50%	\$179
8	325.000	Electric Pumping Equipment	\$1,015	5.00%	\$51
9	328.000	Other Pumping Equipment	<u>\$1,034</u>	4.00%	<u>\$41</u>
10		TOTAL PUMPING PLANT	<u>\$9,204</u>		<u>\$271</u>
11		WATER TREATMENT PLANT			
12		TOTAL WATER TREATMENT PLANT	<u>\$0</u>		<u>\$0</u>
13		TRANSMISSION & DISTRIBUTION PLANT			
14	345.000	Customer Services	\$1,168	2.50%	\$29
15	346.000	Meters	\$9,374	10.00%	\$937
16	347.000	Meter Installation	\$2,141	2.50%	\$54
17	348.000	Hydrants	<u>\$1,200</u>	2.00%	<u>\$24</u>
18		TOTAL TRANS. & DISTRIBUTION PLANT	<u>\$13,883</u>		<u>\$1,044</u>
19		GENERAL PLANT			
20	391.100	Computer & Software	\$213	1.00%	\$2
21	392.000	Transportation Equipment	\$525	7.00%	\$37
22	394.000	Other General Equipment	\$390	5.00%	\$20
23	397.000	Communication Equipment	<u>\$7</u>	6.70%	<u>\$0</u>
24		TOTAL GENERAL PLANT	<u>\$1,135</u>		<u>\$59</u>
25		Total Depreciation	<u><u>\$28,687</u></u>		<u><u>\$1,374</u></u>

Hillshine Manor Water
Informal Rate Case
Case No. WR-2010-0345
Test Year Ending 5/31/2010
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	\$4,479			100.00%	\$4,479
3		TOTAL INTANGIBLE PLANT	\$4,479		\$0		\$4,479
4		SOURCE OF SUPPLY PLANT					
5		TOTAL SOURCE OF SUPPLY PLANT	\$0		\$0		\$0
6		PUMPING PLANT					
7	321.000	Structures & Improvements - PP	\$595			100.00%	\$595
8	325.000	Electric Pumping Equipment	\$1,180			100.00%	\$1,180
9	328.000	Other Pumping Equipment	\$677			100.00%	\$677
10		TOTAL PUMPING PLANT	\$2,452		\$0		\$2,452
11		WATER TREATMENT PLANT					
12		TOTAL WATER TREATMENT PLANT	\$0		\$0		\$0
13		TRANSMISSION & DISTRIBUTION PLANT					
14	345.000	Customer Services	\$0			100.00%	\$0
15	346.000	Meters	\$3,074	R-15	-\$374	100.00%	\$2,700
16	347.000	Meter Installation	\$0	R-16	\$962	100.00%	\$962
17	348.000	Hydrants	\$0	R-17	\$53	100.00%	\$53
18		TOTAL TRANS. & DISTRIBUTION PLANT	\$3,074		\$641		\$3,715
19		GENERAL PLANT					
20	391.100	Computer & Software	\$249			100.00%	\$249
21	392.000	Transportation Equipment	\$899	R-21	-\$411	100.00%	\$488
22	394.000	Other General Equipment	\$225			100.00%	\$225
23	397.000	Communication Equipment	\$5			100.00%	\$5
24		TOTAL GENERAL PLANT	\$1,378		-\$411		\$967
25		TOTAL DEPRECIATION RESERVE	\$11,383		\$230		\$11,613

To Rate Base Schedule

Hillshine Manor Water
Informal Rate Case
Case No. WR-2010-0345
Test Year Ending 5/31/2010
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-15	Meters	346.000		-\$374
	1. To Reflect Accumulated Depreciation Related to Plant Adjustments (Grissum)		\$509	
	2. To Reclassify Depreciation Reserve Associated with Reclassified Plant (Robinett)		-\$962	
	3. To Reflect Depreciation Reserve related to Meter Replacements or Installations per R&O in Case No. WR-2006-0286 (Grissum)		\$4	
	4. To Reflect Depreciation Reserve associated with Capitalized Maintenance Expense Proven to be Plant in Service 10/15/2010 (Grissum)		\$75	
R-16	Meter Installation	347.000		\$962
	1. To Reclassify Depreciation Reserve Associated with Reclassified Plant (Robinett)		\$962	
R-17	Hydrants	348.000		\$53
	1. To Reflect Accumulated Depreciation Related to Plant Adjustment (Grissum)		\$53	
R-21	Transportation Equipment	392.000		-\$411
	1. To Reallocated Ford F-150 PU based upon usage of truck by each system (Grissum)		-\$411	
Total Reserve Adjustments				\$230

Hillshine Manor Water
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Test Year Ending 5/31/2010
Rate Revenue Feeder Schedule - Water

Line Number	A Description	Residential 3/4"		MMMM 5/8"	
		B Amount	C Amount	D Amount	E Amount
1	<u>Customer Charge Revenues:</u>				
2	Customer Number	33		0	
3	Bills Per Year	12		0	
4	Customer Bills Per year	396		0	
5	Current Customer Charge	<u>\$10.32</u>		<u>\$0.00</u>	
6	Annualized Customer Charge Revenues		\$4,087		\$0
7	<u>Commodity Charge Revenues:</u>				
8	Total Gallons Sold	2,218,918		0	
9	Less: Base Gallons Included In Customer Charge	<u>0</u>		<u>0</u>	
10	Commodity Gallons	2,218,918		0	
11	Block 1, Commodity Gallons per Block	2,218,918		0	
12	Block 1, Number of Commodity Gallons per Unit	<u>1,000</u>		<u>0</u>	
13	Block 1, Commodity Billing Units	2,218.92		0.00	
14	Block 1, Existing Commodity Charge	<u>\$2.00</u>		<u>\$0.00</u>	
15	Block 1, Annualized Commodity Charge Rev.		\$4,438		\$0
16	FFFFF, Commodity Gallons per Block	0		0	
17	FFFFF, Number of Commodity Gallons per Unit	<u>0</u>		<u>0</u>	
18	FFFFF, Commodity Billing Units	0.00		0.00	
19	FFFFF, Existing Commodity Charge	<u>\$0.00</u>		<u>\$0.00</u>	
20	FFFFF, Annualized Commodity Charge Rev.		\$0		\$0
21	VVV, Commodity Gallons per Block	0		0	
22	VVV, Number of Commodity Gallons per Unit	<u>0</u>		<u>0</u>	
23	VVV, Commodity Billing Units	0.00		0.00	
24	VVV, Existing Commodity Charge	<u>\$0.00</u>		<u>\$0.00</u>	
25	VVV, Annualized Commodity Charge Rev.		\$0		\$0
26	FADF, Commodity Gallons per Block	0		0	
27	FADF, Number of Commodity Gallons per Unit	<u>0</u>		<u>0</u>	
28	FADF, Commodity Billing Units	0.00		0.00	
29	FADF, Existing Commodity Charge	<u>\$0.00</u>		<u>\$0.00</u>	
30	FADF, Annualized Commodity Charge Rev.		\$0		\$0
31	Total Annualized Water Rate Revenues		<u>\$8,525</u>		<u>\$0</u>

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 Rate Revenue Feeder Schedule - Water

Line Number	A Description	Residential 3/4"		MMMM 5/8"	
		B Amount	C Amount	D Amount	E Amount

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.

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Rate Revenue Feeder Schedule - Water

Line Number	A Description	GGGG 5/8"		GGGG 5/8"	
		F Amount	G Amount	H Amount	I Amount
1	<u>Customer Charge Revenues:</u>				
2	Customer Number	0		0	
3	Bills Per Year	0		0	
4	Customer Bills Per year	0		0	
5	Current Customer Charge	\$0.00		\$0.00	
6	Annualized Customer Charge Revenues		\$0		\$0
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	FFFFF, Commodity Gallons per Block	0		0	
17	FFFFF, Number of Commodity Gallons per Unit	0		0	
18	FFFFF, Commodity Billing Units	0.00		0.00	
19	FFFFF, Existing Commodity Charge	\$0.00		\$0.00	
20	FFFFF, Annualized Commodity Charge Rev.		\$0		\$0
21	VVV, Commodity Gallons per Block	0		0	
22	VVV, Number of Commodity Gallons per Unit	0		0	
23	VVV, Commodity Billing Units	0.00		0.00	
24	VVV, Existing Commodity Charge	\$0.00		\$0.00	
25	VVV, Annualized Commodity Charge Rev.		\$0		\$0
26	FADF, Commodity Gallons per Block	0		0	
27	FADF, Number of Commodity Gallons per Unit	0		0	
28	FADF, Commodity Billing Units	0.00		0.00	
29	FADF, Existing Commodity Charge	\$0.00		\$0.00	
30	FADF, Annualized Commodity Charge Rev.		\$0		\$0
31	Total Annualized Water Rate Revenues		\$0		\$0

Hillishine Manor Water
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 Rate Revenue Feeder Schedule - Water

Line Number	A Description	GGGG 5/8"		GGGG 5/8"	
		F Amount	G Amount	H Amount	I Amount

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.

Hillshine Manor Water
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Rate Revenue Feeder Schedule - Water

Line Number	A Description	AAAA 5/8"		FFFF 5/8"	
		J Amount	K Amount	L Amount	M Amount
1	<u>Customer Charge Revenues:</u>				
2	Customer Number	0		0	
3	Bills Per Year	0		0	
4	Customer Bills Per year	0		0	
5	Current Customer Charge	<u>\$0.00</u>		<u>\$0.00</u>	
6	Annualized Customer Charge Revenues		\$0		\$0
7	<u>Commodity Charge Revenues:</u>				
8	Total Gallons Sold	0		0	
9	Less: Base Gallons Included In Customer Charge	<u>0</u>		<u>0</u>	
10	Commodity Gallons	0		0	
11	Block 1, Commodity Gallons per Block	0		0	
12	Block 1, Number of Commodity Gallons per Unit	<u>0</u>		<u>0</u>	
13	Block 1, Commodity Billing Units	0.00		0.00	
14	Block 1, Existing Commodity Charge	<u>\$0.00</u>		<u>\$0.00</u>	
15	Block 1, Annualized Commodity Charge Rev.		\$0		\$0
16	FFFFF, Commodity Gallons per Block	0		0	
17	FFFFF, Number of Commodity Gallons per Unit	<u>0</u>		<u>0</u>	
18	FFFFF, Commodity Billing Units	0.00		0.00	
19	FFFFF, Existing Commodity Charge	<u>\$0.00</u>		<u>\$0.00</u>	
20	FFFFF, Annualized Commodity Charge Rev.		\$0		\$0
21	VVV, Commodity Gallons per Block	0		0	
22	VVV, Number of Commodity Gallons per Unit	<u>0</u>		<u>0</u>	
23	VVV, Commodity Billing Units	0.00		0.00	
24	VVV, Existing Commodity Charge	<u>\$0.00</u>		<u>\$0.00</u>	
25	VVV, Annualized Commodity Charge Rev.		\$0		\$0
26	FADF, Commodity Gallons per Block	0		0	
27	FADF, Number of Commodity Gallons per Unit	<u>0</u>		<u>0</u>	
28	FADF, Commodity Billing Units	0.00		0.00	
29	FADF, Existing Commodity Charge	<u>\$0.00</u>		<u>\$0.00</u>	
30	FADF, Annualized Commodity Charge Rev.		\$0		\$0
31	Total Annualized Water Rate Revenues		<u>\$0</u>		<u>\$0</u>

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 Rate Revenue Feeder Schedule - Water

Line Number	A Description	AAAA 5/8"		FFFF 5/8"	
		J Amount	K Amount	L Amount	M Amount

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.

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Rate Revenue Feeder Schedule - Water

Line Number	A Description	Commercial 2"		Total	
		N Amount	Q Amount	P Amount	Q Amount
1	<u>Customer Charge Revenues:</u>				
2	Customer Number	0		33	
3	Bills Per Year	0			
4	Customer Bills Per year	0		396	
5	Current Customer Charge	<u>\$0.00</u>			
6	Annualized Customer Charge Revenues		\$0		\$4,087
7	<u>Commodity Charge Revenues:</u>				
8	Total Gallons Sold	0		2,218,918	
9	Less: Base Gallons Included In Customer Charge	<u>0</u>		0	
10	Commodity Gallons	0		2,218,918	
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		\$4,438
16	FFFFF, Commodity Gallons per Block	0			
17	FFFFF, Number of Commodity Gallons per Unit	<u>0</u>			
18	FFFFF, Commodity Billing Units	0.00			
19	FFFFF, Existing Commodity Charge	<u>\$0.00</u>			
20	FFFFF, Annualized Commodity Charge Rev.		\$0		\$0
21	VVV, Commodity Gallons per Block	0			
22	VVV, Number of Commodity Gallons per Unit	<u>0</u>			
23	VVV, Commodity Billing Units	0.00			
24	VVV, Existing Commodity Charge	<u>\$0.00</u>			
25	VVV, Annualized Commodity Charge Rev.		\$0		\$0
26	FADF, Commodity Gallons per Block	0			
27	FADF, Number of Commodity Gallons per Unit	<u>0</u>			
28	FADF, Commodity Billing Units	0.00			
29	FADF, Existing Commodity Charge	<u>\$0.00</u>			
30	FADF, Annualized Commodity Charge Rev.		\$0		\$0
31	Total Annualized Water Rate Revenues		<u>\$0</u>		<u>\$8,525</u>

Hillshine Manor Water
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Rate Revenue Feeder Schedule - Water

Line Number	A Description	Commercial 2"		Total	
		N Amount	O Amount	P Amount	Q Amount

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.

Hillshine Manor Water
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Test Year Ending 5/31/2010
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)	\$599	W-2	\$137	100.00%	\$736
3		Hourly Employees	\$2,430	W-3	-\$2,093	100.00%	\$337
4		Contract Operator - Franklin County Lab	\$335	W-4	\$4,415	100.00%	\$4,750
5		Electricity-(Pumping)	\$710	W-5	-\$254	100.00%	\$456
6		TOTAL OPERATIONS EXPENSE	\$4,074		\$2,205		\$6,279
7		MAINTENANCE EXPENSES					
8		Outside Services Employed - Flynn Drilling (1)	\$0	W-8	\$250	100.00%	\$250
9		System Maintenance	\$2,456	W-9	-\$921	100.00%	\$1,535
10		TOTAL MAINTENANCE EXPENSE	\$2,456		-\$671		\$1,785
11		CUSTOMER ACCOUNT EXPENSE					
12		Legal and Accounting Fees	\$156	W-12	-\$9	100.00%	\$147
13		Billing & Collections	\$53			100.00%	\$53
14		Office Supplies	\$41			100.00%	\$41
15		Postage	\$206	W-15	-\$18	100.00%	\$188
16		TOTAL CUSTOMER ACCOUNT EXPENSE	\$456		-\$27		\$429
17		ADMINISTRATIVE & GENERAL EXPENSES					
18		Telephone & Pagers	\$149	W-18	-\$51	100.00%	\$98
19		Vehicle Insurance	\$0			100.00%	\$0
20		Vehicle Expense	\$151	W-20	-\$39	100.00%	\$112
21		Medical Insurance	\$309	W-21	-\$309	100.00%	\$0
22		Property & Liability Insurance	\$401			100.00%	\$401
23		Building Rent	\$106			100.00%	\$106
24		Other Misc. Expenses	\$21	W-24	-\$5	100.00%	\$16
25		TOTAL ADMINISTRATIVE AND GENERAL	\$1,137		-\$404		\$733
26		OTHER OPERATING EXPENSES					
27		Registration Fees and Lab Sampling	\$110	W-27	-\$98	100.00%	\$12
28		PSC Assessment	\$608	W-28	-\$332	100.00%	\$276
29		Depreciation	\$0	W-29	\$1,099	100.00%	\$1,099
30		TOTAL OTHER OPERATING EXPENSES	\$718		\$669		\$1,387
31		TAXES OTHER THAN INCOME					
32		Real & Personal Property Taxes	\$7	W-32	\$4	100.00%	\$11
33		Payroll Taxes	\$254	W-33	-\$76	100.00%	\$178
34		TOTAL TAXES OTHER THAN INCOME	\$261		-\$72		\$189
35		TOTAL OPERATING EXPENSES	\$9,102		\$1,700		\$10,802

Hillshine Manor Water
Informal Rate Case
Case No. WR-2010-0345
Test Year Ending 5/31/2010
Expense Adjustment Schedule - Water

A Expense Adj Number	B Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment
W-2	Management Salary (1)			\$137
	1. To Annualize Payroll - Salaried Employee (Grissum)		\$137	
W-3	Hourly Employees			-\$2,093
	1. To Annualize Payroll - Hourly Employees (Grissum)		-\$2,093	
W-4	Contract Operator - Franklin County Lab			\$4,415
	1. To Annualize Services Provided by Contract Operator		\$1,375	
	2. To Reflect Staff Adjustment for Contract Operator to make additional site visits, take additional system reads and provide additional labor for all water svstems (Loethen/Grissum)		\$3,040	
W-5	Electricity-(Pumping)			-\$254
	1. Disallowance for Electricity Expense related to Water Losses (Ferguson)		-\$254	
W-8	Outside Services Employed - Flynn Drilling (1)			\$250
	1. To Reflect Annual Inspections to be Performed by Flynn Drilling on Well Pumps (Grissum)		\$250	
W-9	System Maintenance			-\$921
	1. To Capitalize Maintenance Expense (Grissum)		-\$58	
	2. To Remove Maintenance Expense related to Prior Periods (Grissum)		-\$1,853	
	3. To Reflect Maintenance Expense incurred during the Test Year Not Yet Paid (Grissum)		\$1,205	

Hillshine Manor Water
Informal Rate Case
Case No. WR-2010-0345
Test Year Ending 5/31/2010
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
	4. To Remove cost of work now performed by Contract Operator		-\$215	
W-12	Legal and Accounting Fees			-\$9
	1. Disallowance for Accounting Fee incurred outside of the Test Year		-\$9	
W-15	Postage			-\$18
	1. To Annualize Postage Expense		-\$18	
W-18	Telephone & Pagers			-\$51
	1. Disallowance for AT&T Charges Associated with National Search Directory Inc.		-\$14	
	2. To Reallocate Pager Expense from Sewer System to Water System		\$5	
	3. To Remove Cell Phone No Longer Used by Ann Rudy (Grissum)		-\$42	
W-20	Vehicle Expense			-\$39
	1. To Annualize Vehicle Fuel Expense		\$12	
	2. To Reallocate Ford F-150 PU based upon usage of truck by each system (Grissum)		-\$51	
W-21	Medical Insurance			-\$309
	1. To Annualize Employee Healthcare (Grissum)		-\$309	
W-24	Other Misc. Expenses			-\$5
	1. Disallowance for Bank Charges Associated with Insufficient Checks		-\$5	

Hillshine Manor Water
Informal Rate Case
Case No. WR-2010-0345
Test Year Ending 5/31/2010
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-27	Registration Fees and Lab Sampling			-\$98
	1. To Remove DNR Primacy Fees		-\$108	
	2. Allowance for Lab Sampling utilizing DNR Drop Location (Grissum)		\$10	
W-28	PSC Assessment			-\$332
	1. To Reflect Current MoPSC Assessment		-\$332	
W-29	Depreciation			\$1,099
	1. To Annualize Depreciation		\$1,374	
	2. To Remove Depreciation Expense related to CIAC (Grissum)		-\$275	
W-32	Real & Personal Property Taxes			\$4
	1. To Reflect Ford F-150 PU based upon usage of truck by each system (Grissum)		\$4	
W-33	Payroll Taxes			-\$76
	1. To Annualize Payroll Tax - FICA (Grissum)		-\$63	
	2. To Annualize Payroll Tax - SUTA (Grissum)		-\$13	
Total Expense Adjustments				<u>\$1,700</u>

Hillshine Manor Water
 Informal Rate Case
 Case No. WR-2010-0345
 Test Year Ending 5/31/2010
 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	\$7,170	Rev-2	\$1,355	100.00%	\$8,525
Rev-3		Miscellaneous Revenues	\$1,361	Rev-3	-\$900	100.00%	\$461
Rev-4		TOTAL ANNUALIZED REVENUES	\$8,531		\$455		\$8,986

Hillshine Manor Water
 Informal Rate Case
 Case No. WR-2010-0345
 Test Year Ending 5/31/2010
 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			\$1,355
	1. To Annualize Rate Revenues		\$1,355	
Rev-3	Miscellaneous Revenues			-\$900
	1. To Annualize Miscellaneous Revenues		-\$900	
	2. Description		\$0	
Total Revenue Adjustments				<u>\$455</u>

Hillshine Manor Water
Informal Rate Case
Case No. WR-2010-0345
Test Year Ending 5/31/2010
Miscellaneous Revenues Feeder - Water

Line Number	<u>A</u> Description	<u>B</u> Amount
1	Other Revenues - Late Fees	\$461
2	Description of Miscellaneous Revenue Item2	\$0
3	dddd	\$0
4	Total Miscellaneous Revenues	<u>\$461</u>

Exhibit No.:
Issue: Accounting Schedules
Witness: Roberta Grissum
Sponsoring Party: MO PSC Staff
Case No: WR-2010-0345
Date Prepared: 7/19/2010



MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

STAFF ACCOUNTING SCHEDULES

LAKEWOOD HILLS WATER

CASE NO. WR-2010-0345

Jefferson City, Missouri

July 2010

Lakewood Hills Water
Informal Rate Case
Case No. WR-2010-0345
Test Year Ending 5/31/2010
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)	\$39,533			
Rev-3	Miscellaneous Revenues	(1)	\$692			
Rev-4	TOTAL ANNUALIZED REVENUES		\$40,225			
1	OPERATIONS EXPENSES	(2)				
2	Management Salary (1)		\$2,866	\$0	\$2,866	0.00%
3	Hourly Employees		\$1,183	\$0	\$1,183	0.00%
4	Contract Operator - Franklin County Lab		\$9,190	\$0	\$9,190	0.00%
5	Electricity-(Pumping)		\$2,599	\$0	\$2,599	0.00%
6	Chemicals-(Chlorine)		\$578	\$0	\$578	0.00%
7	TOTAL OPERATIONS EXPENSE		\$16,416	\$0	\$16,416	
8	MAINTENANCE EXPENSES					
9	Outside Services Employed - Flynn Drilling (1)		\$250	\$0	\$250	0.00%
10	System Maintenance		\$6,022	\$0	\$6,022	0.00%
11	TOTAL MAINTENANCE EXPENSE		\$6,272	\$0	\$6,272	
12	CUSTOMER ACCOUNT EXPENSE					
13	Legal and Accounting Fees		\$2,533	\$0	\$2,533	0.00%
14	Billing & Collections		\$190	\$0	\$190	0.00%
15	Office Supplies		\$146	\$0	\$146	0.00%
16	Postage		\$665	\$0	\$665	0.00%
17	TOTAL CUSTOMER ACCOUNT EXPENSE		\$3,534	\$0	\$3,534	
18	ADMINISTRATIVE & GENERAL EXPENSES					
19	Telephone & Pagers		\$350	\$0	\$350	0.00%
20	Vehicle Expense		\$395	\$0	\$395	0.00%
21	Medical Insurance		\$0	\$0	\$0	0.00%
22	Property & Liability Insurance		\$1,430	\$0	\$1,430	0.00%
23	Building Rent		\$380	\$0	\$380	0.00%
24	Other Misc. Expenses		\$60	\$0	\$60	0.00%
25	TOTAL ADMINISTRATIVE AND GENERAL		\$2,615	\$0	\$2,615	
26	OTHER OPERATING EXPENSES					
27	Registration Fees & Lab Sampling		\$77	\$0	\$77	0.00%
28	PSC Assessment		\$471	\$0	\$471	0.00%
29	Depreciation		\$5,676	\$0	\$5,676	0.00%
30	TOTAL OTHER OPERATING EXPENSES		\$6,224	\$0	\$6,224	
31	TAXES OTHER THAN INCOME					
32	Real & Personal Property Taxes		\$35	\$0	\$35	0.00%
33	Payroll Taxes		\$657	\$0	\$657	0.00%
34	TOTAL TAXES OTHER THAN INCOME		\$692	\$0	\$692	
35	TOTAL OPERATING EXPENSES		\$35,753	\$0	\$35,753	
36	Interest Expense	(3)	\$0	\$0	\$0	0.00%
37	Return on Equity	(3)	\$7,011	\$0	\$7,011	0.00%
38	Income Taxes	(3)	\$1,746	\$0	\$1,746	0.00%
39	TOTAL INTEREST RETURN & TAXES		\$8,757	\$0	\$8,757	
40	TOTAL COST OF SERVICE		\$44,510	\$0	\$44,510	
41	Less: Miscellaneous Revenues		\$692	\$0	\$692	0.00%
42	COST TO RECOVER IN RATES		\$43,818	\$0	\$43,818	
43	INCREMENTAL INCREASE IN RATE REVENUES		\$4,285			

Lakewood Hills Water
 Informal Rate Case
 Case No. WR-2010-0345
 Test Year Ending 5/31/2010
 Rate Design Schedule - Water

Line Number	A Description	B Account Number (Optional)	C Staff Annualized	D Customer Charge	E Commodity	F Percentage Rate
44	PERCENTAGE OF INCREASE		<u>10.65%</u>			
45	REQUESTED INCREASE IN REVENUES		\$0			

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

Lakewood Hills Water
Informal Rate Case
Case No. WR-2010-0345
Test Year Ending 5/31/2010
Rate Base Required Return on Investment Schedule - Water

Line Number	A Rate Base Description	B Dollar Amount	
1	Plant In Service	\$153,095	From Plant Schedule
2	Less Accumulated Depreciation Reserve	\$74,825	From Depreciation Reserve Schedule
3	Net Plant In Service	\$78,270	
4	Other Rate Base Items:	\$0	
	Contribution in Aid of Construction	-\$900	
	CIAC Depreciation	\$357	
5	Total Rate Base	\$77,727	
6	Total Weighted Rate of Return Including Income Tax	11.27%	From PreTax Return & Taxes Schedule
7	Required Return & Income Tax	\$8,757	

Lakewood Hills Water
Informal Rate Case
Case No. WR-2010-0345
Test Year Ending 5/31/2010
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	15.00% (1) & (2)	14.13%	$(1 - B1) \times A2$
3 Composite Effective Income Tax Rate		19.94%	$B1 + B2$
4 Equity Tax Factor		1.2490	$1 / (1 - B3)$
5 Recommended Weighted Rate of Return on Equity - Common and Preferred		9.02%	From Capital Structure Schedule
6 Weighted Rate of Return on Equity Including Income Tax		11.27%	$B4 \times B5$
7 Recommended Weighted Rate of Return on Debt - Long-Term and Short-Term		0.00%	From Capital Structure Schedule
8 Total Weighted Rate of Return Including Income Tax		11.27%	$B6 + B7$

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

N

To Rate Base Schedule

Equity Income Required \$8,248
& Preliminary Federal Tax

Tax Rate Table

Net Income Range				
Start	End	Tax Rate	Amount in Range	Tax on Range
\$0	\$50,000	15.00%	\$8,248	\$1,237
\$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
			\$8,248	\$1,237
Consolidated Tax Rate:				
Average Tax Rate:				0.15

Lakewood Hills Water
Informal Rate Case
Case No. WR-2010-0345
Test Year Ending 5/31/2010
Capital Structure Schedule - Water

Line Number	Description	Dollar Amount	Percentage of Total Capital Structure	Embedded Cost of Capital	Weighted Cost of Capital
1	Common Stock	\$77,727	100.00%	9.02%	9.020%
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	\$0	0.00%	0.00%	0.000%
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>\$77,727</u>	<u>100.00%</u>		<u>9.020%</u>

To PreTax Return Rate Schedule

Lakewood Hills Water
Informal Rate Case
Case No. WR-2010-0345
Test Year Ending 5/31/2010
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	\$2,400			100.00%	\$2,400
3		TOTAL INTANGIBLE PLANT	\$2,400		\$0		\$2,400
4		SOURCE OF SUPPLY PLANT					
5	310.000	Land & Land Rights SP	\$2,025			100.00%	\$2,025
6		TOTAL SOURCE OF SUPPLY PLANT	\$2,025		\$0		\$2,025
7		PUMPING PLANT					
8	321.000	Structures & Improvements - PP	\$4,073	P-8	\$1,592	100.00%	\$5,665
9	325.000	Electric Pumping Equipment	\$35,661	P-9	\$1,040	100.00%	\$36,701
10		TOTAL PUMPING PLANT	\$39,734		\$2,632		\$42,366
11		WATER TREATMENT PLANT					
12		TOTAL WATER TREATMENT PLANT	\$0		\$0		\$0
13		TRANSMISSION & DISTRIBUTION PLANT					
14	343.000	Transmssion and Distribution Mains	\$48,201	P-14	\$16,241	100.00%	\$64,442
15	345.000	Customer Services	\$350	P-15	\$2,672	100.00%	\$3,022
16	346.000	Meters	\$19,033	P-16	-\$420	100.00%	\$18,613
17	347.000	Meter Installation	\$0	P-17	\$5,126	100.00%	\$5,126
18	348.000	Hydrants	\$8,302	P-18	\$2,528	100.00%	\$10,830
19		TOTAL TRANS. & DISTRIBUTION PLANT	\$75,886		\$26,147		\$102,033
20		GENERAL PLANT					
21	391.100	Computers and Software	\$811			100.00%	\$811
22	392.000	Transportation Equipment	\$4,312	P-22	-\$2,468	100.00%	\$1,844
23	394.000	Other General Plant	\$1,585			100.00%	\$1,585
24	397.000	Communications Equipment	\$31			100.00%	\$31
25		TOTAL GENERAL PLANT	\$6,739		-\$2,468		\$4,271
26		TOTAL PLANT IN SERVICE	\$126,784		\$26,311		\$153,095

To Rate Base & Depreciation Schedules

Lakewood Hills Water
Informal Rate Case
Case No. WR-2010-0345
Test Year Ending 5/31/2010
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-8	Structures & Improvements - PP	321.000		\$1,592
	1. To Capitalize Maintenance Expense Proven to be Plant in Service 10/15/2010 (Grissum)		\$1,592	
P-9	Electric Pumping Equipment	325.000		\$1,040
	1. To Capitalize Maintenance Expense Proven to be Plant in Service 10/15/2010 (Grissum)		\$1,040	
P-14	Transmission and Distribution Mains	343.000		\$16,241
	1. To Reflect Plant Addition Related to Unpaid Invoices (Grissum)		\$1,031	
	2. To Capitalize Maintenance Expense Proven to be Plant in Service 10/15/2010 (Grissum)		\$15,210	
P-15	Customer Services	345.000		\$2,672
	1. To Reflect Plant Additions related to Meter Replacements or Installations per R&O in Case No. WR-2006-0286 (Grissum)		\$188	
	2. To Capitalize Maintenance Expense Proven to be Plant in Service 10/15/2010 (Grissum)		\$2,484	
P-16	Meters	346.000		-\$420
	1. To Reclassify Meter Installations to the Appropriate FERC Acct. 347 (Robinett)		-\$2,377	
	2. To Reflect Plant Additions related to Meter Replacements or Installations per R&O in Case No. WR-2006-0286 (Grissum)		\$1,937	

Lakewood Hills Water
 Informal Rate Case
 Case No. WR-2010-0345
 Test Year Ending 5/31/2010
 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
	3. To Reflect Plant Retirements associated with Capitalized Maintenance Expense Proven to be Plant in Service 10/15/2010 (Grissum)		-\$337	
	4. To Capitalize Maintenance Expense Proven to be Plant in Service 10/15/2010 (Grissum)		\$357	
P-17	Meter Installation	347.000		\$5,126
	1. To Reclassify Meter Installations to the Appropriate FERC Acct. 347 (Robinett)		\$2,377	
	2. To Reflect Plant Additions related to Meter Replacements or Installations per R&O in Case No. WR-2006-0286 (Grissum)		\$198	
	3. To Capitalize Maintenance Expense Proven to be Plant in Service 10/15/2010 (Grissum)		\$2,551	
P-18	Hydrants	348.000		\$2,528
	1. To Capitalize Maintenance Expense Proven to be Plant in Service 10/15/2010 (Grissum)		\$2,528	
P-22	Transportation Equipment	392.000		-\$2,468
	1. To Reallocated Ford F-150 PU based upon usage of truck by each system (Grissum)		-\$2,468	
Total Plant Adjustments				\$26,311

Lakewood Hills Water
Informal Rate Case
Case No. WR-2010-0345
Test Year Ending 5/31/2010
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	<u>\$2,400</u>	0.00%	<u>\$0</u>
3		TOTAL INTANGIBLE PLANT	<u>\$2,400</u>		<u>\$0</u>
4		SOURCE OF SUPPLY PLANT			
5	310.000	Land & Land Rights SP	<u>\$2,025</u>	0.00%	<u>\$0</u>
6		TOTAL SOURCE OF SUPPLY PLANT	<u>\$2,025</u>		<u>\$0</u>
7		PUMPING PLANT			
8	321.000	Structures & Improvements - PP	\$5,665	2.50%	\$142
9	325.000	Electric Pumping Equipment	<u>\$36,701</u>	5.00%	<u>\$1,835</u>
10		TOTAL PUMPING PLANT	<u>\$42,366</u>		<u>\$1,977</u>
11		WATER TREATMENT PLANT			
12		TOTAL WATER TREATMENT PLANT	<u>\$0</u>		<u>\$0</u>
13		TRANSMISSION & DISTRIBUTION PLANT			
14	343.000	Transmission and Distribution Mains	\$64,442	2.00%	\$1,289
15	345.000	Customer Services	\$3,022	2.50%	\$76
16	346.000	Meters	\$18,613	10.00%	\$1,861
17	347.000	Meter Installation	\$5,126	2.50%	\$128
18	348.000	Hydrants	<u>\$10,830</u>	2.00%	<u>\$217</u>
19		TOTAL TRANS. & DISTRIBUTION PLANT	<u>\$102,033</u>		<u>\$3,571</u>
20		GENERAL PLANT			
21	391.100	Computers and Software	\$811	1.00%	\$8
22	392.000	Transportation Equipment	\$1,844	7.00%	\$129
23	394.000	Other General Plant	\$1,585	5.00%	\$79
24	397.000	Communications Equipment	<u>\$31</u>	6.70%	<u>\$2</u>
25		TOTAL GENERAL PLANT	<u>\$4,271</u>		<u>\$218</u>
26		Total Depreciation	<u><u>\$153,095</u></u>		<u><u>\$5,766</u></u>

Lakewood Hills Water
Informal Rate Case
Case No. WR-2010-0345
Test Year Ending 5/31/2010
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	\$2,420			100.00%	\$2,420
3		TOTAL INTANGIBLE PLANT	\$2,420		\$0		\$2,420
4		SOURCE OF SUPPLY PLANT					
5	310.000	Land & Land Rights SP	\$0			100.00%	\$0
6		TOTAL SOURCE OF SUPPLY PLANT	\$0		\$0		\$0
7		PUMPING PLANT					
8	321.000	Structures & Improvements - PP	\$673	R-8	\$94	100.00%	\$767
9	325.000	Electric Pumping Equipment	\$33,272			100.00%	\$33,272
10		TOTAL PUMPING PLANT	\$33,945		\$94		\$34,039
11		WATER TREATMENT PLANT					
12		TOTAL WATER TREATMENT PLANT	\$0		\$0		\$0
13		TRANSMISSION & DISTRIBUTION PLANT					
14	343.000	Transmission and Distribution Mains	\$6,481	R-14	\$840	100.00%	\$7,321
15	345.000	Customer Services	\$71			100.00%	\$71
16	346.000	Meters	\$25,141	R-16	-\$3,048	100.00%	\$22,093
17	347.000	Meter Installation	\$0	R-17	\$3,372	100.00%	\$3,372
18	348.000	Hydrants	\$1,750	R-18	\$143	100.00%	\$1,893
19		TOTAL TRANS. & DISTRIBUTION PLANT	\$33,443		\$1,307		\$34,750
20		GENERAL PLANT					
21	391.100	Computers and Software	\$953			100.00%	\$953
22	392.000	Transportation Equipment	\$4,014	R-22	-\$2,298	100.00%	\$1,716
23	394.000	Other General Plant	\$929			100.00%	\$929
24	397.000	Communications Equipment	\$18			100.00%	\$18
25		TOTAL GENERAL PLANT	\$5,914		-\$2,298		\$3,616
26		TOTAL DEPRECIATION RESERVE	\$75,722		-\$897		\$74,825

To Rate Base Schedule

Lakewood Hills Water
 Informal Rate Case
 Case No. WR-2010-0345
 Test Year Ending 5/31/2010
 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	Structures & Improvements - PP	321.000		\$94
	1. To Reflect Depreciation Reserve associated with Capitalized Maintenance Expense Proven to be Plant in Service 10/15/2010 (Grissum)		\$94	
R-14	Transmission and Distribution Mains	343.000		\$840
	1. To Reflect Accumulated Depreciation Related to Plant Adjustments (Grissum)		\$38	
	2. To Reflect Depreciation Reserve associated with Capitalized Maintenance Expense Proven to be Plant in Service 10/15/2010 (Grissum)		\$802	
R-16	Meters	346.000		-\$3,048
	1. To Reclassify Depreciation Reserve Associated with Reclassified Plant (Robinett)		-\$3,372	
	2. To Reflect Depreciation Reserve related to Meter Replacements or Installations per R&O in Case No. WR-2006-0286 (Grissum)		\$576	
	3. To Reflect Plant Retirements associated with Capitalized Maintenance Expense Proven to be Plant in Service 10/15/2010 (Grissum)		-\$337	
	4. To Reflect Depreciation Reserve associated with Capitalized Maintenance Expense Proven to be Plant in Service 10/15/2010 (Grissum)		\$85	
R-17	Meter Installation	347.000		\$3,372

Lakewood Hills Water
Informal Rate Case
Case No. WR-2010-0345
Test Year Ending 5/31/2010
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
	1. To Reclassify Depreciation Reserve Associated with Reclassified Plant (Robinett)		\$3,372	
R-18	Hydrants	348.000		\$143
	1. To Reflect Depreciation Reserve associated with Capitalized Maintenance Expense Proven to be Plant in Service 10/15/2010 (Grissum)		\$143	
R-22	Transportation Equipment	392.000		-\$2,298
	1. To Reallocate Ford F-150 PU based upon usage of truck by each system (Grissum)		-\$2,298	
	Total Reserve Adjustments			-\$897

Lakewood Hills Water
Informal Rate Case
Case No. WR-2010-0345
Test Year Ending 5/31/2010
Rate Revenue Feeder Schedule - Water

Line Number	A Description	Residential 3/4"		MMMM 5/8"	
		B Amount	C Amount	D Amount	E Amount
1	Customer Charge Revenues:				
2	Customer Number	116		0	
3	Bills Per Year	12		0	
4	Customer Bills Per year	1,392		0	
5	Current Customer Charge	\$12.32		\$0.00	
6	Annualized Customer Charge Revenues		\$17,149		\$0
7	Commodity Charge Revenues:				
8	Total Gallons Sold	6,995,045		0	
9	Less: Base Gallons Included In Customer Charge	0		0	
10	Commodity Gallons	6,995,045		0	
11	Block 1, Commodity Gallons per Block	6,995,045		0	
12	Block 1, Number of Commodity Gallons per Unit	1,000		0	
13	Block 1, Commodity Billing Units	6,995.05		0.00	
14	Block 1, Existing Commodity Charge	\$3.20		\$0.00	
15	Block 1, Annualized Commodity Charge Rev.		\$22,384		\$0
16	FFFFF, Commodity Gallons per Block	0		0	
17	FFFFF, Number of Commodity Gallons per Unit	0		0	
18	FFFFF, Commodity Billing Units	0.00		0.00	
19	FFFFF, Existing Commodity Charge	\$0.00		\$0.00	
20	FFFFF, Annualized Commodity Charge Rev.		\$0		\$0
21	VVV, Commodity Gallons per Block	0		0	
22	VVV, Number of Commodity Gallons per Unit	0		0	
23	VVV, Commodity Billing Units	0.00		0.00	
24	VVV, Existing Commodity Charge	\$0.00		\$0.00	
25	VVV, Annualized Commodity Charge Rev.		\$0		\$0
26	FADF, Commodity Gallons per Block	0		0	
27	FADF, Number of Commodity Gallons per Unit	0		0	
28	FADF, Commodity Billing Units	0.00		0.00	
29	FADF, Existing Commodity Charge	\$0.00		\$0.00	
30	FADF, Annualized Commodity Charge Rev.		\$0		\$0
31	Total Annualized Water Rate Revenues		\$39,533		\$0

Lakewood Hills Water
Informal Rate Case
Case No. WR-2010-0345
Test Year Ending 5/31/2010
Rate Revenue Feeder Schedule - Water

Line Number	A Description	Residential 3/4"		MMMM 5/8"	
		B Amount	C Amount	D Amount	E Amount

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.

Lakewood Hills Water
 Informal Rate Case
 Case No. WR-2010-0345
 Test Year Ending 5/31/2010
 Rate Revenue Feeder Schedule - Water

Line Number	A Description	GGGG 5/8"		GGGG 5/8"	
		F Amount	G Amount	H Amount	I Amount
1	<u>Customer Charge Revenues:</u>				
2	Customer Number	0		0	
3	Bills Per Year	0		0	
4	Customer Bills Per year	0		0	
5	Current Customer Charge	\$0.00		\$0.00	
6	Annualized Customer Charge Revenues		\$0		\$0
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	FFFFF, Commodity Gallons per Block	0		0	
17	FFFFF, Number of Commodity Gallons per Unit	0		0	
18	FFFFF, Commodity Billing Units	0.00		0.00	
19	FFFFF, Existing Commodity Charge	\$0.00		\$0.00	
20	FFFFF, Annualized Commodity Charge Rev.		\$0		\$0
21	VVV, Commodity Gallons per Block	0		0	
22	VVV, Number of Commodity Gallons per Unit	0		0	
23	VVV, Commodity Billing Units	0.00		0.00	
24	VVV, Existing Commodity Charge	\$0.00		\$0.00	
25	VVV, Annualized Commodity Charge Rev.		\$0		\$0
26	FADF, Commodity Gallons per Block	0		0	
27	FADF, Number of Commodity Gallons per Unit	0		0	
28	FADF, Commodity Billing Units	0.00		0.00	
29	FADF, Existing Commodity Charge	\$0.00		\$0.00	
30	FADF, Annualized Commodity Charge Rev.		\$0		\$0
31	Total Annualized Water Rate Revenues		\$0		\$0

Lakewood Hills Water
Informal Rate Case
Case No. WR-2010-0345
Test Year Ending 5/31/2010
Rate Revenue Feeder Schedule - Water

Line Number	A Description	GGGG 5/8"		GGGG 5/8"	
		F Amount	G Amount	H Amount	I Amount

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.

Lakewood Hills Water
 Informal Rate Case
 Case No. WR-2010-0345
 Test Year Ending 5/31/2010
 Rate Revenue Feeder Schedule - Water

Line Number	A Description	AAAA 5/8"		FFFF 5/8"	
		J Amount	K Amount	L Amount	M Amount
1	Customer Charge Revenues:				
2	Customer Number	0		0	
3	Bills Per Year	0		0	
4	Customer Bills Per year	0		0	
5	Current Customer Charge	\$0.00		\$0.00	
6	Annualized Customer Charge Revenues		\$0		\$0
7	Commodity Charge Revenues:				
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	FFFFF, Commodity Gallons per Block	0		0	
17	FFFFF, Number of Commodity Gallons per Unit	0		0	
18	FFFFF, Commodity Billing Units	0.00		0.00	
19	FFFFF, Existing Commodity Charge	\$0.00		\$0.00	
20	FFFFF, Annualized Commodity Charge Rev.		\$0		\$0
21	VVV, Commodity Gallons per Block	0		0	
22	VVV, Number of Commodity Gallons per Unit	0		0	
23	VVV, Commodity Billing Units	0.00		0.00	
24	VVV, Existing Commodity Charge	\$0.00		\$0.00	
25	VVV, Annualized Commodity Charge Rev.		\$0		\$0
26	FADF, Commodity Gallons per Block	0		0	
27	FADF, Number of Commodity Gallons per Unit	0		0	
28	FADF, Commodity Billing Units	0.00		0.00	
29	FADF, Existing Commodity Charge	\$0.00		\$0.00	
30	FADF, Annualized Commodity Charge Rev.		\$0		\$0
31	Total Annualized Water Rate Revenues		\$0		\$0

Lakewood Hills Water
 Informal Rate Case
 Case No. WR-2010-0345
 Test Year Ending 5/31/2010
 Rate Revenue Feeder Schedule - Water

Line Number	A Description	AAAA 5/8"		FFFF 5/8"	
		J Amount	K Amount	L Amount	M Amount

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.

Lakewood Hills Water
Informal Rate Case
Case No. WR-2010-0345
Test Year Ending 5/31/2010
Rate Revenue Feeder Schedule - Water

Line Number	A Description	Commercial 2"		Total	
		N Amount	O Amount	P Amount	Q Amount
1	<u>Customer Charge Revenues:</u>				
2	Customer Number	0		116	
3	Bills Per Year	0			
4	Customer Bills Per year	0		1,392	
5	Current Customer Charge	<u>\$0.00</u>			
6	Annualized Customer Charge Revenues		\$0		\$17,149
7	<u>Commodity Charge Revenues:</u>				
8	Total Gallons Sold	0		6,995,045	
9	Less: Base Gallons Included In Customer Charge	<u>0</u>		0	
10	Commodity Gallons	0		6,995,045	
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		\$22,384
16	FFFFF, Commodity Gallons per Block	0			
17	FFFFF, Number of Commodity Gallons per Unit	<u>0</u>			
18	FFFFF, Commodity Billing Units	0.00			
19	FFFFF, Existing Commodity Charge	<u>\$0.00</u>			
20	FFFFF, Annualized Commodity Charge Rev.		\$0		\$0
21	VVV, Commodity Gallons per Block	0			
22	VVV, Number of Commodity Gallons per Unit	<u>0</u>			
23	VVV, Commodity Billing Units	0.00			
24	VVV, Existing Commodity Charge	<u>\$0.00</u>			
25	VVV, Annualized Commodity Charge Rev.		\$0		\$0
26	FADF, Commodity Gallons per Block	0			
27	FADF, Number of Commodity Gallons per Unit	<u>0</u>			
28	FADF, Commodity Billing Units	0.00			
29	FADF, Existing Commodity Charge	<u>\$0.00</u>			
30	FADF, Annualized Commodity Charge Rev.		\$0		\$0
31	Total Annualized Water Rate Revenues		<u>\$0</u>		<u>\$39,533</u>

Lakewood Hills Water
 Informal Rate Case
 Case No. WR-2010-0345
 Test Year Ending 5/31/2010
 Rate Revenue Feeder Schedule - Water

Line Number	A Description	Commercial 2"		Total	
		N Amount	O Amount	P Amount	Q Amount

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.

Lakewood Hills Water
Informal Rate Case
Case No. WR-2010-0345
Test Year Ending 5/31/2010
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)	\$2,137	W-2	\$729	100.00%	\$2,866
3		Hourly Employees	\$5,285	W-3	-\$4,102	100.00%	\$1,183
4		Contract Operator - Franklin County Lab	\$740	W-4	\$8,450	100.00%	\$9,190
5		Electricity-(Pumping)	\$2,702	W-5	-\$103	100.00%	\$2,599
6		Chemicals-(Chlorine)	\$650	W-6	-\$72	100.00%	\$578
7		TOTAL OPERATIONS EXPENSE	\$11,514		\$4,902		\$16,416
8		MAINTENANCE EXPENSES					
9		Outside Services Employed - Flynn Drilling (1)	\$0	W-9	\$250	100.00%	\$250
10		System Maintenance	\$21,293	W-10	-\$15,271	100.00%	\$6,022
11		TOTAL MAINTENANCE EXPENSE	\$21,293		-\$15,021		\$6,272
12		CUSTOMER ACCOUNT EXPENSE					
13		Legal and Accounting Fees	\$558	W-13	\$1,975	100.00%	\$2,533
14		Billing & Collections	\$190			100.00%	\$190
15		Office Supplies	\$146			100.00%	\$146
16		Postage	\$769	W-16	-\$104	100.00%	\$665
17		TOTAL CUSTOMER ACCOUNT EXPENSE	\$1,663		\$1,871		\$3,534
18		ADMINISTRATIVE & GENERAL EXPENSES					
19		Telephone & Pagers	\$531	W-19	-\$181	100.00%	\$350
20		Vehicle Expense	\$537	W-20	-\$142	100.00%	\$395
21		Medical Insurance	\$1,100	W-21	-\$1,100	100.00%	\$0
22		Property & Liability Insurance	\$1,430			100.00%	\$1,430
23		Building Rent	\$380			100.00%	\$380
24		Other Misc. Expenses	\$76	W-24	-\$16	100.00%	\$60
25		TOTAL ADMINISTRATIVE AND GENERAL	\$4,054		-\$1,439		\$2,615
26		OTHER OPERATING EXPENSES					
27		Registration Fees & Lab Sampling	\$442	W-27	-\$365	100.00%	\$77
28		PSC Assessment	\$1,654	W-28	-\$1,183	100.00%	\$471
29		Depreciation	\$0	W-29	\$5,676	100.00%	\$5,676
30		TOTAL OTHER OPERATING EXPENSES	\$2,096		\$4,128		\$6,224
31		TAXES OTHER THAN INCOME					
32		Real & Personal Property Taxes	\$21	W-32	\$14	100.00%	\$35
33		Payroll Taxes	\$906	W-33	-\$249	100.00%	\$657
34		TOTAL TAXES OTHER THAN INCOME	\$927		-\$235		\$692
35		TOTAL OPERATING EXPENSES	\$41,547		-\$5,794		\$35,753

Lakewood Hills Water
Informal Rate Case
Case No. WR-2010-0345
Test Year Ending 5/31/2010
Expense Adjustment Schedule - Water

A Expense Adj Number	B Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment
W-2	Management Salary (1)			\$729
	1. To Annualize Payroll - Salaried Employee (Grissum)		\$729	
W-3	Hourly Employees			-\$4,102
	1. To Annualize Payroll - Hourly Employees (Grissum)		-\$4,102	
W-4	Contract Operator - Franklin County Lab			\$8,450
	1. To Annualize Services Provided by Contract Operator		\$4,450	
	2. To Reflect Staff Adjustment for Contract Operator to make additional site visits, take additional system reads and provide additional labor for all water svstems (Loethen/Grissum)		\$4,000	
W-5	Electricity-(Pumping)			-\$103
	1. Disallowance for Electricity Expense related to Water Losses (Ferguson)		-\$103	
W-6	Chemicals-(Chlorine)			-\$72
	1. Disallowance for Chemicals Expense related to Water Losses in Excess of 15%		-\$72	
W-9	Outside Services Employed - Flynn Drilling (1)			\$250
	1. To Reflect Annual Inspections to be Performed by Flynn Drilling on Well Pumps (Grissum)		\$250	
W-10	System Maintenance			-\$15,271
	1. To Capitalize Maintenance Expense (Grissum)		-\$2,380	

Lakewood Hills Water
Informal Rate Case
Case No. WR-2010-0345
Test Year Ending 5/31/2010
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 Maintenance Expense from Prior Periods (Grissum)		-\$16,414	
	3. To Include Maintenance Expense Incurred During the Test Year (Grissum)		\$5,987	
	4. To Remove cost related to work now performed by Contract Operator		-\$634	
	5. To Capitalize Maintenance Expense Proven to be Plant in Service 10/15/2010 (Grissum)		-\$1,830	
W-13	Legal and Accounting Fees			\$1,975
	1. To Amortize Legal Expense Associated with Lakewood Hills Easement Dispute (see Case No. WR-2006-0286)		\$2,007	
	2. Disallowance for Accounting Fee incurred outside of the Test Year		-\$32	
W-16	Postage			-\$104
	1. To Annualize Postage Expense		-\$104	
W-19	Telephone & Pagers			-\$181
	1. Disallowance for AT&T Charges Associated with National Search Directory Inc.		-\$51	
	2. To Reallocate Pager Expense from Sewer System to Water System		\$19	
	3. To Remove Cell Phone No Longer Used by Ann Rudy (Grissum)		-\$149	
W-20	Vehicle Expense			-\$142
	1. To Annualize Vehicle Fuel Expense		\$44	
	2. To Reallocate Ford F-150 PU based upon usage of truck by each system (Grissum)		-\$186	

Lakewood Hills Water
Informal Rate Case
Case No. WR-2010-0345
Test Year Ending 5/31/2010
Expense Adjustment Schedule - Water

A Expense Adj Number	B Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment
W-21	Medical Insurance			-\$1,100
	1. To Annualize Employee Healthcare (Grissum)		-\$1,100	
W-24	Other Misc. Expenses			-\$16
	1. Disallowance for Bank Charges Associated with Insufficient Checks		-\$16	
W-27	Registration Fees & Lab Sampling			-\$365
	1. To Remove DNR Primacy Fees		-\$375	
	2. Allowance for Lab Sampling utilizing DNR Drop Locations (Grissum)		\$10	
W-28	PSC Assessment			-\$1,183
	1. To Reflect MoPSC Assessment		-\$1,183	
W-29	Depreciation			\$5,676
	1. To Annualize Depreciation		\$5,766	
	2. To Remove Depreciation Expense related to CIAC (Grissum)		-\$90	
W-32	Real & Personal Property Taxes			\$14
	1. To Reflect Ford F-150 PU based upon usage of truck by each system (Grissum)		\$14	
W-33	Payroll Taxes			-\$249
	1. To Annualize Payroll Tax - FICA (Grissum)		-\$204	
	2. To Annualize Payroll Tax - SUTA (Grissum)		-\$45	
Total Expense Adjustments				-\$5,794

Lakewood Hills Water
Informal Rate Case
Case No. WR-2010-0345
Test Year Ending 5/31/2010
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

Lakewood Hills Water
 Informal Rate Case
 Case No. WR-2010-0345
 Test Year Ending 5/31/2010
 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	\$36,752	Rev-2	\$2,781	100.00%	\$39,533
Rev-3		Miscellaneous Revenues	\$692	Rev-3	\$0	100.00%	\$692
Rev-4		TOTAL ANNUALIZED REVENUES	\$37,444		\$2,781		\$40,225

Lakewood Hills Water
 Informal Rate Case
 Case No. WR-2010-0345
 Test Year Ending 5/31/2010
 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			\$2,781
	1. To Annualize Rate Revenues		\$2,781	
Rev-3	Miscellaneous Revenues			\$0
	1. To Annualize Miscellaneous Revenues		\$0	
	2. Description		\$0	
Total Revenue Adjustments				<u>\$2,781</u>

**Lakewood Hills Water
Informal Rate Case
Case No. WR-2010-0345
Test Year Ending 5/31/2010
Miscellaneous Revenues Feeder - Water**

A		B
Line Number	Description	Amount
1	Other Revenues - Late Fees	\$692
2	Total Miscellaneous Revenues	<u>\$692</u>

Exhibit No.:
Issue: Accounting Schedules
Witness: Roberta Grissum
Sponsoring Party: MO PSC Staff
Case No: WR-2010-0345
Date Prepared: 7/19/2010



MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

STAFF ACCOUNTING SCHEDULES

SCOTSDALE WATER

CASE NO. WR-2010-0345

Jefferson City, Missouri

July 2010

Scotsdale Water
Informal Rate Case
Case No. WR-2010-0345
Test Year Ending 5/31/2010
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)	\$13,650			
Rev-3	Miscellaneous Revenues	(1)	\$415			
Rev-4	TOTAL ANNUALIZED REVENUES		\$14,065			
1	OPERATIONS EXPENSES	(2)				
2	Management Salary (1)		\$212	\$0	\$212	0.00%
3	Hourly Employees		\$378	\$0	\$378	0.00%
4	Contract Operator - Franklin County Lab		\$6,750	\$0	\$6,750	0.00%
5	Electricity-(Pumping)		\$1,397	\$0	\$1,397	0.00%
6	Chemicals-(Chlorine)		\$180	\$0	\$180	0.00%
7	TOTAL OPERATIONS EXPENSE		\$8,917	\$0	\$8,917	
8	MAINTENANCE EXPENSES					
9	Outside Services Employed - Flynn Drilling (1)		\$250	\$0	\$250	0.00%
10	Misc. Supplies		\$180	\$0	\$180	0.00%
11	System Maintenance		\$747	\$0	\$747	0.00%
12	TOTAL MAINTENANCE EXPENSE		\$1,177	\$0	\$1,177	
13	CUSTOMER ACCOUNT EXPENSE					
14	Legal and Accounting Fees		\$166	\$0	\$166	0.00%
15	Billing & Collections		\$60	\$0	\$60	0.00%
16	Office Supplies		\$51	\$0	\$51	0.00%
17	Postage		\$211	\$0	\$211	0.00%
18	Uncollectible Accounts		-\$121	\$0	-\$121	0.00%
19	TOTAL CUSTOMER ACCOUNT EXPENSE		\$367	\$0	\$367	
20	ADMINISTRATIVE & GENERAL EXPENSES					
21	Telephone & Pagers		\$120	\$0	\$120	0.00%
22	Vehicle Insurance		\$0	\$0	\$0	0.00%
23	Vehicle Expense		\$126	\$0	\$126	0.00%
24	Medical Insurance		\$0	\$0	\$0	0.00%
25	Property & Liability Insurance		\$452	\$0	\$452	0.00%
26	Building Rent		\$120	\$0	\$120	0.00%
27	Other Misc. Expenses		\$19	\$0	\$19	0.00%
28	TOTAL ADMINISTRATIVE AND GENERAL		\$837	\$0	\$837	
29	OTHER OPERATING EXPENSES					
30	Registration Fees and Lab Sampling		\$73	\$0	\$73	0.00%
31	PSC Assessment		\$285	\$0	\$285	0.00%
32	Depreciation		\$2,518	\$0	\$2,518	0.00%
33	TOTAL OTHER OPERATING EXPENSES		\$2,876	\$0	\$2,876	
34	TAXES OTHER THAN INCOME					
35	Real & Personal Property Taxes		\$356	\$0	\$356	0.00%
36	Payroll Taxes		\$161	\$0	\$161	0.00%
37	TOTAL TAXES OTHER THAN INCOME		\$517	\$0	\$517	
38	TOTAL OPERATING EXPENSES		\$14,691	\$0	\$14,691	
39	Interest Expense	(3)	\$0	\$0	\$0	0.00%
40	Return on Equity	(3)	\$4,374	\$0	\$4,374	0.00%
41	Income Taxes	(3)	\$1,089	\$0	\$1,089	0.00%
42	TOTAL INTEREST RETURN & TAXES		\$5,463	\$0	\$5,463	
43	TOTAL COST OF SERVICE		\$20,154	\$0	\$20,154	
44	Less: Miscellaneous Revenues		\$415	\$0	\$415	0.00%

Scotsdale Water
 Informal Rate Case
 Case No. WR-2010-0345
 Test Year Ending 5/31/2010
 Rate Design Schedule - Water

Line Number	Description	Account Number (Optional)	Staff Annualized	Customer Charge	Commodity	Percentage Rate
45	COST TO RECOVER IN RATES		\$19,739	\$0	\$19,739	
46	INCREMENTAL INCREASE IN RATE REVENUES		\$6,089			
47	PERCENTAGE OF INCREASE		43.29%			
48	REQUESTED INCREASE IN REVENUES		\$0			

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

Scotsdale Water
Informal Rate Case
Case No. WR-2010-0345
Test Year Ending 5/31/2010
Rate Base Required Return on Investment Schedule - Water

Line Number	A Rate Base Description	B Dollar Amount	
1	Plant In Service	\$88,226	From Plant Schedule
2	Less Accumulated Depreciation Reserve	\$39,730	From Depreciation Reserve Schedule
3	Net Plant In Service	\$48,496	
4	Other Rate Base Items:	\$0	
	Contribution in Aid of Construction	\$0	
	CIAC Depreciation	\$0	
5	Total Rate Base	\$48,496	
6	Total Weighted Rate of Return Including Income Tax	11.27%	From PreTax Return & Taxes Schedule
7	Required Return & Income Tax	\$5,464	

Scotsdale Water
Informal Rate Case
Case No. WR-2010-0345
Test Year Ending 5/31/2010
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	15.00% (1) & (2)	14.13%	$(1 - B1) \times A2$
3 Composite Effective Income Tax Rate		19.94%	$B1 + B2$
4 Equity Tax Factor		1.2490	$1 / (1 - B3)$
5 Recommended Weighted Rate of Return on Equity - Common and Preferred		9.02%	From Capital Structure Schedule
6 Weighted Rate of Return on Equity Including Income Tax		11.27%	$B4 \times B5$
7 Recommended Weighted Rate of Return on Debt - Long-Term and Short-Term		0.00%	From Capital Structure Schedule
8 Total Weighted Rate of Return Including Income Tax		11.27%	$B6 + B7$

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

N

To Rate Base Schedule

Equity Income Required **\$5,146**
& Preliminary Federal Tax

Tax Rate Table

Net Income Range		Tax Rate	Amount In Range	Tax on Range
Start	End			
\$0	\$50,000	15.00%	\$5,146	\$772
\$50,001	\$75,000	25.00%	\$0	\$0
\$75,001	\$100,000	34.00%	\$0	\$0
\$100,001	\$335,000	39.00%	\$0	\$0
\$335,001	\$9,999,999,999	34.00%	\$0	\$0
			<u>\$5,146</u>	<u>\$772</u>
			Consolidated Tax Rate:	
			Average Tax Rate:	0.15

Scotsdale Water
 Informal Rate Case
 Case No. WR-2010-0345
 Test Year Ending 5/31/2010
 Capital Structure Schedule - Water

Line Number	Description	Dollar Amount	Percentage of Total Capital Structure	Embedded Cost of Capital	Weighted Cost of Capital
1	Common Stock	\$48,496	100.00%	9.02%	9.020%
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	\$0	0.00%	0.00%	0.000%
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>\$48,496</u>	<u>100.00%</u>		<u>9.020%</u>

To PreTax Return Rate Schedule

Scotsdale Water
 Informal Rate Case
 Case No. WR-2010-0345
 Test Year Ending 5/31/2010
 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	\$1,954			100.00%	\$1,954
3	302.000	Franchises	\$4,109			100.00%	\$4,109
4		TOTAL INTANGIBLE PLANT	\$6,063		\$0		\$6,063
5		SOURCE OF SUPPLY PLANT					
6		TOTAL SOURCE OF SUPPLY PLANT	\$0		\$0		\$0
7		PUMPING PLANT					
8	321.000	Structures & Improvements - PP	\$1,382	P-8	\$5,057	100.00%	\$6,439
9	325.000	Electric Pumping Equipment	\$18,429			100.00%	\$18,429
10		TOTAL PUMPING PLANT	\$19,811		\$5,057		\$24,868
11		WATER TREATMENT PLANT					
12	332.000	Water Treatment Equipment	\$1,389			100.00%	\$1,389
13		TOTAL WATER TREATMENT PLANT	\$1,389		\$0		\$1,389
14		TRANSMISSION & DISTRIBUTION PLANT					
15	342.000	Distribution Reservoirs & Standpipes	\$17,412			100.00%	\$17,412
16	343.000	Transmission and Distribution Mains	\$27,691	P-16	\$7,542	100.00%	\$35,233
17	345.000	Customer Services	\$0	P-17	\$32	100.00%	\$32
18	346.000	Meters	\$1,655	P-18	\$171	100.00%	\$1,826
19		TOTAL TRANS. & DISTRIBUTION PLANT	\$46,758		\$7,745		\$54,503
20		GENERAL PLANT					
21	391.100	Computers and Software	\$262			100.00%	\$262
22	392.000	Transportation Equipment	\$528	P-22	\$60	100.00%	\$588
23	394.000	Other General Plant	\$542			100.00%	\$542
24	397.000	Communication Equipment	\$11			100.00%	\$11
25		TOTAL GENERAL PLANT	\$1,343		\$60		\$1,403
26		TOTAL PLANT IN SERVICE	\$75,364		\$12,862		\$88,226

To Rate Base & Depreciation Schedules

Scotsdale Water
Informal Rate Case
Case No. WR-2010-0345
Test Year Ending 5/31/2010
Schedule of Adjustments for Plant in Service - Water

A	B	C	D	E
Plant Adjustment Number	Plant In Service Adjustment Description	Account Number	Adjustment Amount	Total Adjustment
P-8	Structures & Improvements - PP	321.000		\$5,057
	1. To Capitalize Maintenance Expense Proven to be Plant in Service 10/15/2010 (Grissum)		\$5,057	
P-16	Transmission and Distribution Mains	343.000		\$7,542
	1. To Reflect Plant Additions Related to Unpaid Invoices (Grissum)		\$7,262	
	2. To Capitalize Maintenance Expense Proven to be Plant in Service 10/15/2010 (Grissum)		\$280	
P-17	Customer Services	345.000		\$32
	1. To Reflect Plant Additions related to Meter Replacements or Installations per R&O in Case No. WR-2006-0286 (Grissum)		\$32	
P-18	Meters	346.000		\$171
	1. To Reflect Plant Additions related to Meter Replacements or Installations per R&O in Case No. WR-2006-0286 (Grissum)		\$171	
P-22	Transportation Equipment	392.000		\$60
	1. To Reallocated Ford F-150 PU based upon usage of truck by each system (Grissum)		\$60	
	Total Plant Adjustments			<u>\$12,862</u>

Scotsdale Water
 Informal Rate Case
 Case No. WR-2010-0345
 Test Year Ending 5/31/2010
 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	\$1,954	0.00%	\$0
3	302.000	Franchises	\$4,109	0.00%	\$0
4		TOTAL INTANGIBLE PLANT	\$6,063		\$0
5		SOURCE OF SUPPLY PLANT			
6		TOTAL SOURCE OF SUPPLY PLANT	\$0		\$0
7		PUMPING PLANT			
8	321.000	Structures & Improvements - PP	\$6,439	2.50%	\$161
9	325.000	Electric Pumping Equipment	\$18,429	5.00%	\$921
10		TOTAL PUMPING PLANT	\$24,868		\$1,082
11		WATER TREATMENT PLANT			
12	332.000	Water Treatment Equipment	\$1,389	2.90%	\$40
13		TOTAL WATER TREATMENT PLANT	\$1,389		\$40
14		TRANSMISSION & DISTRIBUTION PLANT			
15	342.000	Distribution Reservoirs & Standpipes	\$17,412	2.50%	\$435
16	343.000	Transmission and Distribution Mains	\$35,233	2.00%	\$705
17	345.000	Customer Services	\$32	2.50%	\$1
18	346.000	Meters	\$1,826	10.00%	\$183
19		TOTAL TRANS. & DISTRIBUTION PLANT	\$54,503		\$1,324
20		GENERAL PLANT			
21	391.100	Computers and Software	\$262	1.00%	\$3
22	392.000	Transportation Equipment	\$588	7.00%	\$41
23	394.000	Other General Plant	\$542	5.00%	\$27
24	397.000	Communication Equipment	\$11	6.70%	\$1
25		TOTAL GENERAL PLANT	\$1,403		\$72
26		Total Depreciation	\$88,226		\$2,518

Scotsdale Water
 Informal Rate Case
 Case No. WR-2010-0345
 Test Year Ending 5/31/2010
 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	\$1,970			100.00%	\$1,970
3	302.000	Franchises	\$4,109			100.00%	\$4,109
4		TOTAL INTANGIBLE PLANT	\$6,079		\$0		\$6,079
5		SOURCE OF SUPPLY PLANT					
6		TOTAL SOURCE OF SUPPLY PLANT	\$0		\$0		\$0
7		PUMPING PLANT					
8	321.000	Structures & Improvements - PP	\$322			100.00%	\$322
9	325.000	Electric Pumping Equipment	\$19,424			100.00%	\$19,424
10		TOTAL PUMPING PLANT	\$19,746		\$0		\$19,746
11		WATER TREATMENT PLANT					
12	332.000	Water Treatment Equipment	\$1,080			100.00%	\$1,080
13		TOTAL WATER TREATMENT PLANT	\$1,080		\$0		\$1,080
14		TRANSMISSION & DISTRIBUTION PLANT					
15	342.000	Distribution Reservoirs & Standpipes	\$3,815			100.00%	\$3,815
16	343.000	Transmission and Distribution Mains	\$5,433	R-16	\$272	100.00%	\$5,705
17	345.000	Customer Services	\$0			100.00%	\$0
18	346.000	Meters	\$2,072	R-18	\$58	100.00%	\$2,130
19		TOTAL TRANS. & DISTRIBUTION PLANT	\$11,320		\$330		\$11,650
20		GENERAL PLANT					
21	391.100	Computers and Software	\$309			100.00%	\$309
22	392.000	Transportation Equipment	\$491	R-22	\$56	100.00%	\$547
23	394.000	Other General Plant	\$312			100.00%	\$312
24	397.000	Communication Equipment	\$7			100.00%	\$7
25		TOTAL GENERAL PLANT	\$1,119		\$56		\$1,175
26		TOTAL DEPRECIATION RESERVE	\$39,344		\$386		\$39,730

To Rate Base Schedule

Scotsdale Water
Informal Rate Case
Case No. WR-2010-0345
Test Year Ending 5/31/2010
Schedule of Adjustments for Accumulated Depreciation Reserve - Water

A	B	C	D	E
Reserve Adjustment Number	Accumulated Depreciation Reserve Adjustments Description	Account Number	Adjustment Amount	Total Adjustment Amount
R-16	Transmission and Distribution Mains	343.000		\$272
	1. To Reflect Accumulated Depreciation Related to Plant Adjustments (Grissum)		\$260	
	2. To Reflect Depreciation Reserve associated with Capitalized Maintenance Expense Proven to be Plant in Service 10/15/2010 (Grissum)		\$12	
R-18	Meters	346.000		\$58
	1. To Reflect Depreciation Reserve related to Meter Replacements or Installations per R&O in Case No. WR-2006-0286 (Grissum)		\$58	
R-22	Transportation Equipment	392.000		\$56
	1. To Reallocate Ford F-150 PU based upon usage of truck by each system (Grissum)		\$56	
	Total Reserve Adjustments			\$386

Scotsdale Water
Informal Rate Case
Case No. WR-2010-0345
Test Year Ending 5/31/2010
Rate Revenue Feeder Schedule - Water

Line Number	A Description	Residential 3/4"		Commercial 3/4"	
		B Amount	C Amount	D Amount	E Amount
1	<u>Customer Charge Revenues:</u>				
2	Customer Number	34		3	
3	Bills Per Year	12		12	
4	Customer Bills Per year	408		36	
5	Current Customer Charge	<u>\$30.22</u>		<u>\$36.67</u>	
6	Annualized Customer Charge Revenues		\$12,330		\$1,320
7	<u>Commodity Charge Revenues:</u>				
8	Total Gallons Sold	0		93,457	
9	Less: Base Gallons Included In Customer Charge	<u>0</u>		<u>360,000</u>	
10	Commodity Gallons	0		(266,543)	
11	Block 1, Commodity Gallons per Block	0		0	
12	Block 1, Number of Commodity Gallons per Unit	<u>0</u>		<u>1,000</u>	
13	Block 1, Commodity Billing Units	0.00		0.00	
14	Block 1, Existing Commodity Charge	<u>\$0.00</u>		<u>\$3.93</u>	
15	Block 1, Annualized Commodity Charge Rev.		\$0		\$0
16	FFFFF, Commodity Gallons per Block	0		0	
17	FFFFF, Number of Commodity Gallons per Unit	<u>0</u>		<u>0</u>	
18	FFFFF, Commodity Billing Units	0.00		0.00	
19	FFFFF, Existing Commodity Charge	<u>\$0.00</u>		<u>\$0.00</u>	
20	FFFFF, Annualized Commodity Charge Rev.		\$0		\$0
21	VVV, Commodity Gallons per Block	0		0	
22	VVV, Number of Commodity Gallons per Unit	<u>0</u>		<u>0</u>	
23	VVV, Commodity Billing Units	0.00		0.00	
24	VVV, Existing Commodity Charge	<u>\$0.00</u>		<u>\$0.00</u>	
25	VVV, Annualized Commodity Charge Rev.		\$0		\$0
26	FADF, Commodity Gallons per Block	0		0	
27	FADF, Number of Commodity Gallons per Unit	<u>0</u>		<u>0</u>	
28	FADF, Commodity Billing Units	0.00		0.00	
29	FADF, Existing Commodity Charge	<u>\$0.00</u>		<u>\$0.00</u>	
30	FADF, Annualized Commodity Charge Rev.		\$0		\$0
31	Total Annualized Water Rate Revenues		<u>\$12,330</u>		<u>\$1,320</u>

Scotsdale Water
Informal Rate Case
Case No. WR-2010-0345
Test Year Ending 5/31/2010
Rate Revenue Feeder Schedule - Water

Line Number	A Description	Residential 3/4"		Commercial 3/4"	
		B Amount	C Amount	D Amount	E Amount

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.

Scottdale Water
Informal Rate Case
Case No. WR-2010-0345
Test Year Ending 5/31/2010
Rate Revenue Feeder Schedule - Water

Line Number	A Description	GGGG 5/8"		GGGG 5/8"	
		F Amount	G Amount	H Amount	I Amount
1	<u>Customer Charge Revenues:</u>				
2	Customer Number	0		0	
3	Bills Per Year	0		0	
4	Customer Bills Per year	0		0	
5	Current Customer Charge	<u>\$0.00</u>		<u>\$0.00</u>	
6	Annualized Customer Charge Revenues		\$0		\$0
7	<u>Commodity Charge Revenues:</u>				
8	Total Gallons Sold	0		0	
9	Less: Base Gallons Included In Customer Charge	<u>0</u>		<u>0</u>	
10	Commodity Gallons	0		0	
11	Block 1, Commodity Gallons per Block	<u>0</u>		<u>0</u>	
12	Block 1, Number of Commodity Gallons per Unit	<u>0</u>		<u>0</u>	
13	Block 1, Commodity Billing Units	0.00		0.00	
14	Block 1, Existing Commodity Charge	<u>\$0.00</u>		<u>\$0.00</u>	
15	Block 1, Annualized Commodity Charge Rev.		\$0		\$0
16	FFFFF, Commodity Gallons per Block	<u>0</u>		<u>0</u>	
17	FFFFF, Number of Commodity Gallons per Unit	<u>0</u>		<u>0</u>	
18	FFFFF, Commodity Billing Units	0.00		0.00	
19	FFFFF, Existing Commodity Charge	<u>\$0.00</u>		<u>\$0.00</u>	
20	FFFFF, Annualized Commodity Charge Rev.		\$0		\$0
21	VVV, Commodity Gallons per Block	<u>0</u>		<u>0</u>	
22	VVV, Number of Commodity Gallons per Unit	<u>0</u>		<u>0</u>	
23	VVV, Commodity Billing Units	0.00		0.00	
24	VVV, Existing Commodity Charge	<u>\$0.00</u>		<u>\$0.00</u>	
25	VVV, Annualized Commodity Charge Rev.		\$0		\$0
26	FADF, Commodity Gallons per Block	<u>0</u>		<u>0</u>	
27	FADF, Number of Commodity Gallons per Unit	<u>0</u>		<u>0</u>	
28	FADF, Commodity Billing Units	0.00		0.00	
29	FADF, Existing Commodity Charge	<u>\$0.00</u>		<u>\$0.00</u>	
30	FADF, Annualized Commodity Charge Rev.		\$0		\$0
31	Total Annualized Water Rate Revenues		<u>\$0</u>		<u>\$0</u>

Scotsdale Water
Informal Rate Case
Case No. WR-2010-0345
Test Year Ending 5/31/2010
Rate Revenue Feeder Schedule - Water

Line Number	A Description	GGGG 5/8"		GGGG 5/8"	
		F Amount	G Amount	H Amount	I Amount

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.

Scotsdale Water
 Informal Rate Case
 Case No. WR-2010-0345
 Test Year Ending 5/31/2010
 Rate Revenue Feeder Schedule - Water

Line Number	A Description	AAAA 5/8"		FFFF 5/8"	
		J Amount	K Amount	L Amount	M Amount
1	<u>Customer Charge Revenues:</u>				
2	Customer Number	0		0	
3	Bills Per Year	0		0	
4	Customer Bills Per year	0		0	
5	Current Customer Charge	<u>\$0.00</u>		<u>\$0.00</u>	
6	Annualized Customer Charge Revenues		\$0		\$0
7	<u>Commodity Charge Revenues:</u>				
8	Total Gallons Sold	0		0	
9	Less: Base Gallons Included In Customer Charge	<u>0</u>		<u>0</u>	
10	Commodity Gallons	0		0	
11	Block 1, Commodity Gallons per Block	0		0	
12	Block 1, Number of Commodity Gallons per Unit	<u>0</u>		<u>0</u>	
13	Block 1, Commodity Billing Units	0.00		0.00	
14	Block 1, Existing Commodity Charge	<u>\$0.00</u>		<u>\$0.00</u>	
15	Block 1, Annualized Commodity Charge Rev.		\$0		\$0
16	FFFFF, Commodity Gallons per Block	0		0	
17	FFFFF, Number of Commodity Gallons per Unit	<u>0</u>		<u>0</u>	
18	FFFFF, Commodity Billing Units	0.00		0.00	
19	FFFFF, Existing Commodity Charge	<u>\$0.00</u>		<u>\$0.00</u>	
20	FFFFF, Annualized Commodity Charge Rev.		\$0		\$0
21	VVV, Commodity Gallons per Block	0		0	
22	VVV, Number of Commodity Gallons per Unit	<u>0</u>		<u>0</u>	
23	VVV, Commodity Billing Units	0.00		0.00	
24	VVV, Existing Commodity Charge	<u>\$0.00</u>		<u>\$0.00</u>	
25	VVV, Annualized Commodity Charge Rev.		\$0		\$0
26	FADF, Commodity Gallons per Block	0		0	
27	FADF, Number of Commodity Gallons per Unit	<u>0</u>		<u>0</u>	
28	FADF, Commodity Billing Units	0.00		0.00	
29	FADF, Existing Commodity Charge	<u>\$0.00</u>		<u>\$0.00</u>	
30	FADF, Annualized Commodity Charge Rev.		\$0		\$0
31	Total Annualized Water Rate Revenues		<u>\$0</u>		<u>\$0</u>

Scotsdale Water
Informal Rate Case
Case No. WR-2010-0345
Test Year Ending 5/31/2010
Rate Revenue Feeder Schedule - Water

Line Number	A Description	AAAA 5/8"		FFFF 5/8"	
		J Amount	K Amount	L Amount	M Amount

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.

Scotsdale Water
 Informal Rate Case
 Case No. WR-2010-0345
 Test Year Ending 5/31/2010
 Rate Revenue Feeder Schedule - Water

Line Number	A Description	Commercial 2 nd		Total	
		N Amount	O Amount	P Amount	Q Amount
1	<u>Customer Charge Revenues:</u>				
2	Customer Number	0		37	
3	Bills Per Year	0			
4	Customer Bills Per year	0		444	
5	Current Customer Charge	<u>\$0.00</u>			
6	Annualized Customer Charge Revenues		\$0		\$13,650
7	<u>Commodity Charge Revenues:</u>				
8	Total Gallons Sold	0		93,457	
9	Less: Base Gallons Included In Customer Charge	<u>0</u>		360,000	
10	Commodity Gallons	0		(266,543)	
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	FFFFF, Commodity Gallons per Block	0			
17	FFFFF, Number of Commodity Gallons per Unit	<u>0</u>			
18	FFFFF, Commodity Billing Units	0.00			
19	FFFFF, Existing Commodity Charge	<u>\$0.00</u>			
20	FFFFF, Annualized Commodity Charge Rev.		\$0		\$0
21	VVV, Commodity Gallons per Block	0			
22	VVV, Number of Commodity Gallons per Unit	<u>0</u>			
23	VVV, Commodity Billing Units	0.00			
24	VVV, Existing Commodity Charge	<u>\$0.00</u>			
25	VVV, Annualized Commodity Charge Rev.		\$0		\$0
26	FADF, Commodity Gallons per Block	0			
27	FADF, Number of Commodity Gallons per Unit	<u>0</u>			
28	FADF, Commodity Billing Units	0.00			
29	FADF, Existing Commodity Charge	<u>\$0.00</u>			
30	FADF, Annualized Commodity Charge Rev.		\$0		\$0
31	Total Annualized Water Rate Revenues		<u>\$0</u>		<u>\$13,650</u>

Scotsdale Water
Informal Rate Case
Case No. WR-2010-0345
Test Year Ending 5/31/2010
Rate Revenue Feeder Schedule - Water

Line Number	A Description	Commercial 2"		Total	
		N Amount	O Amount	P Amount	Q Amount

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).

Scotsdale Water
Informal Rate Case
Case No. WR-2010-0345
Test Year Ending 5/31/2010
Expense Schedule - Water

A	B	C	D	E	F	G
Line Number	Account Number (Optional) Expense Description	Company/ Test Year Amount	Adjustment Number	Adjustments	Jurisdictional Allocation	Adjusted Jurisdictional
1	OPERATIONS EXPENSES					
2	Management Salary (1)	\$675	W-2	-\$463	100.00%	\$212
3	Hourly Employees	\$2,311	W-3	-\$1,933	100.00%	\$378
4	Contract Operator - Franklin County Lab	\$1,235	W-4	\$5,515	100.00%	\$6,750
5	Electricity-(Pumping)	\$1,247	W-5	\$150	100.00%	\$1,397
6	Chemicals-(Chlorine)	\$180	W-6	\$0	100.00%	\$180
7	TOTAL OPERATIONS EXPENSE	\$5,648		\$3,269		\$8,917
8	MAINTENANCE EXPENSES					
9	Outside Services Employed - Flynn Drilling (1)	\$0	W-9	\$250	100.00%	\$250
10	Misc. Supplies	\$180			100.00%	\$180
11	System Maintenance	\$402	W-11	\$345	100.00%	\$747
12	TOTAL MAINTENANCE EXPENSE	\$582		\$595		\$1,177
13	CUSTOMER ACCOUNT EXPENSE					
14	Legal and Accounting Fees	\$176	W-14	-\$10	100.00%	\$166
15	Billing & Collections	\$60			100.00%	\$60
16	Office Supplies	\$51			100.00%	\$51
17	Postage	\$232	W-17	-\$21	100.00%	\$211
18	Uncollectible Accounts	-\$121			100.00%	-\$121
19	TOTAL CUSTOMER ACCOUNT EXPENSE	\$398		-\$31		\$367
20	ADMINISTRATIVE & GENERAL EXPENSES					
21	Telephone & Pagers	\$177	W-21	-\$57	100.00%	\$120
22	Vehicle Insurance	\$0			100.00%	\$0
23	Vehicle Expense	\$170	W-23	-\$44	100.00%	\$126
24	Medical Insurance	\$347	W-24	-\$347	100.00%	\$0
25	Property & Liability Insurance	\$452			100.00%	\$452
26	Building Rent	\$120			100.00%	\$120
27	Other Misc. Expenses	\$145	W-27	-\$126	100.00%	\$19
28	TOTAL ADMINISTRATIVE AND GENERAL	\$1,411		-\$574		\$837
29	OTHER OPERATING EXPENSES					
30	Registration Fees and Lab Sampling	\$180	W-30	-\$107	100.00%	\$73
31	PSC Assessment	\$659	W-31	-\$374	100.00%	\$285
32	Depreciation	\$0	W-32	\$2,518	100.00%	\$2,518
33	TOTAL OTHER OPERATING EXPENSES	\$839		\$2,037		\$2,876
34	TAXES OTHER THAN INCOME					
35	Real & Personal Property Taxes	\$351	W-35	\$5	100.00%	\$356
36	Payroll Taxes	\$286	W-36	-\$125	100.00%	\$161
37	TOTAL TAXES OTHER THAN INCOME	\$637		-\$120		\$517
38	TOTAL OPERATING EXPENSES	\$9,515		\$5,176		\$14,691

Scotsdale Water
 Informal Rate Case
 Case No. WR-2010-0345
 Test Year Ending 5/31/2010
 Expense Adjustment Schedule - Water

<u>A</u> Expense Adj Number	<u>B</u> Adjustment Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment
W-2	Management Salary (1)			-\$463
	1. To Annualize Payroll - Salaried Employee (Grissum)		-\$463	
W-3	Hourly Employees			-\$1,933
	1. To Annualize Payroll - Hourly Employees (Grissum)		-\$1,933	
W-4	Contract Operator - Franklin County Lab			\$5,515
	1. To Annualize Services Provided by Contract Operator		\$4,975	
	2. To Reflect Staff Adjustment for Contract Operator to make additional site visits, take additional system reads and provide additional labor for all water systems (Loethen/Grissum)		\$540	
W-5	Electricity-(Pumping)			\$150
	1. To Annualize Electricity Expense for Water Losses (Ferguson)		\$150	
W-6	Chemicals-(Chlorine)			\$0
	1. To Adjust Chemical Expense to Reflect Water Losses		\$0	
W-9	Outside Services Employed - Flynn Drilling (1)			\$250
	1. To Reflect Annual Inspections to be Performed by Flynn Drilling on Well Pumps (Grissum)		\$250	
W-11	System Maintenance			\$345
	1. To Capitalize Maintenance Expense (Grissum)		-\$65	

Scotsdale Water
Informal Rate Case
Case No. WR-2010-0345
Test Year Ending 5/31/2010
Expense Adjustment Schedule - Water

A	B	C	D	E
Expense Adj Number	Adjustment Description	Account Number	Adjustment Amount	Total Adjustment
	2. To Reflect Reimbursement Received from Customer for Maintenance Expense (Grissum)		-\$150	
	3. To Reflect Maintenance Expense Incurred During the Test Year Not Yet Paid (Grissum)		\$560	
W-14	Legal and Accounting Fees			-\$10
	1. Disallowance for Accounting Fee incurred outside of Test Year		-\$10	
W-17	Postage			-\$21
	1. To Annualize Postage Expense		-\$21	
W-21	Telephone & Pagers			-\$57
	1. Disallowance for AT&T Charges Related to National Search Directory Inc.		-\$16	
	2. To Reallocate Pager Expense from Sewer System to Water System		\$6	
	3. To Remove Cell Phone No Longer Used by Ann Rudy (Grissum)		-\$47	
W-23	Vehicle Expense			-\$44
	1. To Annualize Vehicle Fuel Expense		\$14	
	2. To Reallocate Ford F-150 PU based upon usage of truck by each system (Grissum)		-\$58	
W-24	Medical Insurance			-\$347
	1. To Annualize Employee Healthcare (Grissum)		-\$347	
W-27	Other Misc. Expenses			-\$126

Scotsdale Water
Informal Rate Case
Case No. WR-2010-0345
Test Year Ending 5/31/2010
Expense Adjustment Schedule - Water

A	B	C	D	E
Expense Adj	Adjustment Description	Account	Adjustment	Total
Number		Number	Amount	Adjustment
	1. Disallowance for Bank Charges Associated with Insufficient Checks		-\$126	
W-30	Registration Fees and Lab Sampling			-\$107
	1. To Remove DNR Primacy Fees		-\$117	
	2. Allowance for Lab Sampling utilizing DNR Drop Locations (Grissum)		\$10	
W-31	PSC Assessment			-\$374
	1. To Reflect Current MoPSC Assessment		-\$374	
W-32	Depreciation			\$2,518
	1. To Annualize Depreciation		\$2,518	
W-35	Real & Personal Property Taxes			\$5
	1. To Reflect Ford F-150 PU based upon usage of truck by each system (Grissum)		\$5	
W-36	Payroll Taxes			-\$125
	1. To Annualize Payroll Tax - FICA (Grissum)		-\$110	
	2. To Annualize Payroll Tax - SUTA (Grissum)		-\$15	
	Total Expense Adjustments			<u>\$5,176</u>

Scotsdale Water
 Informal Rate Case
 Case No. WR-2010-0345
 Test Year Ending 5/31/2010
 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	\$13,650	Rev-2	\$0	100.00%	\$13,650
Rev-3		Miscellaneous Revenues	\$1,465	Rev-3	-\$1,050	100.00%	\$415
Rev-4		TOTAL ANNUALIZED REVENUES	\$15,115		-\$1,050		\$14,065

Scotsdale Water
Informal Rate Case
Case No. WR-2010-0345
Test Year Ending 5/31/2010
Revenue Adjustment Schedule - Water

A	B	C	D	E
Revenue Adj Number	Adjustment Description	Account Number	Adjustment Amount	Total Adjustment
Rev-2	Annualized Rate Revenues			\$0
	1. To Annualize Rate Revenues		\$0	
Rev-3	Miscellaneous Revenues			-\$1,050
	1. To Annualize Miscellaneous Revenues		-\$1,050	
	2. Description		\$0	
	Total Revenue Adjustments			-\$1,050

**Scotsdale Water
Informal Rate Case
Case No. WR-2010-0345
Test Year Ending 5/31/2010
Miscellaneous Revenues Feeder - Water**

A		B
Line Number	Description	Amount
1	Other Revenues - Late Fees	\$415
2	Total Miscellaneous Revenues	<u>\$415</u>

Exhibit No.:
Issue: Accounting Schedules
Witness: Roberta Grissum
Sponsoring Party: MO PSC Staff
Case No: WR-2010-0345
Date Prepared: 7/19/2010



MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

STAFF ACCOUNTING SCHEDULES

WARREN WOODS WATER

CASE NO. WR-2010-0345

Jefferson City, Missouri

July 2010

Warren Woods Water
Informal Rate Case
Case No. WR-2010-0345
Test Year Ending 5/31/2010
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)	\$6,824			
Rev-3	Miscellaneous Revenues	(1)	\$330			
Rev-4	TOTAL ANNUALIZED REVENUES		\$7,154			
1	OPERATIONS EXPENSES	(2)				
2	Management Salary (1)		\$29	\$0	\$29	0.00%
3	Hourly Employees		\$25	\$0	\$25	0.00%
4	Contract Operator - Franklin County Lab		\$7,080	\$0	\$7,080	0.00%
5	Electricity-(Pumping)		\$774	\$0	\$774	0.00%
6	Chemicals-(Chlorine)		\$279	\$0	\$279	0.00%
7	TOTAL OPERATIONS EXPENSE		\$8,187	\$0	\$8,187	
8	MAINTENANCE EXPENSES					
9	Outside Services Employed - Flynn Drilling (1)		\$250	\$0	\$250	0.00%
10	System Maintenance		\$946	\$0	\$946	0.00%
11	TOTAL MAINTENANCE EXPENSE		\$1,196	\$0	\$1,196	
12	CUSTOMER ACCOUNT EXPENSE					
13	Legal and Accounting Fees		\$102	\$0	\$102	0.00%
14	Billing & Collections		\$37	\$0	\$37	0.00%
15	Office Supplies		\$27	\$0	\$27	0.00%
16	Postage		\$123	\$0	\$123	0.00%
17	TOTAL CUSTOMER ACCOUNT EXPENSE		\$289	\$0	\$289	
18	ADMINISTRATIVE & GENERAL EXPENSES					
19	Office Utilities		\$42	\$0	\$42	0.00%
20	Telephone & Pagers		\$68	\$0	\$68	0.00%
21	Vehicle Expense		\$72	\$0	\$72	0.00%
22	Medical Insurance		\$0	\$0	\$0	0.00%
23	Property & Liability Insurance		\$276	\$0	\$276	0.00%
24	Building Rent		\$73	\$0	\$73	0.00%
25	Other Misc. Expenses		\$12	\$0	\$12	0.00%
26	TOTAL ADMINISTRATIVE AND GENERAL		\$543	\$0	\$543	
27	OTHER OPERATING EXPENSES					
28	Registration Fees and Lab Sampling		\$71	\$0	\$71	0.00%
29	PSC Assessment		\$251	\$0	\$251	0.00%
30	Depreciation		\$2,433	\$0	\$2,433	0.00%
31	TOTAL OTHER OPERATING EXPENSES		\$2,755	\$0	\$2,755	
32	TAXES OTHER THAN INCOME					
33	Real & Personal Property Taxes		\$395	\$0	\$395	0.00%
34	Payroll Taxes		\$95	\$0	\$95	0.00%
35	TOTAL TAXES OTHER THAN INCOME		\$490	\$0	\$490	
36	TOTAL OPERATING EXPENSES		\$13,460	\$0	\$13,460	
37	Interest Expense	(3)	\$0	\$0	\$0	0.00%
38	Return on Equity	(3)	\$2,862	\$0	\$2,862	0.00%
39	Income Taxes	(3)	\$713	\$0	\$713	0.00%
40	TOTAL INTEREST RETURN & TAXES		\$3,575	\$0	\$3,575	
41	TOTAL COST OF SERVICE		\$17,035	\$0	\$17,035	
42	Less: Miscellaneous Revenues		\$330	\$0	\$330	0.00%
43	COST TO RECOVER IN RATES		\$16,705	\$0	\$16,705	

Warren Woods Water
 Informal Rate Case
 Case No. WR-2010-0345
 Test Year Ending 5/31/2010
 Rate Design Schedule - Water

	A	B	C	D	E	F
Line Number	Description	Account Number (Optional)	Staff Annualized	Customer Charge	Commodity	Percentage Rate
44	INCREMENTAL INCREASE IN RATE REVENUES		<u>\$9,881</u>			
45	PERCENTAGE OF INCREASE		<u>138.12%</u>			
46	REQUESTED INCREASE IN REVENUES			\$0		

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

Warren Woods Water
Informal Rate Case
Case No. WR-2010-0345
Test Year Ending 5/31/2010
Rate Base Required Return on Investment Schedule - Water

Line Number	A Rate Base Description	B Dollar Amount	
1	Plant In Service	\$69,336	From Plant Schedule
2	Less Accumulated Depreciation Reserve	\$36,705	From Depreciation Reserve Schedule
3	Net Plant In Service	\$32,631	
4	Other Rate Base Items:	\$0	
	Contribution in Aid of Construction	-\$1,512	
	CIAC Depreciation	\$613	
5	Total Rate Base	\$31,732	
6	Total Weighted Rate of Return Including Income Tax	11.27%	From PreTax Return & Taxes Schedule
7	Required Return & Income Tax	\$3,575	

Warren Woods Water
Informal Rate Case
Case No. WR-2010-0345
Test Year Ending 5/31/2010
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	15.00% (1) & (2)	14.13%	$(1 - B1) \times A2$
3 Composite Effective Income Tax Rate		19.94%	$B1 + B2$
4 Equity Tax Factor		1.2490	$1 / (1 - B3)$
5 Recommended Weighted Rate of Return on Equity - Common and Preferred		9.02%	From Capital Structure Schedule
6 Weighted Rate of Return on Equity Including Income Tax		11.27%	$B4 \times B5$
7 Recommended Weighted Rate of Return on Debt - Long-Term and Short-Term		0.00%	From Capital Structure Schedule
8 Total Weighted Rate of Return Including Income Tax		11.27%	$B6 + B7$

To Rate Base Schedule

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

N

Equity Income Required \$3,367
& Preliminary Federal Tax

Tax Rate Table

Net Income Range		Tax Rate	Amount In Range	Tax on Range
Start	End			
\$0	\$50,000	15.00%	\$3,367	\$505
\$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
			\$3,367	\$505
Consolidated Tax Rate:				
Average Tax Rate:				0.15

Warren Woods Water
Informal Rate Case
Case No. WR-2010-0345
Test Year Ending 5/31/2010
Capital Structure Schedule - Water

Line Number	Description	Dollar Amount	Percentage of Total Capital Structure	Embedded Cost of Capital	Weighted Cost of Capital
1	Common Stock	\$31,732	100.00%	9.02%	9.020%
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	\$0	0.00%	0.00%	0.000%
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>\$31,732</u>	<u>100.00%</u>		<u>9.020%</u>

To PreTax Return Rate Schedule

Warren Woods Water
Informal Rate Case
Case No. WR-2010-0345
Test Year Ending 5/31/2010
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	\$3,314			100.00%	\$3,314
3		TOTAL INTANGIBLE PLANT	\$3,314		\$0		\$3,314
4		SOURCE OF SUPPLY PLANT					
5	314.000	Wells & Springs	\$3,275			100.00%	\$3,275
6		TOTAL SOURCE OF SUPPLY PLANT	\$3,275		\$0		\$3,275
7		PUMPING PLANT					
8	321.000	Structures & Improvements - PP	\$17,999	P-8	\$389	100.00%	\$18,388
9	325.000	Electric Pumping Equipment	\$19,511			100.00%	\$19,511
10		TOTAL PUMPING PLANT	\$37,510		\$389		\$37,899
11		WATER TREATMENT PLANT					
12	332.000	Water Treatment Equipment	\$537			100.00%	\$537
13		TOTAL WATER TREATMENT PLANT	\$537		\$0		\$537
14		TRANSMISSION & DISTRIBUTION PLANT					
15	343.000	Transmission and Distribution Mains	\$15,213			100.00%	\$15,213
16	345.000	Customer Services	\$0	P-16	\$558	100.00%	\$558
17	346.000	Meters	\$3,162	P-17	\$3,689	100.00%	\$6,851
18	347.000	Meter Installations	\$0	P-18	\$855	100.00%	\$855
19		TOTAL TRANS. & DISTRIBUTION PLANT	\$18,375		\$5,102		\$23,477
20		GENERAL PLANT					
21	391.100	Computers and Software	\$154			100.00%	\$154
22	392.000	Transportation Equipment	\$347	P-22	-\$13	100.00%	\$334
23	394.000	Other General Plant	\$340			100.00%	\$340
24	397.000	Communications Equipment	\$8			100.00%	\$6
25		TOTAL GENERAL PLANT	\$847		-\$13		\$834
26		TOTAL PLANT IN SERVICE	\$63,858		\$5,478		\$69,336

To Rate Base & Depreciation Schedules

Warren Woods Water
Informal Rate Case
Case No. WR-2010-0345
Test Year Ending 5/31/2010
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-8	Structures & Improvements - PP	321.000		\$389
	1. To Capitalize Maintenance Expense Proven to be Plant in Service 10/15/2010 (Grissum)		\$389	
P-16	Customer Services	345.000		\$558
	1. To Reflect Plant Additions related to Meter Replacements or Installations per R&O in Case No. WR-2006-0286 (Grissum)		\$558	
P-17	Meters	346.000		\$3,689
	1. To Reflect Meter Replacement Surcharge (CIAC) (Grissum)		\$1,512	
	2. To Reflect Plant Additions related to Meter Replacements or Installations per R&O in Case No. WR-2006-0286 (Grissum)		\$2,177	
P-18	Meter Installations	347.000		\$855
	1. To Reflect Plant Additions related to Meter Replacements or Installations per R&O in Case No. WR-2006-0286 (Grissum)		\$855	
P-22	Transportation Equipment	392.000		-\$13
	1. To Reallocated Ford F-150 PU based upon usage of truck by each system (Grissum)		-\$13	
	Total Plant Adjustments			\$5,478

Warren Woods Water
Informal Rate Case
Case No. WR-2010-0345
Test Year Ending 5/31/2010
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	\$3,314	0.00%	\$0
3		TOTAL INTANGIBLE PLANT	\$3,314		\$0
4		SOURCE OF SUPPLY PLANT			
5	314.000	Wells & Springs	\$3,275	2.00%	\$66
6		TOTAL SOURCE OF SUPPLY PLANT	\$3,275		\$66
7		PUMPING PLANT			
8	321.000	Structures & Improvements - PP	\$18,388	2.50%	\$460
9	325.000	Electric Pumping Equipment	\$19,511	5.00%	\$976
10		TOTAL PUMPING PLANT	\$37,899		\$1,436
11		WATER TREATMENT PLANT			
12	332.000	Water Treatment Equipment	\$537	2.90%	\$16
13		TOTAL WATER TREATMENT PLANT	\$537		\$16
14		TRANSMISSION & DISTRIBUTION PLANT			
15	343.000	Transmission and Distribution Mains	\$15,213	2.00%	\$304
16	345.000	Customer Services	\$558	2.50%	\$14
17	346.000	Meters	\$6,851	10.00%	\$685
18	347.000	Meter Installations	\$855	2.50%	\$21
19		TOTAL TRANS. & DISTRIBUTION PLANT	\$23,477		\$1,024
20		GENERAL PLANT			
21	391.100	Computers and Software	\$154	1.00%	\$2
22	392.000	Transportation Equipment	\$334	7.00%	\$23
23	394.000	Other General Plant	\$340	5.00%	\$17
24	397.000	Communications Equipment	\$6	6.70%	\$0
25		TOTAL GENERAL PLANT	\$834		\$42
26		Total Depreciation	\$69,336		\$2,584

Warren Woods Water
Informal Rate Case
Case No. WR-2010-0345
Test Year Ending 5/31/2010
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	<u>\$3,342</u>		<u>\$0</u>	100.00%	<u>\$3,342</u>
3		TOTAL INTANGIBLE PLANT	<u>\$3,342</u>				<u>\$3,342</u>
4		SOURCE OF SUPPLY PLANT					
5	314.000	Wells & Springs	<u>\$164</u>		<u>\$0</u>	100.00%	<u>\$164</u>
6		TOTAL SOURCE OF SUPPLY PLANT	<u>\$164</u>				<u>\$164</u>
7		PUMPING PLANT					
8	321.000	Structures & Improvements - PP	<u>\$5,009</u>			100.00%	<u>\$5,009</u>
9	325.000	Electric Pumping Equipment	<u>\$18,079</u>			100.00%	<u>\$18,079</u>
10		TOTAL PUMPING PLANT	<u>\$23,088</u>		<u>\$0</u>		<u>\$23,088</u>
11		WATER TREATMENT PLANT					
12	332.000	Water Treatment Equipment	<u>\$264</u>		<u>\$0</u>	100.00%	<u>\$264</u>
13		TOTAL WATER TREATMENT PLANT	<u>\$264</u>				<u>\$264</u>
14		TRANSMISSION & DISTRIBUTION PLANT					
15	343.000	Transmission and Distribution Mains	<u>\$4,403</u>			100.00%	<u>\$4,403</u>
16	345.000	Customer Services	<u>\$0</u>			100.00%	<u>\$0</u>
17	346.000	Meters	<u>\$3,269</u>	R-17	<u>\$1,479</u>	100.00%	<u>\$4,748</u>
18	347.000	Meter Installations	<u>\$0</u>			100.00%	<u>\$0</u>
19		TOTAL TRANS. & DISTRIBUTION PLANT	<u>\$7,672</u>		<u>\$1,479</u>		<u>\$9,151</u>
20		GENERAL PLANT					
21	391.100	Computers and Software	<u>\$182</u>			100.00%	<u>\$182</u>
22	392.000	Transportation Equipment	<u>\$323</u>	R-22	<u>-\$12</u>	100.00%	<u>\$311</u>
23	394.000	Other General Plant	<u>\$200</u>			100.00%	<u>\$200</u>
24	397.000	Communications Equipment	<u>\$3</u>			100.00%	<u>\$3</u>
25		TOTAL GENERAL PLANT	<u>\$708</u>		<u>-\$12</u>		<u>\$696</u>
26		TOTAL DEPRECIATION RESERVE	<u><u>\$35,238</u></u>		<u><u>\$1,467</u></u>		<u><u>\$36,705</u></u>

To Rate Base Schedule

Warren Woods Water
 Informal Rate Case
 Case No. WR-2010-0345
 Test Year Ending 5/31/2010
 Schedule of Adjustments for Accumulated Depreciation Reserve - Water

<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>
Reserve Adjustment Number	Accumulated Depreciation Reserve Adjustments Description	Account Number	Adjustment Amount	Total Adjustment Amount
R-17	Meters	346.000		\$1,479
	1. To Reflect Accumulated Depreciation Related to Meter Replacement Surcharge (CIAC) (Grissum)		\$613	
	2. To Reflect Depreciation Reserve related to Meter Replacements or Installations per R&O in Case No. WR-2006-0286 (Grissum)		\$866	
R-22	Transportation Equipment	392.000		-\$12
	1. To Reallocated Ford F-150 PU based upon usage of truck by each system (Grissum)		-\$12	
Total Reserve Adjustments				<u>\$1,467</u>

Warren Woods Water
Informal Rate Case
Case No. WR-2010-0345
Test Year Ending 5/31/2010
Rate Revenue Feeder Schedule - Water

Line Number	A Description	Residential 3/4"		MMMM 5/8"	
		B Amount	C Amount	D Amount	E Amount
1	Customer Charge Revenues:				
2	Customer Number	21		0	
3	Bills Per Year	12		0	
4	Customer Bills Per year	252		0	
5	Current Customer Charge	\$12.92		\$0.00	
6	Annualized Customer Charge Revenues		\$3,256		\$0
7	Commodity Charge Revenues:				
8	Total Gallons Sold	1,221,827		0	
9	Less: Base Gallons Included In Customer Charge	0		0	
10	Commodity Gallons	1,221,827		0	
11	Block 1, Commodity Gallons per Block	1,221,827		0	
12	Block 1, Number of Commodity Gallons per Unit	1,000		0	
13	Block 1, Commodity Billing Units	1,221.83		0.00	
14	Block 1, Existing Commodity Charge	\$2.92		\$0.00	
15	Block 1, Annualized Commodity Charge Rev.		\$3,568		\$0
16	FFFFF, Commodity Gallons per Block	0		0	
17	FFFFF, Number of Commodity Gallons per Unit	0		0	
18	FFFFF, Commodity Billing Units	0.00		0.00	
19	FFFFF, Existing Commodity Charge	\$0.00		\$0.00	
20	FFFFF, Annualized Commodity Charge Rev.		\$0		\$0
21	VVV, Commodity Gallons per Block	0		0	
22	VVV, Number of Commodity Gallons per Unit	0		0	
23	VVV, Commodity Billing Units	0.00		0.00	
24	VVV, Existing Commodity Charge	\$0.00		\$0.00	
25	VVV, Annualized Commodity Charge Rev.		\$0		\$0
26	FADF, Commodity Gallons per Block	0		0	
27	FADF, Number of Commodity Gallons per Unit	0		0	
28	FADF, Commodity Billing Units	0.00		0.00	
29	FADF, Existing Commodity Charge	\$0.00		\$0.00	
30	FADF, Annualized Commodity Charge Rev.		\$0		\$0
31	Total Annualized Water Rate Revenues		\$6,824		\$0

Warren Woods Water
 Informal Rate Case
 Case No. WR-2010-0345
 Test Year Ending 5/31/2010
 Rate Revenue Feeder Schedule - Water

Line Number	A Description	Residential 3/4"		MMMM 5/8"	
		B Amount	C Amount	D Amount	E Amount

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.

Warren Woods Water
Informal Rate Case
Case No. WR-2010-0345
Test Year Ending 5/31/2010
Rate Revenue Feeder Schedule - Water

Line Number	A Description	GGGG 5/8"		GGGG 5/8"	
		F Amount	G Amount	H Amount	I Amount
1	Customer Charge Revenues:				
2	Customer Number	0		0	
3	Bills Per Year	0		0	
4	Customer Bills Per year	0		0	
5	Current Customer Charge	\$0.00		\$0.00	
6	Annualized Customer Charge Revenues		\$0		\$0
7	Commodity Charge Revenues:				
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	FFFFF, Commodity Gallons per Block	0		0	
17	FFFFF, Number of Commodity Gallons per Unit	0		0	
18	FFFFF, Commodity Billing Units	0.00		0.00	
19	FFFFF, Existing Commodity Charge	\$0.00		\$0.00	
20	FFFFF, Annualized Commodity Charge Rev.		\$0		\$0
21	VVV, Commodity Gallons per Block	0		0	
22	VVV, Number of Commodity Gallons per Unit	0		0	
23	VVV, Commodity Billing Units	0.00		0.00	
24	VVV, Existing Commodity Charge	\$0.00		\$0.00	
25	VVV, Annualized Commodity Charge Rev.		\$0		\$0
26	FADF, Commodity Gallons per Block	0		0	
27	FADF, Number of Commodity Gallons per Unit	0		0	
28	FADF, Commodity Billing Units	0.00		0.00	
29	FADF, Existing Commodity Charge	\$0.00		\$0.00	
30	FADF, Annualized Commodity Charge Rev.		\$0		\$0
31	Total Annualized Water Rate Revenues		\$0		\$0

Warren Woods Water
Informal Rate Case
Case No. WR-2010-0345
Test Year Ending 5/31/2010
Rate Revenue Feeder Schedule - Water

Line Number	A Description	GGGG 5/8"		GGGG 5/8"	
		F Amount	G Amount	H Amount	I Amount

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.

Warren Woods Water
Informal Rate Case
Case No. WR-2010-0345
Test Year Ending 5/31/2010
Rate Revenue Feeder Schedule - Water

Line Number	A Description	AAAA 5/8"		FFFF 5/8"	
		J Amount	K Amount	L Amount	M Amount
1	<u>Customer Charge Revenues:</u>				
2	Customer Number	0		0	
3	Bills Per Year	0		0	
4	Customer Bills Per year	0		0	
5	Current Customer Charge	<u>\$0.00</u>		<u>\$0.00</u>	
6	Annualized Customer Charge Revenues		\$0		\$0
7	<u>Commodity Charge Revenues:</u>				
8	Total Gallons Sold	0		0	
9	Less: Base Gallons Included In Customer Charge	<u>0</u>		<u>0</u>	
10	Commodity Gallons	0		0	
11	Block 1, Commodity Gallons per Block	0		0	
12	Block 1, Number of Commodity Gallons per Unit	<u>0</u>		<u>0</u>	
13	Block 1, Commodity Billing Units	0.00		0.00	
14	Block 1, Existing Commodity Charge	<u>\$0.00</u>		<u>\$0.00</u>	
15	Block 1, Annualized Commodity Charge Rev.		\$0		\$0
16	FFFFF, Commodity Gallons per Block	0		0	
17	FFFFF, Number of Commodity Gallons per Unit	<u>0</u>		<u>0</u>	
18	FFFFF, Commodity Billing Units	0.00		0.00	
19	FFFFF, Existing Commodity Charge	<u>\$0.00</u>		<u>\$0.00</u>	
20	FFFFF, Annualized Commodity Charge Rev.		\$0		\$0
21	VVV, Commodity Gallons per Block	0		0	
22	VVV, Number of Commodity Gallons per Unit	<u>0</u>		<u>0</u>	
23	VVV, Commodity Billing Units	0.00		0.00	
24	VVV, Existing Commodity Charge	<u>\$0.00</u>		<u>\$0.00</u>	
25	VVV, Annualized Commodity Charge Rev.		\$0		\$0
26	FADF, Commodity Gallons per Block	0		0	
27	FADF, Number of Commodity Gallons per Unit	<u>0</u>		<u>0</u>	
28	FADF, Commodity Billing Units	0.00		0.00	
29	FADF, Existing Commodity Charge	<u>\$0.00</u>		<u>\$0.00</u>	
30	FADF, Annualized Commodity Charge Rev.		\$0		\$0
31	Total Annualized Water Rate Revenues		<u>\$0</u>		<u>\$0</u>

Warren Woods Water
 Informal Rate Case
 Case No. WR-2010-0345
 Test Year Ending 5/31/2010
 Rate Revenue Feeder Schedule - Water

Line Number	A Description	AAAA 5/8"		FFFF 5/8"	
		J Amount	K Amount	L Amount	M Amount

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.

Warren Woods Water
Informal Rate Case
Case No. WR-2010-0345
Test Year Ending 5/31/2010
Rate Revenue Feeder Schedule - Water

Line Number	A Description	Commercial 2"		Total	
		N Amount	O Amount	P Amount	Q Amount
1	<u>Customer Charge Revenues:</u>				
2	Customer Number	0		21	
3	Bills Per Year	0			
4	Customer Bills Per year	0		252	
5	Current Customer Charge	\$0.00			
6	Annualized Customer Charge Revenues		\$0		\$3,256
7	<u>Commodity Charge Revenues:</u>				
8	Total Gallons Sold	0		1,221,827	
9	Less: Base Gallons Included In Customer Charge	0		0	
10	Commodity Gallons	0		1,221,827	
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		\$3,568
16	FFFFF, Commodity Gallons per Block	0			
17	FFFFF, Number of Commodity Gallons per Unit	0			
18	FFFFF, Commodity Billing Units	0.00			
19	FFFFF, Existing Commodity Charge	\$0.00			
20	FFFFF, Annualized Commodity Charge Rev.		\$0		\$0
21	VVV, Commodity Gallons per Block	0			
22	VVV, Number of Commodity Gallons per Unit	0			
23	VVV, Commodity Billing Units	0.00			
24	VVV, Existing Commodity Charge	\$0.00			
25	VVV, Annualized Commodity Charge Rev.		\$0		\$0
26	FADF, Commodity Gallons per Block	0			
27	FADF, Number of Commodity Gallons per Unit	0			
28	FADF, Commodity Billing Units	0.00			
29	FADF, Existing Commodity Charge	\$0.00			
30	FADF, Annualized Commodity Charge Rev.		\$0		\$0
31	Total Annualized Water Rate Revenues		\$0		\$6,824

Warren Woods Water
 Informal Rate Case
 Case No. WR-2010-0345
 Test Year Ending 5/31/2010
 Rate Revenue Feeder Schedule - Water

Line Number	A Description	Commercial 2"		Total	
		N Amount	O Amount	P Amount	Q Amount

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.

Warren Woods Water
Informal Rate Case
Case No. WR-2010-0345
Test Year Ending 5/31/2010
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)	\$413	W-2	-\$384	100.00%	\$29
3		Hourly Employees	\$2,545	W-3	-\$2,520	100.00%	\$25
4		Contract Operator - Franklin County Lab	\$1,140	W-4	\$5,940	100.00%	\$7,080
5		Electricity-(Pumping)	\$773	W-5	\$1	100.00%	\$774
6		Chemicals-(Chlorine)	\$279			100.00%	\$279
7		TOTAL OPERATIONS EXPENSE	\$5,150		\$3,037		\$8,187
8		MAINTENANCE EXPENSES					
9		Outside Services Employed - Flynn Drilling (1)	\$0	W-9	\$250	100.00%	\$250
10		System Maintenance	\$1,091	W-10	-\$145	100.00%	\$946
11		TOTAL MAINTENANCE EXPENSE	\$1,091		\$105		\$1,196
12		CUSTOMER ACCOUNT EXPENSE					
13		Legal and Accounting Fees	\$108	W-13	-\$6	100.00%	\$102
14		Billing & Collections	\$37			100.00%	\$37
15		Office Supplies	\$27			100.00%	\$27
16		Postage	\$202	W-16	-\$79	100.00%	\$123
17		TOTAL CUSTOMER ACCOUNT EXPENSE	\$374		-\$85		\$289
18		ADMINISTRATIVE & GENERAL EXPENSES					
19		Office Utilities	\$42			100.00%	\$42
20		Telephone & Pagers	\$103	W-20	-\$35	100.00%	\$68
21		Vehicle Expense	\$103	W-21	-\$31	100.00%	\$72
22		Medical Insurance	\$213	W-22	-\$213	100.00%	\$0
23		Property & Liability Insurance	\$276			100.00%	\$276
24		Building Rent	\$73			100.00%	\$73
25		Other Misc. Expenses	\$15	W-25	-\$3	100.00%	\$12
26		TOTAL ADMINISTRATIVE AND GENERAL	\$825		-\$282		\$543
27		OTHER OPERATING EXPENSES					
28		Registration Fees and Lab Sampling	\$128	W-28	-\$57	100.00%	\$71
29		PSC Assessment	\$480	W-29	-\$229	100.00%	\$251
30		Depreciation	\$0	W-30	\$2,433	100.00%	\$2,433
31		TOTAL OTHER OPERATING EXPENSES	\$608		\$2,147		\$2,755
32		TAXES OTHER THAN INCOME					
33		Real & Personal Property Taxes	\$392	W-33	\$3	100.00%	\$395
34		Payroll Taxes	\$175	W-34	-\$80	100.00%	\$95
35		TOTAL TAXES OTHER THAN INCOME	\$567		-\$77		\$490
36		TOTAL OPERATING EXPENSES	\$8,615		\$4,845		\$13,460

Warren Woods Water
Informal Rate Case
Case No. WR-2010-0345
Test Year Ending 5/31/2010
Expense Adjustment Schedule - Water

<u>A</u> Expense Adj Number	<u>B</u> Adjustment Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment
W-2	Management Salary (1)			-\$384
	1. To Annualize Payroll - Salaried Employee (Grissum)		-\$384	
W-3	Hourly Employees			-\$2,520
	1. To Annualize Payroll - Hourly Employees (Grissum)		-\$2,520	
W-4	Contract Operator - Franklin County Lab			\$5,940
	1. To Annualize Services Provided by Contract Operator		\$5,400	
	2. To Reflect Staff Adjustment for Contract Operator to make additional site visits, take additional system reads and provide additional labor for all water svstems (Loethen/Grissum)		\$540	
W-5	Electricity-(Pumping)			\$1
	1. To Annualize Electricity Expense for Water Losses (Ferguson)		\$1	
W-9	Outside Services Employed - Flynn Drilling (1)			\$250
	1. To Reflect Annual Inspections to be Performed by Flynn Drilling on Well Pumps (Grissum)		\$250	
W-10	System Maintenance			-\$145
	1. To Capitalize Maintenance Expense (Grissum)		-\$415	
	2. To Reflect Maintenance Expense Incurred During the Test Year (Grissum)		\$270	
W-13	Legal and Accounting Fees			-\$6

Warren Woods Water
Informal Rate Case
Case No. WR-2010-0345
Test Year Ending 5/31/2010
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
	1. Disallowance for monthly fee incurred May 2009 outside of the Test Year		-\$6	
W-16	Postage			-\$79
	1. To Annualize Postage Expense		-\$79	
W-20	Telephone & Pagers			-\$35
	1. Disallowance for AT&T Charge Associated with National Search Directory Inc.		-\$10	
	1. To Reallocate Pager Expense from Sewer System to Water System		\$4	
	3. To Remove Cell Phone No Longer Used by Ann Rudy (Grissum)		-\$29	
W-21	Vehicle Expense			-\$31
	1. To Annualize Vehicle Fuel Expense		\$9	
	2. To Reallocate Ford F-150 PU based upon usage of truck by each system (Grissum)		-\$40	
W-22	Medical Insurance			-\$213
	1. To Annualize Employee Healthcare (Grissum)		-\$213	
W-25	Other Misc. Expenses			-\$3
	1. Disallowance for Bank Charges Associated with Insufficient Checks		-\$3	
W-28	Registration Fees and Lab Sampling			-\$57
	1. To Remove DNR Primacy Fees		-\$67	
	2. Allowance for Lab Sampling utilizing DNR Drop Locations (Grissum)		\$10	

Warren Woods Water
Informal Rate Case
Case No. WR-2010-0345
Test Year Ending 5/31/2010
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-29	PSC Assessment			-\$229
	1. To Reflect Current MoPSC Assessment		-\$229	
W-30	Depreciation			\$2,433
	1. To Annualize Depreciation		\$2,584	
	2. To Remove Depreciation Expense Related to Meter Replacement Surcharge (CIAC) (Grissum)		-\$151	
W-33	Real & Personal Property Taxes			\$3
	1. To Reflect Ford F-150 PU based upon usage of truck by each system (Grissum)		\$3	
W-34	Payroll Taxes			-\$80
	1. To Annualize Payroll Tax - FICA (Grissum)		-\$79	
	2. To Annualize Payroll Tax - SUTA (Grissum)		-\$1	
	Total Expense Adjustments			<u>\$4,845</u>

Warren Woods Water
Informal Rate Case
Case No. WR-2010-0345
Test Year Ending 5/31/2010
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	\$6,792	Rev-2	\$32	100.00%	\$6,824
Rev-3		Miscellaneous Revenues	\$330	Rev-3	\$0	100.00%	\$330
Rev-4		TOTAL ANNUALIZED REVENUES	\$7,122		\$32		\$7,154

Warren Woods Water
Informal Rate Case
Case No. WR-2010-0345
Test Year Ending 5/31/2010
Revenue Adjustment Schedule - Water

<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>
Revenue Adj Number	Adjustment Description	Account Number	Adjustment Amount	Total Adjustment
Rev-2	Annualized Rate Revenues			\$32
	1. To Annualize Rate Revenues		\$32	
Rev-3	Miscellaneous Revenues			\$0
	1. To Annualize Miscellaneous Revenues		\$0	
	2. Description		\$0	
	Total Revenue Adjustments			<u>\$32</u>

Warren Woods Water
Informal Rate Case
Case No. WR-2010-0345
Test Year Ending 5/31/2010
Miscellaneous Revenues Feeder - Water

A		B
Line Number	Description	Amount
1	Other Revenues - Late Fees	\$330
2	Total Miscellaneous Revenues	\$330

Agreement Attachment C

Ratemaking Income Statement

KMB UTILITY CORPORATION-CEDAR HILL

Rate Making Income Statement-Water

Operating Revenues at Current Rates

1	Tariffed Rate Revenues *	\$	34,608
2	Other Operating Revenues *	\$	4,644
3	Total Operating Revenues	\$	39,252
4	* See "Revenues - Current Rates" for Details		

Cost of Service

Item	Amount
1 Operators Salary-Management Salary	\$ 2,231
2 Operators Salary-Hourly Employees	\$ 1,971
3 Contract Operator	\$ 7,540
4 Electricity-Pumping	\$ 1,479
5 Outside Services Employed	\$ 250
6 System Maintenance	\$ 1,573
7 Legal & Accounting Fees	\$ 887
8 Billing & Collections	\$ 320
9 Office Supplies	\$ 238
10 Postage	\$ 1,112
11 Uncollectible Accounts	\$ 855
12 Telephone & Internet Expense	\$ 591
13 Vehicle Expense	\$ 657
14 Property & Liability Insurance	\$ 2,409
15 Rent Expense-Building	\$ 640
16 Miscellaneous General Expenses	\$ 100
17 Registration Fee & Lab Sampling	\$ 22
18 Rate Case Expense	\$ -
19 MO DNR Fees	\$ -
20 Employee Pensions & Benefits	\$ -
21 Regulatory Commission Expense	\$ 657
22 Miscellaneous General Expenses	\$ -
23 Sub-Total Operating Expenses	\$ 23,532
24 Property Taxes	\$ 1,033
25 MO Franchise Taxes	\$ -
26 Employer FICA Taxes	\$ 897
27 Federal Unemployment Taxes	\$ -
28 State Unemployment Taxes	\$ -
29 State & Federal Income Taxes	\$ 473
30 Sub-Total Taxes	\$ 2,403
31 Depreciation Expense	\$ 7,931
32 Amortization of Utility Plant	\$ -
33 Sub-Total Depreciation/Amortization	\$ 7,931
34 Return on Rate Base	\$ 1,900
35 Total Cost of Service	\$ 35,766
36 Support to Warren Woods	\$ 3,486
37 Overall Revenue Increase Needed	\$ 0

KMB UTILITY CORPORATION-CRESTVIEW ACRES

Rate Making Income Statement-Water

Operating Revenues at Current Rates

1	Tariffed Rate Revenues *	\$	11,393
2	Other Operating Revenues *	\$	840
3	Total Operating Revenues	\$	12,233
4	* See "Revenues - Current Rates" for Details		

Cost of Service

Item	Amount
1 Operators Salary-Management Salary	\$ 999
2 Operators Salary-Hourly Employees	\$ 563
3 Contract Operator	\$ 5,500
4 Electricity-Pumping	\$ 954
5 Outside Services Employed	\$ 250
6 System Maintenance	\$ 1,615
7 Legal & Accounting Fees	\$ 249
8 Billing & Collections	\$ 90
9 Office Supplies	\$ 67
10 Postage	\$ 315
11 Uncollectible Accounts	\$ 60
12 Telephone & Internet Expense	\$ 166
13 Vehicle Expense	\$ 187
14 Property & Liability Insurance	\$ 678
15 Rent Expense-Building	\$ 180
16 Miscellaneous General Expenses	\$ 28
17 Registration Fee & Lab Sampling	\$ 13
18 Rate Case Expense	\$ -
19 MO DNR Fees	\$ -
20 Employee Pensions & Benefits	\$ -
21 Regulatory Commission Expense	\$ 329
22 Miscellaneous General Expenses	\$ -
23 Sub-Total Operating Expenses	\$ 12,243
24 Property Taxes	\$ 30
25 MO Franchise Taxes	\$ -
26 Employer FICA Taxes	\$ 283
27 Federal Unemployment Taxes	\$ -
28 State Unemployment Taxes	\$ -
29 State & Federal Income Taxes	\$ 564
30 Sub-Total Taxes	\$ 877
31 Depreciation Expense	\$ 2,043
32 Amortization of Utility Plant	\$ -
33 Sub-Total Depreciation/Amortization	\$ 2,043
34 Return on Rate Base	\$ 2,268
35 Total Cost of Service	\$ 17,431
36 Overall Revenue Increase Needed	\$ 5,198

KMB UTILITY CORPORATION-HIGH RIDGE MANOR

Rate Making Income Statement-Water

Operating Revenues at Current Rates

1	Tariffed Rate Revenues *	\$	17,925
2	Other Operating Revenues *	\$	962
3	Total Operating Revenues	\$	18,887
4	* See "Revenues - Current Rates" for Details		

Cost of Service

Item	Amount
1 Operators Salary-Management Salary	\$ 1,090
2 Operators Salary-Hourly Employees	\$ 858
3 Contract Operator	\$ 4,150
4 Electricity-Pumping	\$ 1,781
5 Outside Services Employed	\$ 250
6 System Maintenance	\$ 2,479
7 Legal & Accounting Fees	\$ 373
8 Billing & Collections	\$ 135
9 Office Supplies	\$ 101
10 Postage	\$ 478
11 Uncollectible Accounts	\$ 11
12 Telephone & Internet Expense	\$ 249
13 Vehicle Expense	\$ 286
14 Property & Liability Insurance	\$ 1,016
15 Rent Expense-Building	\$ 270
16 Miscellaneous General Expenses	\$ 44
17 Registration Fee & Lab Sampling	\$ 15
18 Office Utilities	\$ 1,067
19 MO DNR Fees	\$ -
20 Employee Pensions & Benefits	\$ -
21 Regulatory Commission Expense	\$ 473
22 Miscellaneous General Expenses	\$ -
23 Sub-Total Operating Expenses	\$ 15,126
24 Property Taxes	\$ 688
25 MO Franchise Taxes	\$ -
26 Employer FICA Taxes	\$ 392
27 Federal Unemployment Taxes	\$ -
28 State Unemployment Taxes	\$ -
29 State & Federal Income Taxes	\$ (13)
30 Sub-Total Taxes	\$ 1,067
31 Depreciation Expense	\$ 2,432
32 Amortization of Utility Plant	\$ -
33 Sub-Total Depreciation/Amortization	\$ 2,432
34 Return on Rate Base	\$ (49)
35 Total Cost of Service	\$ 18,576
36 Support to Warren Woods	\$ 311
37 Overall Revenue Increase Needed	\$ 0

KMB UTILITY CORPORATION-HILL SHINE MANOR

Rate Making Income Statement-Water

Operating Revenues at Current Rates

1	Tariffed Rate Revenues *	\$	8,525
2	Other Operating Revenues *	\$	461
3	Total Operating Revenues	\$	8,986
4	* See "Revenues - Current Rates" for Details		

Cost of Service

Item	Amount
1 Operators Salary-Management Salary	\$ 736
2 Operators Salary-Hourly Employees	\$ 337
3 Contract Operator	\$ 4,750
4 Electricity-Pumping	\$ 456
5 Outside Services Employed	\$ 250
6 System Maintenance	\$ 1,535
7 Legal & Accounting Fees	\$ 147
8 Billing & Collections	\$ 53
9 Office Supplies	\$ 41
10 Postage	\$ 188
11 Uncollectible Accounts	\$ -
12 Telephone & Internet Expense	\$ 98
13 Vehicle Expense	\$ 112
14 Property & Liability Insurance	\$ 401
15 Rent Expense-Building	\$ 106
16 Miscellaneous General Expenses	\$ 16
17 Registration Fee & Lab Sampling	\$ 12
18 Office Utilities	\$ -
19 MO DNR Fees	\$ -
20 Employee Pensions & Benefits	\$ -
21 Regulatory Commission Expense	\$ 276
22 Miscellaneous General Expenses	\$ -
23 Sub-Total Operating Expenses	\$ 9,514
24 Property Taxes	\$ 11
25 MO Franchise Taxes	\$ -
26 Employer FICA Taxes	\$ 178
27 Federal Unemployment Taxes	\$ -
28 State Unemployment Taxes	\$ -
29 State & Federal Income Taxes	\$ 358
30 Sub-Total Taxes	\$ 547
31 Depreciation Expense	\$ 1,099
32 Amortization of Utility Plant	\$ -
33 Sub-Total Depreciation/Amortization	\$ 1,099
34 Return on Rate Base	\$ 1,438
35 Total Cost of Service	\$ 12,598
36 Overall Revenue Increase Needed	\$ 3,612

KMB UTILITY CORPORATION-LAKEWOOD HILLS

Rate Making Income Statement-Water

Operating Revenues at Current Rates

1	Tariffed Rate Revenues *	\$	39,533
2	Other Operating Revenues *	\$	692
3	Total Operating Revenues	\$	40,225
4	* See "Revenues - Current Rates" for Details		

Cost of Service

Item	Amount
1 Operators Salary-Management Salary	\$ 2,866
2 Operators Salary-Hourly Employees	\$ 1,183
3 Contract Operator	\$ 9,190
4 Electricity-Pumping	\$ 2,599
5 Chemicals	\$ 578
6 Outside Services Employed	\$ 250
7 System Maintenance	\$ 6,022
8 Legal & Accounting Fees	\$ 2,533
9 Billing & Collections	\$ 190
10 Office Supplies	\$ 146
11 Postage	\$ 665
12 Uncollectible Accounts	\$ -
13 Telephone & Internet Expense	\$ 350
14 Vehicle Expense	\$ 395
15 Property & Liability Insurance	\$ 1,430
16 Rent Expense-Building	\$ 380
17 Miscellaneous General Expenses	\$ 60
18 Registration Fee & Lab Sampling	\$ 77
19 Office Utilities	\$ -
20 MO DNR Fees	\$ -
21 Employee Pensions & Benefits	\$ -
22 Regulatory Commission Expense	\$ 471
23 Miscellaneous General Expenses	\$ -
24 Sub-Total Operating Expenses	\$ 29,385
25 Property Taxes	\$ 35
26 MO Franchise Taxes	\$ -
27 Employer FICA Taxes	\$ 657
28 Federal Unemployment Taxes	\$ -
29 State Unemployment Taxes	\$ -
30 State & Federal Income Taxes	\$ 1,746
31 Sub-Total Taxes	\$ 2,438
32 Depreciation Expense	\$ 5,676
33 Amortization of Utility Plant	\$ -
34 Sub-Total Depreciation/Amortization	\$ 5,676
35 Return on Rate Base	\$ 7,011
36 Total Cost of Service	\$ 44,510
37 Overall Revenue Increase Needed	\$ 4,285

KMB UTILITY CORPORATION-SCOTSDALE

Rate Making Income Statement-Water

Operating Revenues at Current Rates

1	Tariffed Rate Revenues *	\$	13,650
2	Other Operating Revenues *	\$	415
3	Total Operating Revenues	\$	14,065
4	* See "Revenues - Current Rates" for Details		

Cost of Service

Item	Amount
1 Operators Salary-Management Salary	\$ 212
2 Operators Salary-Hourly Employees	\$ 378
3 Contract Operator	\$ 6,750
4 Electricity-Pumping	\$ 1,397
5 Chemicals	\$ 180
5 Outside Services Employed	\$ 250
6 Maintenance-Misc. Supplies	\$ 180
6 System Maintenance	\$ 747
7 Legal & Accounting Fees	\$ 166
8 Billing & Collections	\$ 60
9 Office Supplies	\$ 51
10 Postage	\$ 211
11 Uncollectible Accounts	\$ (121)
12 Telephone & Internet Expense	\$ 120
13 Vehicle Expense	\$ 126
14 Property & Liability Insurance	\$ 452
15 Rent Expense-Building	\$ 120
16 Miscellaneous General Expenses	\$ 19
17 Registration Fee & Lab Sampling	\$ 73
18 Office Utilities	\$ -
19 MO DNR Fees	\$ -
20 Employee Pensions & Benefits	\$ -
21 Regulatory Commission Expense	\$ 285
22 Miscellaneous General Expenses	\$ -
23 Sub-Total Operating Expenses	\$ 11,656
24 Property Taxes	\$ 356
25 MO Franchise Taxes	\$ -
26 Employer FICA Taxes	\$ 161
27 Federal Unemployment Taxes	\$ -
28 State Unemployment Taxes	\$ -
29 State & Federal Income Taxes	\$ 1,089
30 Sub-Total Taxes	\$ 1,606
31 Depreciation Expense	\$ 2,518
32 Amortization of Utility Plant	\$ -
33 Sub-Total Depreciation/Amortization	\$ 2,518
34 Return on Rate Base	\$ 4,374
35 Total Cost of Service	\$ 20,154
36 Overall Revenue Increase Needed	\$ 6,089

KMB UTILITY CORPORATION-WARREN WOODS

Rate Making Income Statement-Water

Operating Revenues at Current Rates

1	Tariffed Rate Revenues *	\$	6,824
2	Other Operating Revenues *	\$	330
3	Total Operating Revenues	\$	7,154
4	* See "Revenues - Current Rates" for Details		

Cost of Service

Item	Amount
1 Operators Salary-Management Salary	\$ 29
2 Operators Salary-Hourly Employees	\$ 25
3 Contract Operator	\$ 7,080
4 Electricity-Pumping	\$ 774
5 Chemicals	\$ 279
5 Outside Services Employed	\$ 250
6 Maintenance-Misc. Supplies	\$ -
6 System Maintenance	\$ 946
7 Legal & Accounting Fees	\$ 102
8 Billing & Collections	\$ 37
9 Office Supplies	\$ 27
10 Postage	\$ 123
11 Uncollectible Accounts	\$ -
12 Telephone & Internet Expense	\$ 68
13 Vehicle Expense	\$ 72
14 Property & Liability Insurance	\$ 276
15 Rent Expense-Building	\$ 73
16 Miscellaneous General Expenses	\$ 12
17 Registration Fee & Lab Sampling	\$ 71
18 Office Utilities	\$ 42
19 MO DNR Fees	\$ -
20 Employee Pensions & Benefits	\$ -
21 Regulatory Commission Expense	\$ 251
22 Sub-Total Operating Expenses	\$ 10,537
23 Property Taxes	\$ 395
24 MO Franchise Taxes	\$ -
25 Employer FICA Taxes	\$ 95
26 Federal Unemployment Taxes	\$ -
27 State Unemployment Taxes	\$ -
28 State & Federal Income Taxes	\$ 713
29 Sub-Total Taxes	\$ 1,203
30 Depreciation Expense	\$ 2,433
31 Amortization of Utility Plant	\$ -
32 Sub-Total Depreciation/Amortization	\$ 2,433
33 Return on Rate Base	\$ 2,862
34 Total Cost of Service	\$ 17,035
35 Support From Cedar Hill Estates and High Ridge Manor	\$ 3,797
36 Overall Revenue Increase Needed	\$ 6,084

Agreement Attachment D

Rate Design Worksheet

KMB UTILITY CORPORATION-CEDAR HILL

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	\$ 34,608
Agreed-Upon Overall Revenue Increase	\$ 0
Percentage Increase Needed	0.000%

Metered Customer Rates

Meter Size	Current Service Charge	Proposed Service Charge	Current Usage Rate	Proposed Usage Rate
3/4"	\$ 8.68	\$ 8.68	\$ 1.84	\$ 1.84
1"	\$ 14.47	\$ 14.47	\$ 1.84	\$ 1.84

KMB UTILITY CORPORATION-CRESTVIEW ACRES

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	\$ 11,393
Agreed-Upon Overall Revenue Increase	\$ 5,198
Percentage Increase Needed	45.630%

Metered Customer Rates

Meter Size	Current Service Charge	Proposed Service Charge	Current Usage Rate	Proposed Usage Rate
3/4"	\$ 8.81	\$ 12.83	\$ 2.60	\$ 3.79

KMB UTILITY CORPORATION-HIGH RIDGE MANOR

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	\$ 17,925
Agreed-Upon Overall Revenue Increase	\$ 0
Percentage Increase Needed	0.000%

Metered Customer Rates

Meter Size	Current Service Charge	Proposed Service Charge	Current Usage Rate	Proposed Usage Rate
3/4"	\$ 6.54	\$ 6.54	\$ 2.44	\$ 2.44

KMB UTILITY CORPORATION-HILL SHINE MANOR

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	\$ 8,525
Agreed-Upon Overall Revenue Increase	\$ 3,612
Percentage Increase Needed	42.372%

Metered Customer Rates

Meter Size	Current Service Charge	Proposed Service Charge	Current Usage Rate	Proposed Usage Rate
3/4"	\$ 10.32	\$ 14.69	\$ 2.00	\$ 2.85

KMB UTILITY CORPORATION-LAKEWOOD HILLS

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	\$ 39,533
Agreed-Upon Overall Revenue Increase	\$ 4,285
Percentage Increase Needed	10.838%

Metered Customer Rates

Meter Size	Current Service Charge	Proposed Service Charge	Current Usage Rate	Proposed Usage Rate
3/4"	\$ 12.32	\$ 13.66	\$ 3.20	\$ 3.55

KMB UTILITY CORPORATION-SCOTSDALE

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	\$ 13,650
Agreed-Upon Overall Revenue Increase	\$ 6,089
Percentage Increase Needed	44.609%

Metered Customer Rates

Meter Size	Current Service Charge	Proposed Service Charge	Current Usage Rate	Proposed Usage Rate
3/4"	\$ 30.22	\$ 43.70	\$ 3.93	\$ 5.68
1"	\$ 36.67	\$ 53.03	\$ 3.93	\$ 5.68

KMB UTILITY CORPORATION-WARREN WOODS

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	\$ 6,824
Agreed-Upon Overall Revenue Increase	\$ 6,084
Percentage Increase Needed	89.167%

Metered Customer Rates

Meter Size	Current Service Charge	Proposed Service Charge	Current Usage Rate	Proposed Usage Rate
3/4"	\$ 12.92	\$ 24.44	\$ 2.92	\$ 5.52

Agreement Attachment E

Billing Comparison Worksheet

KMB UTILITY CORPORATION-CEDAR HILL

Residential Customer Bill Comparison-Water

Rates for 5/8" Meter

<u>Current Base</u> <u>Customer Charge</u>	<u>Proposed Base</u> <u>Customer Charge</u>	<u>Current</u> <u>Usage Rate</u>	<u>Proposed</u> <u>Usage Rate</u>
\$8.68	\$8.68	\$1.84	\$1.84

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	\$ 8.68
Usage Charge	\$ 11.04
Total Bill	\$ 19.72

Proposed Rates

Customer Charge	\$ 8.68
Usage Charge	\$ 11.04
Total Bill	\$ 19.72

INCREASES

Customer Charge

\$ Increase	\$0.00
% Increase	0.00%

Usage Charge

\$ Increase	\$0.00
% Increase	0.00%

Total Bill

\$ Increase	\$0.00
% Increase	0.00%

KMB UTILITY CORPORATION-CRESTVIEW ACRES

Residential Customer Bill Comparison-Water

Rates for 5/8" Meter

<u>Current Base</u> <u>Customer Charge</u>	<u>Proposed Base</u> <u>Customer Charge</u>	<u>Current</u> <u>Usage Rate</u>	<u>Proposed</u> <u>Usage Rate</u>
\$8.81	\$12.83	\$2.60	\$3.79

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	\$ 8.81
Usage Charge	\$ 15.60
Total Bill	\$ 24.41

Proposed Rates

Customer Charge	\$ 12.83
Usage Charge	\$ 22.72
Total Bill	\$ 35.55

INCREASES

Customer Charge

\$ Increase	\$4.02
% Increase	45.63%

Usage Charge

\$ Increase	\$7.12
% Increase	45.63%

Total Bill

\$ Increase	\$11.14
% Increase	45.63%

KMB UTILITY CORPORATION-HIGH RIDGE MANOR

Residential Customer Bill Comparison-Water

Rates for 5/8" Meter

<u>Current Base</u> <u>Customer Charge</u>	<u>Proposed Base</u> <u>Customer Charge</u>	<u>Current</u> <u>Usage Rate</u>	<u>Proposed</u> <u>Usage Rate</u>
\$6.54	\$6.54	\$2.44	\$2.44

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	\$ 6.54
Usage Charge	\$ 14.64
Total Bill	\$ 21.18

Proposed Rates

Customer Charge	\$ 6.54
Usage Charge	\$ 14.64
Total Bill	\$ 21.18

INCREASES

Customer Charge

\$ Increase	\$0.00
% Increase	0.00%

Usage Charge

\$ Increase	\$0.00
% Increase	0.00%

Total Bill

\$ Increase	\$0.00
% Increase	0.00%

KMB UTILITY CORPORATION-HILL SHINE MANOR

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>
\$10.32	\$14.69	\$2.00	\$2.85

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	\$ 10.32
Usage Charge	\$ 12.00
Total Bill	\$ 22.32

Proposed Rates

Customer Charge	\$ 14.69
Usage Charge	\$ 17.08
Total Bill	\$ 31.78

INCREASES

Customer Charge

\$ Increase	\$4.37
% Increase	42.37%

Usage Charge

\$ Increase	\$5.08
% Increase	42.37%

Total Bill

\$ Increase	\$9.46
% Increase	42.37%

KMB UTILITY CORPORATION-LAKEWOOD HILLS

Residential Customer Bill Comparison-Water

Rates for 5/8" Meter

<u>Current Base</u> <u>Customer Charge</u>	<u>Proposed Base</u> <u>Customer Charge</u>	<u>Current</u> <u>Usage Rate</u>	<u>Proposed</u> <u>Usage Rate</u>
\$12.32	\$13.66	\$3.20	\$3.55

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	\$ 12.32
Usage Charge	\$ 19.20
Total Bill	\$ 31.52

Proposed Rates

Customer Charge	\$ 13.66
Usage Charge	\$ 21.28
Total Bill	\$ 34.94

INCREASES

Customer Charge

\$ Increase	\$1.34
% Increase	10.84%

Usage Charge

\$ Increase	\$2.08
% Increase	10.84%

Total Bill

\$ Increase	\$3.42
% Increase	10.84%

KMB UTILITY CORPORATION-SCOTSDALE

Residential Customer Bill Comparison-Water

Rates for 5/8" Meter

<u>Current Base</u> <u>Customer Charge</u>	<u>Proposed Base</u> <u>Customer Charge</u>	<u>Current</u> <u>Usage Rate</u>	<u>Proposed</u> <u>Usage Rate</u>
\$30.22	\$43.70	\$3.93	\$5.68

current service charge is monthly charge

usage rate is per 1,000 gallons used

over 10,000 gallons per month

MONTHLY BILL COMPARISON

6,000 gallons/month usage

Current Rates

Customer Charge	\$ 30.22
Usage Charge	\$ -
Total Bill	\$ 30.22

Proposed Rates

Customer Charge	\$ 43.70
Usage Charge	\$ -
Total Bill	\$ 43.70

INCREASES

Customer Charge

\$ Increase	\$13.48
% Increase	44.61%

Usage Charge

\$ Increase	\$0.00
% Increase	0.00%

Total Bill

\$ Increase	\$13.48
% Increase	44.61%

KMB UTILITY CORPORATION-WARREN WOODS

Residential Customer Bill Comparison-Water

Rates for 5/8" Meter

<u>Current Base</u> <u>Customer Charge</u>	<u>Proposed Base</u> <u>Customer Charge</u>	<u>Current</u> <u>Usage Rate</u>	<u>Proposed</u> <u>Usage Rate</u>
\$12.92	\$24.44	\$2.92	\$5.52

current service charge is monthly charge

usage rate is per 1,000 gallons used

MONTHLY BILL COMPARISON

5,000 gallons/month usage

Current Rates

Customer Charge	\$ 12.92
Usage Charge	\$ 14.60
Total Bill	\$ 27.52

Proposed Rates

Customer Charge	\$ 24.44
Usage Charge	\$ 27.62
Total Bill	\$ 52.06

INCREASES

Customer Charge

\$ Increase	\$11.52
% Increase	89.17%

Usage Charge

\$ Increase	\$13.02
% Increase	89.17%

Total Bill

\$ Increase	\$24.54
% Increase	89.17%

Agreement Attachment F

Schedule of Depreciation Rates

KMB WATER COMPANY
SCHEDULE of DEPRECIATION RATES
(WATER Class C)
WR-2010-0345 Attachment F

USOA

<u>ACCOUNT NUMBER</u>	<u>ACCOUNT DESCRIPTION</u>	<u>DEPRECIATION RATE</u>	<u>AVERAGE SERVICE LIFE (YEARS)</u>	<u>NET SALVAGE</u>
Source of Supply				
314	Wells & Springs	2.0%	50	0%
Pumping Plant				
321	Structures & Improvements	2.5%	40	0%
325	Electric Pumping Equipment	5.0%	20	0%
328	Other Pumping Equipment	4.0%	25	0%
WaterTreatment Plant				
332	Water Treatment Equipment	2.9%	35	0%
Transmission and Distribution				
342	Distribution Reservoirs & Standpipes	2.5%	40	0%
343	Transmission & Distribution Mains	2.0%	50	0%
345	Customer Services	2.5%	40	0%
346	Customer Meters	10.0%	10	0%
347	Customer Meter Pits & Installation	2.5%	40	0%
348	Hydrants	2.0%	50	0%
General Plant CLASS C				
391.1	Office Electronic & Computer Equip.	1.0%	5	0%
392	Transportation Equipment	7.0%	7	9%
394	Tools, Shop, Garage Equipment	5.0%	20	0%
397	Communication Equipment	6.7%	15	0%

Agreement Attachment G

Auditing Department Recommendation Memorandum

AUDITING DEPARTMENT RECOMMENDATION
M E M O R A N D U M

TO: Jim Russo
Water and Sewer Department, Case Coordinator

FROM: Roberta Grissum
Lisa Ferguson
Kofi Boateng
Auditing Department, Staff

SUBJECT: KMB Utility Corporation
Informal Rate Increase Request
Case Nos. WR-2010-0345 and SR-2010-0346

DATE: October 18, 2010

On May 20, 2010 KMB Utility Corporation (KMB or Company), owned by Ms. Ann Rudy, filed a request asking for a \$18,500 increase in rates for the following seven water systems: Cedar Hill Estates, Crestview Acres, High Ridge Manor, Hillshine Acres, Lakewood Hills, Scotsdale, and Warren Woods. The Company has not specified how this requested increase should be spread among the seven water systems, except to recommend no increase in rates for the High Ridge Manor and Scotsdale systems. The Company also filed for a \$12,100 increase in rates for the Cape Rock sewer system. The total increase in rates sought by KMB is \$30,600.

The last rate increases approved by the Missouri Public Service Commission (Commission) for KMB became effective April 21, 2006 as a result of Case No. WR-2006-0286 and February 21, 2006 as part of Case No. SR-2006-0285. As part of these two most recent rate cases, the Commission approved a \$9,221 increase in rates in total for all seven of KMB's water systems and a \$775 increase for KMB's Cape Rock sewer system.

The Auditing Staff has conducted an investigation of the Company's books and records, based upon the twelve-month test year period ending May 31, 2010 and has determined that an increase of \$25,293 in water revenues and an increase of \$1,193 in sewer revenues are necessary. The chart shown below provides a breakdown of the Auditing Staff's proposed rate increase or decrease by system:

System Name	Customer	County	Current Monthly	Staff Proposed	Staff Proposed
Sewer/Water	#'s	Location	Rates	\$ Increase/ Decrease	% Increase/ Decrease
Cape Rock Sewer	218	Cape Girardeau	Minimum Monthly Charge-\$26.83 single	\$1,193	1.71%
			multi-family- \$21.46 per unit		
Cedar Hill	193	Jefferson	Minimum Monthly	(\$3,472)	(8.85%)
Estates			Minimum Monthly		
			Charge-3/4" = \$8.68 1" = \$14.47		
			\$1.84/1,000 gal.		

Crestview Water	55	Franklin	Minimum Monthly Charge-\$8.81 \$2.60/1,000 gal.	\$5,198	42.49%
High Ridge Water	84	Jefferson	Minimum Monthly Charge-\$6.54 \$2.44/1,000 gal.	(\$311)	(1.65%)
Hillshine Water	33	Franklin	Minimum Monthly Charge-\$10.32 \$2.00/1,000 gal.	\$3,612	40.20%
Lakewood Water	116	Jefferson	Minimum Monthly Charge-\$12.32 \$3.20/1,000 gal.	\$4,285	10.65%
Scotsdale Water	37	Jefferson	Minimum Monthly Charge-\$30.22 res \$36.67 - commercial \$3.93/1,000 in excess 10,000 gal.	\$6,089	42.39%
Warren Woods Water	21	Jefferson	Minimum Monthly Charge-\$12.92 (Metered); \$38.51 (Unmetered) \$2.92/1,000 gal	\$9,881	138.12%
Total Water	539			\$25,293	17.96%
Total Company	757			\$26,486	18.81%

CAPITAL STRUCTURE

KMB's capital structure consisted entirely of common equity. Staff member David Murray of the Commission's Financial Analysis Department calculated a return on equity and a total overall rate of return (ROR) of 9.02 %. The overall ROR was applied to KMB's rate base at each of its various systems to develop the recommended revenue requirements noted above.

RATE BASE

Plant, Reserve and Contributions In Aid Of Construction (CIAC)

The Auditing Staff has reflected all capital improvements completed on KMB's water and sewer systems since the time of their last rate cases. The chart shown below summarizes the Auditing Staff's calculations that support the amount of plant, depreciation reserve and contribution in aid of construction (CIAC) net of depreciation that should appropriately be included in the cost of service calculation:

Company	Plant	Depreciation Reserve	CIAC Net of Depreciation	Rate Base
Cape Rock Village Sewer	\$206,558	\$131,363	\$0	\$75,195
Cedar Hill Water	\$157,724	\$136,356	\$301	\$21,607
Crestview Acres Water	\$48,242	\$22,973	\$130	\$25,139
High Ridge Manor Water	\$88,834	\$83,112	\$6,267	(\$545)
Hillshine Acres Water	\$28,687	\$11,613	\$1,133	\$15,941
Lakewood Hills Water	\$153,095	\$74,825	\$543	\$77,727
Scotsdale Water	\$88,226	\$39,730	\$0	\$48,496

Warren Woods Water	\$69,336	\$36,705	\$899	\$31,731
Total Water	\$634,144	\$405,314	\$9,273	\$219,557
Total Water and Sewer	\$840,702	\$536,677	\$9,273	\$294,752

DEPRECIATION

The Audit Staff incorporated the depreciation rates supplied by Arthur Rice of the Commission's Engineering and Management Services department into its cost of service calculation. Using these depreciation rates, the Auditing Staff included an annualized level of depreciation expense for each of KMB's water systems and its Cape Rock sewer system based on the level of plant in service at May 31, 2010.

INCOME STATEMENT ADJUSTMENTS

Revenues

The Staff annualized revenues for each system based on the number of customers as of May 31, 2010 and the current rates. Staff also included in its cost of service calculation the reconnection fees collected during the test year for the Cedar Hill Estates and High Ridge Manor systems. The Staff's review of revenues produced annualized levels as shown below:

	<u>Revenues</u>	<u>Other Revenues</u>	<u>Total</u>
Cape Rock Village	\$66,450	\$3,115	\$69,565
Cedar Hill Estates	\$34,608	\$4,644	\$39,252
Crestview Acres	\$11,393	\$840	\$12,233
High Ridge Manor	\$17,925	\$962	\$18,887
Hillshine Acres	\$8,525	\$461	\$8,986
Lakewood Hills	\$39,533	\$692	\$40,225
Scotsdale	\$13,650	\$415	\$14,065
Warren Woods	\$6,824	\$330	\$7,154
Total Water	\$132,458	\$8,343	\$140,801
Total Company	\$198,908	\$11,458	\$210,366

Allocation of Expenses

The Staff allocated many overhead expenses that benefitted each of the water and sewer systems based upon the annualized customer counts at each system. However, some expenses such as payroll and contract operations and maintenance expense were allocated in a more system specific manner based upon an assessment of the ongoing needs of each of KMB's systems.

Payroll, Payroll Taxes and Contract Operations

As part of its payroll analysis, the Staff reviewed all payroll records for the 12-months ending May 31, 2010. Staff also compared the amounts paid during this 12-month period to the amount included in Staff's cost of service in Case Nos. WR-2006-0286 and SR-2006-0285. Ms. Rudy, the Company's owner, manages the operations of KMB. During the test year, Ms. Rudy was paid \$13,500 for the work that she performed for KMB. As manager, Ms. Rudy's duties include approving all expenditures and making decisions regarding major repairs and capital improvements, among other activities. In the last rate case, Staff allowed an annualized salary of

\$13,000 for Ms. Rudy. The Staff factored up the annualized salary from the last case for all increases in the Consumer Price Index as reported by the Bureau of Labor Statistics of the United States Department of Labor for the period July 1, 2005 through May 31, 2010. Staff has included an annualized salary in the amount of \$14,602 in its cost of service for Ms. Rudy and believes this to be reasonable.

Staff also found the \$7,540 of wages paid during the test year to Carolyn Highley, the Company's secretary, to be reasonable. Ms. Highley's duties include: answering phone, maintaining records, assisting meter readers, paying bills, customer billing and collection duties, among other activities.

During February 2010, KMB entered into an agreement with Bob Wideman, owner of Franklin County Lab, LLC, to serve as the new full-time operator for each of KMB's seven water systems. Mr. Wideman currently maintains a class D water system operator's license. Franklin County Lab is primarily responsible for providing operation and maintenance services to KMB's water systems. The Staff has included a \$44,960 annualized level for Franklin County Labs to serve as KMB's full-time water system operator, as sponsored by Staff witness Steve Loethen of the Commission's Water and Sewer Department. Since these operation and maintenance services were previously provided by two KMB employees, Staff removed all wages, related payroll taxes and health insurance costs pertaining to these former employees that were incurred by the Company during the test year. The Staff has also included a \$1,750 annualized level for Flynn Well Drilling to perform an annual water supply pumping equipment inspection at each of KMB's water systems. Accordingly, Staff has allocated \$250 to each of KMB's water systems for these inspections.

On December 7, 2008, KMB entered into a contractual agreement with Strickland Engineering to perform wastewater operation and maintenance duties at KMB's Cape Rock wastewater treatment facility. The Staff has included the cost for this contract operator in the cost of service. Ms. H. Elizabeth Long, who holds a Class D operator's license, serves as the operator and has authority to sign all pertinent forms related to the permit discharge monitoring report requirements for the Cape Rock Village wastewater treatment facility. The basic services provided under this contract include: maintaining DNR operator's certificate, performing monthly inspections of the facility components, preparing and filing the necessary reports, obtaining the wastewater samples for testing, and directing appropriate contractors to make repairs to the system as needed for operation. Strickland Engineering is also available to provide emergency services at an additional cost. Basic services are billed at a monthly fee of \$300 per month. During the test year, KMB paid Strickland Engineering \$6,505 for all operations and maintenance costs performed at KMB's Cape Rock sewer system and Staff has included this level in the cost of service calculation.

Medical Insurance

During the test year, the Company provided health insurance to its employees as an employee benefit. The Company no longer provides this benefit to its employees. Therefore, Staff has removed the test year level of expense from its cost of service calculation.

Electricity Expense

The Staff's annualization of electric expense addresses the recent rate increase for AmerenUE that took effect during June 2010. The Staff also reduced electric expense for an excessive level of lost water that occurred at Cedar Hill Estates, Crestview Acres, Hillshine, and Lakewood Hills.

Chemicals

KMB is required by the Missouri Department of Natural Resources (MoDNR) to provide chlorination treatment at its Scotsdale and Warren Woods water systems. Staff accepted the test year levels of expense for chemicals for the Scotsdale and Warren Woods systems.

Repairs and Maintenance

The Audit Staff reviewed all invoices related to repairs and maintenance expense. Staff removed all expenses paid during the test year that were incurred in prior periods. Likewise, Staff included all appropriate expenses incurred during the test year but not yet paid. Staff also included any monthly inspections of pumps and aerators on the Cape Rock Village Sewer System performed by Cotner Electric Company as part of repairs and maintenance expense.

The Staff capitalized some items that the Company had incorrectly recorded as repairs and maintenance expense. These items related to plant additions and were included in the plant in service balances as of May 31, 2010.

Accounting Expense

KMB paid Stephen Finch and Associates \$3,250 for accounting services during the test year. This \$3,250 amount was paid for preparing monthly payroll and financial statements, income taxes and KMB's Annual Report to the Commission. Based on its examination, the Auditing Staff found the amount to be reasonable and has included these accounting fees in its cost of service calculation.

Postage Expense

The Staff has calculated postage expense by including twelve monthly billings at a post card rate for annualized customer levels at each of KMB's systems. Also included in the annualized postage is the cost of mailing one annual customer notification letter per system and the cost of other required mailings. KMB leases a postage meter from Pitney Bowes Corporation and the cost associated with the lease is also included in the cost of service.

Telephone and Pager Expenses

The Staff allowed the test year level of telephone and pager expenses with the exception of the charges by National Search Directory, Inc. for internet listing. The Staff believes there is no customer benefit associated with KMB's decision to advertise its name through the internet. Since the pager is used by Franklin County Lab for the operation of the water systems, test year pager cost that was charged to the Cape Rock Village sewer system was reallocated to the water systems based upon annualized customer levels.

Vehicle Fuel Expense

The Staff has calculated an annualized vehicle fuel expense by multiplying the test year gallons used, by a historical 52-week average of retail fuel price for the Midwest of \$2.61 per gallon, obtained from the U.S. Energy Information website (www.eia.gov). The Staff believes using a historical average of fuel price which fluctuates on a daily basis is a reasonable method to determine future cost of service for a utility's ratepayers.

Rent

The Staff reviewed the test year rent paid by KMB to Piffel Excavating, and believes this annual level of rent is reasonable.

PSC Assessment

The Auditing Staff included the most current PSC assessment in the cost of service calculation.

MoDNR Fees and Lab Sampling

The Missouri Clean Water Law requires that all sewer utilities pay an annual operating permit fee to the MoDNR for each wastewater treatment plant that discharges to the waters of the State, with that permit fee normally being based on the design flow of each particular treatment facility. KMB is assessed \$3,000 annually for this permit fee based on the design flow its Cape Rock wastewater treatment facility and the Audit Staff included this fee in its cost of service calculation.

The MoDNR also charges KMB \$200 for each water system for a total company amount of \$1,400. This fee is charged annually for mandatory water testing requirements as part of MoDNR's water program administration fee. The MoDNR water testing program provides smaller utilities like KMB with a direct and affordable approach to maintain compliance with water system testing requirements. The Staff has included these annual water testing fees in its cost of service calculation.

The MoDNR provides small utilities with drop locations that will ship water samples to its testing facilities at no charge. As such, Staff has determined it is appropriate to include the cost of mileage one time per month for 12 months at a rate of 35 miles roundtrip based upon a fuel cost of \$2.61 per gallon and 15 miles per gallon. Therefore, Staff is including \$73 on an annualized basis in its cost of service for lab sampling.

Normalization of Legal Fees

During KMB's last rate case, the Staff discovered that the Company incurred \$20,072 of legal costs related to an easement dispute with a property owner at its Lakewood Hills water system. As part of the last rate proceeding, the Staff normalized this cost over a ten year period by including \$2,007 in the cost of service calculation. As part of the current rate proceeding, the Staff has included \$2,007 in the cost of service calculation to reflect this ten year normalization.

Normalization of Tank Painting

The Audit Staff has included \$1,870 to account for the 15-year normalization of the \$28,050 tank painting that occurred at the Cedar Hill system in October 2002.

Amortization of Engineering Report

KMB is required by the MoDNR to submit an “engineering report prepared by a registered professional engineer in the State of Missouri, recommending corrective actions to eliminate the recurring bypasses in the collection system. Solutions such as, but not limited to, increasing lift station storage capacity, providing an alternate means of electrical power to the lift station pumps, or an alternate means of pumping wastewater from the lift station should be considered.” KMB consummated a signed contract with Strickland Engineering on August 13, 2010 to prepare the required report for a cost not to exceed \$10,000. As such, Staff has amortized this amount over a three year period for ratemaking purposes.

Piffel Excavating – Affiliated Company

Ms. Rudy also owns Piffel Excavating (Piffel) that performs a significant portion of the repairs and capital improvement projects for KMB’s water and sewer systems. Piffel provides KMB with detailed invoices for all repair and capital improvement project it performs on the water and sewer systems. During the course of its audit, Piffel also made available to the Staff for its review all documentation, including invoices and contracts that support the fees that Piffel charges to all other water and sewer utilities with which it conducts business. Based upon the Staff’s review of the invoices, as well as physical inspections of facilities at KMB’s systems, the Staff believes these charges are reasonable.

CAPE ROCK EXTENSION

The revenue requirement and plant in service balances for the Cape Rock system may change due to a pending construction project that KMB made Audit Staff aware of on Monday, October 4, 2010. KMB has indicated to the Staff that it will seek a 60-day extension for the Cape Rock sewer system to address this project as part of Case No. SR-2010-0346.

RECOMMENDATIONS

1. The Audit Staff recommends the revenue requirements calculated and described earlier in this memorandum.
2. The Audit Staff recommends that the Company maintain and retain proper plant and CIAC records. The Auditing Staff will meet with the Company to explain in detail how to maintain these types of records.
3. The Audit Staff recommends that the Company contact the Auditing Staff to obtain assistance with the preparation of their 2010 PSC annual report and to make corrections, so that the information contained within this report will be correct on a going forward basis.
4. In the future filing of any rate case, KMB should be required to file all of its water and sewer systems concurrently.

Agreement Attachment H

EMSD Implementation Review

REPORT OF CUSTOMER SERVICE AND BUSINESS OPERATIONS REVIEW

SMALL COMPANY RATE INCREASE REQUEST

KMB UTILITY CORPORATION

CASE NOS. WR-2010-0345 & SR-2010-0346

ENGINEERING AND MANAGEMENT SERVICES DEPARTMENT

The Engineering and Management Services Department (EMSD) staff initiated an informal review of the customer service processes, procedures and practices at KMB Utility Corporation (KMB or Company) in House Springs, Missouri in June 2010. The review was performed in conjunction with the Company's filed rate increase request submitted to the Missouri Public Service Commission (Commission) on May 21, 2010 and assigned case numbers WR-2010-0345 and SR-2010-0346. The Company last filed for increases in water and sewer service rates in 2005.

The Company is requesting an increase of \$12,100 in the annual sewer system operating revenues and an increase of \$18,500 in its annual water system operating revenues. These increases are only being requested for five of the seven operating areas of the water system. The requested increases are for: Hillshine Acres/Sunshine, Lakewood Hills, Warren Woods, Cedar Hill Estates/Village Green, and Crestview Acres. The request for sewer system increases includes an estimate of the amount that will be spent on an engineering report required in order to renew the Company's operating permit issued by the Missouri Department of Natural Resources (DNR).

The EMSD staff examined Company tariffs, annual reports, Commission complaint records and other documentation related to the Company's customer service operations. The EMSD staff participated in meetings with Company personnel in July 2010.

Through its audit, the EMSD staff is making three recommendations to the Company:

Implement a method that documents and records the number of all estimates used for customer bills for each service address. This recommendation must be completed within sixty (60) days of the Commission order approving the Disposition Agreement in Case No. WR-2010-0345.

Implement procedures to contact customers receiving at least three consecutively estimated bills and schedule an appointment to obtain access to the customer's meter. This recommendation must be completed within sixty (60) days of the Commission order approving the Disposition Agreement in Case No. WR-2010-0345.

Pursue the feasibility of a cooperative agreement with the City of Cape Girardeau to terminate water service for delinquent sewer bills. This recommendation must be completed within ninety (90) days of the Commission order approving the Disposition Agreement in Case No. SR-2010-0346.

The specific information regarding EMSD staff's recommendations will be explained in greater detail in the Findings, Conclusions and Recommendations section of this report.

The purpose of the EMSD 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 reliable utility service at just, reasonable and affordable rates, 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 service provided to its customers. The findings of this review will 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:

- Customer Billing
- Meter Reading
- Credit and Collections

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

As a result of this audit, the EMSD is making recommendations to the Company to make improvements to its procedures for estimating bills and collecting delinquent sewer payments.

History

The EMSD staff previously performed a customer service review of the Company in September 2002. That review included recommendations for improvements in the areas of returned checks and depositing customer receipts. After the completion of the audit, the EMSD staff worked with the Company to ensure that improvements were made in these processes. The Company did take action to address these situations and recommendations.

An additional review was conducted by the EMSD staff in 2005 and focused on several operational issues that were prompted by customer comments and concerns. This review resulted in recommendations made to the Company in the areas of computerized customer billing, estimated bills, customer complaint logs, documentation with regard to the utilization of outside contractors, and the formalization of credit and collection policies. The Company accepted the EMSD staff's recommendations and met with Staff several times to discuss how best to comply with the recommendations. The recommendations and their present status are as follows:

Investigate and analyze the alternatives to provide computerized customer and billing systems in an efficient and effective manner.

The Company has addressed this recommendation and the EMSD staff considers it completed.

Develop an effective method to track the number and location of estimates used for customer billings.

The Company has not completed this recommendation. The EMSD staff will make additional recommendations regarding estimated bills in this report.

Develop and utilize a series of procedures to attempt contact with customers receiving consecutive estimated bills. These procedures should include efforts on the part of the Company to schedule appointments to obtain access to the meter.

The Company has taken steps to contact customers receiving estimated bills and attempt to gain access to the meter. The EMSD staff will make additional recommendations regarding estimated bills in this report.

Develop and utilize a log that documents the complaints and inquiries received by the Company. Ensure that records are maintained for two years.

The Company has addressed this recommendation and the EMSD staff considers it completed.

Maintain the appropriate documentation regarding the utilization of outside contractors, including Piffel Excavating Company.

The Company has addressed this recommendation and the EMSD staff considers it completed.

Develop and document a set of procedures to be utilized in dealing with delinquent accounts and communicate this information to the customer in a mailing or brochure.

The Company has addressed this recommendation and the EMSD staff considers it completed.

Develop a customer informational brochure to be distributed to all customers informing them of the rights and responsibilities of the customer and the Company.

The Company has addressed this recommendation and the EMSD staff considers it completed.

Consider and evaluate the use of deposits for new customers, consistent with the provisions of 4CSR 240-13.050, to assist the Company in its management of bad debt.

The Company has addressed this recommendation and the EMSD staff considers it completed.

The EMSD staff has reviewed the present status of these recommendations and this report will focus on the opportunities for improvements in the area of consecutive estimated meter readings for bills and credit and collections efforts.

Overview

The current owner purchased KMB in September 2000 and subsequently acquired the Cedar Hill Water Company in February 2001. The Cedar Hill system was effectively merged with KMB's operations in 2003 as part of the Commission's Order in Case No. WM-2003-0194. The current owner also owns and operates an excavating company, Piffel Excavating Company, located in the House Springs, Missouri vicinity.

KMB rents office space and shares some work with the excavating company. The Office Manager for both companies handles the administrative functions such as answering phone calls, maintaining records and performing customer billing. Office hours are maintained Monday through Friday from 8 am to 5 pm and all calls after that time are routed to a paging system. Emergencies that occur during non-business hours are routed to the Company's outside contractors, Piffel Excavating Company, for service work.

These personnel will either correct the problem or contact the owner for instructions. Piffel employees maintain time sheets indicating the work performed, hours worked and the system where the work was located. The office maintains a notebook with information regarding customer calls and inquiries.

KMB has seven water systems and one sewer system. The water system names, county location and number of customers are displayed in the following table.

WATER SYSTEMS		
Name	County	No. of Customers
Cedar Hill Estates	Jefferson	193
Crestview Acres	Franklin	55
High Ridge Manor	Jefferson	84
Hillshine Acres	Franklin	33
Lakewood Hills	Jefferson	116
Scotsdale	Jefferson	37
Warren Woods	Jefferson	21

Source: MoPSC Auditing Department

The sewer system, Cape Rock Village, is located near Cape Girardeau, Missouri and has 218 customers who are charged on a flat rate.

Meter Reading Process

The Company utilizes an outside company, Franklin County Lab, to read its meters on a pre-determined schedule each month. The table below lists the information provided to the EMSD staff regarding the monthly schedule for meter reading at each of the water systems.

<i>System</i>	<i>Date Read</i>
Cedar Hill Estates	Billed on the 15 th -reads begin 2 days before
Crestview Acres	Billed on the 1 st -reads begin 2 days before
High Ridge Manor	Billed on the 1 st -reads begin 2 days before
Lakewood Hills	Billed on the 1 st -reads begin 2 days before
Hillshine	Billed on the 1 st -reads begin 2 days before
Scotsdale	Billed on the 1 st -set amount each month
Warren Woods	Billed on the 1 st -reads begin 2 days before

Source: Company response to EMSD information request

Meter reading has been performed by employees of Franklin County Lab and provided to the office manager since early 2010. Readings are entered into the billing system and bills are produced and mailed to the customers. When the Company is unable to obtain an actual reading, an estimate is produced by the billing software.

Two of the systems, Hillshine and Crestview Acres, have inside water meters. As part of the Disposition Agreement in Case No.WR-2006-0286, customers of Hillshine and Crestview Acres have the option to read their own meters eleven (11) months of the year. Customers in these two subdivisions are mailed a bill that includes a space on the return stub for them to provide an actual meter reading. Once a year, the Company makes an attempt to obtain an actual reading to make any corrections necessary. The Company has indicated that they have been able to obtain customer supplied readings or Company obtained readings from many of the customers in each system. However, a review of meter reading sheets for the two systems still indicate that most meters are being estimated because of a lack of access to the inside meters.

The Disposition Agreement in Case No.WR-2006-0286 addressed a requirement for the Company to replace existing inside meters at Hillshine and Crestview with new meters to include remote reading devices. Customers had the option to obtain a new meter with the remote reading device. If they did not agree to this, then the meter would be moved outside and the costs charged directly to the customer. All of the customers located on these two systems refused to allow the Company to install the remote devices primarily due to a requirement to drill through the foundation of their homes and in February 2009 the Commission granted the Company a waiver of compliance with the sections of the Disposition Agreement that addressed this issue.

The Company has been able to improve its performance in reading meters in the other systems since the EMSD staff's prior review. The issue of estimated bills continues to be a challenge for the Company in the Hillshine Acres and Crestview Acres subdivisions where almost all of the meters are inside.

Customer Billing Process

The Company updated its billing software in 2005 and presently utilizes Sequoah Software to enter meter readings, produce bills and post payments. The printed bills

are normally mailed to the customer the same day that the meter readings are entered. The billing software maintains 36 months of data and the Company indicates it has records from 1998.

New customers may initiate service by calling the office and requesting that the bill be put in their name. An application form will be mailed to them to be filled out and returned. Deposits are not required of any customers.

Credit and Collections

The customer is able to pay their bill by remitting a check, cash or money order. The Company indicated that almost all of the payments are by check. Payments are almost always mailed to the office and are posted to the customer's account the day they are received.

Customers are given thirty (30) days in which to make their payment. After that time, they will be assessed a fee of \$5 or 3% of the bill amount, whichever is greater. The next bill mailed to the customer will note that it is delinquent and payment is due. If the customer's account is still delinquent when the third bill is mailed, they will also receive a letter informing them that their service is in danger of disconnection. The letter also informs the customers that they have an additional two (2) weeks to make payment and tells them to contact the office. In addition, the Company attempts to make phone contact with the customer, and also leaves a hang tag informing them of the pending disconnection. Since 2009, the Company has attempted to be more aggressive with respect to the collection of its delinquent accounts while following the rules regarding contact with the customer prior to disconnection of service.

The sewer system, Cape Rock Village, located in Cape Girardeau, Missouri has encountered the most challenges with respect to collection of delinquent bills. It is difficult and costly to discontinue sewer service to a delinquent customer. The Company has accrued the greatest amounts of write-offs and delinquencies attributable to its sewer operations. The owner of KMB has recently contacted the city of Cape Girardeau regarding a cooperative agreement to discontinue water service in those cases where the sewer charges have not been paid. However, the city is not willing to enter into such an agreement.

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 areas that require Company management's attention:

- Meter Reading
- Credit and Collections

Meter Reading

The Company is often unable to obtain an actual read on all meters on an annual basis, particularly for the Hillshine and Crestview Acres areas. They are also unable to easily determine and track the number of readings that have been estimated consecutively at a customer location.

The Company has experienced difficulty with monitoring the level of estimated bills rendered and the number of consecutive estimated bills. Meter reading sheets note if the prior bill was estimated but do not indicate the number of estimates. Some readings used for billing may have been the result of a customer supplied reading. The billing system used to maintain information on customer accounts does not provide the number of consecutive estimated bills at a specific premise over the course of the year without a tedious review of each record or a review of each meter sheet. Overall, there is no summary document that allows them to record the number of estimated bills for each service address.

Estimated bills are never a preferred outcome because they do not reflect actual usage. In addition, estimated bills may not approximate actual usage if they are continually based upon estimated meter readings month after month.

Commission Rule 4 CSR 240-13 is the Service and Billing Practices for Residential Customers of Electric, Gas and Water Utilities and therefore applies to the water operations of KMB. This rule sets out specific requirements for various customer service functions conducted at the Company. Commission Regulation 4 CSR 240-13.020(2)(B) states, "that a utility shall not render a bill based on estimated usage for more than three (3) consecutive billing periods, except under certain conditions." If the Company

does render an estimated bill for three (3) consecutive billing periods, the Company is required to take specific actions to contact the customer and try to obtain an actual reading. 4 CSR 240-13.020(3).

The previous 2005 EMSD Audit Report discussed and made recommendations in the area of estimated bills. Although the Company did not complete the prior recommendations as noted in the front of this report, the EMSD staff has determined customer bills can be improved by the Company taking several steps. These steps would focus upon 1) the maintenance and utilization of information and 2) efforts to obtain an actual meter reading on an annual basis. The Company needs to be aware of the frequency of consecutive estimated billings and target those customers that have received an excessive number of estimated bills to obtain an annual reading.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Develop an effective method to track the number and location of consecutive estimates used for customer billings and the reasons for the estimates. This recommendation must be completed within sixty (60) days of the Commission order approving the Disposition Agreement in Case No. WR-2010-0345.

Once the Company can determine the number and location of estimated meter readings, it should then develop a series of specific actions to be taken in attempting to obtain an actual reading. This series of procedures will assist it in addressing the requirements of Commission Regulation 4 CSR 240-13.020(3) which specifies the actions required when the Company is unable to obtain an actual meter reading for three (3) consecutive billing periods. Company management should ensure and document that there is a serious effort to read all meters at least once a year. In any instance, where circumstances prevent the operator from reading the meter, the reasons for the estimate must be documented and actions implemented to attempt to obtain an actual reading.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Develop and utilize procedures to attempt contact with customers receiving consecutive estimated bills. These procedures should include efforts on the part of the Company to schedule appointments to obtain access to the meter. This recommendation must be completed within sixty (60) days of the Commission order approving the Disposition Agreement in Case No. WR-2010-0345.

Credit and Collections

The Company has been unable to successfully disconnect its delinquent sewer customers' services due to the complexity and cost associated with this action. A recent inquiry into developing a cooperative agreement with the city of Cape Girardeau, Missouri was denied by the city. The EMSD staff is aware of other instances where the water and sewer providers enter into cooperative agreements to provide this service. Companies report a mutual benefit in receiving their payments for services and actually find that they do not have to resort to this disconnection very often.

THE EMSD STAFF *RECOMMENDS* THAT COMPANY MANAGEMENT:

Pursue the feasibility of the development of a cooperative agreement with the City of Cape Girardeau regarding termination of water service for delinquent sewer bills. This recommendation must be completed within ninety (90) days of the Commission order approving the Disposition Agreement in Case No. SR-2010-0346.

Agreement Attachment I

Summary of Case Events

KMB Utility Corporation
Case #WR-2010-0345
Summary of Case Events-All Water Districts Combined

Date Filed	May 21, 2010
Day 150	October 18, 2010
Extension?	No
If yes, why?	
Amount Requested:	\$18,500
Amount Agreed Upon By Area:	
Cedar Hill Estates	\$0
Crestview Acres	\$5,198
High Ridge Manor	\$0
Hillshine Manor	\$3,612
Lakewood Hills	\$4,285
Scotsdale	\$6,089
Warren Woods	\$6,084
Total Amount Agreed Upon	\$25,293
Item(s)/Dollar(s) Driving Rate Increase	Elimination of health insurance Hiring of Contract Operators PSC Assessment
Number of Customers	539
Rate of Return	9.02%
Return on Equity	9.02%
Assessments Current	Yes
Annual Reports Filed	Yes
Statement of Revenue Filed	Yes
Other Open Cases before Commission	SR-2010-0346
Status with Secretary of State	Good Standing
DNR Violations	No
Significant Service/Quality Issues	None