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Raytown Water Company – MO PSC Work I.D. No. QW-2003-0023

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Agreement Regarding Disposition of Small Company Rate Increase Request

RAYTOWN WATER COMPANY

MO PSC WORK I.D. No. QW-2003-0023

Background

Raytown Water Company ("Company") initiated the small company rate increase request ("Request") for water service that is the subject of the above-referenced Public Service Commission ("Commission") tracking file by submitting a letter to the Secretary of the Commission. The Company submitted its Request under the provisions of the Commission's Small Company Rate Increase Procedure found at 4 CSR 240-2.200 (this rule was superceded effective April 30, 2003 with rule 4 CSR 240-3.635, Water Utility Small Company Rate Increase Procedure). The date that the Company's Request was received at the Commission's offices was March 10, 2003.

In its Request, the Company represented that it was asking for Commission approval of customer rates intended to generate an increase of \$642,307 in its total annual water service operating revenues. In its Request, the Company also noted that changes to its service charges, updates to its general rules and regulations and a change to monthly customer billing should also be considered. The Company provides service to approximately 6,700 customers, approximately 6,100 of which are residential customers.

Upon receipt of the Company's Request, personnel in the Commission's Data Center scanned the Request and entered it into the Commission's electronic filing and information system and Work I.D. No. QW-2003-0023 was assigned to the Request. The Request was then forwarded to the Commission's Water & Sewer Department for processing under the Small Company Rate Increase Procedure.

Pursuant to the provisions of the Small Company Rate Increase Procedure and related internal operating procedures, the Staff of the Commission ("Staff") initiated an audit of the Company's books and records, a review of certain of the Company's general business practices, an inspection of the Company's facilities and a review of the Company's operation of its facilities. (Hereafter, these activities will be collectively referred to as the Staff's "investigation" of the Company's Request.)

APPENDIX A

Upon completion of its investigation of the Company's Request, the Staff provided the Company and the Office of the Public Counsel ("OPC") various information regarding the results of the investigation, as well as its initial recommendations for resolution of the Company's Request. As a part of its initial recommendations, the Staff included a proposal whereby the Company would establish a special monthly surcharge for the financing of a major main relocation project (this project is known as the "Gateway" project), rather than the project being financed through the traditional means of including the cost of the project in the Company's ratemaking rate base.

Resolution of the Company's Rate Increase Request

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

- (1) That as a result of this small company rate increase procedure the Company will file a complete new tariff for the purposes of implementing the agreements set out herein and updating its rules and regulations, with that tariff containing the revised rates, service charges and language set out in the example tariff attached hereto as Attachment A.
- (2) That except as otherwise noted in the agreements below, the ratemaking income statement attached hereto as Attachment B accurately reflects the Company's annualized revenues generated by its current customer rates, the Company's total annualized cost of providing service and the agreed-upon annualized operating revenue increase of \$273,757.
- (3) That the Company should be allowed to implement a special five-year monthly customer surcharge for the purpose of financing the Gateway main replacement program, which results in the costs related to this project not being included in the Company's overall cost-of-service.
- (4) That the ratemaking income statement attached hereto as Attachment B includes an entry recognizing that the Company's new computer system is being financed by a five-year loan and that the Company and the Staff have agreed to a five-year amortization for the computer equipment, with the annual amortized amount being equal to the Company's annual loan payment.
- (5) That the ratemaking income statement attached hereto as Attachment B includes an entry recognizing that the Company will be assuming the responsibility for maintaining service lines extending from its distribution mains to the meter-set location, at an estimated annual cost of approximately \$24,000. With further regard to this matter, the Company will maintain records showing the annual expenditures related to the maintenance of customer service lines and provide the Staff with an annual report regarding such expenditures.

- (6) That the rates set out in the attached example tariff sheets, the development of which is shown on the rate design worksheet attached hereto as Attachment C, are designed to generate revenues sufficient to recover the Company's total annualized cost of service and the financing of the Gateway main replacement project, and reflect that the Company is changing its billing cycle from a bi-monthly cycle to a monthly cycle.
- (7) That the provisions of the attached example tariff sheets properly reflect all agreements set out herein, where necessary.
- (8) That the proceeds from the Gateway main replacement project surcharge may only be used for repayment of the loan or loans related to that project.
- (9) That the rates included in the example tariff sheets in Attachment A are just and reasonable.
- (10) That the depreciation rates set out on Attachment D hereto should be the prescribed water plant depreciation rates for the Company, as these were the depreciation rates used by the Staff in its revenue requirement analysis.
- (11) That the Company's practice of renting its equipment out for non-regulated business use will cease.
- (12) That the Company acknowledges the requirements of the Commission rule regarding the provision of notice prior to customer disconnections (Rule 4 CSR 240-13.050), as is referenced in its own Rule 34 on Sheet No. 16 of its tariff, and agrees that it will adhere to those requirements.
- (13) That the above agreements satisfactorily resolve all issues identified by the Staff and the Company regarding the Company's Request, except as otherwise specifically stated.

Additional Matters

This Disposition Agreement is only between the Staff and the Company, in which case the Small Company Rate Increase Procedure requires that the Company send a notice to its customers regarding the rates and charges that would result from implementation of the provisions of this Disposition Agreement. In compliance with the Small Company Rate Increase Procedure, that notice will provide the Company's customers an opportunity to send comments to the OPC and the Staff within twenty (20) days after the date of the notice. In addition to that customer notice, the Company acknowledges that the OPC also has the right to request that the Commission hold a local public hearing regarding the Company's Request and the provisions of this Disposition Agreement.

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

The Company and the Staff acknowledge that they have previously agreed to extensions of the normal 150-day tariff filing date for small company rate increase requests, initially to allow time for the Gateway main replacement project to be completed and reflected in the resolution of the Company's Request and subsequently to allow the Company and Staff the time to agree upon a complete rewrite of the Company's tariff.

The Company acknowledges that the Staff will be making an additional filing with the Commission regarding this matter. That filing will include the Staff's recommendation for approval of the subject tariff revisions, background information regarding the Company's Request and the Staff's investigation thereof, and certain Staff workpapers regarding at least the following items: (a) the ratemaking income statement referenced in item 2 above; (b) the rate design worksheet referenced in item 3 above; (c) a residential customer billing comparison reflecting the agreed-upon changes in the Company's rates; (d) a general overview of the Company; and (e) an overview of the Company's customer service procedures and practices. Additionally, that filing will include information regarding the status of the Company's payment of its Commission assessments, the status of the Company's submission of its Commission annual reports, any other pending cases that the Company may have before the Commission, any recent Notices of Violations issued to the Company by the Missouri Department of Natural Resources, and the status of the Company's corporate standing with the Missouri Secretary of State.

Effective Date and Signatures

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

Agreement Signed and Dated:



Dale W. Johansen
Manager – Water & Sewer Department
Missouri Public Service Commission Staff

8/23/04
Date



Neal Cleavenger
President
Raytown Water Company

Aug 30, 04
Date

List of Attachments

- Attachment A: Example Tariff
- Attachment B: Ratemaking Income Statement
- Attachment C: Rate Design Worksheets
- Attachment D: Schedule of Depreciation Rates

Disposition Agreement

Raytown Water Company

Work I.D. No. QW-2003-0023

Attachment A

Example Tariff

The Raytown Water Company For: **Raytown, MO & Community, Town or City**
 Name of Issuing Company & territory adjacent thereto

Rules Governing
Rendering of Water Service

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*Indicates new rate or text

+Indicates change

Date of Issue August 26, 2004

Date Effective October 10, 2004

Issued by : Neal Clevenger, President 9820 E. 63rd Street, Raytown, MO 64133

Name of Officer, Title Address

The Raytown Water Company For: Raytown, MO & Community, Town or City
Name of Issuing Company & territory adjacent thereto

Rules Governing
Rendering of Water Service

LICENSE, OCCUPATION, FRANCHISE
OR OTHER GROSS RECEIPTS TAXES RIDER

BILLING OF LICENSE, OCCUPATION, FRANCHISE
OR OTHER SIMILAR CHARGES OR TAXES

There shall be added to the customer's bill as a separate item, an amount equal to the proportionate part of a license, occupation, franchise, or other similar fee or tax now or hereafter imposed upon the Company by local taxing authorities, whether imposed by ordinance, franchise or otherwise, and which fee or tax is based upon a percentage of the gross receipts, net receipts, or revenues from sales of water or services rendered by the Company to the customer.

Where more than one such charge or a taxing authority imposes tax, the total of such charges or taxes applicable to a customer may be billed to the customer as a single amount.

The Company shall have the right to classify customers as domestic users, non-domestic users or un-metered non-domestic users of water and related services in order to comply with state sales tax statutes which exempt "Domestic Use" from state sales tax liability. Sales of water for "Domestic Use" means that portion of metered water service, which an individual purchaser uses for non-business, noncommercial or non-industrial purposes. Sales of water for "Non-domestic Use" or "Un-metered Non-domestic Use" means that portion of water service, which does not qualify as "Domestic Use". Classification as either "Domestic Use", "Non-domestic Use" or "Un-metered Non-domestic Use" will be pursuant to a system, which the Company will establish and maintain in accordance with standards established by the Director of Revenue, whereby individual purchases are classified as either "Domestic Use", "Non-domestic Use" or "Un-metered Non-domestic Use" based on principal use.

The Company shall also have the right to set forth as a separate chargeable item on the customer's bill, the county or city sales tax levied upon water and related services sold for "Domestic Use", and the state sales tax and county and city sales taxes levied upon water and related services sold for "Non-domestic Use" or "Un-metered Non-domestic Use".

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The Raytown Water Company For: **Raytown, MO & Community, Town or City**
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Rules Governing
Rendering of Water Service

SCHEDULE OF RATES

Rules and Regulations - The Rules and Regulations set forth in this Tariff shall cover the supply of service under this rate. Also, RULES 13 and 14 of the Company's General Rules and Regulations shall apply to all service under this Tariff.

Exclusive of every tax or payment imposed upon the Company by any political subdivision of the State of Missouri, for the right to do business in such political subdivision.

***Availability:**

Any metered customer located in the Company's service territory

+Water Rates:

There shall be a monthly minimum charge dependent on the size of the water meter as follows:

Meter Size	Charge
5.8"	\$ 7.15
1.0"	\$ 12.95
1.5"	\$ 22.52
2.0"	\$ 34.01
3.0"	\$ 60.78
4.0"	\$ 99.03

There shall be a metered usage applied on a monthly basis, and billed by the Company on a monthly basis of \$4.487 per 1000 gallons.

+Bulk Water Service Rate:

Bulk Water sales shall be made at the rate of \$0.25 per 50 gallons.

***Gateway Main Replacement Surcharge**

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Rules Governing
Rendering of Water Service

A monthly surcharge of \$0.77 will be added to each customer's bill. The proceeds from this surcharge will be accounted for separately from other Company funds and will be used solely for making the regularly scheduled monthly principal and interest payments on the Company's loan related to the Gateway main replacement project. Any proceeds from this surcharge that are in excess of the regularly scheduled monthly payment on the Gateway main replacement project loan will be used for prepayment of the principal balance of that loan. In the event the proceeds from this surcharge are not sufficient to make the regularly scheduled monthly payment on the Gateway main replacement project loan, the balance of the payment will be made using other Company funds. This surcharge will be reviewed annually and is subject to change by the Commission based upon changes in the number of customers, billing and collection history, or other such good cause as the Commission may order. This surcharge will terminate when the Gateway main replacement project loan is paid off as set out by the Commission in the Report & Order.

Private Fire Service Charges

Applicability: These rates are for fire hydrants and fire protection systems installed on private property.

Construction Provision – Expense of installation will be borne by the customer. A detector meter of an approved makes and size must be incorporated in each fire protection system.

Contract Term and billing – All bills under this schedule will be rendered monthly.

Rate Table:

Fire Hydrant:

For each hydrant installed \$ 160.24 annually

Automatic Sprinkler System:

Rates:

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Rules Governing
Rendering of Water Service

Tap Size	Annual Charge
2.0" or less	\$ 19.12
4.0"	\$ 76.06
6.0"	\$ 160.24
8.0"	\$ 288.43
10.0"	\$ 486.86

Payment Terms – Bills are net and are due and payable within ten (10) days after remittance.

Special Provision

1. Private fire protection hydrants and systems are to be used solely for the extinguishment of fires or for fire drills.
2. No connections for water service for uses other than fire protection shall be made to any private fire protection system.
3. For violation of these provisions the Company may discontinue service, refunding any unearned portion of payment made in advance.
4. The addition of any hydrants, sprinkler heads or other outlets shall be reported immediately to the Company.

Schedule of Service Charges

***Contractor – Fire Hydrant Meter Rental:**

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Rules Governing
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Contractors may rent a hydrant meter for use in construction. An application (see exhibit A) must be completed and a deposit of \$706.00, the cost of a replacement meter, must be paid in advance. Billing will include a minimum charge of \$25.00 plus water usage, based on the rate on file with the MPSC, will be deducted from the deposit and a final billing or refund will be issued upon return of the meter.

+Discontinuance of Service for Non-payment of Bill or Bad Check:

Turn-off/notice charge \$15.00

Reconnect turn-on charge (per trip) \$15.00 (During regular restoration hours)

A Reconnect turn-on charge of \$25.00 will be charged where the customer has requested the reconnection be made during times other than regular working hours (regular restoration hours are weekdays from 1:00 pm - 4:00 pm, excluding holidays). A customer requesting such after regular restoration hours will be told the level of the charge in advance of the reconnect and must be present at the property for restoration. (See Rule 13 on Revised Sheet No. 34)

All service restorations will be performed during regular business days only between 1:00 p.m. and 4:00 p.m. The customer or a representative must be present at the property where water service is to be restored. If the customer or representative is not present, the Company will attempt to restore service the next business day during the times listed above. A \$15.00 charge will be assessed for each additional restoration trip.

*** New Customer Water Service**

The rules listed with Discontinuance of Service for Non-payment of Bill or Bad Check also apply to new customer water service with the exception that no charges will be assessed for the initial trip to establish water service.

***Late Payment Charge**

Billings will be made and distributed on a monthly interval. Bills will be rendered net, bearing the last date on which payment will then be considered delinquent. The period after which the payment is considered delinquent is 21 days after rendition of the bill. A charge of \$3.00 or two percent (2%) of the unpaid balance, whichever is greater, will be added to the delinquent amounts. Late payment charges shall accrue and be billed monthly.

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Rules Governing
Rendering of Water Service

***Returned Check Charge**

A bad check charge of \$25.00 per check will be paid on all checks returned from the bank for insufficient funds or closed accounts.

***Emergency Call Out Charge**

An Emergency Call Out Charge of \$20.00 per occurrence during regular hours (weekdays 7:00 am-4:00 pm, excluding holidays) or of \$35.00 per occurrence during all other times, will be assessed where a customer requests a shut-off of service and the emergency exists entirely on the customer owned facilities or customer requests "no water investigation" and result is due to customer service line breakage or frozen meter {additional labor and material costs may be incurred by customer depending upon service call results}

Additional labor to be charged after the 1st hour as follows:

- During regular business hours \$18.00/hr Minimum 1 hr increments
- After regular business hours \$27.00/hr Minimum 1 hr increments

+Meter Testing Charge

There will be a charge of \$25.00 for each meter test that a customer requests, for any test that is over one per any twelve (12) month period. [See rule 8 on Revised Sheet No. 27] Should the customer request the meter testing be performed outside the Company, all charges incurred will be borne by the customer.

***Door Collection Charge**

A door collection charge of \$15.00 will be applicable when a customer pays the serviceman at the time of scheduled disconnection (turn-off) of service to prevent such disconnection.

***Temporary Water Service Charge** – In such case as a customer is requiring the use of a metered jumper to obtain temporary water service. The Customer will complete a Metered Jumper Rental Agreement (exhibit D) and pay a security deposit for the equipment in the sum of \$100.00. The charge will be \$25.00 and the customer will be billed for the actual usage at the current rate set by the MPSC.

Visa/MasterCard Transaction Fee - \$3.00 charge in addition to the payment for each transaction

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Rules Governing
Rendering of Water Service

+Payment Terms - Bills are net, and are due and payable within twenty-one (21) days after rendition of the bill.

+New Service Connections - When application for a 5/8" or 3/4" tap or greater is made to the Company, all necessary plumbing and excavation permits from any city, county, or other authority having jurisdiction over such work must be exhibited. The cost of the permit from the City of Raytown will be borne by the Company. The specified connection fees include location and excavation of the water main, tap, street crossing if necessary, service pipe to the property line, and meter setting appurtenances constructed at the property line. The Company shall be given at least 48 hours notice in advance of the time a tap is to be made and a tapping fee for new service connection is paid in advance at the office. Material and vault expenses for 1" and larger taps will need to be paid accordingly and will be charged to customer at current market price. Fees for service taps will be as follows:

<u>Service Size</u>	<u>Service Connection (Tap) Fee</u>
5/8" or 3/4"	\$ 1,000
1" or Duplex	Actual Cost
1 1/2"	Actual Cost
2"	Actual Cost
3"	Actual Cost
4"	Actual Cost

Note – Tap fees for 1" and larger will be at actual cost including Company's overhead.

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Rules Governing
Rendering of Water Service

Rule 1 Definitions

- A. **Backflow** – a reversal flow of water, any foreign liquid, gas or other substance into the Company's water supply system from any source through the customer's water service line.
- B. **Bill** - a written demand for payment for service and the taxes and franchise fees related to it.
- C. **Billing period** - normal usage period of not less than twenty-six (26) nor more than thirty-five (35) days for a monthly billed customer nor more than one hundred (100) days for a quarterly billed customer, except for initial, corrected or final bills.
- D. **Company** – Raytown Water Company
- E. **Complaint** - an informal or formal complaint under 4CSR 240-2.070
- F. **Cross Connection** – any connection or structural arrangement between the Company's public water supply and any source or system through which back flow can occur. By pass arrangements, jumper connections, removable sections, swivel or changeover devices and other temporary or permanent devices through which backflow can occur are considered cross connections.
- G. **Customer Water Service Line** – owned and maintained by the customer, a pipe with appurtenances from the curb stop/valve or meter box/pit to the customer's premise
- H. **Cycle billing** - a system, which results in the rendition of bills to various customers to various customers on different days of a month
- I. **Delinquent charge** - a charge remaining unpaid by a monthly billed customer at least twenty-one (21) days and for at least sixteen (16) days by a quarterly billed customer from the rendition of the bill by the utility or a charge remaining unpaid after the preferred payment date selected by the customer
- J. **Delinquent date** - the date stated on a bill when the charge is considered due and payable

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Name of Issuing Company

& territory adjacent thereto**Rules Governing**
Rendering of Water Service

- K. Deposit** - a money advance to a utility for the purpose of securing payment of delinquent charges, which might accrue, to the customer who made the advance.
- L. Discontinuance of service/Discontinuance** - a cessation of service not requested by a customer
- M. Estimated bill** - a charge for utility service, which is not based on actual reading of the meter or other registering devise by an authorized utility representative
- N. Guarantee** - a written promise form a third party to assume liability up to a specified amount for delinquent charges which might accrue to a particular customer
- O. In Dispute** - any matter regarding a charge or service, which is the subject of an unresolved inquiry
- P. Individual Premises** - a single dwelling unit, whether in an apartment or condominium or other multiple-family building, and in the case of commercial or business premises means an individual business, office or suite of offices, or separate office or business within a building where there are other business or Commercial offices or operations carried on by other businesses or companies.
- Q. Late payment charge** - means an assessment on a delinquent charge in accordance with a utility tariff on file with the commission and in addition to the delinquent charge
- R. Payment Extension** - a verbal agreement between the utility and the customer extending payment for fifteen (15) days or less
- S. Preferred payment date plan** - a commission approved plan offered at the utility's option in which the delinquent date for the charges stated on a bill shall occur on the same day during each billing period as selected by the customer
- T. Rendition of a bill** - the mailing or hand delivery of a bill by a utility service for domestic use

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The Raytown Water Company For: **Raytown, MO & Community, Town or City**
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Rules Governing
Rendering of Water Service

U. Residential service - the provision of or use of a utility service for domestic purposes

V. Rules and Regulations - all of the Rules and Regulations filed by the Raytown Water Company with the Missouri Public Service Commission, and includes by reference all of the General Orders and Rules and Regulations of the Missouri Public Service Commission (MPSC) which affect the Company's filed Rules and Regulations and tariffs.

W. Service Connection - the service pipe from the Company main to a curb stop/valve or meter box/pit just inside the property line.

X. Settlement agreement - an agreement between a customer and a utility, which resolves any matter in dispute between the parties or provides for the payment of, undisputed charges over a period longer than the customer's normal billing period

Y. Tariff - a schedule of rates, services and rules approved by the commission

Z. Termination of service/termination - a cessation of service requested by a customer

AA. Utility - Water Corporation as those terms are defined in section 386.020 RSMo

BB. Utility charges - the rates for utility service and other charges authorized by the commission as an integral part of utility service

Rule 2 Application for Service

A. Service connection will be made, and water will be furnished upon written application (see exhibits B & B1) by the prospective customer (or his properly authorized agent), on a form prepared by the Company for this purpose, and after approval of such application by the Company. The application for service shall state clearly the class, scope, and type of use to be made of the service as well as the purpose for which it will be used. Service connections will not be approved unless a main is directly adjacent or on the other side of the street to the property to be served by a line perpendicular from the point on the main to a point on the building. If an available water main does not exist, then the Company's main extension rule applies.

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Rules Governing
Rendering of Water Service

- B. The application and these rules and regulations constitute the contract between the customer and the Company; and each customer by accepting of water, agrees to be bound thereby.
- C. A new application must be made to, and approved by, the Company upon any change in the identity of the contracting customer at a property or in the service as described in the application, and the Company may, upon 24-48 hours notice, discontinue the water supply until such new application has been made and approved.
- D. Each application for service shall be made on the basis of rates applicable to customers under the tariff provision and may change periodically, subject to approval.
- E. Customer service shall be provided and paid for by the customer for a term of not less than one month, except in the case of contracts accompanying a petition for an extension of water main pipeline, in which case contracts for a term of two years must accompany the petition.
- F. Customers supplied with water by the Company will not be permitted to use water for any other purpose than as stated in the contract, nor shall they supply water in any way to other persons without a written permit from the Company, nor shall they permit others the use of their hoses or other attachments, or leave them exposed to use by others.
- G. Where water is currently being supplied to several parties in apartments, offices or stores, all located in a single building and supplied through one service, the Company will contract with only one party for the supply and that the party shall be responsible to the Company for the payment of the water bills. *[This is for existing service only. All new construction/service must be on separate service and meters to each living unit.]
- H. Bills are to be rendered monthly. When bills are rendered for a period less than the billing period stated in the applicable rate schedule, the minimum charge and the

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quantity of water charged for under each step is to be changed in the proportion the period covered by the bill.

- I. Each meter installed on a separate service line shall be considered as a separate customer and shall be billed as a separate customer, unless such additional meter installation is required by the Company for its own convenience in measuring the amount taken, and subject to the provisions of RULE 2 of these RULES.
- J. Employees of the Company are not permitted to accept payment of water bills unless specifically authorized by the Company to do so. The Company may also specifically authorize 3rd party collectors or other agents to collect past due bills.

Rule 3 Deposit to Guarantee Payment

- A. Each applicant for water is required to pay a deposit if the following conditions apply:
 - 1. The service of the customer has been terminated by the Company for nonpayment of a delinquent account not in dispute;
 - 2. In an unauthorized manner, the customer interfered with or diverted the service of the Company situated on or about or delivered to the customer's premises;
 - 3. The customer has failed to pay an undisputed bill before the delinquency date for five billing periods out of twelve consecutive billing periods or two quarters out of four consecutive quarters;
- B. No deposit shall be required by the Company because of a customer's race, sex, creed, national origin, marital status, age, number of dependents, source of income, or geographical area of residence.
- C. A deposit shall not exceed two times the highest bill of that customer at the same address during the preceding twelve months.

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- D. On all customers' deposits, interest shall be credited at the interest rate of 3% per annum.
- E. Upon termination of service, the deposit, with accrued interest, shall be credited to the final bill and the balance, if any, shall be returned promptly to the customer.
- F. The credit of a customer shall be established and the deposit and accrued interest shall be refunded promptly by the Company upon satisfactory payment by the customer of all proper charges for utility service for a period not to exceed twelve successive months. For purposes for this rule, payment is satisfactory if made prior to the date upon which the bill becomes delinquent.
- G. The Company may withhold refund of the deposit funds pending the resolution of a matter in dispute involving discontinuance for nonpayment or unauthorized interference by the customer. Satisfactory payments is defined per 4CSR 240-13.030 SEC. 4.0 as: "Upon satisfactory payment of all undisputed utility charges during the last twelve (12) billing months, it shall be promptly refunded or credited, with accrued interest against charges stated on subsequent bills. Payment of a charge is satisfactory if received prior to the date upon which the charge becomes delinquent provided it is not in dispute. Payment of a disputed bill shall be satisfactory if made within ten (10) days of resolution or withdrawal of the dispute. A utility may withhold refund of a deposit pending the resolution of a dispute with respect to charges secured by the deposit."
- H. The Company shall maintain a record of all deposits received from customers, showing the name of each customer, the location of the premises occupied by the customer at the time the deposit was required and each successive location while the deposit was retained, the date and amount of deposit, and the date and amount of interest paid.
- I. Each customer posting a security deposit shall receive in writing at the time of deposit or with the first bill, a receipt as evidence thereof, unless the Company shows the existence or non-existence of a deposit on the customer's bill, in which event the receipt shall not be required unless requested by the customer. The receipt shall contain the following minimum information:

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- (a) Name of customer
 - (b) Date of payment
 - (c) Amount of payment
 - (d) Identifiable name, signature, and title of the Company employee receiving payment.
 - (e) Statement of the terms and conditions governing the payment, retention and return of the deposits.
- J. The Company shall provide means whereby a person entitled to a return of a deposit is not deprived of the deposit refund even though he/she may be unable to produce the original receipt for the deposit, provided he/she can produce adequate identification to insure that he/she is the customer entitled to receive the deposit refund.
- K. The Company shall apply deposit standards uniformly as a condition of utility service to all residential customers.
- L. The Company shall provide means whereby a customer, required to make a deposit, may pay such deposit in installments unless the Company can show a likelihood that the Customer does not intend to pay for such service.
- M. In lieu of a security deposit required by these rules, the Company may accept the written guarantee of a responsible party as surety for a customer service account.
- N. A guarantee accepted by the Company is subject to the following terms and conditions:
- (a) It shall be in writing and shall state the terms of guarantee and the maximum amount guaranteed. The Company shall not hold the guarantor liable for sums in excess of the maximum amount of the required cash deposit unless the guarantor consents thereto in a separate written instrument.

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- (b) Credit shall be established for the customer and the guarantor shall be released upon satisfactory payment by the customer of all proper charges for utility service for a period of twelve (12) successive months. Payment of a charge is satisfactory if/or received prior to the date upon which the charge becomes delinquent provided it is not in dispute. Payment of a disputed bill shall be satisfactory if made within ten (10) days of resolution or withdrawal of the dispute.

Rule 4 Customer's Installation

- A. All customers shall prevent unnecessary waste of water by keeping their customer water service lines, hydrants, faucets/ valves, hoses and apparatuses of all kinds, together with their meter box/pit, in good repair, and shall be accessible at all reasonable times to the Company's employees for inspection.
- B. Inspectors or other authorized agents of the Company shall have access at all reasonable hours to the premises supplied, for the purpose of making necessary examination of the plumbing and fixtures, taking meter readings, and for any other reasons deemed necessary by the Company. If property is inaccessible for two (2) billing periods, a special trip may be necessary and appropriate trip charge as specified in the Schedule of Service Charges will be assessed.
- C. Emergency call out charges will be assessed where a customer requests a shut-off of service and the emergency exists entirely on the customer owned facility or the customer requests "no water investigation" and result is due to customer service line breakage or frozen meter (additional labor and material costs may be incurred by customer depending upon service call results).

Rule 5 Service Connections and Taps

- A. *Each customer and/or living unit shall be supplied through a separate service line and will complete an application (see Exhibit C). Such applications must be filed on standard forms stating Name, house number, and other information necessary to designate the permanent location of premises to be served, name of applicant, name of owner, and size of service pipe.

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- B. *All new service lines shall be installed according to Company and city specifications. The Company makes taps after proper application for service by customers or their authorized agents and all fees are paid. Taps are made by the Company in consideration of payment of the connection fee by applicant. The Company shall construct the Service Connection upon application for service. The Company will place the meter box/pit just inside the property line, and shall remain accessible to the Company at all times.
- C. +When application for a 5/8" or 3/4" tap or greater is made to the Company, all necessary plumbing and excavation permits from any city, county, or other authority having jurisdiction over such work must be exhibited. The Company shall be given at least 48 hours notice in advance of the time a tap is to be made and a tapping fee for new service connection is paid in advance at the office. Material and vault expenses for 1" and larger taps will need to be paid accordingly and will be charged to customer at current market price. Fees for service taps for residential and small commercial customers are as specified in the Schedule of Service Charges. Larger size service taps will be made by the Company at actual cost.
- D. All tap fees plus any additional applicable costs must be paid in advance, prior to tap and connection.
- E. Water service lines must be laid in a trench separate from sewer trench. The undisturbed earth between the separate trenches shall not be less in width than the depth of the water service line below the finished grade. A shelf cut into the side of a sewer drain trench is not a separate trench within the meaning and requirements of this Rule.
- F. +The service line from the main to the customer's premises must be installed in accordance with any applicable rules and regulations covering such installation. No service line shall have an inside diameter less than 3/4". Type K copper shall be used from the house or commercial building, to the centerline of the main. Cast iron pipe may be used for larger service lines but only if authorized by the Company.
- G. Service lines shall be installed not less than 3-1/2 feet below the finished grade. The water meter well shall be set just inside the property line. The distance between the grade level and the center of yoke with the yoke in proper position shall be 20".

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Except for construction of the Service Connection for which the Company is responsible in consideration of payment of the Connection Fee, all excavations and refilling shall be made by the applicant and the applicant agrees to secure all permits for work from the city and Highway Department, if applicable.

- H. +The service line and meter well must be laid out to the main at right angles to the face of the building at the point where the service line enters the front of the building. Service lines to the buildings without basements must be laid from the main through a meter well in front of the building, and at right angles to the face of the building. However, from the meter well to the building, the customer service line may be offset to pass the building in a line parallel to the side of the building, inside the property line and as close to the building as practicable. If the procedure does not allow the service line to approach the main at right angles, the plumber must obtain special instruction from the Company.
- I. *When an existing meter is located within the customer's building, a stop and waste valve easily accessible to the occupants shall be placed in the service line within the building supplied with water. Such a valve shall be located so that it will be possible to drain the meter and all pipes in the building. When the meter is located outside the customer's building (now required), a positive shut off valve shall be located immediately inside the customer's building.
- J. *The Company shall, at its own expense, be responsible for the maintenance of all Service Connections, including the curb stop/valve, meter pit/box and meter.
- (a) When in the opinion of the Company, the entire Service Connection is in need of replacement, the Company shall make the replacement at its own expense. Until such replacement is made, the entire Service Connection from the main to the customer's premise shall be considered to be the property of the customer.
- (b) Should a leak occur and the existing curb stop/valve or meter box/pit is not located within the property line, and it can not be determined whether the Company or the customer is responsible for the leak; the Company at its expense will install a curb stop at the property line or as close as possible to the property line if there are obstructions.

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- (c) If the leak is between the main and the newly installed curb stop the Company will assume responsibility for the maintenance and expense of the leak. However, if the leak is on the customer's side of the newly installed curb stop, the customer shall be responsible for the maintenance and expense of the leak.
- (d) The Company reserves the right to install a curb stop on any service connection where such a valve does not exist.
- K. +The meter well setup is to be located just inside the property line in a company constructed PVC meter well, meter yoke and meter well lid. When installing the meter well, a suitable curb cock, either as an integral part of the meter yoke, or if separate, a bronze valve shall be installed in the service line within the meter well. The service line shall be extended from the meter yoke into the customer's building where an inverted core, round way waste cock shall be installed on the service line, just after it enters the building, and the stop and waste cock shall be provided with a suitable wrench or extension handle to make it accessible at all times for readily turning off or on by the occupant of the building or by the Company's inspectors for maintenance or repairs. On service lines larger than one inch (1") that cross a street or roadway or have the meter set more than 30 feet from the main, a valve or valve box must be installed as close as is practicable to the water main.
- L. +All customer water service lines, service pipes, valves, stop cocks, stop and waste cocks and stop, which are the property of the customer, shall be maintained by the customer and kept in good repair.
- M. The Company will maintain the well, ring and lid from normal wear and tear, but not from vehicle traffic or other abuse.
- N. Taps will not be made for vacant lots or in advance of building requirements. Plans and specifications must accompany an application for a tap when requested by the Company.
- O. Customers will not be permitted to extend service lines along public or private streets or roadways, or through property of others in order to obtain connection to a water main.

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- P. +After the effective date of these RULES, all single buildings, whether for commercial or residential with 20 or less units or apartments must have separate meters and service lines for each unit or apartment, and not more than two meters in a meter well.
- Q. *The Company shall in no event be responsible for damage to persons or property cause by the location of, the condition of, or water escaping from, the service connection or customer water service line or any other pipe or fixture owned by the customer and the customer at all times shall comply with state, municipal and Company rules in reference thereto.
- R. The use of water service by a customer shall be in accordance with the class, scope and type of use, and for the purpose stated in the application and service contract. A customer shall not use, or allows use of water service through their service facilities for others or for purposes other than those covered by their application. To make service available for other purposes or character of use, a new application and contract is required.

Rule 6 Cross Connection Control and Backflow Prevention

- A. No physical connection will be allowed between a customer's water system and a possible source of contamination. Also no physical connection will be allowed between a customer's water system and an alternative water supply without prior written consent of The Raytown Water Company. Should such a cross-connection be found, the Company, after giving the customer proper notice will discontinue service to the customer in question, unless all such physical connections have been severed.
- B. All customers shall comply with the provisions of the Missouri Safe Drinking Water Act as promulgated in Section 640.100 et seq., the Missouri Public Drinking Water Program and with Backflow Regulations as promulgated in 10 C.S.R. 60-11 and other directives and guidelines established by the Missouri Department of Natural Resources. The Department of Natural Resources may issue a letter exempting a customer from the specific requirements of its regulations if the customer can show to the satisfaction of the Department, the local government

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authority and The Raytown Water Company, that the activities taking place at the customer's facilities and the materials used in connection with these activities or stored on the premises cannot endanger the health of customers or degrade the water quality of the public water system should backflow occur.

- C. An exemption shall remain valid for no more than three (3) years following the date of issuance. An exemption shall be void if it is determined that the customer facility has become a backflow hazard.
- D. *The purpose of this policy is to establish an enforceable cross connection control and backflow prevention program to preserve safe potable water and to prevent contamination of the public water system by any customer or another water system.

I.. *CROSS CONNECTIONS

A. No person or potential customer shall be given a service connection of any type until the water plumbing system has been approved as having complied with all requirements of the City Plumbing inspector and Raytown Water Company.

B. No person or customer shall be permitted to install or maintain a cross connection to the Company's public water supply.

II. *BACKFLOW PREVENTION

A. Definition: Backflow is a flow of any foreign liquid, gas or other substance into the Company's public water supply from any other source than the intended one.

B. An approved backflow prevention device shall be installed on each customer service line where, in the judgment of the company, Plumbing Inspector or State Agencies, there exists a potential of pollution to the company's public water supply.

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C. An approved backflow prevention device shall be installed on each customer service line serving premises where the conditions exist as outlined below:

1. Premises on which any substance is found which may create an actual or potential hazard to the Company's public water supply.
2. Premises where, because of security requirements or other prohibitions or restrictions, it is impossible or impractical to make a complete cross connection survey.
3. Premises where cross connections are found after having been ordered to be disconnected.
4. Premises having fire protection systems utilizing storage tanks, pumps, any chemical additives, and auxiliary supply of water or Siamese connections.
5. Premises having an irrigation system or where the out- let end of the fixture or hose may be submerged.
6. Premises having the types of facilities or processes listed below. This list is not intended to be all-inclusive.

- a. Hospitals, mortuaries, clinics, nursing homes,
- b. Laboratories
- c. Piers, docks, waterfront facilities,
- d. Sewage treatment plants, sewage pumping stations, or storm water pumping stations,
- e. Food and beverage processing plants,
- f. Chemical plants, dyeing plants,

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- g. Metal plating industries,
- h. Petroleum processing or storage plants,
- i. Radioactive material processing plants or nuclear reactors,
- j. Car washes,
- k. Slaughter houses and poultry processing plants, and
- l. Farms where the water is used for other than household purposes.

III. *BACKFLOW PREVENTION DEVICES

- A. There are two types of backflow prevention devices recognized by the Company: 1) air gaps and 2) reduced pressure devices. The mechanical device shall meet AWWA Standard C 506-78 as hereafter revised.
- B. A backflow prevention device shall be installed in accordance with the recommendations and specifications of the manufacturer of the device.
- C. Any existing backflow prevention device installed prior to the effective date of this program shall, except for inspection, testing, and maintenance requirements, be excluded from the requirements of IV.A, provided that the Company, plumbing inspector and state agencies are assured that the device will protect the Company's water supply.

IV. *RESPONSIBILITY OF THE CUSTOMER

- A. When the customer requests water service, he/she shall advise the Company in writing as to: 1) any alternate source of water which may be

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used in his/her facility; 2) the type of fire protection system to be utilized;
3) type of facility or process to be utilized.

- B. The customer shall submit two copies of plans certified by licensed design engineer for fire service connections, lawn or irrigation systems and other facilities requiring approved prevention devices to the Company for approval prior to construction.
- C. It shall be the responsibility of the customer to have an inspection and operational test made annually of the backflow prevention device in accordance with the manufacturer's procedures to insure that the device is in proper operating condition at all times. The customer must maintain a certificate certifying the timely testing and proper operation of the backflow prevention device. A copy of the annual inspection report must be sent to the Company.

V. *RESPONSIBILITY OF THE COMPANY

- A. Upon receipt of information furnished by customer in accordance with paragraph V.A, Company shall advise the customer if the installation of a backflow prevention device is required.
- B. The Company shall have the right to enter a customers' premises at a reasonable time to inspect and check the customer's compliance with these rules.
- C. The Company may deny or discontinue the water service to a customer if:
- 1) The required backflow prevention device is not installed
 - 2) If it is found that the device has been removed or bypassed, and
 - 3) If the customer does not have the device properly tested and maintained as specified in section V.C. Water service to such premises shall not be restored until the deficiencies have been corrected or eliminated in accordance with these procedures to the satisfaction of the Company.
 - 4) If the Company is unable to verify compliance.
 - 5) If it is determined that imminent or actual backflow risk to customer exists.

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Rule 7 Meter Installations

- A. +A permanent meter well of white PVC along with a meter yoke and other appurtenances and fittings shall be constructed and maintained by the Company just inside of the property line.
- B. *All water service, except water for fire fighting purposes, will be rendered only through meters.
- C. *Each customer's service shall have a separate meter to register the amount of water consumed.
- D. *All meters will be furnished by, and remain the property of the Company. The Company reserves the right to establish the size and location of meter required by each customer.
- E. *Meters will be maintained by the Company as far as ordinary wear and tear is concerned, but the customer, in the instance of an existing inside installation, shall be responsible to the Company for any injury to, or loss of, any meter because of the customer's negligence or carelessness or that of his/her servants, employees, members of his household, or any person upon his/her premises under or by his/her consent or sufferance. The customer shall not permit anyone when not an agent of the Company or otherwise lawfully authorized so to do, to remove, inspect or tamper with the Company's meter, or other property of the Company on his/her premises.
- F. *The customer will not be responsible for the Company's meter where there is an outside meter installation if the Company has agreed upon the site and the installation of a meter vault or meter box.
- G. *The customer shall notify the Company of any injury to, or of any cessation in registration of the meter as soon as customer is made aware.
- H. +Customers must take necessary precautions to prevent pipes and meters from freezing in cold weather and must keep the meter wells free from water, mud and debris at all times. The Company will make all ordinary repairs to meters and

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wells, but if meters are damaged through freezing, hot water backing up into the meter, or other neglect of the Customer, the cost of repairs will be assessed against the customer and payment for such repairs will be enforced the same as for bills for water service.

- I. *To prevent heat damage to the meter where steam or hot water under pressure is used, other than for normal residential use, a swing check valve and a pressure relief valve must be placed, at the expense of the customer, on the discharge side of the meter and before any outlets are taken off the service line.
- J. No person except a duly authorized employee of the Company, or other person duly authorized by the Company, shall make any connection or disconnection, either temporary or permanent, to a water main of the Company, or set, change, remove, interfere with or bypass any water meter through which the Company renders service.

Rule 8 Meter Testing

- A. *The quantity of water recorded by the meter shall be conclusive for both the customer and the Company, except when the meter has been found to be registering inaccurately or has ceased to register. In either of such cases, the meter will be promptly repaired or replaced by the Company and the quantity of water consumed shall be estimated by the average registration of the meter on previous corresponding periods.
- B. *In case of a disputed bill involving the accuracy of a meter, such meter shall be tested, upon the request of the customer, in conformity with the provisions of regulations of the Missouri Public Service Commission. If the meter so tested is found to have an error in registration of five per cent (5%) or more, the bills will be increased or decreased accordingly as provided by the said rules.
- C. *The Company, at its own expense, will make periodic tests and inspections of its meters in order to maintain them at our standard of accuracy. Upon request, the Company will test any water meter, free of charge, provided that the meter in question has not been tested within 12 months previous to such request. If the meter has been tested within said 12 months period and the test reveals the meter to be

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accurate within a 95% to 105% range, a charge will be assessed. See Schedule of Service Charges.

Rule 9 Terms and Conditions of Billing and Payments

- A. *Customers receiving water service are liable for bills calculated using the appropriate approved rates as set forth on the Schedule of Rates, along with applicable service charges as set forth in the Schedule of Service Charges, and applicable fees or taxes imposed by government authorities
- B. Payment of all bills must be made at the Company's office either in person, by mail or by phone on or before the delinquent date printed on the bills and are considered delinquent if not paid within twenty-one (21) days of the bill date¹. Acceptable forms of payment are cash, money order, cashier check, personal check² or Visa and/or MasterCard³. A transaction fee per transaction is assessed to customer for payment by credit/debit card. No post-dated checks will be accepted. Bills for water service will be distributed on a monthly basis. The delinquent date on the tariff shall be ten (10) days after the "date of rendition" of the bill to the customer. The customer's bill will be due and payable after this delinquent date. The delinquent date printed on the bill will not be less than twenty-one (21) days after the date of the printed on the bill. Any accounts remaining unpaid at the expiration of twenty-one (21) days shall be considered delinquent and the Company may take such action as specified in its filed rules and regulations.
- C. *In addition to any and all charges due the Company, a check that has been received as payment for service is returned by the bank unpaid, a Returned Deposit Item charge will be assessed to cover the cost of processing this transaction.

¹ Pursuant to a variance issued by the Commission May 10, 1995 in its Case No. WO-95-6, previous balances for utility charges and charges for services not subject to Commission jurisdiction may not be separately itemized. Customers may contact Company's Customer Service department by telephone to obtain detailed itemization of any balance forward amounts.

² If 2 personal/business check is returned NSF, closed account or on Hold within a 12 month period from the bank, the customer account will be restricted to "certified funds only" for 12 months after the last occurrence. Certified funds are described as Cash, Certified check, money order or credit card.

³ There is a \$3.00 transaction fee for use of credit/debit card payable to the Company.

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- D. *If for any reason service is terminated before the expiration of one (1) month from commencement of service, a bill for at least the minimum charge for one (1) month will be rendered.
- E. *Customers are responsible for furnishing the Company with their correct address. Failure to receive bills will not be considered an excuse for non-payment nor permit an extension of the date when the account would be considered delinquent. All bills will be sent to the address entered in the application unless the Company is notified in writing by the customer of any change of address.
- F. *The use of water by the same customer in different premises or localities will not be combined and each installation shall stand by itself.
- G. *Water bills are rendered per meter and will not be subdivided.
- H. +Meters are to be read monthly. Should the Company be unable to read a customer's meter at a regular reading time the Company may estimate for billing purposes the meter reading subject to correction when the Company may read the meter. When the Company, during normal working hours, is unable to read a customer's meter for three successive regular meter reading times, the customer shall on request from the Company, in which a particular time is specified, give access to the premises to a representative of the Company for the purpose of reading the meter at the time specified which shall be within the hours of 7:00 a.m. and 4:00 p.m. Mondays through Fridays. If the customer is unable to give access to the premises to a Company representative to read the meter between 7:00 a.m. and 4:00 p.m. Mondays through Fridays, the Company will offer an appointment for the meter to be read on weekdays prior to 9:00 p.m. and on Saturday between the hours of 9:00 a.m. and 12:00 p.m., excluding holidays. The customer shall be charged by the Company for such meter reading, per rate on the Service charge schedule. Should the customer fail to give a representative of the Company access to the premises for the purpose for reading the meter as requested, the Company may discontinue service, unless and until the customer provides an accessible meter well just inside the customer's property line.
- I. *The Company may render a bill based on estimated usage due to any of the following:

*Indicates new rate or text

+Indicates change

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Rules Governing
Rendering of Water Service

1. Extreme weather conditions or emergencies, labor agreements, or work stoppages prevent actual meter readings or
 2. The Company is unable to obtain access to the customer's premises for the purposes of reading the meter, or in situations where the Customer makes reading the meter unnecessarily difficult.
- J. If the Company is unable to obtain an actual meter reading, it shall undertake reasonable alternatives to obtain a customer reading of the meter.
- K. In the event the Company is unable to obtain a meter reading which would otherwise be cause for discontinuance of service in accordance with the Rules of the Public Service Commission of Missouri, the Company will offer special appointments to customers for meter reading between 4:30 p.m. and 9:00 p.m. on weekdays and 9:00 a.m. and 12:00 p.m. on Saturday, both excluding holidays for an additional service charge for such special appointment.
- L. *If a customer account is turned over to 3rd party Collection agency, all fees/costs associated with collecting this debt is assessed and is the sole responsibility of the customer.
- M. Billings will be made and distributed on a monthly interval and will be rendered at the net amount due, bearing the last date on which payment will then be considered delinquent. The period after which the payment is considered delinquent is 22 days after rendition of the bill. A late payment charge will be added to the delinquent amount. Late payment charges shall accrue and be billed monthly.

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Rules Governing
Rendering of Water Service

Rule 10 Payment Plans for Hardship

- A. The company understands that there maybe extenuating circumstances, such as a leak resulting in an extremely high water bill, which may prohibit the customer to pay their water bill in full in a timely manner. A customer may be granted a payment plan in order to keep their water service on until full payment is received. Only 1 payment plan will be granted in a 12-month period per account.
- B. Customer is required to complete an application with a written explanation of hardship (See Exhibit F) and pay an administration fee per payment plan. Payment of administration fee is required at time of application.
- C. When a payment plan is granted, customer is required to pay monthly installments in addition to paying the regular monthly water bill as set forth previously in these Rules and Regulations.
- D. Failure to keep the plan payments current results in a breach of contract and may result in disconnection of service. Customer will be required to pay total balance due in addition to any assessed late, disconnect/ reconnect or other fees as applicable in the form of certified funds prior to restoration of service.

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Rendering of Water Service

E. Payment plan terms will follow the following schedule:

Payment Plan Table

Type of Payment Plan	Min. Amount	Term:
Extended payment of regular water bill	= 1 billing period	Allow to pay in 2 equal installments over a 4-week period. Delinquent date of each payment to be determined at the time of application.
Extended payment of higher than regular bill due to leak	Exceeds 1 regular average bill amount by \$100 or less	Customer must pay amount equal to 1 regular average bill and balance to be paid over a maximum of 3-month period.
Extended payment of higher than regular bill due to leak	Exceeds 1 regular average bill amount by \$101 up to \$500	Customer must pay amount equal to 1 regular average bill and balance to be paid over a maximum of 6-month period
Extended payment of higher than usual bill due to leak	Exceeds 1 regular average bill amount by \$501 up to \$1200	Customer must pay amount equal to 1 regular average bill and balance to be paid over a maximum of 12-month period.
Extended payment of higher than regular bill due to leak	Exceeds 1 regular average bill amount by \$1201 +	Customer must pay amount equal to 1 regular average bill and balance to be paid over a maximum period to be determined on a case-by-case basis.

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Rules Governing
Rendering of Water Service

Rule 11 Adjustment of Meter Error

- A. +The customer shall accept as the standard of measurement the meter installed by the Company. Should the meter become defective or fail to register correctly, the amount of water used shall be determined by a test of the meter, or by the amount used during the corresponding period of the preceding year, or by an estimate based on the average amount of water used during the preceding 12 months proportioned to the period during which the meter is shown to have been defective or inaccurate. Should the Company be unable to read a customer's meter at a regular reading time, the Company shall estimate the amount of water used for billing purposes, which billing shall be adjusted at the time meter reading is obtained.

Rule 12 Termination of Service by Customer

- A. *Whenever the customer desires to have their service contract terminated, the customer shall notify the Company to that effect in writing, by phone or in person at Company counter. The customer will be responsible for the payment of all service rendered by the Company prior to receipt of such written notice and during a reasonable time thereafter, not to exceed two (2) working days, to enable the Company to make the final reading of the meter or meters, or to discontinue water service.
- B. *When premises will be unoccupied temporarily, the customer shall notify the Company in writing, and water will be turned off and all charges will cease from the date when water service is turned off for a turn off fee. When the property is again occupied, the customer shall notify the company in writing, and the water will be turned on for a turn on fee. No refund or allowance will be made for unoccupied property when written notice has not been given as provided. No refund will be allowed for property unoccupied for a period less than one month.

Rule 13 General

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Rendering of Water Service

- A. The Company reserves the right at all times, without notice to customers, to shut off the water in a main for the purpose of making repairs or extensions, or for any other purpose necessary, and all persons having boilers or tanks within their premises depending on the pressure from the main to keep them filled, are hereby cautioned against danger of collapse. It is the intention of the Company to notify their patrons of the necessity of shutting off the main supply, but an emergency may, at times, not permit taking the time to do so.
- B. *Plumbers are not allowed to turn water off or on at the corporation or stopcock to any service pipe, except to make repairs and test their work, after which they will leave it off or on as they found it. All other parties not connected with the Company are strictly forbidden to turn the water on or off at the corporation or stopcock. Water shall not be turned on to any premises except by an employee of the Company. A penalty will be assessed and attached to the premises, regardless of who is residing at the premises.
- C. The Company is authorized to regulate or limit, by special regulations or orders, any unusual, unnecessary or wasteful use of water, or the filling of tanks, basins, swimming pools, etc., requiring large flows of water, where such use of water may affect service to other customers, and to restrict or regulate the quantity of water used by customers in case of scarcity or whenever in its judgment an emergency affecting public health and welfare may require such restrictions.

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Rules Governing
Rendering of Water Service

Rule 14 Discontinuance of Service by Company

- A. Discontinuance of water service for violation of the Company's rules and regulations or for non-payment of a water bill is subject to the Commission's Rules and Regulations contained in 4 CSR 240-13.050.
- B. *For violation of any of the rules and regulations of the Company by the customer, or for nonpayment of water bills, the right is reserved by the Company, after due notice has been given, to discontinue service, refunding to the customer, all sums paid in advance of consumption that have not been earned by the Company. In all cases of nonpayment of a bill within twenty-one (21) days after the same becomes due, after due notice is given, within 10 days after such notice the supply may be cut off and not turned on again except upon payment of the amount due together with the charges for turn-off and turn-on listed on tariff sheet No. 4.
- C. In order to have service restored, customer is required to make payment in full for the entire bill in addition to applicable charges. Acceptable forms of payment include cash (in Company office only), money order, cashier check or credit/debit card ⁴ only.
- D. If it is necessary to make a shut-off at the corporation cock or disconnect the service line from the main, a charge equivalent to the actual cost of material and labor will be charged for renewal of service.
- E. If account remains unpaid and meter remains off and locked for 31+days and property is vacant, the account will be closed and a final bill will be issued.
- F. When premises are to be vacated or there is a change of owner, occupant or agent, prompt notice must be given the Company. The customer may discontinue service by giving no less than twenty-four hours notice to the Company during its regular office hours. Final bills for service shall become due and payable at once.

⁴ Payment by credit/debit card is subject to an addition \$3.00 transaction fee payable at the time by the customer.

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Rules Governing
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- G. The Company shall discontinue water service for non-payment of a sewer bill issued by a sewer utility requesting discontinuance of water service by the terms of an authorized agreement between the Company and such sewer utility. When water service is discontinued for this reason, any service charges for turn on/off or disconnection/reconnection within these rules shall not apply, and notice to the customer shall be provided by rules and procedure applicable to the customer's sewer service in lieu of notification required by these rules.

Rule 15 Temporary Service

- A. The Company can provide temporary service connection by use of a jumper. This service is restricted to meters of $\frac{3}{4}$ " x $\frac{5}{8}$ " and can be used only as a temporary means to supply water to a customer in emergency situations such as a broken service line, which cannot be replaced immediately. The customer is required to complete a Jumper Rental Agreement (Exhibit D) and pay a deposit. The deposit is to be held until meter is returned and usage is invoiced. The invoice will be comprised of a base charge and actual usage of water charged at the current rate per 1000 gallons set forth by the MPSC and in the rate schedules in this tariff.

Rule 16 Service Line Replacement

- A. Should our Customer need an emergency service line replacement due to leak or breakage and cannot afford a commercial plumber to complete the work, the Company will replace the service line and bill the customer directly. Amount of payment and term up to exceed 12 months is to be determined on a case-by-case basis.

Rule 17 Extensions of Water Mains

- A. The Company will extend its water mains within its service area on the following terms and conditions:
1. Upon application (Exhibit E) being made for extension of water main, the Company shall determine the necessary size of main and shall make an estimate of the cost of the proposed extension, including pipe, valves, fittings,

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Rendering of Water Service

booster pumps, and storage tanks if required, all other materials, and all other costs such as labor, permits, etc., including the Company's direct expense associated with supervision, engineering, tools and equipment, and the Company's overhead expenses.

2. Should the actual cost of the extension be less than the estimated cost, the Company shall refund the difference as soon as the actual cost has been ascertained. No interest shall be paid by the Company on the applicant's payment or on any unrefunded balances.
- B. Extensions made under this rule shall be and remain the property of the Company. Developer shall enter into an agreement with the Company of the type attached hereto and marked Exhibit "E". At the time of the execution of the agreement the developer shall pay to the Company the estimated cost of the required water main extension.
- C. The Company reserves the right to further extends its water mains from and beyond each water main extension made under this rule. The applicant or applicant's agent paying for an extension shall not be entitled to any refund for the attaching of customers to any further extension.
- D. *Extensions made under this rule shall be of pipe of such size as is reasonably required to serve the customers to be supplied immediately, without effect on supply and hydrants in the existing surrounding areas; provided however, that such pipe shall in no event be less than six (6) inches in diameter. If the Company desires to make the extension with pipe of a size larger than that reasonably required to serve the customers to be supplied immediately, then the additional cost of the larger pipe shall be borne by the Company. The determination of pipe size and number of feeds shall be provided by a registered Missouri Engineer at developers' expense. If there is a dispute between Company Engineer and/or developer on pipe size and feeds, then a hydraulic study shall be performed at developers expense to ascertain the requirements for the extension.

Rule 18 Fire Hydrants

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Rules Governing
Rendering of Water Service

- A. APPLICABILITY: These Rules and Regulations shall apply to all fire hydrants and fire protection systems installed in the Company's service territory.
- B. Field location of such fire hydrants shall be specified by the Company and Fire Chief of the city, or other designated official empowered to act on behalf of the city.
- C. The Company may refuse to accept orders for new hydrant installations, and relocations or removal of existing public fire hydrants which do not conform in general to the recommendations of the Insurance Services Office of Missouri which are appropriate for that insurance rating for which the city, town or village is at that time eligible, based upon all factors other than fire hydrants within said city.
- D. The Company shall not be liable to any customer or to the city and any third party for loss or damage due to a fire hydrant not being within reach of any property, to low water pressure or lack of supply of water, or frozen hydrants, valves or connections, or any other reason not the result of Company's negligence.
- E. The Company may refuse to accept orders for installation of new fire hydrants or the relocation of existing fire hydrants at locations where there is not an existing water main, 6" or larger in diameter.
- F. The Company will not accept orders for new hydrant installations or relocation of existing fire hydrants on private property, unless easements are provided.
- G. Hydrants on private property have an annual charge billed to owner per current rate schedule issued by the MPSC.
- H. The Company shall not be required to install new fire hydrants or relocate existing fire hydrants on roads or streets where the political entity having jurisdiction refuses or fails to issue a permit to the Company for such installation.
- I. New fire hydrants installed under this Tariff shall conform to AWWA specifications C502-64 or the latest revision thereof with 1 steamer outlet, 2 hose outlets, 5 1/4" valve opening, and be of the anti-freeze, self-draining type.

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Disposition Agreement

Raytown Water Company

Work I.D. No. QW-2003-0023

Attachment B

Ratemaking Income Statement

RAYTOWN WATER COMPANY

Ratemaking Income Statement

Operating Revenues at Current Rates

1	Tariffed Rate Revenues *	\$ 2,479,552
2	Other Operating Revenues *	\$ 183,345
3	Total Operating Revenues	\$ 2,662,897
4	* See "Revenues - Current Rates" for Details	

Cost of Service

Item	Amount
1 Purchased Water Expense	\$ 817,808
2 Operation Supervision - T & D	\$ 21,637
3 Storage Facilities - T & D	\$ 16,390
4 Tower & Distribution Lines Expense	\$ 52,330
5 Meter Expense - T & D	\$ 197
6 Miscellaneous Expense - T & D	\$ 8
7 Maintenance Supervision Expense - T & D	\$ 737
8 Maintenance of Structures & Improvements	\$ 97
9 Maintenance of Reservoirs & Standpipes	\$ 86,378
10 Maintenance of T & D Mains	\$ 103,084
11 Maintenance of Services	\$ 24,068
12 Maintenance of Hydrants	\$ 8,555
13 Maintenance of Miscellaneous Plant	\$ 70
14 Supervision - Customer Accounts	\$ 4,617
15 Meter Reading Expense - Customer Accounts	\$ 23,141
16 Customer Records & Collection Expense	\$ 188,328
17 Customer Turn-Off/Turn-On Expense	\$ 17,348
18 Uncollectible Accounts	\$ 15,767
19 Safety Meetings & Equipment	\$ 1,623
20 Administration & General - Salaries	\$ 106,382
21 Office Supplies	\$ 39,535
22 Permit Fees - Right of Way	\$ 5,243
23 Payroll Offset - Capitalization	\$ (42,386)
24 Outside Services Employed	\$ 53,388
25 Property Insurance	\$ 28,852
26 Injuries & Damages Insurance	\$ 12,642
27 Employee Pensions & Benefits	\$ 157,052
28 Regulatory Commission Expense	\$ 15,279
29 Rate Case Expense	\$ 7,990
30 Miscellaneous General Expenses	\$ 9,184
31 Directors Fees & Expenses	\$ 10,879
32 Maintenance of General Plant	\$ 11,474
33 Interest on Customer Deposits	\$ 967
34 Sub-Total Operating Expenses	\$ 1,798,664
35 Property Taxes	\$ 106,047
36 MO Franchise Taxes	\$ 2,384
37 Employer FICA Taxes	\$ 32,503
38 Federal Unemployment Taxes	\$ 891
39 State Unemployment Taxes	\$ 1,104
40 State & Federal Income Taxes	\$ 222,577
41 Sub-Total Taxes	\$ 365,506
42 Depreciation Expense	\$ 260,258
43 Amortization of Utility Plant (computer system)	\$ 28,854
44 Sub-Total Depreciation/Amortization	\$ 289,112
45 Return on Rate Base	\$ 483,372
46 Total Cost of Service	\$ 2,936,654
47 Overall Revenue Increase Needed	\$ 273,757

RAYTOWN WATER COMPANY

Revenue Annualizations at Current Rates

Annualized Customer Counts and Service Charge Revenues

Retail Metered Customers

Meter Size	Residential	Business	Independence	Total Meters	Rate *	Annual Revenue
5/8"	5,441	273	748	6,462	\$ 12.87	\$ 498,996
1"	70	74	0	144	\$ 23.33	\$ 20,157
1.5"	15	23	0	38	\$ 40.57	\$ 9,250
2"	27	25	0	52	\$ 61.26	\$ 19,113
3"	8	3	0	11	\$ 109.48	\$ 7,226
4"	1	0	0	1	\$ 178.36	\$ 1,070
Total	5,562	398	748	6,708		\$ 555,812

* bi-monthly service charge

Private Fire Service

Rate Class	Number	Rate *	Annual Revenue
Hydrant	57	\$ 144.31	\$ 8,226
2" Tap	0	\$ 17.22	\$ -
4" Tap	3	\$ 68.50	\$ 206
6" Tap	1	\$ 144.31	\$ 144
8" Tap	4	\$ 259.75	\$ 1,039
10" Tap	0	\$ 438.45	\$ -
Total	65		\$ 9,614

* annual service charge

Annualized Commodity Sales - Volumes and Revenues

sales shown in Mgalions

Meter Size	Residential	Business	Independence	Total Sales	Rate	Annual Revenue
5/8"	312,750.9	19,094.5	41,782.4	373,627.8	\$ 4.041	\$ 1,509,830
1"	14,670.4	12,119.2	-	26,789.6	\$ 4.041	\$ 108,257
1.5"	6,179.9	8,772.4	-	14,952.3	\$ 4.041	\$ 60,422
2"	18,923.6	16,038.4	-	34,962.0	\$ 4.041	\$ 141,281
3"	18,367.8	5,078.3	-	23,446.1	\$ 4.041	\$ 94,746
4"	1,130.9	-	-	1,130.9	\$ 4.041	\$ 4,570
Total	372,023.5	61,102.8	41,782.4	474,908.7		\$ 1,919,106

Annualized Adjustment for Billing Adjustments for Over-Reads & Leaks \$ 4,980

Net Annualized Commodity Revenues \$ 1,914,126

Calculated Annualized Commodity Sales 473,676.3

Other Operating Revenues

Bulk Water Sales	\$ 1,426
Sales to Other Public Authorities	\$ 2,681
Late Charge Fees	\$ 36,339
Turn-Off/Turn-On/Penalty Charges	\$ 40,431
Miscellaneous Revenues - Service Lines	\$ 10,453
Rents from Water Property - Tower Rental	\$ 91,187
Discounts Earned	\$ 828
Total Other Revenues	\$ 183,345

Total Operating Revenues

Service Charges - Retail Customers	\$ 555,812
Commodity Revenues - Retail Customers	\$ 1,914,126
Private Fire Protection Services	\$ 9,614
Sub-Total Tariffed Rate Revenues	\$ 2,479,552
Other Operating Revenues	\$ 183,345
Total Operating Revenues	\$ 2,662,897

Disposition Agreement

Raytown Water Company

Work I.D. No. QW-2003-0023

Attachment C

Rate Design Worksheet

RAYTOWN WATER COMPANY

Development of Tariffed Rates

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. Also, service charges for metered customers will be set to reflect a monthly billing cycle rather than the current bi-monthly billing cycle. Additionally, a special five-year surcharge related to recovery of the loan payments for the loan for the Gateway main replacement project will be established. This surcharge will be set on a per customer basis using the most recently available customer numbers and will be set to recover the monthly loan payments.

Revenues Generated by Current Tariffed Rates	\$ 2,479,552
Agreed-Upon Overall Revenue Increase	\$ 273,757
Percentage Increase Needed	11.041%

Metered Customer Rates

Meter Size	Current Service Charge	Proposed Service Charge	Current Usage Rate	Proposed Usage Rate
5/8"	\$ 12.87	\$ 7.15	\$ 4.041	\$ 4.487
1"	\$ 23.33	\$ 12.95	\$ 4.041	\$ 4.487
1.5"	\$ 40.57	\$ 22.52	\$ 4.041	\$ 4.487
2"	\$ 61.26	\$ 34.01	\$ 4.041	\$ 4.487
3"	\$ 109.48	\$ 60.78	\$ 4.041	\$ 4.487
4"	\$ 178.36	\$ 99.03	\$ 4.041	\$ 4.487

current service charge is bi-monthly charge

new service charge is monthly charge

usage rate is per 1,000 gallons used

Private Fire Service Rates

Rate Class	Current Charge	Proposed Charge
Hydrant	\$ 144.31	\$ 160.24
2" Tap	\$ 17.22	\$ 19.12
4" Tap	\$ 68.50	\$ 76.06
6" Tap	\$ 144.31	\$ 160.24
8" Tap	\$ 259.75	\$ 288.43
10" Tap	\$ 438.45	\$ 486.86

both charges are annual charges

Gateway Project Surcharge

Cost of Main Replacement - Redford Contract	\$ 216,678
Engineering Costs - Royal Engineering	\$ 22,125
Company Labor & Overhead	\$ 13,962
Construction Financing - Redford Contract *	\$ 5,248
Total Project Cost	\$ 258,013

* \$216,678 for 109 days at 8%

Bank Loan Amortization - 5 years at 6.75%

Monthly Payment	\$ 5,079
Annual Payments	\$ 60,943

Current Number of Customers 6,563

Monthly Surcharge Per Customer \$ 0.77

Disposition Agreement

Raytown Water Company

Work I.D. No. QW-2003-0023

Attachment D

Schedule of Depreciation Rates

RAYTOWN WATER COMPANY

DEPRECIATION RATES

FILE NO. QW-2003-0023

<u>ACCOUNT NUMBER</u>	<u>ACCOUNT DESCRIPTION</u>	<u>DEPRECIATION RATE %</u>	<u>AVERAGE SERVICE LIFE (YEARS)</u>
342	Distribution Reservoirs & Standpipes	2.5%	40
343	Transmission & Distribution Mains	2.0%	50
345	Services	2.5%	40
346.1	Pre-1997 Meters	20.0%	5
346.2	Post-1996 Meters	10.0%	10
347	Meter Installations	2.5%	40
348	Hydrants	2.0%	50
390	Structures & Improvements	2.5%	40
391	Office Furniture & Equipment	5.0%	20
391.1	Office Computer Equipment	14.3%	7
392	Transportation Equipment	12.5%	8
394	Tools, Shop, Garage Equipment	5.0%	20
395	Laboratory Equipment	5.0%	20
396	Power Operated Equipment	6.7%	15
397	Communication Equipment	6.7%	15