

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

In the Matter of the Small Company Rate)	<u>Case No. WR-2006-0212</u>
Increase Request of Middlefork Water)	Tariff Work ID No. YW-2006-0383
Company)	

**RECOMMENDATION REGARDING DISPOSITION OF
SMALL COMPANY RATE INCREASE REQUEST**

COMES NOW the Staff of the Missouri Public Service Commission ("Staff"), by and through counsel, and for its Recommendation Regarding Disposition of Small Company Rate Increase Request ("Staff Recommendation") states the following to the Missouri Public Service Commission ("Commission").

1. Middlefork Water Company ("Company") initiated the small company rate increase request ("Request") that is the subject of this case by submitting a letter to the Secretary of the Commission, which was stamped "Received" at the Commission's offices on April 28, 2005. The Company submitted its Request under the provisions of Commission Rule 4 CSR 240-3.635, Water Utility Small Company Rate Increase Procedure ("Small Company Rate Increase Procedure").

2. Consistent with the Small Company Rate Increase Procedure, the Staff, the Company and the Office of the Public Counsel ("OPC") have negotiated and executed an Agreement Regarding Disposition of Small Water Company Rate Increase Request ("Disposition Agreement") regarding the Company's Request.

3. By a letter dated November 17, 2005, which was stamped "Received" by personnel in the Commission's Data Center on that same date, the Company filed proposed tariff revisions with the Commission for the purpose of implementing the provisions of the above-referenced Disposition Agreement, and the instant case was established.

4. On November 23, 2005, the Staff filed the above-referenced Disposition Agreement in the case papers for this case.

5. The Staff's recommendations to the Commission regarding this case are set out on page 4 of the Staff Memorandum that is included in Appendix A attached hereto. Additionally, various documents regarding the Company's Request and the Staff's investigation of the Request, including the Staff's audit and rate design workpapers, are included with the Staff Memorandum in Appendix A.

6. The Commission has the authority to approve the subject proposed tariff revisions in accordance with Sections 393.140(11) and 393.150, RSMo 2000. In addition, Section 393.130.1, RSMo 2000 provides that all charges made by any water corporation for water service rendered or to be rendered shall be "just and reasonable". The Staff's and the OPC's agreements with the proposed tariff revisions are evidence that the rates and charges contained in the tariff revisions are just and reasonable, as that statute requires.

7. The procedure followed in this case complies with the requirements of the Small Company Rate Increase Procedure in general, and with 4 CSR 240-3.635(1)(C) in particular.

WHEREFORE, the Staff respectfully requests that the Commission issue an order consistent with the recommendations set out on page 4 of the attached Staff Memorandum.

Respectfully Submitted,

DANA K. JOYCE
General Counsel

/s/ Keith R. Krueger

Keith R. Krueger
Deputy General Counsel
Missouri Bar No. 23857

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Missouri Public Service Commission

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CERTIFICATE OF SERVICE

I hereby certify that copies of this Staff Recommendation have been sent by overnight mail, hand-delivered, transmitted by facsimile or transmitted by e-mail to all counsel and/or parties of record this 5th day of December 2005.

/s/ Keith R. Krueger

APPENDIX A

STAFF MEMORANDUM & ATTACHMENTS

CASE NO. WR-2006-0212

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Official Case File Memorandum

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. WR-2006-0212 - - - Middlefork Water Company

FROM: Dale W. Johansen – Project Coordinator
Water & Sewer Department
Lesley Preston – Auditing Department
David Murray – Financial Analysis Department
James M. Russo – Water & Sewer Department

<u>/s/ Dale W. Johansen</u>	<u>12/05/05</u>
Project Coordinator	Date

<u>/s/ Keith R. Krueger</u>	<u>12/05/05</u>
General Counsel's Office	Date

SUBJECT: Staff Recommendation for Approval of Tariff Revisions, Depreciation Rates
and Agreement Regarding Disposition of Small Company Rate Increase Request

DATE: December 5, 2005

BACKGROUND

Middlefork Water Company ("Company") initiated the small company rate increase request ("Request") that is the subject of this case by submitting a letter to the Secretary of the Commission, which was received at the Commission's offices on April 28, 2005 (hereafter, all dates refer to the year 2005 unless otherwise noted). The Company submitted its Request under the provisions of Commission Rule 4 CSR 240-3.635, Water Utility Small Company Rate Increase Procedure ("Small Company Rate Increase Procedure").

By its Request, the Company was seeking Commission approval of customer rates intended to generate an increase of \$30,000 in its total annual water service operating revenues. As stated by the Company in its Request letter, the reasons for the requested increase in its water service operating revenues are: increases in the Company's operating expenses and to provide an adequate return on investment. The Company's current rates (those resulting from the Company's original certificate case) went into effect on October 6, 1992. The Company provides wholesale water service to two customers, the City of Stanberry and the City of Grant City.

Upon receipt of the Company's letter that initiated the Request, personnel in the Commission's Data Center entered the letter into the Commission's electronic filing and information system ("EFIS") and the system assigned Work I.D. No. QW-2005-0004 to the Request. The Company's Request was then routed to the Commission's Water & Sewer Department ("W/S Dept") for processing under the Small Company Rate Increase Procedure. A copy of the Company's request letter is identified as item number 1 in the EFIS tracking file for the Request.

By a letter dated September 19, which Staff members in the W/S Dept had previously approved, the Company notified its customers of the Request. As a part of this initial customer notice, the Company requested that its customers' questions or comments be directed to the Commission Staff and/or the Office of the Public Counsel ("OPC"). A copy of the initial customer notice is identified as item number 2 in the EFIS tracking file for the Request.

STAFF'S INVESTIGATION AND CONCLUSIONS

As noted at the beginning of this Memorandum, Staff members from the Accounting, Financial Analysis and Water & Sewer Departments participated in the Staff's investigation of the Company's Request. All Staff participants and the Staff attorney assigned to this case were provided the opportunity to review and comment on this Memorandum prior to it being filed. Jim Russo of the W/S Dept created the initial draft of this Memorandum and the reviewers' comments were considered in the development of this final version of the Memorandum.

In response to the Company's initial customer notice, the W/S Dept Staff did not receive comments from either wholesale customer regarding the proposed increase.

Based upon an audit of the Company's books and records, a determination of the Company's rate base investments and necessary operating expenses, an evaluation of the Company's depreciation rates and an analysis of the Company's capital structure and cost of capital, and an investigation of the Company's business and system operations, the Staff concluded that an increase of \$30,000 in the Company's annual water service operating revenues is warranted.

In addition to its conclusion regarding the increase in the Company's annual operating revenues, the Staff concluded that new/modified depreciation rates need to be prescribed for the Company.

RESPONSES TO STAFF'S FINDINGS AND SUBSEQUENT ACTIONS

Pursuant to negotiations held subsequent to the Company's and the OPC's receipt of the above-referenced information regarding the results of the Staff's investigation of the Company's Request, a written *Agreement Regarding Disposition of Small Water Company Rate Increase Request* ("Disposition Agreement") was reached between the Staff, the Company and the OPC ("the Parties"). The Parties also reached an agreement regarding the tariff revisions needed to implement the terms of the Disposition Agreement. (Because the Disposition Agreement is between the Staff, the Company and the OPC, the Company was not required to send a notice to its customers regarding the rates and charges that would result from implementation of the provisions of this Disposition Agreement, and the OPC was not provided the opportunity to request a local public hearing.)

The Disposition Agreement reflects the following general agreements: (1) that an increase of \$30,000 in the Company's water annual operating revenues is necessary; (2) that new/modified depreciation rates need to be prescribed for the Company; (3) that the rates included in the above-referenced agreed-upon tariff revisions are designed to generate revenues sufficient to recover the agreed-upon increase in the Company's annual operating revenues; and (4) that the rates included in the above-referenced agreed-upon tariff revisions are just and reasonable. (The specific agreements between the Company and the Staff are set out on pages 2 & 3 of the Disposition Agreement, which the Staff filed in this case on November 23 and which can be found in the EFIS case file as item number 2.)

By a letter that was stamped "Received" by personnel in the Commission's Data Center on November 17, the Company submitted revised tariff sheets including the agreed-upon tariff revisions that are necessary to implement the terms of the Disposition Agreement. Upon receipt of that tariff filing, Data Center personnel entered it into EFIS, and the instant case was created (the transmittal letter and revised tariff sheets are included in item number 1 in the EFIS case file). As required by the Small Company Rate Increase Procedure, the subject revised tariff sheets bore an effective date that was more than 45 days past the issue date. As is also required by the Small Company Rate Increase Procedure, the above-referenced Disposition Agreement has been filed in the case papers. (As noted previously, the Staff filed the Disposition Agreement on November 23.)

ADDITIONAL INFORMATION

In addition to the above-noted documents that are in the EFIS tracking file and EFIS case file, the following documents are included with this Memorandum: (1) the Staff's ratemaking income statement, rate design worksheet and customer bill comparison are included in Attachment A; (2) the Staff's revenue requirement audit workpapers are included in Attachment B; and (3) the Staff's overview of the Company and its customer service procedures and practices is included in Attachment C.

Pursuant to a review of information available via the Commission's Intranet and in EFIS, the Staff notes that the Company was current on the payment of its Commission assessments and on the filing of its Commission annual reports when it submitted its Request, as is required by the Small Company Rate Case Procedure. The Staff also notes that the Company remains current on those matters as of the writing of this Memorandum. The assessment information reviewed covers fiscal years 2000 through 2006 (the Company is paying its FY2006 assessment on a quarterly basis), and the annual report information reviewed covers calendar years 2002 through 2004.

Additionally, the Staff notes that the Company currently has no other matters pending before the Commission, and that approval of the subject tariff revisions will thus not affect any other matter before the Commission with regard to the Company.

Lastly, based upon discussions with personnel from the Missouri Department of Natural Resources (DNR) and a review of information routinely provided to the Staff by the DNR, the Staff understands that the Company received no "notices of violations" from the DNR during the test year used for the Request and has also not received any such notices since the end of the test year to date.*

STAFF'S RECOMMENDATIONS

Based upon the above, the Staff recommends that the Commission issue an order in this case that:

- * Approves the revised tariff sheets that the Company filed on November 17, 2005, to be effective for service rendered on and after December 17, 2005;
- * Approves the Disposition Agreement submitted in this case;
- * Directs the Company to comply with the terms of the Disposition Agreement submitted in this case; and
- * Prescribes the schedule of depreciation rates set out on Attachment D to the Disposition Agreement submitted in this case as the depreciation rates authorized for the Company's use.

List of Attachments

- Attachment A: Ratemaking Income Statement & Rate Design Worksheet
- Attachment B: Revenue Requirement Audit Workpapers

* On November 23, the Commission issued an order adding the DNR as a party to this case and directing the DNR to file a pleading indicating whether the Company is in compliance with the DNR's requirements, with that pleading to be filed no later than December 2. However, as of 9:35 a.m. on December 5, the DNR had not yet filed that pleading.

Memo Attachment A

Ratemaking Income Statement & Rate Design Worksheet

MIDDLEFORK WATER COMPANY

Rate Making Income Statement-Water

Operating Revenues at Current Rates

1	Tariffed Rate Revenues *	\$ 118,924
2	Other Operating Revenues *	\$ 22,349
3	Total Operating Revenues	\$ 141,273
4	* See "Revenues - Current Rates" for Details	

Cost of Service

	Item	Amount
1	Purchased Power	\$ 20,351
2	Chemicals	\$ 48,640
3	Maintenance Expense-Parts/Equipment	\$ -
4	Contractual Services-Maintenance	\$ 24,820
5	Permit Fees	\$ -
6	Administration & General - Salaries	\$ 44,476
7	Contractual Services-Billing	\$ 1,468
8	Contractual Services-Professional	\$ 5,250
9	Contractual Services-Testing	\$ 60
10	Rents	\$ 19,200
11	Insurance Expense	\$ 18,758
12	Regulatory Commission Expense	\$ 562
13	Miscellaneous General Expenses	\$ 2,350
14	Sub-Total Operating Expenses	\$ 185,935
15	Property Taxes	\$ 4,483
16	MO Franchise Taxes	\$ 746
17	Employer FICA Taxes	\$ 4,117
18	Federal Unemployment Taxes	\$ -
19	State Unemployment Taxes	\$ -
20	State & Federal Income Taxes	\$ -
21	Sub-Total Taxes	\$ 9,346
22	Depreciation Expense	\$ -
23	Amortization of Utility Plant (computer system)	\$ -
24	Sub-Total Depreciation/Amortization	\$ -
25	Return on Rate Base	\$ -
26	Total Cost of Service	\$ 195,281
27	Overall Revenue Increase Needed	\$ 54,008
28	Amount over Company's Request	\$ 24,008

MIDDLEFORK WATER COMPANY

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	\$ 118,924
Agreed-Upon Overall Revenue Increase	\$ 30,000
Percentage Increase Needed	25.227%

Metered Customer Rates

Customer	Current Service Charge	Proposed Service Charge	Current Usage Rate	Proposed Usage Rate
Stanberry	\$ -	\$ -	\$ 1.060	\$ 1.327
Grant City	\$ -	\$ -	\$ 1.060	\$ 1.327

Memo Attachment B

Revenue Requirement Audit Workpapers

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Middle Fork Water Company
Case: WQ-05-004
12 Months Ended December 31, 2004

Revenue Requirement

Line	7.73% Return
(A)	(B)
1 Net Orig Cost Rate Base (Sch 2)	\$ 0
2 Rate of Return	7.73%

3 Net Operating Income Requirement	\$ 0
4 Net Income Available (Sch 8)	\$ (53,975)

5 Additional NOI BT Needed	\$ 53,975
6 Income Tax Requirement (Sch 10)	
7 Required Current Income Tax	\$ 0
8 Test Year Current Income Tax	\$ 0

9 Additional Current Tax Required	\$ 0
10 Required Deferred ITC	\$ 0
11 Test Year Deferred ITC	\$ 0

12 Additional Deferred ITC Required	\$ 0

13 Total Additional Tax Required	\$ 0

14 Gross Revenue Requirement	\$ 53,975

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Middle Fork Water Company
Case: WQ-05-004
12 Months Ended December 31, 2004

Rate Base

Line Description		Amount
A)		(B)
1	Total Plant in Service (Sch 3)	\$ 2,057,207
	Subtract from Total Plant	
2	Depreciation Reserve (Sch 6)	\$ 470,191
3	Net Plant in Service	\$ 1,587,016
	Add to Net Plant in Service	
4	Cash Working Capital (Sch)	\$ 0
5	Materials and Supplies-Exempt	0
6	Prepaid Insurance	0
	Subtract from Net Plant	
7	Federal Tax Offset 0.0000 %	\$ 0
8	State Tax Offset 0.0000 %	0
9	City Tax Offset 0.0000 %	0
10	Interest Expense Offset 0.0000 %	0
11	Customer Advances for Construction	0
12	Contribution in aid of Construction	1,587,016
13	Deferred Income Taxes-Depreciation	0
14	Total Rate Base	\$ 0

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Middle Fork Water Company

Case: WQ-05-004

12 Months Ended December 31, 2004

Total Plant in Service

Line No	Acct	Description	Total Company	Total Co Adjustment	Alloc Factor	Jurisdictional Adjustment	Adjusted Jurisdictional
		(A)	(B)	(C)	(D)	(E)	(F)
Source of Supply & Pumping Plant							
1	310.000	Land & Land Rights	\$ 603,919	\$ 0	100.0000	\$ 0 P-1	\$ 603,919
2	311.000	Structures & Improvements	293,000	0	100.0000	0 P-2	293,000
3	312.000	Collecting & Impounding Reservoirs	387,002	0	100.0000	0 P-3	387,002
4	313.000	Lake, River & Other Intakes	50,000	0	100.0000	0 P-4	50,000
5	316.000	Supply Mains	20,000	0	100.0000	0 P-5	20,000
6		Total	\$ 1,353,921	\$ 0		\$ 0	\$ 1,353,921
Pumping Plant							
7	325.000	Electric Pumping Equipment	\$ 100,000	\$ 0	100.0000	\$ 0 P-6	\$ 100,000
8		Total	\$ 100,000	\$ 0		\$ 0	\$ 100,000
Water Treatment Plant							
9	332.000	Water Treatment Equipment	\$ 299,000	\$ 0	100.0000	\$ 0 P-7	\$ 299,000
10		Total	\$ 299,000	\$ 0		\$ 0	\$ 299,000
Transmission & Distribution Plant							
11	342.000	Distribution Reservoirs & Standpipe	\$ 95,000	\$ 0	100.0000	\$ 0 P-8	\$ 95,000
12	343.000	Transmission & Distribution Mains	68,000	0	100.0000	0 P-9	68,000
13	346.000	Meters & Meter Installations	22,069	0	100.0000	0 P-10	22,069
14	349.000	Other Plant & Miscellaneous Equip	10,000	0	100.0000	0 P-11	10,000
15		Total	\$ 195,069	\$ 0		\$ 0	\$ 195,069

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Middle Fork Water Company

Case: WQ-05-004

12 Months Ended December 31, 2004

Total Plant in Service

Line No	Acct	Description	Total Company	Total Co Adjustment	Alloc Factor	Jurisdictional Adjustment	Adjusted Jurisdictional
		(A)	(B)	(C)	(D)	(E)	(F)
General Plant							
16	391.000	Office Furniture & Equipment	\$ 7,000	\$ 0	100.0000	\$ 0 P-12	\$ 7,000
17	393.000	Stores Equipment	3,000	0	100.0000	0 P-13	3,000
18	394.000	Tools, Shop & Garage Equipment	3,000	0	100.0000	0 P-14	3,000
19	395.000	Laboratory Equipment	23,217	0	100.0000	0 P-15	23,217
20	396.000	Power Operated Equipment	25,000	0	100.0000	0 P-16	25,000
21	397.000	Communication Equipment	43,000	0	100.0000	0 P-17	43,000
22	398.000	Miscellaneous Equipment	5,000	0	100.0000	0 P-18	5,000
23		Total	\$ 109,217	\$ 0		\$ 0	\$ 109,217

24		Total Plant In Service	\$ 2,057,207	\$ 0		\$ 0	\$ 2,057,207

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Middle Fork Water Company
Case: WQ-05-004
12 Months Ended December 31, 2004

Depreciation Expense

Line No	Acct	Description	Adjusted Jurisdictional	Depreciation Rate	Depreciation Expense
		(A)	(B)	(C)	(D)
Source of Supply & Pumping Plant					
1	310.000	Land & Land Rights	\$ 603,919	0.0000	\$ 0
2	311.000	Structures & Improvements	293,000	2.5000	7,325
3	312.000	Collecting & Impounding Reservoirs	387,002	2.0000	7,740
4	313.000	Lake, River & Other Intakes	50,000	2.5000	1,250
5	316.000	Supply Mains	20,000	2.0000	400
6		Total	\$ 1,353,921		\$ 16,715
Pumping Plant					
7	325.000	Electric Pumping Equipment	\$ 100,000	5.0000	\$ 5,000
8		Total	\$ 100,000		\$ 5,000
Water Treatment Plant					
9	332.000	Water Treatment Equipment	\$ 299,000	2.9000	\$ 8,671
10		Total	\$ 299,000		\$ 8,671
Transmission & Distribution Plant					
11	342.000	Distribution Reservoirs & Standpipe	\$ 95,000	2.5000	\$ 2,375
12	343.000	Transmission & Distribution Mains	68,000	2.0000	1,360
13	346.000	Meters & Meter Installations	22,069	2.9000	640
14	349.000	Other Plant & Miscellaneous Equip	10,000	3.3000	330
15		Total	\$ 195,069		\$ 4,705

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Middle Fork Water Company
Case: WQ-05-004
12 Months Ended December 31, 2004

Depreciation Expense

Line No	Asset	Description	Adjusted Jurisdictional	Depreciation Rate	Depreciation Expense
		(A)	(B)	(C)	(D)
		General Plant			
16	891.000	Office Furniture & Equipment	\$ 7,000	5.0000	\$ 350
17	893.000	Stores Equipment	3,000	10.0000	300
18	894.000	Tools, Shop & Garage Equipment	3,000	5.0000	150
19	895.000	Laboratory Equipment	23,217	5.0000	1,161
20	896.000	Power Operated Equipment	25,000	6.7000	1,675
21	897.000	Communication Equipment	43,000	6.7000	2,881
22	898.000	Miscellaneous Equipment	5,000	5.0000	250
			-----		-----
23		Total	\$ 109,217		\$ 6,767

24		Total Depreciation Expense	\$ 2,057,207		\$ 41,858

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Middle Fork Water Company
Case: WQ-05-004
12 Months Ended December 31, 2004

Depreciation Reserve

Line No	Acct	Description	Total Company	Total Co Adjustment	Alloc Factor	Jurisdictional Adjustment	Adjusted Jurisdictional
		(A)	(B)	(C)	(D)	(E)	(F)
Source of Supply & Pumping Plant							
1	310.000	Land & Land Rights	\$ 0	\$ 0	100.0000	\$ 0 R-1	\$ 0
2	311.000	Structures & Improvements	86,215	0	100.0000	0 R-2	86,215
3	312.000	Collecting & Impounding Reservoirs	79,905	0	100.0000	0 R-3	79,905
4	313.000	Lake, River & Other Intakes	14,583	0	100.0000	0 R-4	14,583
5	316.000	Supply Mains	4,687	0	100.0000	0 R-5	4,687
6		Total	\$ 185,390	\$ 0		\$ 0	\$ 185,390
Pumping Plant							
7	325.000	Electric Pumping Equipment	\$ 61,250	\$ 0	100.0000	\$ 0 R-6	\$ 61,250
8		Total	\$ 61,250	\$ 0		\$ 0	\$ 61,250
Water Treatment Plant							
9	332.000	Water Treatment Equipment	\$ 96,556	\$ 0	100.0000	\$ 0 R-7	\$ 96,556
10		Total	\$ 96,556	\$ 0		\$ 0	\$ 96,556
Transmission & Distribution Plant							
11	342.000	Distribution Reservoirs & Standpipe	\$ 27,582	\$ 0	100.0000	\$ 0 R-8	\$ 27,582
12	343.000	Transmission & Distribution Mains	15,867	0	100.0000	0 R-9	15,867
13	346.000	Meters & Meter Installations	4,981	0	100.0000	0 R-10	4,981
14	349.000	Other Plant & Miscellaneous Equip	3,535	0	100.0000	0 R-11	3,535
15		Total	\$ 51,965	\$ 0		\$ 0	\$ 51,965

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Middle Fork Water Company
Case: WQ-05-004
12 Months Ended December 31, 2004

Depreciation Reserve

Line No	Acct	Description	Total Company	Total Co Adjustment	Alloc Factor	Jurisdictional Adjustment	Adjusted Jurisdictional
		(A)	(B)	(C)	(D)	(E)	(F)
		General Plant					
16	391.000	Office Furniture & Equipment	\$ 4,083	\$ 0	100.0000	\$ 0 R-12	\$ 4,083
17	393.000	Stores Equipment	1,400	0	100.0000	0 R-13	1,400
18	394.000	Tools, Shop & Garage Equipment	1,750	0	100.0000	0 R-14	1,750
19	395.000	Laboratory Equipment	11,962	0	100.0000	0 R-15	11,962
20	396.000	Power Operated Equipment	19,456	0	100.0000	0 R-16	19,456
21	397.000	Communication Equipment	33,462	0	100.0000	0 R-17	33,462
22	398.000	Miscellaneous Equipment	2,917	0	100.0000	0 R-18	2,917
23		Total	\$ 75,030	\$ 0		\$ 0	\$ 75,030
24		Total Depreciation Reserve	\$ 470,191	\$ 0		\$ 0	\$ 470,191

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Middle Fork Water Company
Case: WQ-05-004
12 Months Ended December 31, 2004

Income Statement

Line No	Acct	Description	Total Company	Total Co Adjustment	Alloc Factor	Jurisdictional Adjustment	Adjusted Jurisdictional
		(A)	(B)	(C)	(D)	(E)	(F)
Operating Revenues							
1	461.400	Metered Revenue	\$ 120,697	\$ (1,740)	100.0000	\$ 0 S-1	\$ 118,957
2	474.100	Debt Service Payments	190,662	(190,662)	100.0000	0 S-2	0
3	474.200	Interest Income	650	(650)	100.0000	0 S-3	0
4	474.300	FSA Payments	22,804	0	100.0000	0 S-4	22,804
5	474.400	Insurance Reimbursement	5,472	(5,472)	100.0000	0 S-5	0
6	474.500	Miscellaneous	231	(231)	100.0000	0 S-6	0
7	474.600	FSA Expenses	(455)	0	100.0000	0 S-7	(455)
8		Total	\$ 340,061	\$ (198,755)		\$ 0	\$ 141,306
Operation & Maintenance Expense							
9	601.000	Salaries & Wages	\$ 44,322	\$ 154	100.0000	\$ 0 S-8	\$ 44,476
10	604.000	Employee Pension & Benefits	0	0	100.0000	0 S-9	0
11	610.000	Purchased Water	0	0	100.0000	0 S-10	0
12	615.000	Purchased Power	20,130	221	100.0000	0 S-11	20,351
13	618.000	Chemicals	41,978	6,662	100.0000	0 S-12	48,640
14	620.000	Materials & Supplies	0	0	100.0000	0 S-13	0
15	630.000	Billing Expense	1,468	0	100.0000	0 S-14	1,468
16	631.000	Professional Services	5,250	0	100.0000	0 S-15	5,250
17	635.000	Water Testing Expense	60	0	100.0000	0 S-16	60
18	636.100	Maintenance Expense-Equipment	20,580	0	100.0000	0 S-17	20,580
19	636.200	Maintenance Expense-Water Plant	4,240	0	100.0000	0 S-18	4,240
20	640.000	Rents/Equipment Leases	19,200	0	100.0000	0 S-19	19,200
21	650.000	Transportation Expense	0	0	100.0000	0 S-20	0
22	655.000	Insurance Expense	19,288	(530)	100.0000	0 S-21	18,758
23	665.000	Regulatory Commission Expense	672	(110)	100.0000	0 S-22	562
24		MO DNR Fees	500	0	100.0000	0 S-33	500
25	670.000	Bad Debt Expense	0	0	100.0000	0 S-23	0
26	675.100	Misc Expense-Scholarship	3,500	(3,500)	100.0000	0 S-24	0
27	675.200	Misc Expense-Bond Expenses	1,850	0	100.0000	0 S-25	1,850
28	672.300	Misc Expenses	160	(160)	100.0000	0 S-26	0
29		Total	\$ 183,198	\$ 2,737		\$ 0	\$ 185,935
Depreciation Expense							
30	403.000	Depreciation Expense	\$ 43,389	\$ 0	100.0000	\$ (1,531) S-27	\$ 41,858
31		Elimination of Depreciation Expense	0	(41,858)	100.0000	0 S-34	(41,858)
32		Total	\$ 43,389	\$ (41,858)		\$ (1,531)	\$ 0

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Middle Fork Water Company

Case: WQ-05-004

12 Months Ended December 31, 2004

Income Statement

Line No	Acct	Description	Total Company	Total Co Adjustment	Alloc Factor	Jurisdictional Adjustment	Adjusted Jurisdictional
		(A)	(B)	(C)	(D)	(E)	(F)
Other Operating Expenses							
33	408.100	Property Taxes	\$ 4,483	\$ 0	100.0000	\$ 0 S-28	\$ 4,483
34	408.200	Payroll Taxes	4,117	0	100.0000	0 S-29	4,117
35	408.300	Franchise Taxes	746	0	100.0000	0 S-30	746
36		Amortization Expense	19,587	(19,587)	100.0000	0 S-32	0
37		Total	\$ 28,933	\$ (19,537)		\$ 0	\$ 9,346

38		Total Operating Expenses	\$ 255,520	\$ (58,708)		\$ (1,531)	\$ 195,281

39		Net Income Before Taxes	\$ 84,541	\$ (140,047)		\$ 1,531	\$ (53,975)

Current Income Taxes							
40	409.000	Current Income Taxes	\$ 4,510	\$ 0	100.0000	\$ (4,510) S-31	\$ 0
41		Total	\$ 4,510	\$ 0		\$ (4,510)	\$ 0
Deferred Income Taxes							
42		Deferred Income Taxes	\$ 0	\$ 0	100.0000	\$ 0	\$ 0
43		Total	\$ 0	\$ 0		\$ 0	\$ 0

44		Total Income Taxes	\$ 4,510	\$ 0		\$ (4,510)	\$ 0

45		Net Operating Income	\$ 80,031	\$ (140,047)		\$ 6,041	\$ (53,975)

Middle Fork Water Company
Case: WQ-05-004
12 Months Ended December 31, 2004

Adjustments to Income Statement

Adj No Description		Total Co Adjustment	Mo Juris Adjustment

Metered Revenue	S-1	\$ (1,740)	

1. To adjust tariffed revenues to reflect normalized usage.		\$ (1,740)	

Debt Service Payments	S-2	\$ (190,662)	

1. To remove debt service payments.		\$ (190,662)	

Interest Income	S-3	\$ (650)	

1. To remove this item from revenues.		\$ (650)	

Insurance Reimbursement	S-5	\$ (5,472)	

1. To remove non-recurring insurance reimbursement.		\$ (5,472)	

Miscellaneous	S-6	\$ (231)	

1. To remove this item from revenues.		\$ (231)	

Salaries & Wages	S-8	\$ 154	

1. To annualize payroll expense.		\$ 154	

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Middle Fork Water Company
Case: WQ-05-004
12 Months Ended December 31, 2004

Adjustments to Income Statement

Adj No Description		Total Co Adjustment	Mo Juris Adjustment

Purchased Power	S-11	\$ 221	

1. To reflect an annualized level of expense at the normalized usage.		\$ 221	

Chemicals	S-12	\$ 6,662	

1. To reflect the increase in chemical expense.		\$ 6,662	

Insurance Expense	S-21	\$ (530)	

1. To reflect the 2005 insurance premiums.		\$ (530)	

Regulatory Commission Expense	S-22	\$ (110)	

1. To reflect the FY2006 Assessment.		\$ (110)	

Misc Expense-Scholarship	S-24	\$ (3,500)	

1. To remove this item from expense.		\$ (3,500)	

Misc Expenses	S-26	\$ (160)	

1. To remove this item from expense.		\$ (160)	

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Middle Fork Water Company

Case: WQ-05-004

12 Months Ended December 31, 2004

Adjustments to Income Statement

Adj No Description	Total Co Adjustment	Mo Juris Adjustment
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Amortization Expense S-32	\$ (19,587)	

1. To eliminate amortization of bond related items.	\$ (19,587)	
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Elimination of Depreciation Expense S-34	\$ (41,858)	

1.	\$ (41,858)	
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Middle Fork Water Company
Case: WQ-05-004
12 Months Ended December 31, 2004

Income Tax

Line		Test Year	7.73% Return
(A)		(B)	

1	Net Income Before Taxes (Sch 8)	\$ (53,975)	\$ 0

	Add to Net Income Before Taxes		
2	Book Depreciation Expense	\$ 0	\$ 0
		-----	-----
3	Total	\$ 0	\$ 0
	Subtr from Net Income Before Taxes		
4	Interest Expense 3.0300 %	\$ 0	\$ 0
5	Depreciation	0	0
		-----	-----
6	Total	\$ 0	\$ 0

7	Net Taxable Income	\$ (53,975)	\$ 0

	Provision for Federal Income Tax		
8	Net Taxable Income	\$ (53,975)	\$ 0
9	Deduct Missouri Income Tax 100.0 %	\$ 0	\$ 0
10	Deduct City Income Tax	0	0
11	Federal Taxable Income	(53,975)	0
		-----	-----
12	Total Federal Tax	\$ 0	\$ 0
	Provision for Missouri Income Tax		
13	Net Taxable Income	\$ (53,975)	\$ 0
14	Deduct Federal Income Tax 50.0 %	\$ 0	\$ 0
15	Deduct City Income Tax	0	0
16	Missouri Taxable Income	(53,975)	0
		-----	-----
17	Total Missouri Tax	\$ 0	\$ 0

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Middle Fork Water Company
Case: WQ-05-004
12 Months Ended December 31, 2004

Income Tax

Line	Test Year	7.73% Return
(A)	(B)	
Provision for City Income Tax		
18 Net Taxable Income	\$ (53,975)	\$ 0
19 Deduct Federal Income Tax	\$ 0	\$ 0
20 Deduct Missouri Income Tax	0	0
21 City Taxable Income	(53,975)	0

22 Total City Tax	\$ 0	\$ 0
Summary of Provision for Income Tax		
23 Federal Income Tax	\$ 0	\$ 0
24 Missouri Income Tax	0	0
25 City Income Tax	0	0

26 Total	\$ 0	\$ 0
Deferred Income Taxes		
27 Deferred Investment Tax Credit	\$ 0	\$ 0
28 Deferred Repair Allowance	0	0
29 Deferred Tax Depreciation	0	0
30 Amort of Deferred Tax Depreciation	0	0
31 Amort of Repair Allowance	0	0
32 Amort of Deferred ITC	0	0
33 Deferred Unbilled	0	0

34 Total	\$ 0	\$ 0

35 Total Income Tax	\$ 0	\$ 0
