

Exhibit No.:

Issue(s):

Receiver Fees/Receiver Fee
Amortization Expense/
System Maintenance & Repairs/
Meter Reading Expense/
Amortization Expense – Kyle Wirts/
Amortization Expense –
First National Bank /
Other Expenses/
Depreciation Expense-
Depreciation Reserve/
CIAC Amortization &
CIAC Amortization Expense/
Return on Equity (ROE)

Witness/Type of Exhibit:

Sponsoring Party:

Case No.:

Roth/Direct

Public Counsel

WR-2014-0167

DIRECT TESTIMONY

OF

KERI ROTH

Submitted on Behalf of the Office of the Public Counsel

HICKORY HILLS WATER & SEWER CO., INC.

CASE NO. WR-2014-0167

August 22, 2014

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


In the Matter of a Requested Rate Increase for)
Annual Water Operating Revenues by Hickory) File No. WR-2014-0167
Hills Water & Sewer.)

AFFIDAVIT OF KERI ROTH

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Keri Roth, of lawful age and being first duly sworn, deposes and states:

1. My name is Keri Roth. I am a Public Utility Accountant I for the Office of the Public Counsel.
2. Attached hereto and made a part hereof for all purposes is my direct testimony.
3. I hereby swear and affirm that my statements contained in the attached testimony are true and correct to the best of my knowledge and belief.




Keri Roth
Public Utility Accountant I

Subscribed and sworn to me this 22nd day of August 2014.



JERENE A. BUCKMAN
My Commission Expires
August 23, 2017
Cole County
Commission #13754037



Jerene A. Buckman
Notary Public

My Commission expires August, 2013.

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KERI ROTH

HICKORY HILLS WATER & SEWER CO., INC.

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**DIRECT TESTIMONY
OF
KERI ROTH**

**HICKORY HILLS WATER & SEWER CO., INC.
CASE NO. WR-2014-0167**

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. Keri Roth, P.O. Box 2230, Jefferson City, Missouri 65102-2230.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am employed by the Missouri Office of the Public Counsel (OPC or Public Counsel) as
a Public Utility Accountant I.

Q. WHAT IS THE NATURE OF YOUR CURRENT DUTIES AT THE OPC?

A. My duties include performing audits and examinations of the books and records of
public utilities operating within the state of Missouri under the supervision of the Chief
Public Utility Accountant, Mr. Ted Robertson.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND OTHER
QUALIFICATIONS.

1 A. I graduated in May 2011, from Lincoln University, in Jefferson City, Missouri, with a
2 Bachelor of Science Degree in Accounting.

3
4 Q. HAVE YOU RECEIVED SPECIALIZED TRAINING RELATED TO PUBLIC
5 UTILITY ACCOUNTING?

6 A. Yes. In addition to being employed by the Missouri Office of the Public Counsel since
7 September 2012, I have also attended the NARUC Utility Rate School held by Michigan
8 State University.

9
10 Q. HAVE YOU PREVIOUSLY FILED TESTIMONY BEFORE THE MISSOURI
11 PUBLIC SERVICE COMMISSION (COMMISSION or MPSC)?

12 A. Yes. Please refer to Schedule KNR-1, attached to this testimony, for a listing of cases in
13 which I have submitted testimony.

14
15 Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?

16 A. The purpose of my direct testimony is to sponsor and present Public Counsel's audit of
17 Hickory Hills' records in the current rate case. I will explain the material differences, in
18 detail, as well as give a brief description of minor differences that I have found between
19 Public Counsel's audit and the MPSC Staff's (Staff) Accounting Schedules presented in
20 the July 7, 2014, Company/Staff Agreement. Currently, the Company/Staff Agreement

1 proposes a revenue increase of \$14,472, and Public Counsel proposes a revenue increase
2 of \$236. Public Counsel's accounting schedules supporting this testimony are included
3 as Schedule KNR-2.
4

5 **II. RECEIVER FEES/RECEIVER FEE AMORTIZATION EXPENSE**

6 Q. WHAT IS THE NORMALIZED LEVEL OF RECEIVER FEES STAFF HAS
7 INCLUDED IN ITS CASE?

8 A. Staff has included \$11,158 for a normalized level of receiver fees for the water system.
9

10 Q. WHAT IS THE NORMALIZED LEVEL OF RECEIVER FEES PUBLIC COUNSEL
11 HAS INCLUDED IN ITS CASE?

12 A. Public Counsel has included \$7,243 for a normalized level of receiver fees for the water
13 system.
14

15 Q. PLEASE EXPLAIN THE DIFFERENCE BETWEEN STAFF AND PUBLIC
16 COUNSEL.

17 A. Staff has included a normalized level of receiver fees of \$11,158 based on an average of
18 the number of hours worked over 56 months, from May 2009 through December 2013,
19 multiplied by Mr. Gary Cover's hourly rate of \$150 per hour. It appears the 56 month
20 period was chosen to calculate the average hours worked since the last time Mr. Cover

1 had hours approved by the Circuit Court. Mr. Cover has not had any utility hours
2 approved by the Circuit Court since May 22, 2009. OPC has included \$7,243, which is
3 the normalized level of the receiver fees approved by the Circuit Court in 2009.
4

5 Q. WHY DID PUBLIC COUNSEL UTILIZE THE RECEIVER FEES APPROVED BY
6 THE CIRCUIT COURT IN 2009?

7 A. Public Counsel utilized the normalized level of receiver fees approved by the Circuit
8 Court in 2009 because Mr. Cover has not had any receiver fees approved since that time.
9 Public Counsel acknowledges that Mr. Cover has since performed work for the utility;
10 however, because we do not have knowledge of any new hours which have been
11 approved by the Court, we believe it is appropriate to continue to use the level of
12 receiver fees currently built into rates.
13

14 Q. DOES STAFF BELIEVE MR. COVER IS OWED BACK-PAYMENTS FOR
15 RECEIVER FEES?

16 A. Yes. Staff has included \$6,553 for Amortization Expense – Receiver Fees.
17

18 Q. DOES PUBLIC COUNSEL AGREE WITH STAFF? PLEASE EXPLAIN.

19 A. No. Public Counsel believes that an appropriate normalized level of receiver fees is
20 already included in rates. Additionally, no receiver fees have been approved by the

1 Court since 2009. Please see Schedule KNR-3, which shows the receiver fees included
2 in rates in prior cases compared to what Mr. Cover claims he is owed based on Circuit
3 Court Orders.

4
5 **III. SYSTEM MAINTENANCE AND REPAIRS**

6 Q. WHAT IS THE NORMALIZED LEVEL OF SYSTEM MAINTENANCE AND
7 REPAIRS STAFF HAS INCLUDED IN THIS CASE?

8 A. Staff has included \$2,028 for a normalized level of system maintenance and repairs for
9 the water system.

10
11 Q. WHAT IS THE NORMALIZED LEVEL OF SYSTEM MAINTENANCE AND
12 REPAIRS PUBLIC COUNSEL HAS INCLUDED IN THIS CASE?

13 A. Public Counsel has included \$3,804 for a normalized level of system maintenance and
14 repairs for the water system.

15
16 Q. PLEASE EXPLAIN THE DIFFERENCE BETWEEN STAFF AND PUBLIC
17 COUNSEL.

18 A. Staff only included \$500 from a \$2,030 invoice dated May 2013 from Schroeder
19 Drilling. It was noted on the invoice Mr. Cover paid \$1,530 of his own money, and the
20 Company reimbursed him. Public Counsel received documentation showing re-payment

1 to Mr. Cover; therefore, Public Counsel included the entire \$2,030 as Company expense.

2 Also, Staff included two payments, each \$425, to Roto-Rooter in 2012. Public Counsel
3 believes the invoice is for sewer and believes Staff has double counted the invoice. As a
4 result, Public Counsel included the single invoice in the sewer calculation. Public
5 Counsel has discussed the Schroeder Drilling and Roto-Rooter invoices with Staff and
6 believes Staff will be making adjustments to match Public Counsel's calculation.
7

8 **IV. METER READING EXPENSE**

9 Q. WHAT IS THE ANNUALIZED LEVEL OF METER READING EXPENSE STAFF
10 HAS INCLUDED IN THIS CASE?

11 A. Staff has included \$3,990 for an annualized level of meter reading expense.
12

13 Q. WHAT IS THE ANNUALIZED LEVEL OF METER READING EXPENSE PUBLIC
14 COUNSEL HAS INCLUDED IN THIS CASE?

15 A. Public Counsel has included \$2,239 for an annualized level of meter reading expense.
16

17 Q. PLEASE EXPLAIN THE DIFFERENCE BETWEEN STAFF AND PUBLIC
18 COUNSEL.

19 A. Staff has built in an hourly rate of \$17.50 per hour to cover four hours of meter reading
20 each month and fifteen hours to inspect the well each month. This rate is for an

1 experienced meter reader according to the MERIC data for the central region. Public
2 Counsel has built in an hourly rate of \$9.82 per hour to cover four hours of meter reading
3 each month and fifteen hours to inspect the well. This rate is considered an entry level
4 rate according to the MERIC data for the central region. Public Counsel believes the
5 entry level hourly rate is appropriate and reasonable considering the number of
6 customers hooked to the system and the limited number of hours the meter readers spend
7 each month, actually reading meters.

8
9 **V. AMORTIZATION EXPENSE – KYLE WIRTS**

10 Q. WHO IS KYLE WIRTS?

11 A. Kyle Wirts is the former operator for Hickory Hills Water & Sewer. Mr. Wirts left his
12 position at Hickory Hills on August 31, 2013.

13
14 Q. DOES STAFF BELIEVE BACK-PAYMENTS ARE OWED TO MR. WIRTS?

15 A. Yes.

16
17 Q. HAS STAFF INCLUDED AN AMORTIZATION IN THIS CASE TO COVER BACK-
18 PAYMENTS OWED TO MR. WIRTS? IF YES, EXPLAIN THE AMORTIZATION.

1 A. Yes. Staff has included a five-year amortization in this case to cover back-payments it
2 believes to be owed to Mr. Wirts. Staff has included \$1,450 annually for the water
3 system to include in rates.

4
5 Q. DOES PUBLIC COUNSEL AGREE THAT BACK-PAYMENTS ARE OWED TO MR.
6 WIRTS? PLEASE EXPLAIN.

7 A. No. Mr. Cover paid Mr. Wirts \$1,500 per month when he was the operator for the
8 Hickory Hills. Since Mr. Wirts' termination, Mr. Cover has hired Mr. Larry Castle as
9 the new system operator for the water and sewer utility. Mr. Castle was hired on
10 September 3, 2013, and is paid \$750 per month. The current rates from Case No. WR-
11 2009-0151, contemplate a total of \$18,000 in rates for the system operator (\$9,000 for
12 water and \$9,000 for sewer). Public Counsel believes \$18,000 annually was sufficient to
13 cover Mr. Wirts' salary as collected in current rates. Since 2013, Mr. Castle is paid half
14 the rate that Mr. Wirts was paid. Therefore, there is currently sufficient money included
15 in rates that Mr. Cover could pay Mr. Wirts if back-payments are owed.

16
17 **VI. AMORTIZATION EXPENSE – FIRST NATIONAL BANK**

18 Q. PLEASE EXPLAIN WHAT THE LOAN FROM FIRST NATIONAL BANK WAS
19 USED FOR BY THE COMPANY.

1 A. The original loan from First National Bank in the amount \$30,000 was used to re-pay an
2 outstanding loan of \$20,000 at Tipton-Latham Bank and to cover the cost of sewer back-
3 ups that occurred at two customer homes in 2009. Current rates from Case No. WR-
4 2009-0151 contemplate a five-year amortization to cover the balance of the loan. Rates
5 went into effect on August 10, 2009, and the amortization should have been complete on
6 August 11, 2014. However, on March 15, 2013, an additional \$5,000 was borrowed
7 from First National Bank to cover the cost of another sewer back-up.

8
9 Q. WHAT IS THE CURRENT BALANCE OF THE LOAN?

10 A. As of February 11, 2014, the loan was paid down to \$18,954.

11
12 Q. HAS STAFF INCLUDED AN AMORTIZATION IN THIS CASE TO COVER THE
13 REMAINING \$18,954 OF THE LOAN AT FIRST NATIONAL BANK? IF YES,
14 EXPLAIN THE AMORTIZATION.

15 A. Yes. Staff has included another five-year amortization for the remaining balance of
16 \$18,954 split evenly between water and sewer.

17
18 Q. DOES PUBLIC COUNSEL AGREE WITH THE AMORTIZATION STAFF HAS
19 INCLUDED IN THEIR CASE?

20 A. No.

1
2 Q. WHAT AMOUNT DOES PUBLIC COUNSEL BELIEVE SHOULD BE INCLUDED
3 IN THE AMORTIZATION, AND HOW SHOULD THE AMORTIZATION BE
4 TREATED?

5 A. Public Counsel believes only the \$5,000 borrowed on March 15, 2013 should be
6 included in an amortization. The remaining balance of the loan has already been
7 included in rates, and the amortization is finished. Staff's recommendation amounts to a
8 double-recovery of the costs. The \$5,000 to cover the sewer back-up was not included
9 in the prior amortization, so it is reasonable that this should be recovered in rates. Public
10 Counsel has included a three-year amortization for \$5,000 in the cost of service for
11 sewer.

12
13 **VII. OTHER EXPENSES**

14 Q. DO PUBLIC COUNSEL AND STAFF HAVE OTHER DIFFERENCES?

15 A. Yes.

16
17 Q. PLEASE EXPLAIN.

18 A. Public Counsel and Staff have other minor differences between Operators
19 Salary/Contract Services, Chemicals (Chlorine), Customer Billing, Miscellaneous
20 Supplies, and Secretary of State Fees. Public Counsel has discussed these differences

1 with Staff and believes that Staff plans to make adjustments to match Public Counsel's
2 numbers.

3
4 **VIII. DEPRECIATION EXPENSE/DEPRECIATION RESERVE**

5 Q. WHAT IS THE ISSUE?

6 A. Public Counsel believes Staff includes depreciation on the balances in Account 314 –
7 Wells & Springs, Account 343 – Transmission & Distribution Mains, Account 379 –
8 Other General Equipment, and the balance that was previously in Account 399 – Other
9 Tangible Property (Staff has moved this balance to Account 379). Public Counsel
10 believes the balances in these accounts have already been fully depreciated and
11 continuing depreciation is unreasonable.

12
13 Q. WHAT WERE THE DEPRECIATION RATES FOR ACCOUNTS 314, 343, 379 AND
14 399 IN CASE NO. WR-2005-0126 AND CASE NO. WR-2006-0250?

15 A. The depreciation rate was 0.00% for Accounts 314, 343, 379, and 399.

16
17 Q. DID THE DEPRECIATION RATES CHANGE IN CASE NO. WR-2009-0151?

18 A. No. On May 20, 2009, a Disposition Agreement between Company and Staff was filed
19 in EFIS. In the agreement, new depreciation rates were recommended by Staff as shown
20 in an attachment to the document. Public Counsel did not sign on as a party to the

1 Disposition Agreement. On July 7, 2009, a Unanimous Agreement Regarding
2 Disposition Agreement was filed which replaced the Company/Staff Disposition
3 Agreement. Public Counsel did sign on as a party to this agreement. There was no
4 recommended depreciation schedule attached to the Unanimous Agreement; therefore,
5 no new depreciation schedules were approved by the Commission. As a result,
6 depreciation rates did not change from Case No. WR-2006-0250. Since rates did not
7 change, and new plant has not been added to the accounts, Public Counsel believes Staff
8 is using incorrect rates and has erroneously begun depreciating Accounts 314, 343, and
9 379.

10
11 Q. WHAT IS PUBLIC COUNSEL'S POSITION ON THE DEPRECIATION RATES?

12 A. Public Counsel believes the depreciation rate for Accounts 314, 343, and 379 should
13 remain set at 0.00%, because the plant in the accounts is fully depreciated and no new
14 plant has been added to the accounts. Therefore, no depreciation expense for those
15 accounts should be included in rates.

16
17 **IX. CIAC AMORTIZATION & CIAC AMORTIZATION EXPENSE**

18 Q. HAS STAFF CONTINUED TO AMORTIZE CONTRIBUTIONS IN AID OF
19 CONSTRUCTION (CIAC) IN THIS CASE?

20 A. Yes.

1
2 Q. PLEASE EXPLAIN WHY PUBLIC COUNSEL HAS A ZERO BALANCE FOR
3 AMORTIZED CIAC AND A ZERO BALANCE FOR CIAC AMORTIZATION
4 EXPENSE.

5 A. While reviewing Staff workpapers from Case No. WR-2009-0151, a note was found
6 which stated the following:

7 Reviewer note: In case WR-2006-0250 the auditors adjusted out
8 CIAC reserve balance and stopped depreciating CIAC. It is the
9 auditor's believe [sic] that this was necessary as the CIAC reserve
10 balance would be greater that [sic] the CIAC balance and the [sic]
11 would increase ratebase over time. Since CIAC is contributed
12 ratepayers should not be responsible for the payment of such costs.
13 It also appears some CIAC amounts were retired and removed
14 from plant in service, CIAC associated with the replacement of
15 pump and pressure tanks.

16
17 As a result of the fact that the CIAC reserve balance was adjusted out and CIAC
18 amortization was ended in WR-2006-0250, Public Counsel has included zero balances
19 for amortized CIAC and CIAC amortization expense.
20

21 **X. RETURN ON EQUITY (ROE)**

22 Q. WHAT IS STAFF'S ROE IN THIS CASE?

23 A. Staff has included an ROE of 11.93%.

24
25 Q. WHAT IS PUBLIC COUNSEL'S ROE IN THIS CASE?

1 A. Public Counsel has included an ROE of 0.00%.

2
3 Q. WHY HAS PUBLIC COUNSEL NOT INCLUDED A ROE IN THIS CASE?

4 A. ROE is included in rates as profit for the utility owner in return for investing in the
5 utility. However, this utility has been under Court Receivership since 2007. It is Public
6 Counsel's position that when a Company is in receivership, it is not just and reasonable
7 for customers to be required to pay a profit through rates to an owner the court has found
8 necessary to replace with a receiver. Therefore, Public Counsel has included a ROE of
9 0.00% in its calculations.

10
11 Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

12 A. Yes, it does.

**CASE PARTICIPATION
OF
KERI ROTH**

<u>Company Name</u>	<u>Case No.</u>
Empire District Electric Company	ER-2012-0345
Emerald Pointe Utility Company	SR-2013-0016
Lake Region Water & Sewer Company	WR-2013-0461
Summit Natural Gas of Missouri, Inc.	GR-2014-0086

Hickory Hills Water & Sewer Co., Inc.
Case No. WR-2014-0167
Twelve Months Ended June 30, 2013
Updated For Known & Measurable Through December 31, 2013

Cost of Capital						
	Amount	Percent	Cost	Weighted Cost	**	
						0.00%
						0.00%
						0.00%
Equity	\$ 2,811	36.365%	**	**	0.00%	0.00%
Preferred Stock	-	0.000%	0.000%	0.00%	0.00%	0.00%
Long Term Debt	4,919	63.635%	7.500%	4.77%	4.77%	4.77%
Short Term Debt	-	0.000%	0.000%	0.00%	0.00%	0.00%
Total	\$ 7,730	100.000%		Rate of Return	4.77%	4.77%
Tax Weighted Rate of Return						
Tax Multiplier (1/(1-tax rate))					1.000000	1.000000
Weighted cost of equity					0.00%	0.00%
Tax weighted cost of equity					0.00%	0.00%
Weighted cost of debt					4.77%	4.77%
Tax Weighted Rate of Return					4.77%	4.77%

Hickory Hills Water & Sewer Co., Inc.
Case No. WR-2014-0167
Twelve Months Ended June 30, 2013
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Revenue Requirement

Line	(A)		0.00% Equity Return	
			(B)	
1	Net Original Cost Rate Base	(From Accounting Schedule 2)	\$	7,730
2	Rate of Return			4.77%
3	Net Operating Income Requirement		\$	369
4	Net Operating Income Available	(From Accounting Schedule 9)		133
5	Additional Net Operating Income Requirement		\$	236
6	Income Tax Requirement:	(From Accounting Schedule 11)		
7	Required Current Income Tax		\$	0
8	Adj. Test Year Current Income Tax			0
9	Additional Current Income Tax Requirement		\$	0
10				
11	Gross Revenue Requirement		\$	236

Hickory Hills Water & Sewer Co., Inc.
Case No. WR-2014-0167
Twelve Months Ended June 30, 2013
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Rate Base

Line	Description		Amount
	(A)		(B)
1	Plant in Service	(From Accounting Schedule 3)	\$ 27,269
2	Less:		
3	Accumulated Depreciation Reserve	(From Accounting Schedule 6)	5,709
4	Net Plant in Service		\$ 21,560
5	Add:		
6	Cash Working Capital		\$ 0
7	Total Additions to Net Plant in Service		\$ 21,560
8	Deduct:		
9	Interest Offset		\$ 0
10	Federal Income Tax Offset		0
11	Customer Deposits		(30)
12	Contributions In Aid of Construction		(13,800)
13	Contributions In Aid of Construction Amortized		0
14	Materials & Supplies		0
15	Total Deductions from Net Plant in Service		\$ (13,830)
16			
17	Total Rate Base		\$ 7,730

Hickory Hills Water & Sewer Co., Inc.
Case No. WR-2014-0167
Twelve Months Ended June 30, 2013
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Plant In Service

Line	Account No.	Description	Total Company 12/31/2012	Total Company Adjustment	Alloc Factor	Juris Adjustment	Adj. No. Acctg Sch 4	Adjusted Balance ((C+D)xE)+F
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
1		Intangible Plant						
2	301.000	Organization	\$ 0	\$ 0	100.0000%	\$ 0		\$ 0
3	302.000	Franchises	0	0	100.0000%	0		0
4		Total	\$ 0	\$ 0		\$ 0		\$ 0
5		Source of Supply Plant						
6	310.000	Land & Land Rights - SSP	\$ 0	\$ 0	100.0000%	\$ 0		\$ 0
7	311.000	Structures & Improvements - SSP	0	0	100.0000%	0		0
8	312.000	Collection & Impounding Reservoirs	0	0	100.0000%	0		0
9	313.000	Lake, River & Other Intakes	0	0	100.0000%	0		0
10	314.000	Wells & Springs	10,000	0	100.0000%	0		10,000
11	315.000	Infiltration Galleries & Tunnels	0	0	100.0000%	0		0
12	316.000	Supply Mains	0	0	100.0000%	0		0
13		Total	\$ 10,000	\$ 0		\$ 0		\$ 10,000
14		Pumping Plant						
15	321.000	Structures & Improvements - PP	\$ 0	\$ 0	100.0000%	\$ 0		\$ 0
16	325.000	Electric Pumping Equipment	0	0	100.0000%	0		0
17	325.100	Submersible Electric Pumping	2,549	0	100.0000%	0		2,549
18	326.000	Diesel Pumping Equipment	0	0	100.0000%	0		0
19	328.000	Other Pumping Equipment	0	0	100.0000%	0		0
20		Total	\$ 2,549	\$ 0		\$ 0		\$ 2,549
21		Water Treatment Plant						
22	330.000	Land & Land Rights - WTP	\$ 0	\$ 0	100.0000%	\$ 0		\$ 0
23	331.000	Structures & Improvements - WTP	0	0	100.0000%	0		0
24	332.000	Water Treatment Equipment	0	0	100.0000%	0		0
25		Total	\$ 0	\$ 0		\$ 0		\$ 0
26		Transmission & Distribution Plant						
27	340.000	Land & Land Rights - T&D	\$ 0	\$ 0	100.0000%	\$ 0		\$ 0
28	341.000	Structures & Improvements - T&D	0	0	100.0000%	0		0
29	342.000	Distribution Reservoirs & Standpipes	9,793	0	100.0000%	0		9,793
30	344.000	Fire Mains	0	0	100.0000%	0		0
31	345.000	Services	0	0	100.0000%	0		0
32	343.000	Transmission & Distribution Mains	3,000	0	100.0000%	0		3,000
33	346.000	Meters - Bronze Chamber	258	0	100.0000%	0		258
34	346.000	Meters - Plastic Chambers	0	0	100.0000%	0		0
35	347.000	Meter Installations	0	0	100.0000%	0	P-1	0
36	348.000	Other Transmission & Distribution Plant	0	0	100.0000%	0		0
37	349.000	Hydrants	0	0	100.0000%	0		0
38		Total	\$ 13,051	\$ 0		\$ 0		\$ 13,051
39		General Plant						
40	370.000	Land & Land Rights - GP	\$ 0	\$ 0	100.0000%	\$ 0		\$ 0
41	371.000	Structures & Improvements - GP	0	0	100.0000%	0		0
42	372.000	Office Furniture & Equipment	0	0	100.0000%	0		0
43	372.100	Office Computer Equipment	0	0	100.0000%	0		0
44	373.000	Transportation Equipment - GP	0	0	100.0000%	0		0
45	379.000	Other General Equipment	0	0	100.0000%	0		0
46	394.000	Tools, Shop, & Garage Equipment	869	0	100.0000%	0		869
47	395.000	Laboratory Equipment	0	0	100.0000%	0		0
48	396.000	Power Operated Equipment	0	0	100.0000%	0		0
49	399.000	Other Tangible Property	800	0	100.0000%	0		800
50		Total	\$ 1,669	\$ 0		\$ 0		\$ 1,669
51		Total Plant In Service	\$ 27,269	\$ 0		0		\$ 27,269

Hickory Hills Water & Sewer Co., Inc.
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Adjustments To Plant In Service

Adj. No.	Description	Total Company Adjustment	Mo Juris Adjustment
A/C		\$ 0	\$ 0
1		\$ 0	\$
2			
A/C		\$ 0	\$ 0
1		\$ 0	\$
2			
A/C		\$ 0	\$ 0
1		\$ 0	\$
2			

Hickory Hills Water & Sewer Co., Inc.
Case No. WR-2014-0167
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Depreciation Expense

	Account No.	Plant Description	Adjusted Jurisdictional	Depr Rate	Depreciation Expense CxD
Line	(A)	(B)	(C)	(D)	(E)
1		Intangible Plant			
2	301.000	Organization	\$ 0	0.0000%	\$ 0
3	302.000	Franchises	0	0.0000%	0
4		Total	\$ 0		\$ 0
5		Source of Supply Plant			
6	310.000	Land & Land Rights - SSP	\$ 0	0.0000%	\$ 0
7	311.000	Structures & Improvements - SSP	0	0.0000%	0
8	312.000	Collection & Impounding Reservoirs	0	0.0000%	0
9	313.000	Lake, River & Other Intakes	0	0.0000%	0
10	314.000	Wells & Springs	10,000	0.0000%	0
11	315.000	Infiltration Galleries & Tunnels	0	0.0000%	0
12	316.000	Supply Mains	0	0.0000%	0
13		Total	\$ 10,000		\$ 0
14		Pumping Plant			
15	321.000	Structures & Improvements - PP	\$ 0	0.0000%	\$ 0
16	325.000	Electric Pumping Equipment	0	0.0000%	0
17	325.100	Submersible Electric Pumping	2,549	0.0000%	0
18	326.000	Diesel Pumping Equipment	0	0.0000%	0
19	328.000	Other Pumping Equipment	0	0.0000%	0
20		Total	\$ 2,549		\$ 0
21		Water Treatment Plant			
22	330.000	Land & Land Rights - WTP	\$ 0	0.0000%	\$ 0
23	331.000	Structures & Improvements - WTP	0	0.0000%	0
24	332.000	Water Treatment Equipment	0	0.0000%	0
25		Total	\$ 0		\$ 0
26		Transmission & Distribution Plant			
27	340.000	Land & Land Rights - T&D	\$ 0	0.0000%	\$ 0
28	341.000	Structures & Improvements - T&D	0	0.0000%	0
29	342.000	Distribution Reservoirs & Standpipes	9,793	2.5000%	245
30	344.000	Fire Mains	0	0.0000%	0
31	345.000	Services	0	0.0000%	0
32	343.000	Transmission & Distribution Mains	3,000	0.0000%	0
33	346.000	Meters - Bronze Chamber	258	3.3000%	9
34	346.000	Meters - Plastic Chambers	0	0.0000%	0
35	347.000	Meter Installations	0	0.0000%	0
36	348.000	Other Transmission & Distribution Plant	0	0.0000%	0
37	349.000	Hydrants	0	0.0000%	0
38		Total	\$ 13,051		\$ 253
39		General Plant			
40	370.000	Land & Land Rights - GP	\$ 0	0.0000%	\$ 0
41	371.000	Structures & Improvements - GP	0	0.0000%	0
42	372.000	Office Furniture & Equipment	0	0.0000%	0
43	372.100	Office Computer Equipment	0	0.0000%	0
44	373.000	Transportation Equipment - GP	0	0.0000%	0
45	379.000	Other General Equipment	0	0.0000%	0
46	394.000	Tools, Shop, & Garage Equipment	869	0.0000%	0
47	395.000	Laboratory Equipment	0	0.0000%	0
48	396.000	Power Operated Equipment	0	0.0000%	0
49	397.000	Communication Equipment	800	0.0000%	0
50		Total	\$ 1,669		\$ 0
51		Total Plant Depreciation Expense	27,269		253

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Depreciation Reserve

Line	Account No.	Plant Description	Total Company 12/31/2012	Total Company Adjustment	Alloc Factor	Juris Adjustment	Adj. No. Acctg Sch 7	Adjusted Balance ((C+D)xE)+F
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
1		Intangible Plant						
2	301.000	Organization	\$ 0	\$ 0	100.0000%	\$ 0		\$ 0
3	302.000	Franchises	0	0	100.0000%	0		0
4		Total	\$ 0	\$ 0		\$ 0		\$ 0
5		Source of Supply Plant						
6	310.000	Land & Land Rights - SSP	\$ 0	\$ 0	100.0000%	\$ 0		\$ 0
7	311.000	Structures & Improvements - SSP	0	0	100.0000%	0		0
8	312.000	Collection & Impounding Reservoirs	0	0	100.0000%	0		0
9	313.000	Lake, River & Other Intakes	0	0	100.0000%	0		0
10	314.000	Wells & Springs	0	0	100.0000%	0		0
11	315.000	Infiltration Galleries & Tunnels	0	0	100.0000%	0		0
12	316.000	Supply Mains	0	0	100.0000%	0		0
13		Total	\$ 0	\$ 0		\$ 0		\$ 0
14		Pumping Plant						
15	321.000	Structures & Improvements - PP	\$ 0	\$ 0	100.0000%	\$ 0		\$ 0
16	325.000	Electric Pumping Equipment	0	0	100.0000%	0		0
17	325.100	Submersible Electric Pumping	2,912	127	100.0000%	0	R-1	3,039
18	326.000	Diesel Pumping Equipment	0	0	100.0000%	0		0
19	328.000	Other Pumping Equipment	0	0	100.0000%	0		0
20		Total	\$ 2,912	\$ 127		\$ 0		\$ 3,039
21		Water Treatment Plant						
22	330.000	Land & Land Rights - WTP	\$ 0	\$ 0	100.0000%	\$ 0		\$ 0
23	331.000	Structures & Improvements - WTP	0	0	100.0000%	0		0
24	332.000	Water Treatment Equipment	0	0	100.0000%	0		0
25		Total	\$ 0	\$ 0		\$ 0		\$ 0
26		Transmission & Distribution Plant						
27	340.000	Land & Land Rights - T&D	\$ 0	\$ 0	100.0000%	\$ 0		\$ 0
28	341.000	Structures & Improvements - T&D	0	0	100.0000%	0		0
29	342.000	Distribution Reservoirs & Standpipes	1,611	122	100.0000%	0	R-2	1,733
30	344.000	Fire Mains	0	0	100.0000%	0		0
31	345.000	Services	0	0	100.0000%	0		0
32	343.000	Transmission & Distribution Mains	0	0	100.0000%	0		0
33	346.000	Meters - Bronze Chamber	64	4	100.0000%	0	R-3	68
34	346.000	Meters - Plastic Chambers	0	0	100.0000%	0		0
35	347.000	Meter Installations	0	0	100.0000%	0		0
36	348.000	Other Transmission & Distribution Plant	0	0	100.0000%	0		0
37	349.000	Hydrants	0	0	100.0000%	0		0
38		Total	\$ 1,675	\$ 126		\$ 0		\$ 1,801
39		General Plant						
40	370.000	Land & Land Rights - GP	\$ 0	\$ 0	100.0000%	\$ 0		\$ 0
41	371.000	Structures & Improvements - GP	0	0	100.0000%	0		0
42	372.000	Office Furniture & Equipment	0	0	100.0000%	0		0
43	372.100	Office Computer Equipment	0	0	100.0000%	0		0
44	373.000	Transportation Equipment - GP	0	0	100.0000%	0		0
45	379.000	Other General Equipment	0	0	100.0000%	0		0
46	394.000	Tools, Shop, & Garage Equipment	869	0	100.0000%	0		869
47	395.000	Laboratory Equipment	0	0	100.0000%	0		0
48	396.000	Power Operated Equipment	0	0	100.0000%	0		0
49	397.000	Communication Equipment	0	0	100.0000%	0		0
50		Total	\$ 869	\$ 0		\$ 0		\$ 869
51		Total Depreciation Reserve	\$ 5,456	\$ 253		\$ 0		\$ 5,709

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Adjustments To Depreciation Reserve

Adj. No.	Description			Total Company Adjustment	Mo Juris Adjustment
A/C	325.100	Submersible Electric Pumping	R-1	\$ 127	\$ 0
1	To update depreciation reserve			\$ 127	\$
2					
A/C	342.000	Distribution Reservoirs & Standpipes	R-2	\$ 122	\$ 0
1	To update depreciation reserve			\$ 122	\$
2					
A/C	346.000	Meters - Bronze Chamber	R-3	\$ 4	\$ 0
1	To update depreciation reserve			\$ 4	\$
2					

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Income Statement

	Description	Total Company	Total Company Adjustment Acctg Sch 10	Allocation Factor	Jurisdictional Adjustment	Adj. No. Acctg Sch 10	Adjusted Jurisdictional ((B+C)xD)+E
	(A)	(B)	(C)	(D)	(E)	(F)	(G)
Line							
1	Operating Revenues:						
2	Revenues	\$ 0	\$ 21,838	100.0000%	\$ 0	W-1	\$ 21,838
3	Other Water Revenues	0	173	100.0000%		W-2	173
4	Total Revenues	\$ 0	\$ 22,011		\$ 0		\$ 22,011
5							
6	Operating Expenses:						
7	Receiver Fees	\$ 0	\$ 7,243	100.0000%	\$ 0	W-3	\$ 7,243
8	Operators Salary/Contract Services	1,500	3,000	100.0000%	0	W-4	4,500
9	Electricity - Pumping	3,324	(994)	100.0000%	0	W-5	2,330
10	Chemicals (Chlorine)	121	0	100.0000%	0	W-6	121
11	System Maintenance and Repairs	5,197	(1,393)	100.0000%	0	W-7	3,804
12	Miscellaneous Expense	0	0	100.0000%	0	W-8	0
13	Meter Reading Expense	1,500	739	100.0000%	0	W-9	2,239
14	Customer Billing	1,500	(1,104)	100.0000%	0	W-10	396
15	Outside Services - Accounting Fees	588	(288)	100.0000%	0	W-11	300
16	Office Supplies Expense	80	(13)	100.0000%	0	W-12	67
17	Postage	0	144	100.0000%	0	W-13	144
18	Miscellaneous Supplies	0	0	100.0000%	0	W-14	0
19	Uncollectible Accounts	0	0	100.0000%	0	W-15	0
20	Property & Liability Insurance	0	0	100.0000%	0	W-16	0
21	Amortization Expense - Receiver Fees	0	0	100.0000%	0	W-17	0
22	Amortization Expense - Kyle Wirts	0	0	100.0000%	0	W-18	0
23	Amortization Expense - 1st National Bank	0	0	100.0000%	0	W-19	0
24	MO DNR Fees (Lab Fees)	200	0	100.0000%	0	W-20	200
25	PSC Assessment	135	74	100.0000%	0	W-21	209
26	Rate Case Expense	0	0	100.0000%	0	W-22	0
27	Real & Personal Property Taxes	0	0	100.0000%	0	W-23	0
28	SOS Fees	0	20	100.0000%	0	W-24	20
29	Payroll Taxes	0	0	100.0000%	0	W-25	0
30	Total	\$ 14,145	\$ 7,429		\$ 0		\$ 21,573
31							
32	Other Operating Expenses:						
33	Depreciation	\$ 560	\$ (255)	100.0000%	\$ 0	W-26	\$ 253
34	Amortization of CIAC	0	0	100.0000%	0	W-27	0
35	Total Depreciation	560	(255)		0		253
36							
37	Total Operating Expenses	\$ 14,705	\$ 7,174	100.0000%	\$ 0		\$ 21,826
38							
39	Net Income Before Income Taxes	\$ (14,705)	\$ 14,838	100.0000%	\$ 0		\$ 133
40							
41	Income Taxes:						
42	Current Income Tax	\$ 0	\$ 0	100.0000%	\$ 0	W-28	\$ 0
43	Deferred Income Tax	0	0	100.0000%	0	W-29	0
44	Amortization of ITC	0	0	100.0000%	0	W-30	0
45	Total Income Taxes	\$ 0	\$ 0		\$ 0		\$ 0
46							
47	Net Operating Income	\$ (14,705)	\$ 14,838		\$ 0		\$ 133

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Adjustments To Income Statement

Adj. No.	Description	Total Company Adjustment	Mo Juris Adjustment
Revenues			
	W-1	\$ 21,838	\$ 0
1	To annualize water revenues.	\$ 21,838	\$
2			
Other Water Revenues			
	W-2	\$ 173	\$ 0
1	To annualize customer late fees.	\$ 173	\$
2			
Receiver Fees			
	W-3	\$ 7,243	\$ 0
1	To normalize receiver fees.	\$ 7,243	\$
2			
Operators Salary/Contract Services			
	W-4	\$ 3,000	\$ 0
1	To annualize Operators Salary/Contract Services.	\$ 3,000	\$
2			
Electricity - Pumping			
	W-5	\$ (994)	\$ 0
1	To normalize Electricity - Pumping expense.	\$ (994)	\$
2			
Chemicals (Chlorine)			
	W-6	\$ 0	\$ 0
1	No adjustment.	\$ 0	\$
2			
System Maintenance and Repairs			
	W-7	\$ (1,393)	\$ 0
1	To normalize System Maintenance and Repairs.	\$ (1,393)	\$
2			
Miscellaneous Expense			
	W-8	\$ 0	\$ 0
1	No adjustment.	\$ 0	\$
2			
Meter Reading Expense			
	W-9	\$ 739	\$ 0
1	To annualize Meter Reading expense.	\$ 739	\$
2			
Customer Billing			
	W-10	\$ (1,104)	\$ 0
1	To annualize Customer Billing expense.	\$ (1,104)	\$
2			
Outside Services - Accounting Fees			
	W-11	\$ (288)	\$ 0
1	To annualize Outside Services - Accounting Fees.	\$ (288)	\$
2			
Office Supplies Expense			
	W-12	\$ (13)	\$ 0
1	To normalize office expenses.	\$ (13)	\$
2			
Postage			
	W-13	\$ 144	\$ 0
1	To annualize Postage expense.	\$ 144	\$

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Adjustments To Income Statement

Adj. No.	Description	Total Company Adjustment	Mo Juris Adjustment
2			
	Miscellaneous Supplies W-14	\$ 0	\$ 0
1	No adjustment.	\$ 0	\$
2			
	Uncollectible Accounts W-15	\$ 0	\$ 0
1	No adjustment.	\$ 0	\$
2			
	Property & Liability Insurance W-16	\$ 0	\$ 0
1	No adjustment.	\$ 0	\$
2			
	Amortization Expense - Receiver Fees W-17	\$ 0	\$ 0
1	No adjustment.	\$ 0	\$
2			
	Amortization Expense - Kyle Wirts W-18	\$ 0	\$ 0
1	No adjustment.	\$ 0	\$
2			
	Amortization Expense - 1st National Bank W-19	\$ 0	\$ 0
1	No adjustment.	\$ 0	\$
2			
	MO DNR Fees (Lab Fees) W-20	\$ 0	\$ 0
1	No adjustment.	\$ 0	\$
2			
	PSC Assessment W-21	\$ 74	\$ 0
1	To annualize PSC Assessment.	\$ 74	\$
2			
	Rate Case Expense W-22	\$ 0	\$ 0
1	No adjustment.	\$ 0	\$
2			

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Income Tax Calculation

	Description	Test Year	4.77% Return
Line	(A)	(B)	(C)
1	Net Operating Income (Acct. Sch. 1)	\$ 133	\$ 369
2			
3	Add:		
4	Book Depreciation	\$ 253	\$ 253
5	Total Additions	\$ 253	\$ 253
6			
7	Subtractions to Net Income Before Income Tax:		
8	Interest Expense @ 4.77%	\$ 369	\$ 369
9	Depreciation	253	253
10	Total Subtractions	\$ 622	\$ 622
11			
12	Net Taxable Income	\$ (236)	\$ 0
13			
14	Provision for Federal Income Tax		
15	Net Taxable Income	\$ (236)	\$ 0
16	Deduct Missouri Income Tax @ 100.00%	(14)	0
17	Federal Taxable Income	\$ (222)	\$ 0
18	Federal Income Tax @ 15.00%	\$ (33)	\$ 0
19			
20	Provision for Missouri Income Tax		
21	Net Taxable Income	\$ (236)	\$ 0
22	Deduct Federal Income Tax @ 50.00%	(17)	0
23	Missouri Taxable Income	\$ (219)	\$ 0
24	Missouri Income Tax @ 6.25%	\$ (14)	\$ 0
25			
26	Provision for City Earnings Tax		
27	City Taxable Income	\$ (236)	\$ 0
28	City Income Tax @ 0.00%	\$ 0	\$ 0
29			
30	Summary of Provision For Income Tax		
31	Federal Income Tax	\$ (33)	\$ 0
32	State Income Tax	(14)	0
33	City Income Tax	0	0
34			
35	Total Current Income Tax	\$ (47)	\$ 0

Court Ordered Receiver Fees v. Receiver Fees Collected in Rates

Year	Court Ordered Receiver Fees	Court Ordered Receiver Fees In rates	Receiver Fees (Over)/Under-Collected in Rates	Comments
2006	\$ -	\$ 6,068	\$ (6,068)	5 months of rates @ \$14,563 = $\$14,563 * (5/12) = \$6,068$
2007	\$ 31,386	\$ 13,546	\$ 17,840	
2008	\$ -	\$ 13,546	\$ (13,546)	
2009	\$ 62,440	\$ 13,938	\$ 48,502	7 months of rates @ \$13,546 & 5 months @ \$14,486 = $((\$13,546/2)*7)+((\$14,486/12)*5) = \$13,938$
2010	\$ -	\$ 14,486	\$ (14,486)	
2011	\$ -	\$ 14,486	\$ (14,486)	
2012	\$ -	\$ 14,486	\$ (14,486)	
2013	\$ -	\$ 14,486	\$ (14,486)	
TOTAL	\$ 93,825	\$ 105,042	\$ (11,216)	