

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

In the Matter of the Small Company Rate)
Increase Request of Tri-States Utility, Inc.)

Case No. WR-2009-0058

**NOTICE OF AGREEMENT 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 Notice of Agreement Regarding Disposition of Small Company Rate Increase Request ("Agreement Notice") states the following to the Missouri Public Service Commission ("Commission").

1. On September 27, 2008, (unless noted otherwise, all dates herein refer to the year 2008) Tri-States Utility, Inc. ("Company") submitted to the Commission revised tariff sheets to implement increases in its miscellaneous service charges, and other tariff changes, and the instant case was established.

2. As is noted in the Company's tariff filing transmittal letter, the changes contained in the subject revised tariff sheets are based upon a *Unanimous Agreement Regarding Disposition of Small Water Company Rate Increase Request* ("Unanimous Agreement") entered into by the Company, the Staff and the Office of the Public Counsel. As is also noted in the Company's tariff filing transmittal letter, the Disposition Agreement pertains to the small company rate increase request that the Company submitted to the Commission on January 31 (Tracking File No. QW-2008-0010).

3. Included in Appendix A attached hereto is a copy of the above-referenced Unanimous Agreement. Various documents related to the Unanimous Agreement are also included in Appendix

A as attachments to the agreement. Additionally, affidavits from the Staff members that participated in the investigation of the Company's Request are included in Appendix A.

4. The Staff notes that the Company and the Staff previously agreed to an extension of the 150-day tariff filing period that normally applies to small company rate increase requests, and that a copy of the extension agreement is included as Item No. 10 in the above-referenced Tracking File for the Company's Request.

5. Consistent with established internal operating procedures pertaining to small company rate increase requests, the Staff intends to file its recommendation in this case no later than the end of business on September 19, 2008.

WHEREFORE, the Staff respectfully submits this Agreement Notice and the attached Appendix for the Commission's information and consideration in this case.

Respectfully Submitted,

/s/ Steven C. Reed

Steven C Reed

Missouri Bar No. 40616

Shelley Syler Brueggemann

Missouri Bar No. 52173

Attorneys for the Staff of the
Missouri Public Service Commission

P. O. Box 360

Jefferson City, MO 65102

(573) 751-3015

(573) 751-9285 (Fax)

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of this Agreement Notice and the attached Appendix have been provided, either by first-class mail, by electronic mail, by facsimile transmission or by hand-delivery, to each attorney and/or party of record for this case on this 3rd day of September 2008.

/s/ Steven C. Reed

APPENDIX A

STAFF PARTICIPANT AFFIDAVITS AND DISPOSITION AGREEMENT & ATTACHMENTS

CASE NO. WR-2009-0058

Note: To browse through this document by item, click on the "Bookmark" tab at the top of the menu bar to the left of the screen and then click on the item that you want to see.

Table of Contents

Staff Participant Affidavits

Unanimous Disposition Agreement

Agreement Attachment A: Example Tariff Sheets

Agreement Attachment B: Ratemaking Income Statement

Agreement Attachment C: Audit Workpapers

Agreement Attachment D: Schedule of Depreciation Rates

Agreement Attachment E: EMSD Report

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Staff Participant Affidavits

James M. Russo – Water & Sewer Department

Kim Bolin – Auditing Department

Rosella Schad – Engineering & Management Services Department

Randy Cole – Engineering & Management Services Department

BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

AFFIDAVIT OF JAMES M. RUSSO

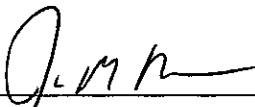
STATE OF MISSOURI)

) SS

CASE NO. WR-2009-0058

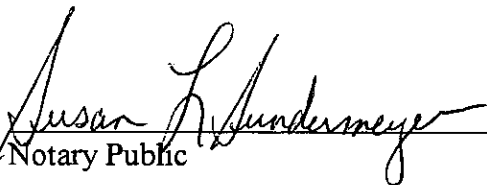
COUNTY OF COLE)

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



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

Subscribed and sworn to before me this 2nd day of September, 2008.



Notary Public



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

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

AFFIDAVIT OF KIM BOLIN

STATE OF MISSOURI

ss.

COUNTY OF COLE

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Case No. WR-2009-0058

COMES NOW Kim Bolin, being of lawful age, and on her oath states the following: (1) that she is a Utility Regulatory Auditor V in the Missouri Public Service Commission's Auditing Department; (2) that she participated in the Staff's investigation of the small company rate increase request that is the subject of the instant case; (3) that she has knowledge of the foregoing *Unanimous Agreement Regarding Disposition of Small Water and Sewer Company Rate Increase Request* ("Disposition Agreement"); (4) that she was responsible for the preparation of Attachment C to the Disposition Agreement; (5) that she has knowledge of the matters set forth in Attachment C to the Disposition Agreement; and (6) that the matters set forth in Attachment C to the Disposition Agreement are true and correct to the best of her knowledge, information, and belief.



Kim Bolin

Utility Regulatory Auditor V
Auditing Department

Subscribed and sworn to before me this 2nd day of September, 2008.

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



Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

AFFIDAVIT OF RANDALL COLE III

STATE OF MISSOURI

ss.

COUNTY OF COLE

)
) Case No. WR-2009-0058
)
)

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

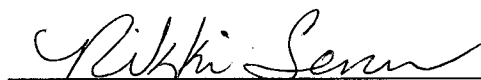
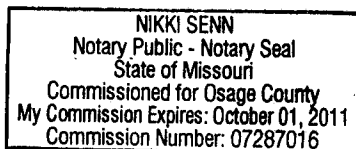


Randall Cole III

Utility Management Analyst II

Engineering and Management Services Department

Subscribed and sworn to before me this 2nd day of September, 2008.


Notary Public

Unanimous Disposition Agreement

**UNANIMOUS AGREEMENT REGARDING DISPOSITION OF
SMALL WATER COMPANY REVENUE INCREASE REQUEST**

TRI-STATES UTILITY, INC.

MO PSC TRACKING FILE NO. QW-2008-0010

BACKGROUND

Tri-States Utility, Inc. (Company) initiated the small company revenue increase request (Request) for water service that is the subject of the above-referenced Missouri Public Service Commission (Commission) tracking file by submitting a letter to the Secretary of the Commission in accordance with the provisions of Commission Rule 4 CSR 240-3.635, Water Utility Small Company Rate Increase Procedure (Small Company Procedure). In its request letter, which was received at the Commission's offices on January 31, 2008, the Company set forth its request for an increase of \$1,450,000 in its total annual water service operating revenues. In its request letter, the Company also acknowledged that the design of its customer rates, service charges, customer service practices, general business practices and general tariff provisions would be reviewed during the Commission Staff's (Staff) review of the revenue increase request, and could thus be the subject of Staff recommendations. The Company provides service to approximately 3,445 customers, the vast majority of which are residential customers.

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

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.

RESOLUTION OF THE COMPANY'S 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, the Company and the OPC hereby state the following agreements.

- (1) That for the purpose of implementing the agreements set out herein, the Company will file proposed tariff revisions with the Commission containing the miscellaneous tariff charges and language set out in the example tariff sheets attached hereto as Attachment A, with those proposed tariff revisions bearing an effective date of September 29.
- (2) That except as otherwise noted in the agreements below, the ratemaking income statement attached hereto as Attachment B accurately reflects the Company's annualized revenues generated by its current customer rates, the agreed-upon total annualized cost of service for the Company, and the resulting agreed-upon continuance of the existing rates is sufficient for the Company to recover its cost of service.
- (3) That the audit workpapers attached hereto as Attachment C, which include consideration of a capital structure of 1.04% equity for the Company and a rate of return of 8.34%, accurately reflect the agreed-upon total annualized cost of service for the Company and provide the basis for the ratemaking income statement referenced in item (2) above.
- (4) That the schedule of depreciation rates attached hereto as Attachment D, which includes the depreciation rates used by the Staff in its revenue requirement analysis, should be the prescribed schedule of water plant depreciation rates for the Company.
- (5) That the Company agrees not to file a rate case for a period of at least six months after the transfer of the water system stock being proposed in case WF-2009-0018.
- (6) That the Company will maintain its financial records in accordance with the Commission's Uniform System of Accounts.
- (7) That the Company will develop Continuous Property Records for its Plant in Service accounts for plant, depreciation reserve, CIAC and CIAC depreciation reserve using the amounts that Staff included in this case.
- (8) That the Company will implement the recommendations contained in the Engineering & Management Services Department ("EMSD") Report attached hereto as Attachment E no later than December 31, 2008.
- (9) If the commission approves the proposed tariff revisions resulting from this Unanimous Agreement, the Company will mail its customers a written notice of the revised rates and charges included in those tariff revisions. The notice will include a summary of the impact of the revised rates on an average residential customer's bill, and will be mailed to the customers either prior to or with the first billing issued under the revised rates. When the Company mails the notice to its customers, it will also send a copy to the Staff and the Staff will file a copy in the subject case file.

(10) That the Company acknowledges that the Staff will, and the OPC may, conduct follow-up reviews of the Company's operations to ensure that the Company has complied with the provisions of this Disposition Agreement.

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

ADDITIONAL MATTERS

Other than the specific conditions agreed upon and expressly set out herein, the terms of this Disposition Agreement reflect compromises between the Staff, the Company and the OPC, and none of the parties have 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 an extension of the normal "Day-150" date by which an agreement regarding the resolution of a small company revenue increase request is to be reached. A Copy of the extension agreement can be found in the above-referenced EFIS Tracking File for the Request.

The Company and the OPC acknowledge that the Staff will be filing this Disposition Agreement, and the attachments hereto, in the case that will be opened when the Company files the proposed tariff revisions called for in the agreement. The Company and the OPC also acknowledge that the Staff will be making another filing in that case that will include the following: (a) the Staff's recommendation for approval of the subject proposed tariff revisions, and any related recommendations; (b) background information regarding the Company's Request and the Staff's investigation thereof; (c) information regarding the status of the Company's payment of its Commission assessments; (d) information regarding the status of the Company's submission of its Commission annual reports; (e) information regarding the status of the Company's submission of its Commission annual statement of operating revenues; (f) information regarding any other cases that the Company may have before the Commission; (g) information regarding any recent Notices of Violations that the Department of Natural Resources has issued to the Company; and (h) information regarding the status of the Company's corporate standing with the Secretary of State.

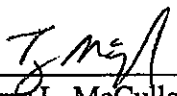
Additionally, the Company and the OPC agree that the Staff shall have the right to provide whatever oral explanation the Commission may request regarding the rate case that will be opened

when the Company files the proposed tariff revisions called for in this Disposition Agreement, at any agenda meeting at which that case is noticed to be considered by the Commission. To the extent reasonably practicable, the Staff will provide the Company and the OPC with advance notice of any such agenda meeting so that they may have the opportunity to also be represented at the meeting.

EFFECTIVE DATE AND SIGNATURES

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


Agreement Signed and Dated:



Terry L. McCullough
CPA
Tri-States Utility, Inc.

8/22/08

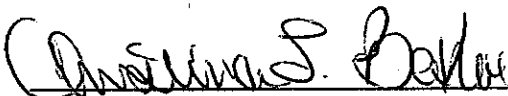
Date



Jim Busch
Manager – Water & Sewer Department
Missouri Public Service Commission Staff

8-26-08

Date



Christina L. Baker
Assistant Public Counsel
Office of the Public Counsel

8-27-08

Date

List of Attachments

- Attachment A – Example Tariff Sheets
- Attachment B – Ratemaking Income Statement
- Attachment C – Audit Workpapers
- Attachment D – Schedule of Depreciation Rates
- Attachment E – EMSD Report

Agreement Attachment A

Example Tariff Sheets

FORM NO. 13 **P.S.C. MO No. 1** 1ST

~~Original~~

Canceling P.S.C. Mo. No. 1

Revised Sheet No. 6

Original Sheet No. 6

~~Revised~~

Tri State Utility, Inc.

Name of Issuing Company

For: Area as shown on Service Map

Community, Town or City

Schedule of Service Charges

These charges are applicable to the Company's Services provided for in the corresponding rules:

Late Charges:

*

Billings will be made and distributed at monthly intervals. Bills will be rendered net, bearing the last date on which payment will be considered delinquent. The period after which payment will then be considered delinquent is 21 days after rendition of the bill. A charge of \$6.50 or three percent (3%) per month times the unpaid balance, whichever is more, will be added to delinquent amounts.

Returned Check Charge:

*

A returned check charge of \$25 per check will be charged on all checks returned from the bank unpaid.

Meter Test Fee:

*

The cost to each Customer for a meter test requested by said Customer not in accordance with Rule 12 shall be \$55.

Connection Inspection Fee:

*

The cost to each Customer for inspection of the connection of Customer water service lines to Company service connections in accordance with Rule No. 5 shall be \$40.00

* Indicates new rate or text

+ Indicates Change

Date of Issue May 23, 1997
Month/Day/Year

Date Effective: June 23, 1997
Month/Day/Year

Issued By: President, HCO 5, Box 1485, Branson, MO 65616
Name of Officer title address

Tri State Utility, Inc.

Name of Issuing Company

For: Area as shown on Service Map
Community, Town or City

Schedule of Charges (continued)

New Service Connection Fee:

New 3/4" service connection fee \$850.00 +
(If unusual construction or equipment expense is required
(See Rule 4(c)) actual costs)

The connection fee for a service larger than 3/4" shall be the actual cost of installation.

Service Fees:

*

Service fee shall be charged to any customer for which service was requested or discontinued when there is a Company owned meter setting or lockable valve located outside the customers dwelling.

Turn-On Charge after service disconnection by Company for violation of the Company's Rules and Regulations (see Rule 7).
\$25.00

Turn-On Charge for initiating new service to an existing meter setting when a physical turn-on is required	\$25.00
--	---------

Turn-Off or Turn-On Charges applicable to customers requesting temporary disconnection of service (see Rule 8) \$25.00

Call-Out Charge during regular business hours for service that is not the fault of the Company	\$25.00 per hour
--	------------------

Call-Out Charge after regular business hours for service that is not the fault of the Company	\$40.00 per hour
---	------------------

* Indicates new rate or text

+ Indicates Change

Date of Issue: May 23, 1997 Date Effective: June 23, 1997
Month/Day/Year Month/Day/Year

Issued By:	President, HCO 5, Box 1485, Branson, MO 65616		
	Name of Officer	title	address

Agreement Attachment B

Ratemaking Income Statement

Tri-States Utility, Inc.
Rate Making Income Statement-Water

Operating Revenues at Current Rates

1	Tariffed Rate Revenues *	\$	959,382
2	Other Operating Revenues *	\$	31,998
3	Total Operating Revenues	\$	991,380
4	* See "Revenues - Current Rates" for Details		

Cost of Service

Item	Amount
1 Pumping Equipment-Purchased Power	\$ 95,664
2 Water Treatment Expense-Chemicals	\$ 2,735
3 Maintenance Expense-Pumping Plant	\$ 14,931
4 Materials and Supplies	\$ 2,318
5 Maintenance Expense-Outside Labor	\$ 115,971
6 Contractual Services-Engineering	\$ 1,556
7 Contractual Services-Testing	\$ 526
8 Administration & General - Salaries	\$ 84,536
9 Officers & Directors-salaries	\$ 67,591
10 Contractual Services-Accounting	\$ 10,499
11 Contractual Services-Legal	\$ -
12 Contractual Services-Other	\$ -
13 Employee Pensions & Benefits	\$ 8,946
14 Postage Expense	\$ 12,228
15 Office Supply Expense	\$ 6,653
16 Customer Records & Collection Expense	\$ 7,998
17 Bad Debt Expense	\$ 12,571
18 Insurance Expense	\$ 41,283
19 Rental Expense	\$ 96,000
20 Transportation Expense	\$ 34,492
21 Regulatory Commission Expense	\$ 20,560
22 Miscellaneous General Expenses	\$ 32,292
23 Sub-Total Operating Expenses	\$ 669,350
24 Property Taxes	\$ -
25 MO Franchise Taxes	\$ -
26 Employer FICA Taxes	\$ 22,180
27 Federal Unemployment Taxes	\$ -
28 State Unemployment Taxes	\$ -
29 State & Federal Income Taxes	\$ -
30 Sub-Total Taxes	\$ 22,180
31 Depreciation Expense	\$ 147,573
32 Amortization of Utility Plant (computer system)	\$ (13,781)
33 Sub-Total Depreciation/Amortization	\$ 133,792
34 Return on Rate Base	\$ 163,876
35 Total Cost of Service	\$ 989,198
36 Overall Revenue Increase Needed	\$ (2,182)

Agreement Attachment C

Audit Workpapers

TRI-STATES UTILITY, INC.
 Case: QW-08-010F
 12 MONTHS ENDING DECEMBER 31, 2007

Revenue Requirement

Line	8.33% Return	8.34% Return	8.34% Return
(A)	(B)	(C)	(D)
1 Net Orig Cost Rate Base (Sch 2)	\$ 1,964,941	\$ 1,964,941	\$ 1,964,941
2 Rate of Return	8.33%	8.34%	8.34%

3 Net Operating Income Requirement	\$ 163,680	\$ 163,876	\$ 163,876
4 Net Income Available (Sch 9)	\$ 166,059	\$ 166,059	\$ 166,059

5 Additional NOI BT Needed	\$ (2,379)	\$ (2,183)	\$ (2,183)
6 Income Tax Requirement (Sch 11)			
7 Required Current Income Tax	\$ 0	\$ 0	\$ 0
8 Test Year Current Income Tax	\$ 0	\$ 0	\$ 0

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

12 Additional Deferred ITC Required	\$ 0	\$ 0	\$ 0

13 Total Additional Tax Required	\$ 0	\$ 0	\$ 0

14 Gross Revenue Requirement	\$ (2,379)	\$ (2,183)	\$ (2,183)

TRI-STATES UTILITY, INC.
Case: QW-08-010F
12 MONTHS ENDING DECEMBER 31, 2007

Rate Base

Line Description		Amount
(A)	(B)	
1 Total Plant in Service (Sch 3)	\$ 2,795,883	
Subtract from Total Plant		
2 Depreciation Reserve (Sch 6)	\$ 609,679	

3 Net Plant in Service	\$ 2,186,204	
Add to Net Plant in Service		
4 Cash Working Capital (Sch 8)	\$ 0	
5 Materials and Supplies	30,894	
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	1,750	
12 Contribution in aid of Construction	261,084	
13 CIAC Depreciation	(13,781)	
14 Deferred Income Taxes-Depreciation	0	
15 Customer Deposits	3,104	

16 Total Rate Base	\$ 1,964,941	
		=====

TRI-STATES UTILITY, INC.
Case: QW-08-010F
12 MONTHS ENDING DECEMBER 31, 2007

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)
Intangible Plant							
1	301.100	Organization	\$ 0	\$ 0	100.0000	\$ 0 P-1	\$ 0
2	302.100	Franchise and Consents	0	0	100.0000	0 P-2	0
3	303.000	Miscellaneous Intangible Plant	0	0	100.0000	0 P-3	0
4		Total	\$ 0	\$ 0		\$ 0	\$ 0
Source of Supply & Pumping Plant							
5	310.000	Land & Land Rights	\$ 0	\$ 0	100.0000	\$ 0 P-4	\$ 0
6	311.000	Structures & Improvements	10,859	0	100.0000	0 P-5	10,859
7	312.000	Collecting & Impounding Reservoirs	0	0	100.0000	0 P-6	0
8	313.000	Lake, River & Other Intakes	0	0	100.0000	0 P-7	0
9	314.000	Wells & Springs	539,311	0	100.0000	5,792 P-8	545,103
10	315.000	Infiltration Galleries & Tunnels	0	0	100.0000	0 P-9	0
11	316.000	Supply Mains	113,011	0	100.0000	0 P-10	113,011
12	317.000	Other Water Source Plant	0	0	100.0000	0 P-11	0
13	320.000	Land & Land Rights - Pumping Plant	0	0	100.0000	0 P-12	0
14	321.000	Structures & Improvements - Pumping	29,772	0	100.0000	0 P-13	29,772
15	322.000	Boiler Plant Equipment	0	0	100.0000	0 P-14	0
16	323.000	Other Power Production Equipment	0	0	100.0000	0 P-15	0
17	324.000	Steam Pumping Equipment	0	0	100.0000	0 P-16	0
18	325.000	Electric Pumping Equipment	61,190	0	100.0000	0 P-17	61,190
19	326.000	Diesel Pumping Equipment	0	0	100.0000	0 P-18	0
20	327.000	Hydraulic Pumping Equipment	0	0	100.0000	0 P-19	0
21	328.000	Other Pumping Equipment	0	0	100.0000	0 P-20	0
22		Total	\$ 754,143	\$ 0		\$ 5,792	\$ 759,935
Water Treatment Plant							
23	330.000	Land & Land Rights	\$ 0	\$ 0	100.0000	\$ 0 P-21	\$ 0
24	331.000	Structures & Improvements	28,701	0	100.0000	0 P-22	28,701
25	332.000	Water Treatment Equipment	31,380	0	100.0000	0 P-23	31,380
26	333.000	Other	0	0	100.0000	0 P-24	0
27		Total	\$ 60,081	\$ 0		\$ 0	\$ 60,081

TRI-STATES UTILITY, INC.
Case: QW-08-010F
12 MONTHS ENDING DECEMBER 31, 2007

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)
Transmission & Distribution Plant							
28	340.000	Land & Land Rights	\$ 0	\$ 0	100.0000	\$ 0 P-25	0
29	341.000	Structures & Improvements	0	0	100.0000	0 P-26	0
30	342.000	Distribution Reservoirs & Standpipe	383,912	0	100.0000	0 P-27	383,912
31	343.000	Transmission & Distribution Mains	209,839	0	100.0000	0 P-28	209,839
32	344.000	Fire Mains	0	0	100.0000	0 P-29	0
33	345.000	Services	39,309	0	100.0000	262,834 P-30	302,143
34	346.000	Meters	747,076	0	100.0000	89,067 P-31	836,143
35	348.000	Hydrants	25,500	0	100.0000	0 P-32	25,500
36	349.000	Other Transmission & Distribution P	0	0	100.0000	0 P-33	0
37		Total	\$ 1,405,636	\$ 0		\$ 351,901	\$ 1,757,537
General Plant							
38	389.000	Land & Land Rights	\$ 0	\$ 0	100.0000	\$ 0 P-34	0
39	390.000	Structures & Improvements	0	0	100.0000	0 P-35	0
40	391.000	Office Furniture & Equipment	5,184	0	100.0000	0 P-36	5,184
41	391.100	Office Computer Equipment	38,252	0	100.0000	0 P-37	38,252
42	392.000	Transportation Equipment	164,580	0	100.0000	(107,212) P-38	57,368
43	393.000	Stores Equipment	0	0	100.0000	0 P-39	0
44	394.000	Tools, Shop & Garage Equipment	31,929	0	100.0000	0 P-40	31,929
45	395.000	Laboratory Equipment	0	0	100.0000	0 P-41	0
46	396.000	Power Operated Equipment	78,676	0	100.0000	0 P-42	78,676
47	397.000	Communication Equipment	2,051	0	100.0000	0 P-43	2,051
48	398.000	Miscellaneous Equipment	0	0	100.0000	0 P-44	0
49	399.000	Other Tangible Plant	4,870	0	100.0000	0 P-45	4,870
50		Total	\$ 325,542	\$ 0		\$ (107,212)	\$ 218,330
51		Total Plant In Service	\$ 2,545,402	\$ 0		\$ 250,481	\$ 2,795,883

TRI-STATES UTILITY, INC.
 Case: QW-08-010F
 12 MONTHS ENDING DECEMBER 31, 2007

Depreciation Expense

Line No	Acct	Description	Adjusted Jurisdictional	Depreciation Rate	Depreciation Expense
		(A)	(B)	(C)	(D)
Intangible Plant					
1	301.100	Organization	\$ 0	0.0000	\$ 0
2	302.100	Franchise and Consents	0	0.0000	0
3	303.000	Miscellaneous Intangible Plant	0	0.0000	0
4		Total	\$ 0		\$ 0
Source of Supply & Pumping Plant					
5	310.000	Land & Land Rights	\$ 0	0.0000	\$ 0
6	311.000	Structures & Improvements	10,859	2.5000	271
7	312.000	Collecting & Impounding Reservoirs	0	2.0000	0
8	313.000	Lake, River & Other Intakes	0	0.0000	0
9	314.000	Wells & Springs	545,103	2.0000	10,902
10	315.000	Infiltration Galleries & Tunnels	0	0.0000	0
11	316.000	Supply Mains	113,011	2.0000	2,260
12	317.000	Other Water Source Plant	0	0.0000	0
13	320.000	Land & Land Rights - Pumping Plant	0	0.0000	0
14	321.000	Structures & Improvements - Pumping	29,772	2.5000	744
15	322.000	Boiler Plant Equipment	0	0.0000	0
16	323.000	Other Power Production Equipment	0	0.0000	0
17	324.000	Steam Pumping Equipment	0	0.0000	0
18	325.000	Electric Pumping Equipment	61,190	10.0000	6,119
19	326.000	Diesel Pumping Equipment	0	0.0000	0
20	327.000	Hydraulic Pumping Equipment	0	0.0000	0
21	328.000	Other Pumping Equipment	0	4.0000	0
22		Total	\$ 759,935		\$ 20,296
Water Treatment Plant					
23	330.000	Land & Land Rights	\$ 0	0.0000	\$ 0
24	331.000	Structures & Improvements	28,701	2.5000	718
25	332.000	Water Treatment Equipment	31,380	2.9000	910
26	333.000	Other	0	0.0000	0
27		Total	\$ 60,081		\$ 1,628

TRI-STATES UTILITY, INC.
Case: QW-08-010F
12 MONTHS ENDING DECEMBER 31, 2007

Depreciation Expense

Line No	Acct	Description	Adjusted Jurisdictional	Depreciation Rate	Depreciation Expense
		(A)	(B)	(C)	(D)
Transmission & Distribution Plant					
28	340.000	Land & Land Rights	\$ 0	0.0000	\$ 0
29	341.000	Structures & Improvements	0	2.5000	0
30	342.000	Distribution Reservoirs & Standpipe	383,912	2.5000	9,598
31	343.000	Transmission & Distribution Mains	209,839	2.0000	4,197
32	344.000	Fire Mains	0	0.0000	0
33	345.000	Services	302,143	2.5000	7,554
34	346.000	Meters	836,143	10.0000	83,614
35	348.000	Hydrants	25,500	2.0000	510
36	349.000	Other Transmission & Distribution P	0	0.0000	0
37		Total	\$ 1,757,537		\$ 105,473
General Plant					
38	389.000	Land & Land Rights	\$ 0	0.0000	\$ 0
39	390.000	Structures & Improvements	0	0.0000	0
40	391.000	Office Furniture & Equipment	5,184	5.0000	259
41	391.100	Office Computer Equipment	38,252	14.3000	5,470
42	392.000	Transportation Equipment	57,368	13.0000	7,458
43	393.000	Stores Equipment	0	0.0000	0
44	394.000	Tools, Shop & Garage Equipment	31,929	5.0000	1,596
45	395.000	Laboratory Equipment	0	5.0000	0
46	396.000	Power Operated Equipment	78,676	6.7000	5,271
47	397.000	Communication Equipment	2,051	0.0000	0
48	398.000	Miscellaneous Equipment	0	0.0000	0
49	399.000	Other Tangible Plant	4,870	2.5000	122
50		Total	\$ 218,330		\$ 20,176
51		Total Depreciation Expense	\$ 2,795,883		\$ 147,573

TRI-STATES UTILITY, INC.
Case: QW-08-010F
12 MONTHS ENDING DECEMBER 31, 2007

Depreciation Reserve

Line No	Acct	Description	Total Company	Total Co Adjustment	Alloc Factor	Jurisdictional Adjustment	Adjusted Jurisdictional
(A)			(B)	(C)	(D)	(E)	(F)
Intangible Plant							
1	301.100	Organization	\$ 0	\$ 0	100.0000	\$ 0 R-1	\$ 0
2	302.100	Franchise and Consents	0	0	100.0000	0 R-2	0
3	303.000	Miscellaneous Intangible Plant	0	0	100.0000	0 R-3	0
4		Total	\$ 0	\$ 0		\$ 0	\$ 0
Source of Supply & Pumping Plant							
5	310.000	Land & Land Rights	\$ 0	\$ 0	100.0000	\$ 0 R-4	\$ 0
6	311.000	Structures & Improvements	7,079	0	100.0000	(5,124) R-5	1,955
7	312.000	Collecting & Impounding Reservoirs	0	0	100.0000	0 R-6	0
8	313.000	Lake, River & Other Intakes	0	0	100.0000	0 R-7	0
9	314.000	Wells & Springs	210,085	0	100.0000	(105,258) R-8	104,827
10	315.000	Infiltration Galleries & Tunnels	0	0	100.0000	0 R-9	0
11	316.000	Supply Mains	45,388	0	100.0000	193 R-10	45,581
12	317.000	Other Water Source Plant	0	0	100.0000	0 R-11	0
13	320.000	Land & Land Rights - Pumping Plant	0	0	100.0000	0 R-12	0
14	321.000	Structures & Improvements - Pumping	13,646	0	100.0000	(5,749) R-13	7,897
15	322.000	Boiler Plant Equipment	0	0	100.0000	0 R-14	0
16	323.000	Other Power Production Equipment	0	0	100.0000	0 R-15	0
17	324.000	Steam Pumping Equipment	0	0	100.0000	0 R-16	0
18	325.000	Electric Pumping Equipment	60,680	0	100.0000	510 R-17	61,190
19	326.000	Diesel Pumping Equipment	0	0	100.0000	0 R-18	0
20	327.000	Hydraulic Pumping Equipment	0	0	100.0000	0 R-19	0
21	328.000	Other Pumping Equipment	0	0	100.0000	0 R-20	0
22		Total	\$ 336,878	\$ 0		\$ (115,428)	\$ 221,450
Water Treatment Plant							
23	330.000	Land & Land Rights	\$ 0	\$ 0	100.0000	\$ 0 R-21	\$ 0
24	331.000	Structures & Improvements	20,857	0	100.0000	(18,166) R-22	2,691
25	332.000	Water Treatment Equipment	28,579	0	100.0000	(26,064) R-23	2,515
26	333.000	Other	0	0	100.0000	0 R-24	0
27		Total	\$ 49,436	\$ 0		\$ (44,230)	\$ 5,206

TRI-STATES UTILITY, INC.
Case: QW-08-010F
12 MONTHS ENDING DECEMBER 31, 2007

Depreciation Reserve

Line No	Acct	Description	Total Company	Total Co Adjustment	Alloc Factor	Jurisdictional Adjustment	Adjusted Jurisdictional
		(A)	(B)	(C)	(D)	(E)	(F)
Transmission & Distribution Plant							
28	340.000	Land & Land Rights	\$ 0	\$ 0	100.0000	\$ 0 R-25	0
29	341.000	Structures & Improvements	0	0	100.0000	0 R-26	0
30	342.000	Distribution Reservoirs & Standpipe	116,996	0	100.0000	(17) R-27	116,979
31	343.000	Transmission & Distribution Mains	96,592	0	100.0000	(14,011) R-28	82,581
32	344.000	Fire Mains	0	0	100.0000	0 R-29	0
33	345.000	Services	14,131	0	100.0000	3,685 R-30	17,816
34	346.000	Meters	69,731	0	100.0000	(691) R-31	69,040
35	348.000	Hydrants	10,668	0	100.0000	42 R-32	10,710
36	349.000	Other Transmission & Distribution P	0	0	100.0000	0 R-33	0
37		Total	\$ 308,118	\$ 0		\$ (10,992)	\$ 297,126
General Plant							
38	389.000	Land & Land Rights	\$ 0	\$ 0	100.0000	\$ 0 R-34	0
39	390.000	Structures & Improvements	0	0	100.0000	0 R-35	0
40	391.000	Office Furniture & Equipment	3,543	0	100.0000	(699) R-36	2,844
41	391.100	Office Computer Equipment	25,645	0	100.0000	(6,528) R-37	19,117
42	392.000	Transportation Equipment	134,935	0	100.0000	(106,361) R-38	28,574
43	393.000	Stores Equipment	0	0	100.0000	0 R-39	0
44	394.000	Tools, Shop & Garage Equipment	14,532	0	100.0000	(7,918) R-40	6,614
45	395.000	Laboratory Equipment	0	0	100.0000	0 R-41	0
46	396.000	Power Operated Equipment	61,618	0	100.0000	(38,642) R-42	22,976
47	397.000	Communication Equipment	0	0	100.0000	2,051 R-43	2,051
48	398.000	Miscellaneous Equipment	0	0	100.0000	0 R-44	0
49	399.000	Other Tangible Plant	652	0	100.0000	3,069 R-45	3,721
50		Total	\$ 240,925	\$ 0		\$ (155,028)	\$ 85,897

51		Total Depreciation Reserve	\$ 935,357	\$ 0		\$ (325,678)	\$ 609,679

TRI-STATES UTILITY, INC.
 Case: QW-08-010F
 12 MONTHS ENDING DECEMBER 31, 2007

Adjustments to Depreciation Reserve

Adj No Description	Total Co Adjustment	Mo Juris Adjustment

Structures & Improvements	R-5	\$ (5,124)

1. To adjust depreciation reserve to reflect actual months used. (Foster)		\$ (5,124)

Wells & Springs	R-8	\$ (105,258)

1. To adjust depreciation reserve to reflect actual months used. (Foster)		\$ (105,258)

Supply Mains	R-10	\$ 193

1. To adjust depreciation reserve to reflect actual months used. (Foster)		\$ 193

Structures & Improvements - Pumping	R-13	\$ (5,749)

1. To adjust depreciation reserve to reflect actual months used. (Foster)		\$ (5,749)

Electric Pumping Equipment	R-17	\$ 510

1. To adjust depreciation reserve to reflect actual months used. (Foster)		\$ 510

Accounting Schedule: 7-2 Revised

TRI-STATES UTILITY, INC.
 Case: QW-08-010F
 12 MONTHS ENDING DECEMBER 31, 2007

Adjustments to Depreciation Reserve

Adj No Description	Total Co Adjustment	Mo Juris Adjustment

Meters	R-31	\$ (691)

1. To adjust depreciation reserve to reflect actual months used. (Foster)		\$ (691)

Hydrants	R-32	\$ 42

1. To adjust depreciation reserve to reflect actual months used. (Foster)		\$ 42

Office Furniture & Equipment	R-36	\$ (699)

1. To adjust depreciation reserve to reflect actual months used. (Foster)		\$ (699)

Office Computer Equipment	R-37	\$ (6,528)

1. To adjust depreciation reserve to reflect actual months used. (Foster)		\$ (6,528)

Transportation Equipment	R-38	\$ (106,361)

1. To disallow Lincolns, 2003 Expedition and 1993 Ford F150 Truck (both no longer owned), and remove 50% of Ford Explorers for nonregulated business activities. (Foster)		\$ (77,111)

TRI-STATES UTILITY, INC.
Case: QW-08-010F
12 MONTHS ENDING DECEMBER 31, 2007

Adjustments to Depreciation Reserve

Adj No Description	Total Co Adjustment	Mo Juris Adjustment
2. To adjust depreciation reserve to reflect actual months used. (Foster)		\$ (29,250)
***** Tools, Shop & Garage Equipment R-40		\$ (7,918)

1. To adjust depreciation reserve to reflect actual months used. (Foster)		\$ (7,918)
***** Power Operated Equipment R-42		\$ (38,642)

1. To adjust depreciation reserve to reflect actual months used. (Foster)		\$ (38,642)
***** Communication Equipment R-43		\$ 2,051

1. To adjust depreciation reserve to reflect actual months used. (Foster)		\$ 2,051
***** Other Tangible Plant R-45		\$ 3,069

1. To adjust depreciation reserve to reflect actual months used. (Foster)		\$ 3,069

TRI-STATES UTILITY, INC.
Case: QW-08-010F
12 MONTHS ENDING DECEMBER 31, 2007

Cash Working Capital

Line No	Acct Description	Test Year Expenses	Revenue Lag	Expense Lag	Net Lag (C) - (D)	Factor (Col E/365)	CWC Req (B) x (F)
	(A)	(B)	(C)	(D)	(E)	(F)	(G)
	Operation and Maintenance Expense						
1	Cash Vouchers	\$ 691,530	0.0000	0.0000	0.0000	0.000000	\$ 0
2	Total Operation and Maintenance Expense	\$ 691,530					\$ 0
3	Total Taxes	\$ 0					\$ 0
4	Total Cash Working Capital Req						\$ 0

TRI-STATES UTILITY, INC.
Case: QW-08-010F
12 MONTHS ENDING DECEMBER 31, 2007

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	460.000	Unmetered Water Revenue	\$ 0	\$ 0	100.0000	\$ 0 S-1	\$ 0
2	461.100	Metered Sales to Residential Cust	489,643	0	100.0000	13,666 S-2	503,309
3	461.200	Metered Sales to Commercial Cust	366,770	0	100.0000	12,573 S-3	379,343
4	461.300	Metered Sales to Industrial Cust	0	0	100.0000	0 S-4	0
5	461.400	Metered Sales to Public Authorities	0	0	100.0000	0 S-5	0
6	461.500	Metered Sales to Multiple Family Dw	0	0	100.0000	0 S-6	0
7	462.100	Public Fire Protection	0	0	100.0000	0 S-7	0
8	462.200	Private Fire Protection	0	0	100.0000	0 S-8	0
9	464.000	Other Sales to Public Authorities	0	0	100.0000	0 S-9	0
10	465.000	Sales to Irrigation Customers	74,960	0	100.0000	1,771 S-10	76,731
11	466.000	Sales for Resale	0	0	100.0000	0 S-11	0
12	467.000	Interdepartmental Sales	0	0	100.0000	0 S-12	0
13	469.000	Guaranteed Revenues	0	0	100.0000	0 S-13	0
14	470.000	Forfeited Discounts	0	0	100.0000	0 S-14	0
15	471.000	Miscellaneous Service Revenue	130,189	0	100.0000	(107,049) S-15	23,140
16	472.000	Rents from Water Property	0	0	100.0000	0 S-16	0
17	473.000	Interdepartmental Rents	0	0	100.0000	0 S-17	0
18	474.000	Other Water Revenues	5,365	0	100.0000	3,493 S-18	8,858
19		Total	\$ 1,066,927	\$ 0		\$ (75,546)	\$ 991,381
Operation & Maintenance Expense							
20	601.100	Salaries/Wages - Ops & Maintenance	\$ 119,067	\$ 0	100.0000	(3,096) S-19	\$ 115,971
21	601.200	Salaries/Wages - Admin & General	98,356	0	100.0000	(13,820) S-20	84,536
22	603.000	Salaries/Wages - Officers Directors	94,250	0	100.0000	(26,659) S-21	67,591
23	604.000	Employee Pensions and Benefits	8,452	0	100.0000	494 S-22	8,946
24	615.000	Purchased Power	112,066	0	100.0000	(16,402) S-23	95,664
25	618.000	Chemicals	4,913	0	100.0000	(2,178) S-24	2,735
26	619.000	Water Testing Expense	798	0	100.0000	(798) S-25	0
27	620.000	Materials and Supplies	2,318	0	100.0000	0 S-26	2,318
28	625.000	Maintenance of Pumping Plant	14,931	0	100.0000	0 S-27	14,931
29	631.000	Contractual Services - Engineering	1,556	0	100.0000	0 S-28	1,556
30	632.000	Contractual Services - Accounting	19,558	0	100.0000	(9,059) S-29	10,499
31	633.000	Contractual Services - Legal	13,000	0	100.0000	(13,000) S-30	0
32	634.000	Contractual Services - Mgmt Fees	0	0	100.0000	0 S-31	0
33	635.000	Contractual Services - Testing	526	0	100.0000	0 S-32	526
34	636.000	Contractual Services - Other	20,456	0	100.0000	(20,456) S-33	0
35	641.000	Rental of Building/Real Property	96,000	0	100.0000	0 S-34	96,000
36	650.000	Transportation Expenses	19,374	0	100.0000	2,830 S-35	22,204

TRI-STATES UTILITY, INC.
Case: QW-08-010F
12 MONTHS ENDING DECEMBER 31, 2007

Income Statement

Line No	Acct	Description	Total Company	Total Co Adjustment	Alloc Factor	Jurisdictional Adjustment	Adjusted Jurisdictional
	(A)		(B)	(C)	(D)	(E)	(F)
37	656.000	Insurance - Vehicle	3,833	0	100.0000	(1,648) S-36	2,185
38	657.000	Insurance - General Liability	3,003	0	100.0000	550 S-37	3,553
39	658.000	Insurance - Workman's Compensation	5,951	0	100.0000	746 S-38	6,697
40	659.100	Insurance - Life	10,103	0	100.0000	0 S-39	10,103
41	659.200	Insurance - Property	16,828	0	100.0000	1,917 S-40	18,745
42	670.000	Bad Debt Expense	12,388	0	100.0000	183 S-42	12,571
43	672.100	Trans/Distr Exp-Maint Super/Engine	5,000	0	100.0000	(1,800) S-43	3,200
44	672.200	Trans/Distr Exp-Maint of Services	94,167	0	100.0000	(87,311) S-44	6,856
45	672.300	Trans/Distr Exp-Maint of Meters	208	0	100.0000	0 S-45	208
46	672.900	Trans/Distr Exp-Other	2,288	0	100.0000	(264) S-46	2,024
47	675.100	Misc Expenses - Other Rents	2,880	0	100.0000	(84) S-47	2,796
48	675.200	Misc Expenses - Refunds	471	0	100.0000	0 S-48	471
49	675.300	Misc Expenses - Uniforms	2,776	0	100.0000	0 S-49	2,776
50	675.500	Misc Expenses - Maint of Gnrl Plant	9,202	0	100.0000	(2,060) S-50	7,142
51	675.625	Misc Expenses - Sales Tax Short/Lon	612	0	100.0000	0 S-51	612
52	675.650	Misc Expenses - Payroll Taxes	28,236	0	100.0000	(6,056) S-52	22,180
53	675.675	Misc Expenses - Other Taxes	1,166	0	100.0000	0 S-53	1,166
54	675.950	Misc Expenses - Other	0	0	100.0000	0 S-54	0
55	903.000	Customer Records & Collections Exp	7,998	0	100.0000	0 S-55	7,998
56	903.100	Postage	11,962	0	100.0000	266 S-56	12,228
57	921.000	Office Supplies	7,178	0	100.0000	(525) S-57	6,653
58	930.050	Misc Expenses - Donations/Contribut	372	0	100.0000	(372) S-58	0
59	930.100	Misc Expenses - Telephone	7,682	0	100.0000	0 S-59	7,682
60	930.200	Misc Expenses - Penalties	900	0	100.0000	(900) S-60	0
61	930.300	Misc Expenses - Office Utilities	5,675	0	100.0000	(762) S-61	4,913
62	930.400	Misc Expenses - Lunch Mtgs/Meals	533	0	100.0000	(533) S-62	0
63	930.500	Misc Expenses - Sec of State Fees	0	0	100.0000	20 S-63	20
64	930.600	Misc Expenses - Property Taxes	2,200	0	100.0000	(391) S-64	1,809
65	930.900	Misc Expenses - Other A&G Expenses	787	0	100.0000	0 S-65	787
66	930.950	Misc Expenses - Misc Genl Expense	1,510	0	100.0000	608 S-66	2,118
67	928.000	Regulatory Commission Expenses	6,923	0	100.0000	13,637 S-67	20,560
68	Total		\$ 878,453	\$ 0		\$ (186,923)	\$ 691,530
Depreciation Expense							
69	Depreciation Expense		\$ 0	\$ 0	100.0000	\$ 147,573	\$ 147,573
70	Amortization of CIAC		0	0	100.0000	(13,781) S-68	(13,781)
71	Total		\$ 0	\$ 0		\$ 133,792	\$ 133,792

TRI-STATES UTILITY, INC.
Case: QW-08-010F
12 MONTHS ENDING DECEMBER 31, 2007

Income Statement

Line No	Acct	Description	Total Company	Total Co Adjustment	Alloc Factor	Jurisdictional Adjustment	Adjusted Jurisdictional
		(A)	(B)	(C)	(D)	(E)	(F)
72		Other Operating Expenses	\$ 0	\$ 0		\$ 0	\$ 0
73		Total Operating Expenses	\$ 878,453	\$ 0		\$ (53,131)	\$ 825,322
74		Net Income Before Taxes	\$ 188,474	\$ 0		\$ (22,415)	\$ 166,059
Current Income Taxes							
75		Current Income Taxes	\$ 0	\$ 0	100.0000	\$ 0	\$ 0
76		Total	\$ 0	\$ 0		\$ 0	\$ 0
Deferred Income Taxes							
77		Deferred Income Taxes	\$ 0	\$ 0	100.0000	\$ 0	\$ 0
78		Total	\$ 0	\$ 0		\$ 0	\$ 0
79		Total Income Taxes	\$ 0	\$ 0		\$ 0	\$ 0
80		Net Operating Income	\$ 188,474	\$ 0		\$ (22,415)	\$ 166,059

TRI-STATES UTILITY, INC.
Case: QW-08-010F
12 MONTHS ENDING DECEMBER 31, 2007

Adjustments to Income Statement

Adj No Description	Total Co Adjustment	Mo Juris Adjustment

Metered Sales to Residential Cust S-2		\$ 13,666

1. To annualize revenue for customer growth. (Bolin)		\$ 13,666

Metered Sales to Commercial Cust S-3		\$ 12,573

1. To annualize revenue for customer growth. (Bolin)		\$ 12,573

Sales to Irrigation Customers S-10		\$ 1,771

1. To annualize revenue for customer growth. (Bolin)		\$ 1,771

Miscellaneous Service Revenue S-15		\$ (107,049)

1. To remove CIAC fees from revenue. (Bolin)		\$ (99,073)
2. To normalize miscellaneous revenues. (Bolin)		\$ (7,976)

Other Water Revenues S-18		\$ 3,493

1. To normalize miscellaneous revenues. (Bolin)		\$ 3,493

TRI-STATES UTILITY, INC.
Case: QW-08-010F
12 MONTHS ENDING DECEMBER 31, 2007

Adjustments to Income Statement

Adj No Description	Total Co Adjustment	Mo Juris Adjustment

Salaries/Wages - Ops & Maintenance S-19		\$ (3,096)

1. To normalize and annualize payroll. (Harrison)		\$ 1,715
2. To capitalize payroll. (Harrison)		\$ (5,332)
3. To normalize/annualize overtime. (Harrison)		\$ 1,370
4. To remove Christmas bonuses. (Harrison)		\$ (849)

Salaries/Wages - Admin & General S-20		\$ (13,820)

1. To normalize/annualize payroll. (Harrison)		\$ (12,572)
2. To remove nonregulated payroll activities. (Harrison)		\$ (1,308)
3. To capitalize payroll. (Harrison)		\$ (460)
4. To annualize/normalize overtime. (Harrison)		\$ 1,032
5. To remove Christmas bonuses. (Harrison)		\$ (512)

Salaries/Wages - Officers Directors S-21		\$ (26,659)

1. To adjust for nonregulated activities. (Harrison)		\$ (26,659)

TRI-STATES UTILITY, INC.
Case: QW-08-010F
12 MONTHS ENDING DECEMBER 31, 2007

Adjustments to Income Statement

Adj No Description	Total Co Adjustment	Mo Juris Adjustment

Contractual Services - Accounting S-29		\$ (9,059)

1. To adjust for actual 2007 work invoiced less charges not related to current regulated business activities. (Foster)		\$ (9,059)

Contractual Services - Legal S-30		\$ (13,000)

1. To remove legal expenses for nonregulated business activities. (Foster)		\$ (13,000)

Contractual Services - Other S-33		\$ (20,456)

1. To remove legal expenses for nonregulated business activities and unsubstantiated invoices. (Foster)		\$ (20,456)

Transportation Expenses S-35		\$ 2,830

1. To disallow Lincoln Town Car expenses and remove 50% of Ford Explorer expenses for nonregulated business activities. To add in mileage for Lincoln Town Car and adjust in a misapplied transaction from 672.900. (Foster)		\$ 2,830

TRI-STATES UTILITY, INC.
Case: QW-08-010F
12 MONTHS ENDING DECEMBER 31, 2007

Adjustments to Income Statement

Adj No Description	Total Co Adjustment	Mo Juris Adjustment

Insurance - Vehicle S-36		\$ (1,648)

1. To annualize expense at 2007 annual Hawkeye-Security policy amount disallowing coverage for Lincoln Town Car and removing 50% coverage of Ford Explorer for nonregulated business activities. (Foster)		\$ (1,648)

Insurance - General Liability S-37		\$ 550

1. To annualize expense at 2007 annual Hawkeye-Security General Liability insurance rates. (Foster)		\$ 550

Insurance - Workman's Compensation S-38		\$ 746

1. To annualize expense at 2007 annual Hawkeye-Security policy rates. (Foster)		\$ 746

Insurance - Property S-40		\$ 1,917

1. To annualize expense at 2007 annual Hawkeye-Security property insurance rates. (Foster)		\$ 1,917

Bad Debt Expense S-42		\$ 183

1. To normalize uncollectible expenses. (Bolin)		\$ 183

TRI-STATES UTILITY, INC.
Case: QW-08-010F
12 MONTHS ENDING DECEMBER 31, 2007

Adjustments to Income Statement

Adj No Description	Total Co Adjustment	Mo Juris Adjustment

Trans/Distr Exp-Maint Super/Engine S-43		\$ (1,800)

1. To disallow expenses related to new well not yet in service. (Foster)		\$ (1,800)

Trans/Distr Exp-Maint of Services S-44		\$ (87,311)

1. To remove inventory associated with new meters to capitalize. (Harrison)		\$ (87,311)

Trans/Distr Exp-Other S-46		\$ (264)

1. To adjust out a misapplied transaction to 650.000. (Foster)		\$ (264)

Misc Expenses - Other Rents S-47		\$ (84)

1. To adjust out misapplied transactions to 921.000. (Foster)		\$ (84)

Misc Expenses - Maint of Gnrl Plant S-50		\$ (2,060)

1. To adjust out misapplied transactions to 930.300 and disallow trash service charges for personal residence. (Foster)		\$ (304)
2. To adjust out trash service for new meter swap-out to be capitalized. (Foster)		\$ (1,756)

TRI-STATES UTILITY, INC.
Case: QW-08-010F
12 MONTHS ENDING DECEMBER 31, 2007

Adjustments to Income Statement

Adj No Description	Total Co Adjustment	Mo Juris Adjustment

Misc Expenses - Payroll Taxes S-52		\$ (6,056)

1. To annualize/normalize payroll taxes. (Harrison)		\$ (6,056)

Postage S-56		\$ 266

1. To annualize expense by adding May 2007 two cent postage increase for the first four billing months. (Foster)		\$ 266

Office Supplies S-57		\$ (525)

1. To disallow cablevision charges and to apply two misapplied transactions from 675.100. (Foster)		\$ (525)

Misc Expenses - Donations/Contribut S-58		\$ (372)

1. To disallow donation and contribution expenses. (Foster)		\$ (372)

Misc Expenses - Penalties S-60		\$ (900)

1. To disallow penalty charges. (Foster)		\$ (900)

TRI-STATES UTILITY, INC.
Case: QW-08-010F
12 MONTHS ENDING DECEMBER 31, 2007

Adjustments to Income Statement

Adj No Description	Total Co Adjustment	Mo Juris Adjustment

Misc Expenses - Office Utilities S-61		\$ (762)

1. To adjust in a misapplied transaction from 675.500, to adjust out a misapplied transaction to 615.000, to disallow late charges, and to adjust in for prepaid propane not used. (Foster)		\$ (762)

Misc Expenses - Lunch Mtgs/Meals S-62		\$ (533)

1. To disallow expense. (Foster)		\$ (533)

Misc Expenses - Sec of State Fees S-63		\$ 20

1. To allow for company's annual filing from 928.000. (Foster)		\$ 20

Misc Expenses - Property Taxes S-64		\$ (391)

1. To annualize by disallowing Lincoln Town Car expenses and removing 50% of Ford Explorer expenses for nonregulated business activities. (Foster)		\$ (391)

Misc Expenses - Misc Genl Expense S-66		\$ 608

1. To adjust in misapplied transaction from 928.000. (Foster)		\$ 422
2. To adjust for customer deposit interest. (Bolin)		\$ 186

TRI-STATES UTILITY, INC.
Case: QW-08-010F
12 MONTHS ENDING DECEMBER 31, 2007

Adjustments to Income Statement

Adj No Description	Total Co Adjustment	Mo Juris Adjustment

Regulatory Commission Expenses S-67		\$ 13,637

1. To annualize expense by replacing first half year's assessments with FY 2008 rates, removing Secretary of State renewals for nonregulated businesses, and to adjust out misapplied transactions to 930.500 and 930.950. (Foster)		\$ 360
2. To normalize three-year amortized rate case expense. (Harrison)		\$ 13,277

Amortization of CIAC S-68		\$ (13,781)

1. To adjust test year CIAC amortization expense. (Foster)		\$ (13,781)

TRI-STATES UTILITY, INC.
Case: QW-08-010F
12 MONTHS ENDING DECEMBER 31, 2007

Income Tax

Line	Test Year	8.33% Return	8.34% Return	8.34% Return
(A)	(B)	(C)	(D)	(E)

1	Net Income Before Taxes (Sch 9)	\$ 166,059	\$ 163,680	\$ 163,876

	Add to Net Income Before Taxes			
2	Book Depreciation Expense	\$ 133,792	\$ 133,792	\$ 133,792
		-----	-----	-----
3	Total	\$ 133,792	\$ 133,792	\$ 133,792
	Subtr from Net Income Before Taxes			
4	Interest Expense 8.2100 %	\$ 161,322	\$ 161,322	\$ 161,322
5	Tax Depreciation	169,244	169,244	169,244
		-----	-----	-----
6	Total	\$ 330,566	\$ 330,566	\$ 330,566

7	Net Taxable Income	\$ (30,715)	\$ (33,094)	\$ (32,898)

	Provision for Federal Income Tax			
8	Net Taxable Income	\$ (30,715)	\$ (33,094)	\$ (32,898)
9	Deduct Missouri Income Tax 100.0 %	\$ 0	\$ 0	\$ 0
10	Deduct City Income Tax	0	0	0
11	Federal Taxable Income	(30,715)	(33,094)	(32,898)
		-----	-----	-----
12	Total Federal Tax	\$ 0	\$ 0	\$ 0
	Provision for Missouri Income Tax			
13	Net Taxable Income	\$ (30,715)	\$ (33,094)	\$ (32,898)
14	Deduct Federal Income Tax 50.0 %	\$ 0	\$ 0	\$ 0
15	Deduct City Income Tax	0	0	0
16	Missouri Taxable Income	(30,715)	(33,094)	(32,898)
		-----	-----	-----
17	Total Missouri Tax	\$ 0	\$ 0	\$ 0

TRI-STATES UTILITY, INC.
Case: QW-08-010F
12 MONTHS ENDING DECEMBER 31, 2007

Income Tax

Line	Test Year	8.33% Return	8.34% Return	8.34% Return
(A)	(B)	(C)	(D)	(E)
Provision for City Income Tax				
18 Net Taxable Income	\$ (30,715)	\$ (33,094)	\$ (32,898)	\$ (32,898)
19 Deduct Federal Income Tax	\$ 0	\$ 0	\$ 0	\$ 0
20 Deduct Missouri Income Tax	0	0	0	0
21 City Taxable Income	(30,715)	(33,094)	(32,898)	(32,898)
22 Total City Tax	\$ 0	\$ 0	\$ 0	\$ 0
Summary of Provision for Income Tax				
23 Federal Income Tax	\$ 0	\$ 0	\$ 0	\$ 0
24 Missouri Income Tax	0	0	0	0
25 City Income Tax	0	0	0	0
26 Total	\$ 0	\$ 0	\$ 0	\$ 0
Deferred Income Taxes				
27 Deferred Investment Tax Credit	\$ 0	\$ 0	\$ 0	\$ 0
28 Deferred Repair Allowance	0	0	0	0
29 Deferred Tax Depreciation	0	0	0	0
30 Amort of Deferred Tax Depreciation	0	0	0	0
31 Amort of Repair Allowance	0	0	0	0
32 Amort of Deferred ITC	0	0	0	0
33 Deferred Unbilled	0	0	0	0
34 Total	\$ 0	\$ 0	\$ 0	\$ 0

35 Total Income Tax	\$ 0	\$ 0	\$ 0	\$ 0

Agreement Attachment D

Schedule of Depreciation Rates

Tri-State Water Utility
DEPRECIATION RATES
(WATER)
QW-2008-0010

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	DEPRECIATION RATE	AVERAGE SERVICE LIFE (YEARS)	NET SALVAGE
SOURCE OF SUPPLY				
311	Structures & Improvements	2.5%	40	
312	Collecting & Impounding Reservoirs	2.0%	50	
314	Wells & Springs	2.0%	50	
316	Supply Mains	2.0%	50	
PUMPING PLANT				
321	Structures & Improvements	2.5%	40	
325	Electric Pumping Equipment	10.0%	10	
328	Other Pumping Equipment	4.0%	25	
WATER TREATMENT PLANT				
331	Structures & Improvements	2.5%	40	
332	Water Treatment Equipment	2.9%	35	
TRANSMISSION & DISTRIBUTION				
341	Structures & Improvements	2.5%	40	
342	Distribution Reservoirs & Standpipes	2.5%	40	
343	Transmission & Distribution Mains	2.0%	50	
345	Services	2.5%	40	
346	Meters	10.0%	10	
348	Hydrants	2.0%	50	
GENERAL PLANT				
391	Office Furniture & Equipment	5.0%	20	
391.1	Office Computer Equipment	14.3%	7	
392	Transportation Equipment	13.0%	7	9%
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	

Agreement Attachment E

EMSD Report

REPORT OF CUSTOMER SERVICE AND BUSINESS OPERATIONS REVIEW

Engineering and Management Services Department

Small Company Rate Increase Request

Tracking File No: QW-2008-0010

Tri-States Utility, Inc.

The Engineering and Management Services Department (EMSD) staff initiated a review of the customer service processes, procedures, and practices of Tri-States Utility, Inc (Tri-States Utility or Company) on March 25, 2008. The review was performed in conjunction with a small company rate increase request submitted by Tri-States Utility on January 24, 2008, and given Tracking Number QW-2008-0010. The EMSD staff examined Company tariffs, Annual Reports, Commission complaint and inquiry records, and information provided by the Company in relation to its customer service operations.

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

The objectives of the EMSD staff's review were to document and analyze the management control processes, procedures, and practices used by the Company to ensure adequate customer service is provided. The findings of this review provide the Commission with information regarding the Company's customer service operations. This review also includes recommendations, when appropriate, to improve the quality of service Tri-States Utility, Inc. provides to its customers.

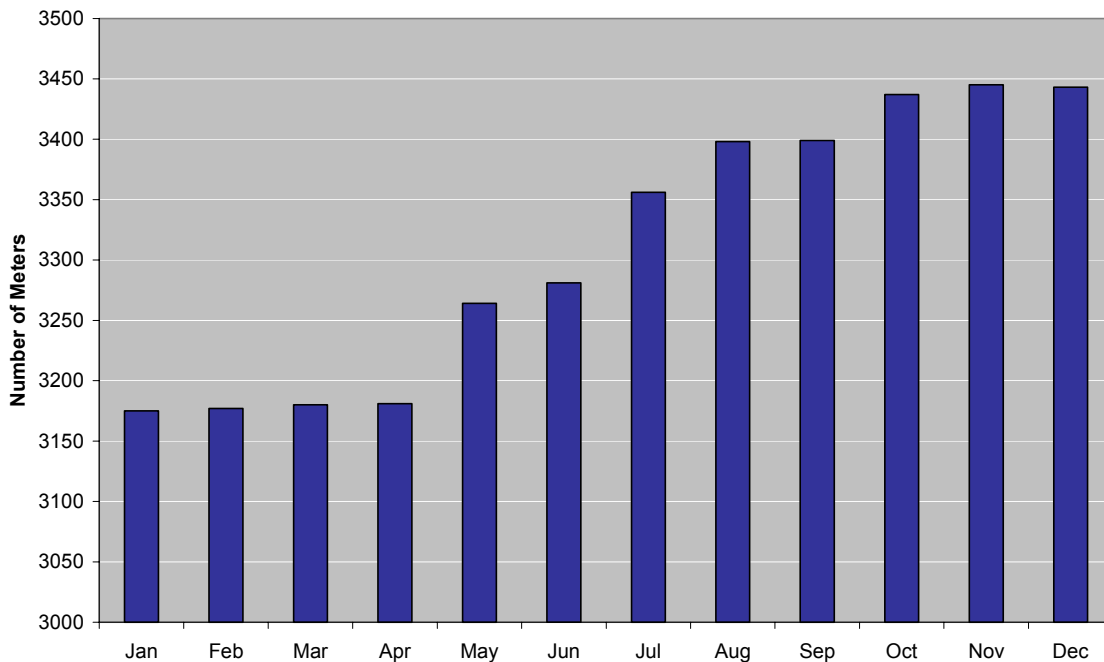
The scope of this review focused on Company policy, procedure and practices related to:

- Administrative
- Customer Billing
- Credit and Collections
- Complaint and Inquiry Handling and Recording
- Record Storage and Security
- Customer Communications and Information

Company Overview

Tri-States Utility serves approximately 3,447 water customers near Branson, Missouri. The Company was founded by a local real-estate developer and has experienced significant growth since beginning services. The Company estimates growth to be 1,100 customers within the next 1-2 years. The following graph shows the increase in number of meters serving customers over the past year.

Number of Meters for Tri States Utility Inc in 2007 by Month



Source: Data Provided by Tri-States Utility Inc.

Tri-States Utility's current system has reached full capacity. The Company is working through the process of constructing another well and had their proposal before the Taney County Planning and Zoning Commission on April 14, 2008. The Company's proposal was granted full approval on April 21, 2008 by the Taney County Planning and Zoning Commission. This project is included in the Company's ten year master plan, as well as several other projects. For the near future, Tri-States Utility will be replacing a well house pump. Some long term projects include replacing one mile of eight inch pipe with twelve inch pipe and replacing fire hydrants.

Administrative

Commission Rule 4 CSR 240-13 pertains to electric, gas, and water utilities. The Company has a copy of the PSC's Chapter 13 Rules.

The Secretary and Treasurer are responsible for the day-to-day operations of the Company. The Company currently has two full-time and one part-time office employees and four full-time field employees. The Company tracks their employee hours with time cards.

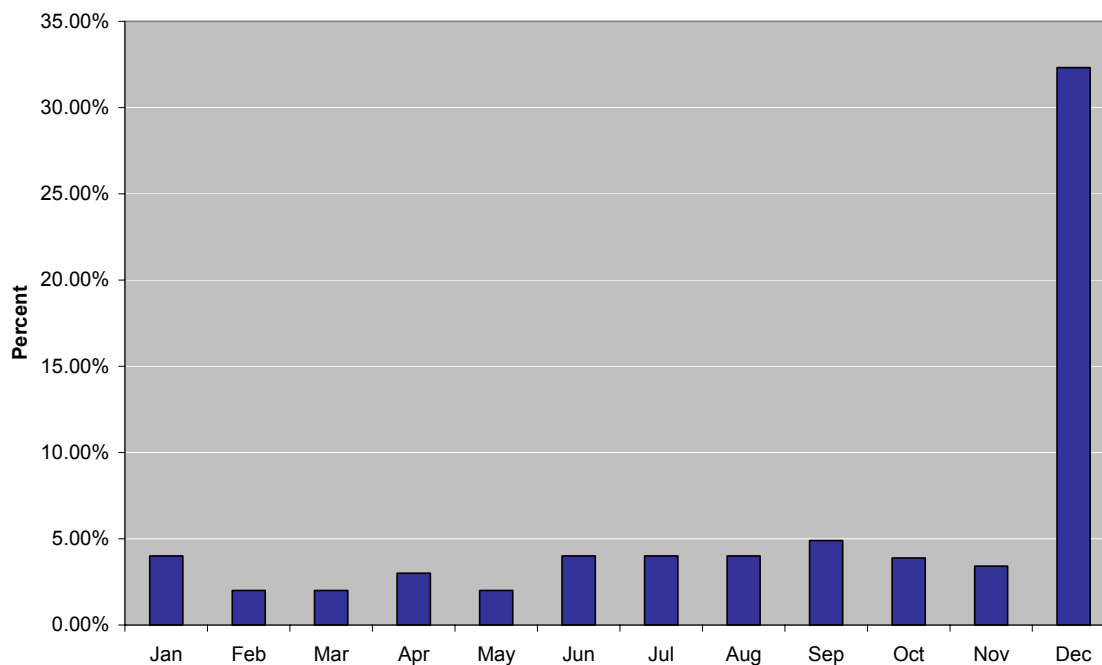
The Company performs water testing every three weeks. Samples were previously taken to Galena, MO for DNR to test; samples are now taken to Skaggs Hospital in Branson for testing. The Company's Superintendent, other field employees and outside contractors perform general maintenance and repair on the system. The Company's Superintendent is certified for operating the water plant and continually receives training and classifications in water operations. Tri-States Utility's other three field employees are not yet eligible to receive certifications due to their current experience levels.

Customer Billing

Tri States Utility requires customer applications from all applicants requesting service, which can be completed via phone. The Company has a brochure summarizing customer rights and responsibilities, rates and payment options.

There are 17 different meter reading routes, in which field employees travel assigned routes to read meters. Meter readings are first recorded on handheld devices and uploaded into the billing system. Office staff checks for abnormally high or low readings and missed readings. Meter readers then re-read missed or inconsistent meter reads. The Company's software notifies users to re-read a meter if a reading is 60% over the average. The Company stated they have experienced inaccurate meter readings and the software has sufficiently identified these problems. The following graph displays the percentage of meters re-read by Tri-States Utility for 2007.

Percentage of Meters Re-read by Month for 2007



Source: Data Provided by Tri-States Utility Inc.

The preceding graph shows the Company experienced a significant increase in the level of meter re-reads in December 2007. The Company explained that this increase was due to; implementation of radio transmitters for reading meters, weather and a water line break. December 2007 was the first month the Company utilized radio transmitters for reading meters. The Company found it necessary to conduct several re-reads to ensure new procedures and equipment were providing accurate meter reads. The Company experienced snow and ice during the week scheduled to read meters in December, which increased the number of estimated meters. The Company also experienced a line break during the read week and explained that line breaks take precedent over other tasks. The Company explained that these three factors were the cause for an increase in the percent of meter re-reads for December 2007.

The Company explained that they do everything possible to avoid estimating meters. Only four meters were estimated in 2007. Meter reading typically requires five days to complete, although it can take up to eight days.

All functions of the Company's monthly billing are completed in-house. The Company performs a pre-billing edit before printing bills. Past due bills are printed first, followed by all other bills. The printed bills are then bundled, placed in first class envelopes and taken to the post office for mailing. The Company mails the bills no later than the first working day of the following month.

The Company started using Softwater billing software. This software was purchased from a vendor in Mountain Home, Arkansas in 2005. There are several other water companies that utilize Softwater located reasonably close to Tri States Utility. In the event of equipment failure, the Company would have the ability to print bills in Mountain Home or another nearby water Company utilizing Softwater in which both Companies have an agreement for assistance.

The Company stated customers are billed every month and that there has not been an indication of customers experiencing extended billing periods. The Company did state that there have been a small number of instances in the past, where new construction had connected service without Company knowledge. The Company stated that field staff has been in closer contact with developers to address this issue.

Credit and Collections

Customers can pay through the mail and by walk-in or drop box. Payments are not collected in the field. The Company notifies customers of payment options through their brochure. Customers can pay in person, drop box or via mail by cash or check. The Company estimates that about 25-30% of customers pay by walk-in or drop box. Of the customers that pay via mail, 20-25% is estimated to pay with electronic check through their bank. The number of people paying with electronic check is increasing. These types of payments increase workload because a stub must be created for these payments, which may include multiple accounts. The Company is then required to determine the appropriate account or accounts to apply the payment to. When electronic checks come to the Company, more work is currently required to determine the accounts to apply the payment to.

The Company stated that most payments received by 1:00pm are typically processed and recorded by 4:00pm on the day payment is received. Payments are

processed and recorded by the end of the following day during times of high volume. Customer payments are determined to be posted correctly by comparing amounts on two different reports. One report is compared to the petty cash journal daily.

The Company requires a small number of deposits from residential customers that have bad credit or poor payment history from previous service with Tri-States Utility. The Company stated there is a significant amount of transient residents that move through the area. They also stated that a deposit for all new customers may help with the impacts of transient populations. A significant number of deposits are collected from commercial customers. Deposit amounts for commercial customers are typically \$500. The Company stated that deposits are refunded when accounts are final billed. Refunds are either distributed by check or applied to the customer's account.

The Company has recently begun accepting surety bonds from commercial customers instead of a monetary deposit. The customer pays a fee to purchase the bond. Surety bonds cost less than a deposit and the Company still has the ability to collect the full amount of the bond if the customer discontinues service with an amount due. Although the Company has a reconnect fee due to delinquent disconnection, the Company does not utilize a late charge per month.

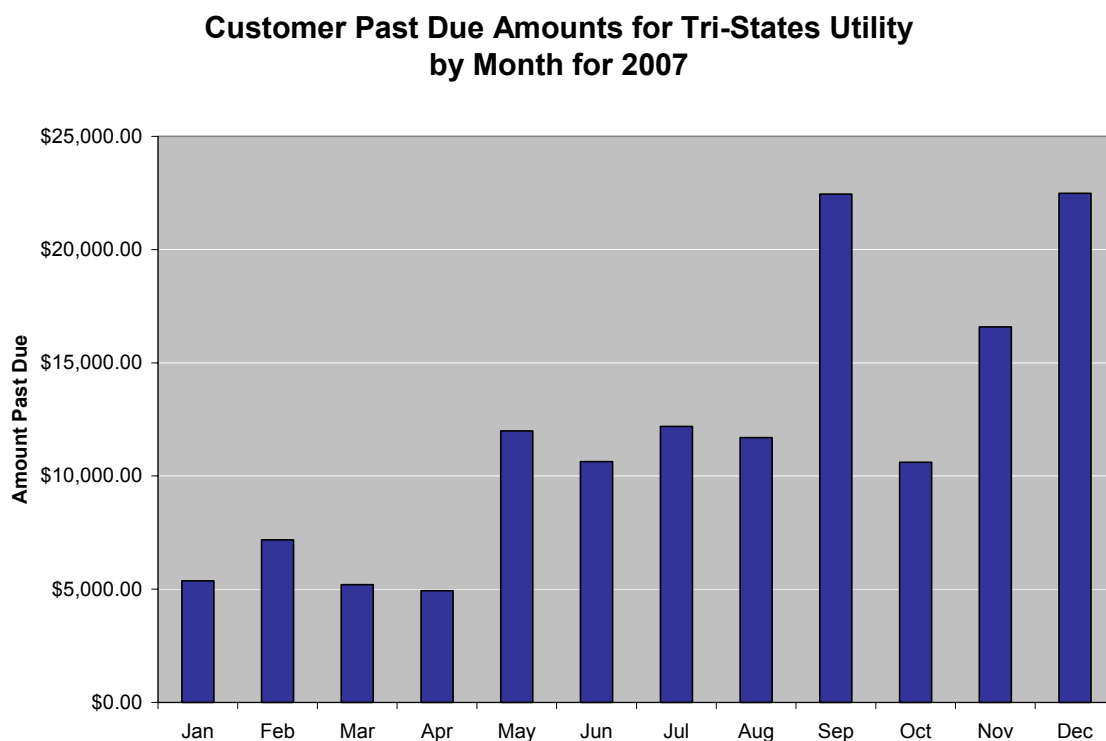
The Company stated they normally receive seven to eight bad checks from customers each month. A blue note or door hanger is delivered to customers that have written a bad check. The door hanger informs the customer they have five days to pay their bill and \$25 fee will be charged to them, or their service will be disconnected. The \$25 fee is currently not in the Company's tariff. The Company is working to have this fee included in their tariff. Customers with more than two returned checks are required to pay their bills in cash.

Disconnect notices are prepared 96 hours after the delinquent date and a 24 hour door hanger notice is provided prior to disconnection. The notices are prepared by Company office staff, typically on Wednesdays and disconnects are normally performed on Thursdays by field staff. Customers are generally reconnected the day of payment, unless payment is received late in the day. In agreement with Company tariffs, Tri-States Utility charges a \$15 reconnect fee.

Diversion and unauthorized service have not been a major problem since the Company has installed meter pit locking lids and required renters to provide a lease to assist in minimizing unauthorized connection. The Company has never denied service; however it does charge deposits as needed.

The Company does not utilize a phone service to notify customers of possible disconnection. In the case of non-payment, 96-hour notices are mailed to customers ten working days after bill rendition. The Company stated that it is rare for customers to be delinquent beyond 60 days.

The Company has evaluated utilizing a collection agency and has determined it to be too costly. The Company stated that their yearly uncollectible debts or write-offs average approximately \$12,000 per year. The following graph displays the past due amounts per month for the Company in 2007.



Source: Data Provided by Tri-States Utility Inc.

The preceding chart shows a trend of an increasing amount of customer arrears in 2007. The total amount of account balances for customers in arrears for 2007 was \$141,324.55.

Complaint and Inquiry Handling and Recording

All office employees have the capability to handle customer calls. Requests for new service and service disconnects are taken via phone. The employee completes a new service application and asks the customer to remit the \$15 connection fee. The Company's business hours are from 8:00 am – 4:30 pm Monday-Friday. A staff member takes after-hour and weekend calls on an alternate line. Company contact numbers are provided on the customer's bill. A file is kept for customer calls that result in the generation of a service order; however, a log is not kept of every customer complaint or inquiry.

Record Storage and Security

The Company's paper records are stored in a separate room at the Company. These records are also stored on a server and backed up daily on DVD and an external hard drive. The external hard drives are carried off-site each evening for data security. There is also off-site storage of data sent electronically every day to Mountain Home.

Customer Communication and Information

The Company utilizes printed messages on bills for communication to customers and letters are occasionally used. Letters are also mailed to specific customers for particular situations. The Company rarely holds public meetings, but has held one to provide general information to customers. The Company does not have any specific social assistance programs that are utilized; however, Christian Action Ministries has provided assistance to customers.

Findings, Conclusions and Recommendations

The following discussion contains findings, conclusions and recommendations pertaining to Tri-States Utility customer service operations. This section focuses on three areas that warrant Company management attention:

- Customer Billing
- Credit and Collections
- Complaint and Inquiry Handling and Recording

Customer Billing

The Company's business hours are not noted on the one page informational sheet provided to new customers. It would be beneficial for customers to be informed of office hours if they would prefer to make payments or speak to a customer service representative face-to-face.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Provide the Company's business hours on the Company information sheet provided to customers.

Credit and Collections

The Company has not adequately addressed the increased workload due to electronic check payments. These payments create a significant amount of confusion and extra work, due to the Company's inability to determine the proper account(s) the electronic check should be applied to. Customers utilizing the electronic check payment option are increasing. Increased workloads on staff can increase costs to the Company and to other customers. The Company should take steps to minimize the challenges associated with customers utilizing electronic checks.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Implement procedures to increase efficiency in processing payments received by electronic check.

The Company's rising customer arrearages may make the use of outside collection agencies cost effective in the future. The Company stated they average \$12,000 in yearly write-offs for uncollected debts. The total amount of account balances for customers in arrears for 2005, 2006 and 2007 has been \$185,850.64, \$216,267.72 and \$141,324.55 respectively. The Company does not currently utilize a collection agency. An increasing amount of uncollectible debts can potentially lead to a higher cost of service to the Company and customers. The Company should periodically review efforts to reduce uncollected payments.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Conduct a periodic analysis to determine if it is cost-effective to use a collection agency to reduce the amount of uncollected customer payments.

Complaint and Inquiry Handling and Recording

The Company does not maintain a log specific to customer inquiries and complaints. This is a violation of Commission Rules 4 CSR 240-13.040(5) and (6), which state:

- (5) A utility shall maintain records on its customers for at least two (2) years which contain information concerning:
- (B) The number and general description of complaints registered with the utility;
- (6) The utility shall submit to the commission, upon request, a written summary of the information required by section (5) of this rule.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT

Implement procedures that ensures all customer inquiries and complaints are tracked by staff according to Commission Rule 4 CSR 240-13.040(5).