

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

In the Matter of Hickory Hills Water &  
Sewer Co., Inc. Small Company Rate  
Increase

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)  
)

Case No. WR-2009-0151

**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:

1. On October 23, 2008, the Missouri Public Service Commission (the Commission) received a Rate Increase Request Letter (Request Letter) from Hickory Hills Water & Sewer Co., Inc. (Hickory Hills or the Company).

2. In its Request Letter, Hickory Hills requested the Commission authorize a 100% increase in its annual operating revenues pursuant to Commission Rule 4 CSR 240-3.050.

3. Upon completion of its investigation of the Company's request, Staff provided Hickory Hills and the Office of the Public Counsel (OPC) with various information, as well as its initial recommendations for the resolution of the revenue increase request.

4. Pursuant to negotiations conducted after the receipt by the Company and OPC of the above-referenced information and recommendations, Staff and Hickory Hills were able to reach an agreement (Disposition Agreement) regarding the resolution of the Company's rate increase request.

5. Included in Appendix A, attached hereto, is a copy of the above-referenced Disposition Agreement, as well as various attachments related to the Disposition Agreement. Additionally, Appendix A contains affidavits from Staff members that participated in the investigation of the Company's Request.

6. Pursuant to Rule 4 CSR 240-3.050, governing disposition agreements executed between Staff and small utility companies utilizing the small utility rate case procedure, Hickory Hills will file tariff sheets seeking to implement the terms of the Disposition Agreement. The tariff sheets will be filed on or before May 26, 2009, and as required will bear the minimum 45-day effective date of July 10, 2009.

7. Hickory Hills has no delinquent annual reports. The Company is delinquent in the payment of its Commission assessment fee for the fiscal year 2007. The Company currently has one additional case pending before the Commission, Case No. SR-2009-0154, related to a small sewer company rate increase request.

**WHEREFORE**, Staff respectfully submits this Agreement Notice and the attached Appendix for the Commission's information and consideration in this case and requests that the Commission enter an Order adopting the terms agreed upon by Staff and the Company.

Respectfully submitted,

**/s/ Eric Dearmont**

Eric Dearmont  
Assistant General Counsel  
Missouri Bar No. 60892

Attorney for the Staff of the  
Missouri Public Service Commission  
P. O. Box 360  
Jefferson City, MO 65102  
(573) 751-5472 (Telephone)  
(573) 751-9285 (Fax)  
[eric.dearmont@psc.mo.gov](mailto:eric.dearmont@psc.mo.gov)

### **Certificate of Service**

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 20th day of May, 2009.

**/s/ Eric Dearmont**

# APPENDIX A

## STAFF PARTICIPANT AFFIDAVITS AND DISPOSITION AGREEMENT & ATTACHMENTS

CASE NO. WR-2009-0151

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.

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## Staff Participant Affidavits

James M. Russo – Water & Sewer Department

Dana Eaves – Auditing Department

David Williams – Engineering & Management Services Department

Gary Bangert – Engineering & Management Services Department

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

**AFFIDAVIT OF JAMES M. RUSSO**

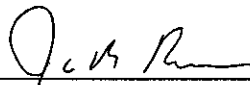
STATE OF MISSOURI     )

) SS

CASE NO. WR-2009-0151

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 *Company/Staff Agreement Regarding Disposition of Small Water Company Revenue Increase Request ("Disposition Agreement")*; (4) that he was responsible for the preparation of Attachments A, B, D, E and H 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 19th day of May, 2009.

  
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 DANA E. EAVES**

STATE OF MISSOURI

ss.

COUNTY OF COLE

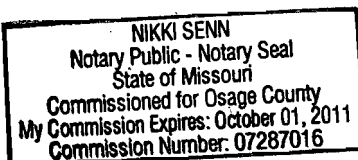
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Case No. WR-2009-0151

**COMES NOW** Dana E. Eaves, being of lawful age, and on his oath states the following: (1) that he is an Utility Regulatory Auditor III in the Missouri Public Service Commission's Auditing 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 following *Company/Staff Agreement Regarding Disposition of Small Water Company Revenue Increase Request* ("Disposition Agreement"); (4) that he was responsible for the preparation of Attachment C to the Disposition Agreement; (5) that he 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 his knowledge, information, and belief.



Dana E. Eaves  
Utility Regulatory Auditor III  
Auditing Department

Subscribed and sworn to before me this 18<sup>th</sup> day of May, 2009.



  
Notary Public

**BEFORE THE PUBLIC SERVICE COMMISSION**

**OF THE STATE OF MISSOURI**

**AFFIDAVIT OF DAVID WILLIAMS**

STATE OF MISSOURI

ss.

COUNTY OF COLE

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)  
)

Case No. WR-2009-0151

**COMES NOW** David Williams, being of lawful age, and on his oath states the following: (1) that he is a(n) Utility Engineer Specialist II in the Missouri Public Service Commission's Engineering & 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 *Company/Staff Agreement Regarding Disposition of Small Water Company Revenue Increase Request* ("Disposition Agreement"); (4) that he was responsible for the preparation of Attachment F to the Disposition Agreement; (5) that he has knowledge of the matters set forth in Attachment F to the Disposition Agreement; and (6) that the matters set forth in Attachment F to the Disposition Agreement are true and correct to the best of his knowledge, information, and belief.

*David Williams*

David Williams

Utility Engineer Specialist II  
Engineering & Management  
Services Department

Subscribed and sworn to before me this 19<sup>th</sup> day of May, 2009.

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

*Nikki Senn*

Notary Public



**BEFORE THE PUBLIC SERVICE COMMISSION**  
**OF THE STATE OF MISSOURI**  
**AFFIDAVIT OF GARY R. BANGERT**

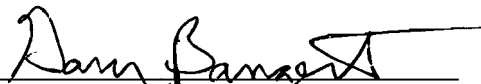
STATE OF MISSOURI

ss.

COUNTY OF COLE

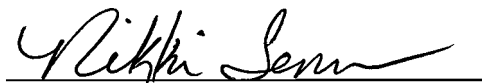
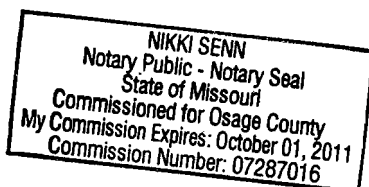
)  
) Case No. WR-2009-0151  
)  
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**COMES NOW** Gary R. Bangert, being of lawful age, and on his oath states the following: (1) that he is a(n) Utility Management Analyst III in the Missouri Public Service Commission's Engineering & Management Services 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 *Company/Staff Agreement Regarding Disposition of Small Water Company Revenue Increase Request* ("Disposition Agreement"); (4) that he was responsible for the preparation of Attachment G to the Disposition Agreement; (5) that he has knowledge of the matters set forth in Attachment G to the Disposition Agreement; and (6) that the matters set forth in Attachment G to the Disposition Agreement are true and correct to the best of his knowledge, information, and belief.



Gary R. Bangert  
Utility Management Analyst III  
Engineering & Management  
Services Department

Subscribed and sworn to before me this 18<sup>th</sup> day of May, 2009.

  
Notary Public

# Company/Staff Disposition Agreement

**COMPANY/STAFF AGREEMENT REGARDING DISPOSITION  
OF SMALL WATER COMPANY REVENUE INCREASE REQUEST**

**HICKORY HILLS WATER & SEWER COMPANY, INC.**

**MO PSC CASE NO WR-2009-0151**

**BACKGROUND**

Hickory Hills Water & Sewer Company, 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") Case Number by submitting a letter to the Secretary of the Commission in accordance with the provisions of Commission Rule 4 CSR 240-3.050, Small Utility Rate Case Procedure ("Small Company Procedure"). In its request letter, which was received by the Commission on October 23, 2008, the Company set forth its request for an increase of 100% in its total annual water service operating revenues. In its request letter, the Company also acknowledged that the design of its customer rates, its service charges, its customer service practices, its general business practices and its 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 fifty (50) residential customers.

Pursuant to the provisions of the Small Company Procedure and related internal operating procedures, 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 Staff's "investigation" of the Company's Request.)

Upon completion of its investigation of the Company's Request, Staff provided the Company and the Office of the Public Counsel ("OPC") with various information regarding the results of the investigation, as well as Staff's initial recommendations for the resolution of the Company's Request.

## **RESOLUTION OF THE COMPANY'S RATE INCREASE REQUEST**

Pursuant to negotiations held subsequent to the Company's and OPC's receipt of the above-referenced information regarding Staff's investigation of the Company's Request, Staff and the Company 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 rates, charges and language set out in the example tariff sheet attached hereto as Attachment A, with those proposed tariff revisions bearing an effective date of July 10, 2009.
- (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 annualized operating revenue increase of \$10,350 needed to recover the Company's cost of service.
- (3) That the audit workpapers attached hereto as Attachment C, which include consideration of a capital structure of 51% equity for the Company and a return on that equity of 10.47%, 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 rates set out in the attached example tariff sheet, the development of which is shown on the rate design worksheet attached hereto as Attachment D, are designed to generate revenues sufficient to recover the agreed-upon total annualized cost of service for the Company.
- (5) That the rates included in the attached example tariff sheet will result in the residential customer impacts shown on the billing comparison worksheet attached hereto as Attachment E.
- (6) That the rates included in the attached example tariff sheet are just and reasonable, and that the provisions of the attached example tariff sheet also properly reflect all other agreements set out herein, where necessary.
- (7) That the schedule of depreciation rates attached hereto as Attachment F, which includes the depreciation rates used by Staff in its revenue requirement analysis, should be the prescribed schedule of water plant depreciation rates for the Company.
- (8) The Company will maintain all of its financial records in accordance with the Commission's Uniform System of Accounts ("USOA").
- (9) Within thirty (30) days of the effective date of an order approving this Company/Staff Disposition Agreement, the Company will implement the

recommendations contained in the Engineering & Management Services Department (“EMSD”) Report. These recommendations include the following

- a. Develop and distribute to all current and future customers written information specifying the rights and responsibilities of the Company and its customers.
- b. Change the procedure and the note appearing on customer’s bills in order to ensure that customers are provided at least twenty-one (21) days from the date bills are mailed to make payment before bills are considered past due.
- c. Require a signed customer application prior to service being provided by the Company as provided in its tariff. The Company’s customer application shall include the date, the customer’s signature, and a statement indicating that the customer agrees to abide by the Company’s rates, rules and regulations, and applicable state statutes.
- d. Implement a procedure to charge delinquent paying accounts the late payment charge of \$3.00 per month, not to exceed three (3) months or \$9.00 per customer. The procedure shall adhere to the Company’s tariff Sheet No. 5.
- e. Correct the notice of discontinuance of service to include the cost for reconnection, the date on or after which service will be discontinued and the possibility of a settlement agreement. The notice of discontinuance of service shall adhere to Commission Rule 4 CSR 240-13.050(4).
- f. Develop and implement a process to ensure all customer complaints received by Company personnel are documented and maintained for at least two (2) years. Documentation shall include the customer name, address, nature of the complaint, date of occurrence, as well as an explanation of what the Company has done to address the complaint.

(10) Within six (6) months of the effective date of an order approving this Company/Staff Disposition Agreement, the Company will implement the recommendations contained in the Engineering & Management Services Department (“EMSD”) Report. These recommendations include the following:

- a. Review all oral agreements with all outside individuals providing services to or on behalf of the Company and obtain signed contracts specifying the terms of these agreements.
- b. Develop a customer billing statement that itemizes all authorized charges, including previous balances due.

- c. Establish and implement a policy regarding the collection of delinquent accounts and consistently apply the policy to all customers.
- d. Store all customer payments and other important business documents in a lockable, fireproof cabinet.

(11) The Company will mail its customers a written notice of the rates and charges included in its proposed tariff revisions within fifteen (15) days or during its next billing cycle after the issuance of the Commission Order approving the terms of this Company/Staff Disposition Agreement. The notice will include a summary of the impact of the proposed rates on an average residential customer's bill. When the Company mails the notice to its customers, it will also send a copy to Staff Case Coordinator who will file a copy in the subject case file.

(12) That Staff will conduct follow-up reviews of the Company's operations to ensure that the Company has complied with the provisions of this Company/Staff Disposition Agreement.

(13) That Staff may file a formal complaint against the Company, if the Company does not comply with the provisions of this Company/Staff Disposition Agreement.

(14) That the Company agrees that it has read the foregoing Company/Staff Agreement Regarding Disposition of Small Water Company Revenue Increase Request; that upon the Company's best knowledge and belief the facts stated therein are true; that the foregoing conditions accurately reflect the agreement reached between the Company and Staff; and that the Company freely and voluntarily enters into this agreement.

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

#### **ADDITIONAL MATTERS**

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

The Company has filed the annual report for the 2008 calendar year. The Company is delinquent on the Missouri Public Service Commission Assessment Fees ("Assessment") for fiscal year 2007. The Receiver paid the Assessment for fiscal year 2008 and has been making payments for fiscal year 2009.

The Company and 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 because the initial customer notice did not meet the requirements of 4 CSR 240-3.050 (7). A copy of the extension agreement can be found in the EFIS docket in this case.


Staff has completed a Summary of Case Events and has included that summary as Attachment H to this Company/Staff Disposition Agreement.

The Company acknowledges that Staff will be filing this Company/Staff Disposition Agreement and the attachments hereto, in the existing case after the Company files the proposed tariff revisions mandated by this agreement. The Company also acknowledges that Staff may make other filings in this case.

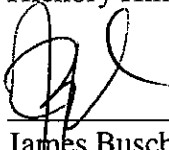
**EFFECTIVE DATE AND SIGNATURES**

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:

  
\_\_\_\_\_  
Gary V. Cover  
Receiver  
Hickory Hills Water & Sewer Company, Inc.

5-14-09  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
James Busch  
Manager  
Water & Sewer Department  
Missouri Public Service Commission Staff

5-19-09  
\_\_\_\_\_  
Date

**List of Attachments**

- Attachment A – Example Tariff Sheets
- Attachment B – Ratemaking Income Statement
- Attachment C – Audit Workpapers
- Attachment D – Rate Design Worksheet
- Attachment E – Billing Comparison Worksheet
- Attachment F – Schedule of Depreciation Rates
- Attachment G – EMSD Report
- Attachment H – Summary of Events



## Agreement Attachment A

### Example Tariff Sheets

Hickory Hills Water & Sewer Company  
Name of Issuing Company

For: Hickory Hills Estates & Temple Terrace  
Certificated Service Area

**Rules & Regulations Governing  
the Rendering of Water Service**

**SCHEDULE OF RATES**

Availability

Any metered customer located in the Company's service territory

Water Service Rates

|                         |                          |   |
|-------------------------|--------------------------|---|
| Monthly Customer Charge | \$20.92 per month        | + |
| Usage Charge            | \$4.15 per 1,000 gallons | + |

Public fire hydrant will be installed by the Company at the option of the Company within the certified area.

Taxes

Any applicable Federal, State or local taxes computed on a billing basis shall be added as separate items in rendering each bill

\* Indicates New Rate or Text

+ Indicates Changed Rate or Text

Issue Date: May 26, 2009  
Month/Day/Year

Effective Date: July 10, 2009  
Month/Day/Year

Issued By: Gary V. Cover, Receiver  
Name & Title of Issuing Officer

\_\_\_\_\_  
Company Mailing Address

Hickory Hills Water & Sewer Company  
Name of Issuing Company

For: Hickory Hills Estates & Temple Terrace  
Moniteau County, Missouri  
Community, Town or City

### **Rules Governing the Rendering of Water Service**

#### **SCHEDULE OF SERVICE CHARGES**

Discontinuance of Service for Non-Payment of Bill:

|                             |         |
|-----------------------------|---------|
| Reconnection turn-on charge | \$15.00 |
|-----------------------------|---------|

Disconnection of Service at Customers Request:

Temporary Disconnection:

|                 |         |
|-----------------|---------|
| Turn-off Charge | \$10.00 |
| Turn-on Charge  | \$ 5.00 |

Service Connection Fees:

| <u>Size of Connection</u> | <u>Charge</u> |
|---------------------------|---------------|
| 3/4" & 1"                 | \$100         |
| 2"                        | \$240         |
| 3" & 4"                   | \$360         |
| 6" and larger             | \$800         |

Late Payment Charge:

Billing 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 the payment is considered delinquent is 21 days after rendition of the bill. For any bill not paid within the period stated thereon, a late charge in the amount of \$3.00 per month, not to exceed three months or \$9.00 per customer, shall be added to the total amount due plus all disconnection and reconnection costs, collection costs and reasonable attorney's fees for collection.

Returned Check Charge:

+

A bad check charge of \$25 per check will be paid on all checks returned from the bank for insufficient funds.

\* Indicates New Rate or Text

+ Indicates Change

Issue Date: May 26, 2009  
Month/Day/Year

Effective Date: July 10, 2009  
Month/Day/Year

Issued By: Gary V. Cover  
Name & Title of Issuing Officer

\_\_\_\_\_  
Company Mailing Address

## Agreement Attachment B

### Ratemaking Income Statement

# HICKORY HILLS WATER & SEWER

## Rate Making Income Statement-Water

### Operating Revenues at Current Rates

|   |  |                  |
|---|--|------------------|
| 1 | Tariffed Rate Revenues *                     | \$ 14,879        |
| 2 | Other Operating Revenues *                   | \$ -             |
| 3 | <b>Total Operating Revenues</b>              | <b>\$ 14,879</b> |
| 4 | * See "Revenues - Current Rates" for Details |                  |

### Cost of Service

| Item  | Amount           |
|---|------------------|
| 1 Pumping Equipment-Purchased Power           | \$ 1,119         |
| 2 Operator Salary-Contract Services           | \$ 9,001         |
| 3 Outside Services                            | \$ 6             |
| 4 Material & Supplies                         | \$ 25            |
| 5 System Maintenance                          | \$ 34            |
| 6 Repair & Maintenance                        | \$ 406           |
| 7 Mowing Expense                              | \$ 250           |
| 8 Receivership Fees                           | \$ 7,243         |
| 9 Meter Reading                               | \$ 2,100         |
| 10 Billing & Collections                      | \$ 1,500         |
| 11 Accounting Fees                            | \$ 150           |
| 12 Postage Expense                            | \$ 72            |
| 13 Regulatory Commission Expense              | \$ 114           |
| 14 Rate Case Expense                          | \$ 679           |
| 15 Corporate Registration                     | \$ 39            |
| 16 Miscellaneous General Expenses             | \$ 20            |
| 17 <b>Sub-Total Operating Expenses</b>        | <b>\$ 22,758</b> |
| 18 Property Taxes                             | \$ -             |
| 19 MO Franchise Taxes                         | \$ -             |
| 20 Employer FICA Taxes                        | \$ -             |
| 21 Federal Unemployment Taxes                 | \$ -             |
| 22 State Unemployment Taxes                   | \$ -             |
| 23 State & Federal Income Taxes               | \$ 144           |
| 24 <b>Sub-Total Taxes</b>                     | <b>\$ 144</b>    |
| 25 Depreciation Expense                       | \$ 509           |
| 26 Amortization of Well Repair                | \$ 391           |
| 27 Amortization of Engineering Fees           | \$ 127           |
| 28 Amortization of Unrecovered Depreciation   | \$ 348           |
| 28 Interest Expense                           | \$ 372           |
| 29 <b>Sub-Total Depreciation/Amortization</b> | <b>\$ 1,747</b>  |
| 30 <b>Return on Rate Base</b>                 | <b>\$ 580</b>    |
| 31 <b>Total Cost of Service</b>               | <b>\$ 25,229</b> |
| 32 <b>Overall Revenue Increase Needed</b>     | <b>\$ 10,350</b> |

# Agreement Attachment C

## Audit Workpapers

**Exhibit No.:**  
**Issue:** Accounting Schedules  
**Witness:** Dana E. Eaves  
**Sponsoring Party:** MO PSC Staff  
**Case No:** WR-2009-0151  
**Date Prepared:** 2/5/2009



**MISSOURI PUBLIC SERVICE COMMISSION**

**UTILITY SERVICES DIVISION**

**Reflecting the Retirement of Plant 4/15/2009**

**STAFF ACCOUNTING SCHEDULES**

**HICKORY HILLS WATER & SEWER COMPANY**

**CASE NO. WR-2009-0151**

**Jefferson City, Missouri**

**February 2009**

Hickory Hills Water Sewer Company  
Informal Rate/Certificate Case  
Tracking Number WR-2009-0151  
Test Year Ending 6-30-08 Updated thru 10/31/2008  
Expense Schedule - Water

| A           | B  | C                               | D                    | E           | F                            | G                          |
|-------------|--|---------------------------------|----------------------|-------------|------------------------------|----------------------------|
| Line Number | Account Number<br>(Optional) Expense Description | Company/<br>Test Year<br>Amount | Adjustment<br>Number | Adjustments | Jurisdictional<br>Allocation | Adjusted<br>Jurisdictional |
| 1           | OPERATIONS EXPENSES                              |                                 |                      |             |                              |                            |
| 2           | Management Salary (1)                            | \$0                             |                      |             | 100.00%                      | \$0                        |
| 3           | Operators Salary/Contract Services (1)           | \$13,717                        | W-3                  | \$4,284     | 50.00%                       | \$9,001                    |
| 4           | Electricity-(Pumping)                            | \$1,226                         | W-4                  | -\$107      | 100.00%                      | \$1,119                    |
| 5           | Purchased Power - Propane                        | \$0                             |                      |             | 100.00%                      | \$0                        |
| 6           | Chemicals-(Chlorine)                             | \$0                             |                      |             | 100.00%                      | \$0                        |
| 7           | DNR Lab Fees - Testing Expense                   | \$0                             |                      |             | 100.00%                      | \$0                        |
| 8           | TOTAL OPERATIONS EXPENSE                         | \$14,943                        |                      | \$4,177     |                              | \$10,120                   |
| 9           | MAINTENANCE EXPENSES                             |                                 |                      |             |                              |                            |
| 10          | Outside Services Employed (1)                    | \$12                            |                      |             | 50.00%                       | \$6                        |
| 11          | Material and Supplies                            | \$50                            |                      |             | 50.00%                       | \$25                       |
| 12          | Vehical Expense - Fuel                           | \$0                             |                      |             | 100.00%                      | \$0                        |
| 13          | Misc. Supplies                                   | \$0                             |                      |             | 100.00%                      | \$0                        |
| 14          | System Maintenance                               | \$68                            |                      |             | 50.00%                       | \$34                       |
| 15          | Repair & Maintenance                             | \$812                           |                      |             | 50.00%                       | \$406                      |
| 16          | Repair & Maintenance Other                       | \$0                             |                      |             | 100.00%                      | \$0                        |
| 17          | Meters & Supplies                                | \$0                             |                      |             | 100.00%                      | \$0                        |
| 18          | Mowing Expense                                   | \$1,250                         |                      |             | 20.00%                       | \$250                      |
| 19          | Amortization of Engineering Fees                 | \$0                             | W-19                 | \$127       | 100.00%                      | \$127                      |
| 20          | Misc. Maintenance Expenses                       | \$0                             |                      |             | 100.00%                      | \$0                        |
| 21          | TOTAL MAINTENANCE EXPENSE                        | \$2,192                         |                      | \$127       |                              | \$848                      |
| 22          | CUSTOMER ACCOUNT EXPENSE                         |                                 |                      |             |                              |                            |
| 23          | Meter Reading                                    | \$175                           | W-23                 | \$1,925     | 100.00%                      | \$2,100                    |
| 24          | Accounting Fees                                  | \$0                             | W-24                 | \$300       | 50.00%                       | \$150                      |
| 25          | Legal Fees                                       | \$0                             |                      |             | 100.00%                      | \$0                        |
| 26          | Billing & Collections                            | \$4,094                         | W-26                 | -\$1,094    | 50.00%                       | \$1,500                    |
| 27          | Office Supplies                                  | \$0                             |                      |             | 100.00%                      | \$0                        |
| 28          | Postage  | \$143                           |                      |             | 50.00%                       | \$72                       |
| 29          | Uncollectible Accounts                           | \$0                             |                      |             | 100.00%                      | \$0                        |
| 30          | TOTAL CUSTOMER ACCOUNT EXPENSE                   | \$4,412                         |                      | \$1,131     |                              | \$3,822                    |
| 31          | ADMINISTRATIVE & GENERAL EXPENSES                |                                 |                      |             |                              |                            |
| 32          | Administration & General Salary (1)              | \$0                             |                      |             | 100.00%                      | \$0                        |
| 33          | Office Utilities                                 | \$0                             |                      |             | 100.00%                      | \$0                        |
| 34          | Telephone & Cell Phone                           | \$0                             |                      |             | 100.00%                      | \$0                        |
| 35          | Vehicle Insurance                                | \$0                             |                      |             | 100.00%                      | \$0                        |
| 36          | Vehicle Expense                                  | \$0                             |                      |             | 100.00%                      | \$0                        |
| 37          | Medical Insurance                                | \$0                             |                      |             | 100.00%                      | \$0                        |
| 38          | Property & Liability Insurance                   | \$0                             |                      |             | 100.00%                      | \$0                        |
| 39          | Dues & Donations                                 | \$0                             |                      |             | 100.00%                      | \$0                        |
| 40          | Building Rent                                    | \$0                             |                      |             | 100.00%                      | \$0                        |
| 41          | Rate Case Expense                                | \$0                             | W-41                 | \$679       | 100.00%                      | \$679                      |
| 42          | Training   | \$0                             |                      |             | 100.00%                      | \$0                        |
| 43          | Receivership Fees                                | \$2,500                         | W-43                 | \$11,986    | 50.00%                       | \$7,243                    |
| 44          | Interest Expense                                 | \$0                             |                      |             | 100.00%                      | \$0                        |
| 45          | Loan Payments                                    | \$1,728                         | W-45                 | -\$1,728    | 100.00%                      | \$0                        |
| 46          | Other Misc. Expenses                             | \$40                            |                      |             | 50.00%                       | \$20                       |
| 47          | TOTAL ADMINISTRATIVE AND GENERAL                 | \$4,268                         |                      | \$10,937    |                              | \$7,942                    |
| 48          | OTHER OPERATING EXPENSES                         |                                 |                      |             |                              |                            |
| 49          | MO DNR Fees                                      | \$500                           |                      |             | 0.00%                        | \$0                        |
| 50          | PSC Assessment                                   | \$538                           | W-50                 | -\$424      | 100.00%                      | \$114                      |
| 51          | Corporate Registration                           | \$39                            |                      |             | 100.00%                      | \$39                       |
| 52          | Amortization of Well Repair                      | \$0                             | W-52                 | \$391       | 100.00%                      | \$391                      |
| 53          | Amortization of unrecovered depreciation reserve | \$0                             | W-53                 | \$348       | 100.00%                      | \$348                      |
| 54          | Primacy Fees                                     | \$111                           | W-54                 | -\$111      | 100.00%                      | \$0                        |
| 55          | Depreciation                                     | \$0                             | W-55                 | \$509       | 100.00%                      | \$509                      |



Hickory Hills Water Sewer Company  
Informal Rate/Certificate Case  
Tracking Number WR-2009-0151  
Test Year Ending 6-30-08 Updated thru 10/31/2008  
Expense Schedule - Water

| Line<br>Number | A<br>Account<br>Number<br>(Optional) | B<br>Expense Description       | C<br>Company/<br>Test Year<br>Amount | D<br>Adjustment<br>Number | E<br>Adjustments | F<br>Jurisdictional<br>Allocation | G<br>Adjusted<br>Jurisdictional |
|----------------|--------------------------------------|--------------------------------|--------------------------------------|---------------------------|------------------|-----------------------------------|---------------------------------|
| 56             |                                      | TOTAL OTHER OPERATING EXPENSES | \$1,188                              |                           | \$713            |                                   | \$1,401                         |
| 57             |                                      | TAXES OTHER THAN INCOME        |                                      |                           |                  |                                   |                                 |
| 58             |                                      | Real & Personal Property Taxes | \$0                                  |                           |                  | 100.00%                           | \$0                             |
| 59             |                                      | Payroll Taxes                  | \$0                                  |                           |                  | 100.00%                           | \$0                             |
| 60             |                                      | TOTAL TAXES OTHER THAN INCOME  | \$0                                  |                           | \$0              |                                   | \$0                             |
| 61             |                                      | TOTAL OPERATING EXPENSES       | \$27,003                             |                           | \$17,085         |                                   | \$24,133                        |

Hickory Hills Water Sewer Company  
 Informal Rate/Certificate Case  
 Tracking Number WR-2009-0151  
 Test Year Ending 6-30-08 Updated thru 10/31/2008  
 Expense Adjustment Schedule - Water

| A<br>Expense Adj<br>Number | B<br>Adjustment Description  | C<br>Account<br>Number | D<br>Adjustment<br>Amount | E<br>Total<br>Adjustment |
|----------------------------|--|------------------------|---------------------------|--------------------------|
| W-3                        | Operators Salary/Contract Services (1)   |                        |                           | \$4,284                  |
|                            | To reflect the annualized level of contract operators fees.                            |                        | \$4,284                   |                          |
| W-4                        | Electricity-(Pumping)  |                        |                           | -\$107                   |
|                            | To reflect the annualized level of purchase power expense.                             |                        | -\$107                    |                          |
| W-19                       | Amortization of Engineering Fees   |                        |                           | \$127                    |
|                            | To reflect amortization expense related to engineering fees.                           |                        | \$127                     |                          |
| W-23                       | Meter Reading  |                        |                           | \$1,925                  |
|                            | To reflect annualized level of meter reading expense                                   |                        | \$1,925                   |                          |
| W-24                       | Accounting Fees  |                        |                           | \$300                    |
|                            | To reflect the normalized level of accounting fees for Taylor, Hoskins & Shaw          |                        | \$300                     |                          |
| W-26                       | Billing & Collections  |                        |                           | -\$1,094                 |
|                            | To reflect the annualized level of expense associated with customer billing            |                        | -\$1,094                  |                          |
| W-41                       | Rate Case Expense  |                        |                           | \$679                    |
|                            | To reflect the normalized level of rate case expense.                                  |                        | \$679                     |                          |
| W-43                       | Receivership Fees  |                        |                           | \$11,986                 |
|                            | To reflect a normalized level of receivership fees for fees & expenses for Gary Cover. |                        | \$11,986                  |                          |

Hickory Hills Water Sewer Company  
 Informal Rate/Certificate Case  
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 Test Year Ending 6-30-08 Updated thru 10/31/2008  
 Expense Adjustment Schedule - Water

| <u>A</u><br>Expense Adj<br>Number | <u>B</u><br>Adjustment Description   | <u>C</u><br>Account<br>Number | <u>D</u><br>Adjustment<br>Amount | <u>E</u><br>Total<br>Adjustment |
|-----------------------------------|--|-------------------------------|----------------------------------|---------------------------------|
| W-45                              | Loan Payments  |                               |                                  | -\$1,728                        |
|                                   | To reflect the removal of loan payments associated with Rowles sewer backup damage.  |                               | -\$1,728                         |                                 |
| W-50                              | PSC Assessment   |                               |                                  | -\$424                          |
|                                   | To reflect current fiscal 2009 MOPSC annual assessment for water operations.   |                               | -\$424                           |                                 |
| W-52                              | Amortization of Well Repair  |                               |                                  | \$391                           |
|                                   | To reflect the amortization of well repair expense.  |                               | \$391                            |                                 |
| W-53                              | Amortization of unrecovered depreciation reserve   |                               |                                  | \$348                           |
|                                   | To reflect the amortization of unrecovered depreciation reserve based upon the retirement of damaged pressure tanks on 3/5/2009. |                               | \$348                            |                                 |
| W-54                              | Primacy Fees   |                               |                                  | -\$111                          |
|                                   | To reflect the removal of primacy fees as an expense as it was not reflected as revenue  |                               | -\$111                           |                                 |
| W-55                              | Depreciation   |                               |                                  | \$509                           |
|                                   | 1. To Annualize Depreciation   |                               | \$509                            |                                 |
|                                   | Total Expense Adjustments  |                               |                                  | \$17,085                        |

Hickory Hills Water Sewer Company  
 Informal Rate/Certificate Case  
 Tracking Number WR-2009-0151  
 Test Year Ending 6-30-08 Updated thru 10/31/2008  
 Revenue Schedule - Water

| Line<br>Number | A<br>Account<br>Number<br>(Optional) | B<br>Revenue Description  | C<br>Company/<br>Test Year<br>Amount | D<br>Adjustment<br>Number | E<br>Jurisdictional<br>Adjustments | F<br>Jurisdictional<br>Allocation | G<br>Adjusted<br>Jurisdictional |
|----------------|--------------------------------------|---------------------------|--------------------------------------|---------------------------|------------------------------------|-----------------------------------|---------------------------------|
| Rev-1          |                                      | ANNUALIZED REVENUES       |                                      |                           |                                    |                                   |                                 |
| Rev-2          |                                      | Annualized Rate Revenues  | \$24,027                             | Rev-2                     | -\$9,148                           | 100.00%                           | \$14,879                        |
| Rev-3          |                                      | Miscellaneous Revenues    | \$0                                  | Rev-3                     | \$0                                | 100.00%                           | \$0                             |
| Rev-4          |                                      | TOTAL ANNUALIZED REVENUES | \$24,027                             |                           | -\$9,148                           |                                   | \$14,879                        |

Hickory Hills Water Sewer Company  
 Informal Rate/Certificate Case  
 Tracking Number WR-2009-0151  
 Test Year Ending 6-30-08 Updated thru 10/31/2008  
 Revenue Adjustment Schedule - Water

| <u>A</u>              | <u>B</u>                               | <u>C</u>          | <u>D</u>             | <u>E</u>            |
|-----------------------|--|-------------------|----------------------|---------------------|
| Revenue Adj<br>Number | Adjustment Description                 | Account<br>Number | Adjustment<br>Amount | Total<br>Adjustment |
| Rev-2                 | Annualized Rate Revenues               |                   |                      | -\$9,148            |
|                       | 1. To Annualize Rate Revenues          |                   | -\$9,148             |                     |
| Rev-3                 | Miscellaneous Revenues                 |                   |                      | \$0                 |
|                       | 1. To Annualize Miscellaneous Revenues |                   | \$0                  |                     |
|                       | Description                            |                   | \$0                  |                     |
|                       | Description                            |                   | \$0                  |                     |
|                       | Total Revenue Adjustments              |                   |                      | -\$9,148            |

Hickory Hills Water Sewer Company  
 Informal Rate/Certificate Case  
 Tracking Number WR-2009-0151  
 Test Year Ending 6-30-08 Updated thru 10/31/2008  
 Rate Revenue Feeder Schedule - Water

| Line<br>Number | Description                                    | Total       |                 |
|----------------|--|-------------|-----------------|
|                |  | F<br>Amount | G<br>Amount     |
| 1              | <u>Customer Charge Revenues:</u>               |             |                 |
| 2              | Customer Number                                | 49          |                 |
| 3              | Bills Per Year                                 |             |                 |
| 4              | Customer Bills Per year                        | 588         |                 |
| 5              | Current Customer Charge                        |             |                 |
| 6              | Annualized Customer Charge Revenues            |             | \$7,256         |
| 7              | <u>Commodity Charge Revenues:</u>              |             |                 |
| 8              | Total Gallons Sold                             | 3,111,554   |                 |
| 9              | Less: Base Gallons Included in Customer Charge | 0           |                 |
| 10             | Commodity Gallons                              | 3,111,554   |                 |
| 11             | Block 1, Commodity Gallons per Block           |             |                 |
| 12             | Block 1, Number of Commodity Gallons per Unit  |             |                 |
| 13             | Block 1, Commodity Billing Units               |             |                 |
| 14             | Block 1, Existing Commodity Charge             |             |                 |
| 15             | Block 1, Annualized Commodity Charge Rev.      |             | \$7,623         |
| 16             | <b>Total Annualized Water Rate Revenues</b>    |             | <b>\$14,879</b> |

Commodity Billing Units are based on the number of commodity gallons applicable to each block, divided by the tariff usage rate gallons (e.g. for tariff rate of \$2.50 per 1,000 gallons of usage, the commodity gallons for that rate would be divided by 1,000 to arrive at the number of commodity billing units.

Hickory Hills Water Sewer Company  
Informal Rate/Certificate Case  
Tracking Number WR-2009-0151  
Test Year Ending 6-30-08 Updated thru 10/31/2008  
Rate Revenue Feeder Schedule - Water

| Line<br>Number | A<br>Description                               | Residential<br>5/8" |                 | Commercial<br>2" |             |
|----------------|--|---------------------|-----------------|------------------|-------------|
|                |  | B<br>Amount         | C<br>Amount     | D<br>Amount      | E<br>Amount |
| 1              | <u>Customer Charge Revenues:</u>               |                     |                 |                  |             |
| 2              | Customer Number                                | 49                  |                 | 0                |             |
| 3              | Bills Per Year                                 | 12                  |                 | 0                |             |
| 4              | Customer Bills Per year                        | 588                 |                 | 0                |             |
| 5              | Current Customer Charge                        | \$12.34             |                 | \$0.00           |             |
| 6              | Annualized Customer Charge Revenues            |                     | \$7,256         |                  | \$0         |
| 7              | <u>Commodity Charge Revenues:</u>              |                     |                 |                  |             |
| 8              | Total Gallons Sold                             | 3,111,554           |                 | 0                |             |
| 9              | Less: Base Gallons Included In Customer Charge | 0                   |                 | 0                |             |
| 10             | Commodity Gallons                              | 3,111,554           |                 | 0                |             |
| 11             | Block 1, Commodity Gallons per Block           | 3,111,554           |                 | 0                |             |
| 12             | Block 1, Number of Commodity Gallons per Unit  | 1,000               |                 | 0                |             |
| 13             | Block 1, Commodity Billing Units               | 3,111.55            |                 | 0.00             |             |
| 14             | Block 1, Existing Commodity Charge             | \$2.45              |                 | \$0.00           |             |
| 15             | Block 1, Annualized Commodity Charge Rev.      |                     | \$7,623         |                  | \$0         |
| 16             | <b>Total Annualized Water Rate Revenues</b>    |                     | <b>\$14,879</b> |                  | <b>\$0</b>  |

Commodity Billing Units are based on the number of commodity gallons applicable to each block, divided by the tariff usage rate gallons (e.g. for tariff rate of \$2.50 per 1,000 gallons of usage, the commodity gallons for that rate would be divided by 1,000 to arrive at the number of commodity billing units.

Hickory Hills Water Sewer Company  
Informal Rate/Certificate Case  
Tracking Number WR-2009-0151  
Test Year Ending 6-30-08 Updated thru 10/31/2008  
Miscellaneous Revenues Feeder - Water

| Line<br>Number | A<br>Description | B<br>Amount |
|----------------|------------------|-------------|
|----------------|------------------|-------------|

|   |                              |            |
|---|------------------------------|------------|
| 3 | Total Miscellaneous Revenues | <u>\$0</u> |
|---|------------------------------|------------|



Hickory Hills Water Sewer Company  
 Informal Rate/Certificate Case  
 Tracking Number WR-2009-0151  
 Test Year Ending 6-30-08 Updated thru 10/31/2008  
 Rate Design Schedule - Water

| Line<br>Number | A<br>Description                       | B<br>Account<br>Number<br>(Optional) | C<br>Staff<br>Annualized | D<br>Customer<br>Charge | E<br>Commodity | F<br>Percentage<br>Rate |
|----------------|--|--------------------------------------|--------------------------|-------------------------|----------------|-------------------------|
| Rev-1          | ANNUALIZED REVENUES                    |                                      |                          |                         |                |                         |
| Rev-2          | Annualized Rate Revenues               | (1)                                  | \$14,879                 |                         |                |                         |
| Rev-3          | Miscellaneous Revenues                 | (1)                                  | \$0                      |                         |                |                         |
| Rev-4          | TOTAL ANNUALIZED REVENUES              |                                      | \$14,879                 |                         |                |                         |
| 1              | OPERATIONS EXPENSES                    | (2)                                  |                          |                         |                |                         |
| 2              | Management Salary (1)                  |                                      | \$0                      | \$0                     | \$0            | 0.00%                   |
| 3              | Operators Salary/Contract Services (1) |                                      | \$9,001                  | \$0                     | \$9,001        | 0.00%                   |
| 4              | Electricity-(Pumping)                  |                                      | \$1,119                  | \$0                     | \$1,119        | 0.00%                   |
| 5              | Purchased Power - Propane              |                                      | \$0                      | \$0                     | \$0            | 0.00%                   |
| 6              | Chemicals-(Chlorine)                   |                                      | \$0                      | \$0                     | \$0            | 0.00%                   |
| 7              | DNR Lab Fees - Testing Expense         |                                      | \$0                      | \$0                     | \$0            | 0.00%                   |
| 8              | TOTAL OPERATIONS EXPENSE               |                                      | \$10,120                 | \$0                     | \$10,120       |                         |
| 9              | MAINTENANCE EXPENSES                   |                                      |                          |                         |                |                         |
| 10             | Outside Services Employed (1)          |                                      | \$6                      | \$0                     | \$6            | 0.00%                   |
| 11             | Material and Supplies                  |                                      | \$25                     | \$0                     | \$25           | 0.00%                   |
| 12             | Vehical Expense - Fuel                 |                                      | \$0                      | \$0                     | \$0            | 0.00%                   |
| 13             | Misc. Supplies                         |                                      | \$0                      | \$0                     | \$0            | 0.00%                   |
| 14             | System Maintenance                     |                                      | \$34                     | \$0                     | \$34           | 0.00%                   |
| 15             | Repair & Maintenance                   |                                      | \$406                    | \$0                     | \$406          | 0.00%                   |
| 16             | Repair & Maintenance Other             |                                      | \$0                      | \$0                     | \$0            | 0.00%                   |
| 17             | Meters & Supplies                      |                                      | \$0                      | \$0                     | \$0            | 0.00%                   |
| 18             | Mowing Expense                         |                                      | \$250                    | \$0                     | \$250          | 0.00%                   |
| 19             | Amortization of Engineering Fees       |                                      | \$127                    | \$0                     | \$127          | 0.00%                   |
| 20             | Misc. Maintenance Expenses             |                                      | \$0                      | \$0                     | \$0            | 0.00%                   |
| 21             | TOTAL MAINTENANCE EXPENSE              |                                      | \$848                    | \$0                     | \$848          |                         |
| 22             | CUSTOMER ACCOUNT EXPENSE               |                                      |                          |                         |                |                         |
| 23             | Meter Reading                          |                                      | \$2,100                  | \$0                     | \$2,100        | 0.00%                   |
| 24             | Accounting Fees                        |                                      | \$150                    | \$0                     | \$150          | 0.00%                   |
| 25             | Legal Fees                             |                                      | \$0                      | \$0                     | \$0            | 0.00%                   |
| 26             | Billing & Collections                  |                                      | \$1,500                  | \$0                     | \$1,500        | 0.00%                   |
| 27             | Office Supplies                        |                                      | \$0                      | \$0                     | \$0            | 0.00%                   |
| 28             | Postage                                |                                      | \$72                     | \$0                     | \$72           | 0.00%                   |
| 29             | Uncollectible Accounts                 |                                      | \$0                      | \$0                     | \$0            | 0.00%                   |
| 30             | TOTAL CUSTOMER ACCOUNT EXPENSE         |                                      | \$3,822                  | \$0                     | \$3,822        |                         |
| 31             | ADMINISTRATIVE & GENERAL EXPENSES      |                                      |                          |                         |                |                         |
| 32             | Administration & General Salary (1)    |                                      | \$0                      | \$0                     | \$0            | 0.00%                   |
| 33             | Office Utilities                       |                                      | \$0                      | \$0                     | \$0            | 0.00%                   |
| 34             | Telephone & Cell Phone                 |                                      | \$0                      | \$0                     | \$0            | 0.00%                   |
| 35             | Vehicle Insurance                      |                                      | \$0                      | \$0                     | \$0            | 0.00%                   |
| 36             | Vehicle Expense                        |                                      | \$0                      | \$0                     | \$0            | 0.00%                   |
| 37             | Medical Insurance                      |                                      | \$0                      | \$0                     | \$0            | 0.00%                   |
| 38             | Property & Liability Insurance         |                                      | \$0                      | \$0                     | \$0            | 0.00%                   |
| 39             | Dues & Donations                       |                                      | \$0                      | \$0                     | \$0            | 0.00%                   |
| 40             | Building Rent                          |                                      | \$0                      | \$0                     | \$0            | 0.00%                   |
| 41             | Rate Case Expense                      |                                      | \$679                    | \$0                     | \$679          | 0.00%                   |
| 42             | Training                               |                                      | \$0                      | \$0                     | \$0            | 0.00%                   |
| 43             | Receivership Fees                      |                                      | \$7,243                  | \$0                     | \$7,243        | 0.00%                   |
| 44             | Interest Expense                       |                                      | \$0                      | \$0                     | \$0            | 0.00%                   |
| 45             | Loan Payments                          |                                      | \$0                      | \$0                     | \$0            | 0.00%                   |
| 46             | Other Misc. Expenses                   |                                      | \$20                     | \$0                     | \$20           | 0.00%                   |
| 47             | TOTAL ADMINISTRATIVE AND GENERAL       |                                      | \$7,942                  | \$0                     | \$7,942        |                         |
| 48             | OTHER OPERATING EXPENSES               |                                      |                          |                         |                |                         |
| 49             | MO DNR Fees                            |                                      | \$0                      | \$0                     | \$0            | 0.00%                   |
| 50             | PSC Assessment                         |                                      | \$114                    | \$0                     | \$114          | 0.00%                   |
| 51             | Corporate Registration                 |                                      | \$39                     | \$0                     | \$39           | 0.00%                   |
| 52             | Amortization of Well Repair            |                                      | \$391                    | \$0                     | \$391          | 0.00%                   |

Hickory Hills Water Sewer Company  
 Informal Rate/Certificate Case  
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 Rate Design Schedule - Water

| Line<br>Number | A<br>Description                                 | B<br>Account<br>Number<br>(Optional) | C<br>Staff<br>Annualized | D<br>Customer<br>Charge | E<br>Commodity | F<br>Percentage<br>Rate |
|----------------|--|--------------------------------------|--------------------------|-------------------------|----------------|-------------------------|
| 53             | Amortization of unrecovered depreciation reserve |                                      | \$348                    | \$0                     | \$348          | 0.00%                   |
| 54             | Primacy Fees                                     |                                      | \$0                      | \$0                     | \$0            | 0.00%                   |
| 55             | Depreciation                                     |                                      | \$509                    | \$0                     | \$509          | 0.00%                   |
| 56             | TOTAL OTHER OPERATING EXPENSES                   |                                      | \$1,401                  | \$0                     | \$1,401        |                         |
| 57             | TAXES OTHER THAN INCOME                          |                                      |                          |                         |                |                         |
| 58             | Real & Personal Property Taxes                   |                                      | \$0                      | \$0                     | \$0            | 0.00%                   |
| 59             | Payroll Taxes                                    |                                      | \$0                      | \$0                     | \$0            | 0.00%                   |
| 60             | TOTAL TAXES OTHER THAN INCOME                    |                                      | \$0                      | \$0                     | \$0            |                         |
| 61             | TOTAL OPERATING EXPENSES                         |                                      | \$24,133                 | \$0                     | \$24,133       |                         |
| 62             | Interest Expense                                 | (3)                                  | \$372                    | \$0                     | \$372          | 0.00%                   |
| 63             | Return on Equity                                 | (3)                                  | \$580                    | \$0                     | \$580          | 0.00%                   |
| 64             | Income Taxes                                     | (3)                                  | \$144                    | \$0                     | \$144          | 0.00%                   |
| 65             | TOTAL INTEREST RETURN & TAXES                    |                                      | \$1,096                  | \$0                     | \$1,096        |                         |
| 66             | TOTAL COST OF SERVICE                            |                                      | \$25,229                 | \$0                     | \$25,229       |                         |
| 67             | Less: Miscellaneous Revenues                     |                                      | \$0                      | \$0                     | \$0            | 0.00%                   |
| 68             | COST TO RECOVER IN RATES                         |                                      | \$25,229                 | \$0                     | \$25,229       |                         |
| 69             | INCREMENTAL INCREASE IN RATE REVENUES            |                                      | \$10,350                 |                         |                |                         |
| 70             | PERCENTAGE OF INCREASE                           |                                      | 69.56%                   |                         |                |                         |
| 71             | REQUESTED INCREASE IN REVENUES                   |                                      | \$15,319                 |                         |                |                         |

(1) From Revenue Schedule

(2) From Expense Schedule

(3) From PreTax Rate of Return Schedule, Rate Base & Return Schedule

Hickory Hills Water Sewer Company  
 Informal Rate/Certificate Case  
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 Rate of Return Including Income Tax - Water

|   | A                | B      | formulas                         |
|---|------------------|--------|----------------------------------|
| 1 State Income Tax Rate Statutory / Effective                               | 6.25% (2)        | 5.81%  | $(1 - (B2 \times .5)) \times A1$ |
| 2 Federal Income Tax Rate Statutory / Effective                             | 14.96% (1) & (2) | 14.08% | $(1 - B1) \times A2$             |
| 3 Composite Effective Income Tax Rate                                       |                  | 19.90% | $B1 + B2$                        |
| 4 Equity Tax Factor   |                  | 1.2484 | $1 / (1 - B3)$                   |
| 5 Recommended Weighted Rate of Return on Equity -<br>Common and Preferred   |                  | 5.34%  | From Capital Structure Schedule  |
| 6 Weighted Rate of Return on Equity Including Income Tax                    |                  | 6.67%  | $B4 \times B5$                   |
| 7 Recommended Weighted Rate of Return on Debt -<br>Long-Term and Short-Term |                  | 3.43%  | From Capital Structure Schedule  |
| 8 Total Weighted Rate of Return Including Income Tax                        |                  | 10.10% | $B6 + B7$                        |

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

N

To Rate Base Schedule

Equity Income Required \$682  
 & Preliminary Federal Tax

Tax Rate Table

| Net Income Range |                 |          |                        |              |
|------------------|-----------------|----------|------------------------|--------------|
| Start            | End             | Tax Rate | Amount in Range        | Tax on Range |
| \$0              | \$50,000        | 15.00%   | \$682                  | \$102        |
| \$50,001         | \$75,000        | 25.00%   | \$0                    | \$0          |
| \$75,001         | \$100,000       | 34.00%   | \$0                    | \$0          |
| \$100,001        | \$335,000       | 39.00%   | \$0                    | \$0          |
| \$335,001        | \$9,999,999,999 | 34.00%   | \$0                    | \$0          |
|                  |                 |          | \$682                  | \$102        |
|                  |                 |          | Consolidated Tax Rate: |              |
|                  |                 |          | Average Tax Rate:      | 0.1496       |

**Hickory Hills Water Sewer Company**  
**Informal Rate/Certificate Case**  
**Tracking Number WR-2009-0151**  
**Test Year Ending 6-30-08 Updated thru 10/31/2008**  
**Rate Base Required Return on Investment Schedule - Water**

| Line | Rate Base Description                                 | B<br>Dollar | Amount    |                                     |
|------|---|-------------|-----------|-------------------------------------|
| 1    | Plant In Service                                      |             | \$27,269  | From Plant Schedule                 |
| 2    | Less Accumulated Depreciation Reserve                 |             | \$2,615   | From Depreciation Reserve Schedule  |
| 3    | Net Plant In Service                                  |             | \$24,654  |                                     |
| 4    | Other Rate Base Items:                                |             | \$0       |                                     |
|      | Contribution in Aid of Construction                   |             | -\$13,800 |                                     |
|      | CIAC Depreciation                                     |             | \$0       |                                     |
| 5    | Total Rate Base                                       |             | \$10,854  |                                     |
| 6    | Total Weighted Rate of Return<br>Including Income Tax |             | 10.10%    | From PreTax Return & Taxes Schedule |
| 7    | Required Return & Income Tax                          |             | \$1,096   |                                     |

Hickory Hills Water Sewer Company  
 Informal Rate/Certificate Case  
 Tracking Number WR-2009-0151  
 Test Year Ending 6-30-08 Updated thru 10/31/2008  
 Capital Structure Schedule - Water

| Line<br>Number | A<br>Description                     | B<br>Dollar<br>Amount | C<br>Percentage<br>of Total<br>Capital<br>Structure | D<br>Embedded<br>Cost of<br>Capital | E<br>Weighted<br>Cost of<br>Capital |
|----------------|--------------------------------------|-----------------------|---|-------------------------------------|-------------------------------------|
| 1              | Common Stock                         | \$51                  | 51.00%  | 10.47%                              | 5.340%                              |
| 2              | Other Security-Non Tax<br>Deductible | \$0                   | 0.00%   | 0.00%                               | 0.000%                              |
| 3              | Preferred Stock                      | \$0                   | 0.00%   | 0.00%                               | 0.000%                              |
| 4              | Long Term Debt                       | \$49                  | 49.00%  | 7.00%                               | 3.430%                              |
| 5              | Short Term Debt                      | \$0                   | 0.00%   | 0.00%                               | 0.000%                              |
| 6              | Other Security-Tax<br>Deductible     | \$0                   | 0.00%   | 0.00%                               | 0.000%                              |
| 7              | TOTAL CAPITALIZATION                 | \$100                 | 100.00%   |                                     | 8.770%                              |

To PreTax Return Rate Schedule

Hickory Hills Water Sewer Company  
Informal Rate/Certificate Case  
Tracking Number WR-2009-0151  
Test Year Ending 6-30-08 Updated thru 10/31/2008  
Plant in Service - Water

| Line Number | A<br>Account #<br>(Optional) | B<br>Plant Account Description          | C<br>Total<br>Plant | D<br>Adjustment<br>Number | E<br>Adjustments | F<br>Jurisdictional<br>Allocation | G<br>Adjusted<br>Jurisdictional |
|-------------|------------------------------|---|---------------------|---------------------------|------------------|-----------------------------------|---------------------------------|
| 1           |                              | INTANGIBLE PLANT                        |                     |                           |                  |                                   |                                 |
| 2           | 301.000                      | Organization                            | \$0                 |                           |                  | 100.00%                           | \$0                             |
| 3           | 302.000                      | Franchises                              | \$0                 |                           |                  | 100.00%                           | \$0                             |
| 4           |                              | TOTAL INTANGIBLE PLANT                  | \$0                 |                           | \$0              |                                   | \$0                             |
| 5           |                              | SOURCE OF SUPPLY PLANT                  |                     |                           |                  |                                   |                                 |
| 6           | 310.000                      | Land & Land Rights SP                   | \$0                 |                           |                  | 100.00%                           | \$0                             |
| 7           | 311.000                      | Structures & Improvements - SSP         | \$0                 |                           |                  | 100.00%                           | \$0                             |
| 8           | 312.000                      | Collection & Impounding Reservoirs      | \$0                 |                           |                  | 100.00%                           | \$0                             |
| 9           | 313.000                      | Lake, River & Other Intakes             | \$0                 |                           |                  | 100.00%                           | \$0                             |
| 10          | 314.000                      | Wells & Springs                         | \$10,000            |                           |                  | 100.00%                           | \$10,000                        |
| 11          | 315.000                      | Infiltration Galleries & Tunnels        | \$0                 |                           |                  | 100.00%                           | \$0                             |
| 12          | 316.000                      | Supply Mains                            | \$0                 |                           |                  | 100.00%                           | \$0                             |
| 13          |                              | TOTAL SOURCE OF SUPPLY PLANT            | \$10,000            |                           | \$0              |                                   | \$10,000                        |
| 14          |                              | PUMPING PLANT                           |                     |                           |                  |                                   |                                 |
| 15          | 321.000                      | Structures & Improvements - PP          | \$0                 |                           |                  | 100.00%                           | \$0                             |
| 16          | 325.000                      | Electric Pumping Equipment              | \$2,549             |                           |                  | 100.00%                           | \$2,549                         |
| 17          | 326.000                      | Diesel Pumping Equipment                | \$0                 |                           |                  | 100.00%                           | \$0                             |
| 18          | 328.000                      | Other Pumping Equipment                 | \$0                 |                           |                  | 100.00%                           | \$0                             |
| 19          |                              | TOTAL PUMPING PLANT                     | \$2,549             |                           | \$0              |                                   | \$2,549                         |
| 20          |                              | WATER TREATMENT PLANT                   |                     |                           |                  |                                   |                                 |
| 21          | 330.000                      | Land & Land Rights-WTP                  | \$0                 |                           |                  | 100.00%                           | \$0                             |
| 22          | 331.000                      | Structures & Improvements - WTP         | \$0                 |                           |                  | 100.00%                           | \$0                             |
| 23          | 332.000                      | Water Treatment Equipment               | \$0                 |                           |                  | 100.00%                           | \$0                             |
| 24          |                              | TOTAL WATER TREATMENT PLANT             | \$0                 |                           | \$0              |                                   | \$0                             |
| 25          |                              | TRANSMISSION & DISTRIBUTION PLANT       |                     |                           |                  |                                   |                                 |
| 26          | 340.000                      | Land & Land Rights-T&D                  | \$0                 |                           |                  | 100.00%                           | \$0                             |
| 27          | 341.000                      | Structures & Improvements - T&D         | \$0                 |                           |                  | 100.00%                           | \$0                             |
| 28          | 342.000                      | Distribution Reservoirs & Standpipes    | \$2,249             | P-28                      | \$7,544          | 100.00%                           | \$9,793                         |
| 29          | 344.000                      | Fire Mains                              | \$0                 |                           |                  | 100.00%                           | \$0                             |
| 30          | 345.000                      | Services                                | \$0                 |                           |                  | 100.00%                           | \$0                             |
| 31          | 343.000                      | Transmission & Distribution Mains       | \$3,000             |                           |                  | 100.00%                           | \$3,000                         |
| 32          | 346.000                      | Meters- Bronze Chamber                  | \$258               |                           |                  | 100.00%                           | \$258                           |
| 33          | 346.000                      | Meters- Plastic Chamber                 | \$0                 |                           |                  | 100.00%                           | \$0                             |
| 34          | 347.000                      | Meter Installations- Bronze             | \$0                 |                           |                  | 100.00%                           | \$0                             |
| 35          | 347.000                      | Meter Installations- Plastic            | \$0                 |                           |                  | 100.00%                           | \$0                             |
| 36          | 348.000                      | Other Transmission & Distribution Plant | \$0                 |                           |                  | 100.00%                           | \$0                             |
| 37          | 349.000                      | Hydrants                                | \$0                 |                           |                  | 100.00%                           | \$0                             |
| 38          |                              | TOTAL TRANS. & DISTRIBUTION PLANT       | \$5,507             |                           | \$7,544          |                                   | \$13,051                        |
| 39          |                              | GENERAL PLANT                           |                     |                           |                  |                                   |                                 |
| 40          | 370.000                      | Land & Land Rights-GP                   | \$0                 |                           |                  | 100.00%                           | \$0                             |
| 41          | 371.000                      | Structures & Improvements - GP          | \$0                 |                           |                  | 100.00%                           | \$0                             |
| 42          | 372.000                      | Office Furniture & Equipment            | \$0                 |                           |                  | 100.00%                           | \$0                             |
| 43          | 372.100                      | Office Computer Equipment               | \$0                 |                           |                  | 100.00%                           | \$0                             |
| 44          | 373.000                      | Transportation Equipment - GP           | \$0                 |                           |                  | 100.00%                           | \$0                             |
| 45          | 379.000                      | Other General Equipment                 | \$0                 |                           |                  | 100.00%                           | \$0                             |
| 46          | 394.000                      | Tools, Shop & Garage Equipment          | \$869               |                           |                  | 100.00%                           | \$869                           |
| 47          | 396.000                      | Power Operated Equipment                | \$0                 |                           |                  | 100.00%                           | \$0                             |
| 48          | 398.000                      | Miscellaneous Equipment                 | \$0                 |                           |                  | 100.00%                           | \$0                             |
| 49          | 399.000                      | Other Tangible Property                 | \$800               |                           |                  | 100.00%                           | \$800                           |
| 50          |                              | TOTAL GENERAL PLANT                     | \$1,669             |                           | \$0              |                                   | \$1,669                         |
| 51          |                              | TOTAL PLANT IN SERVICE                  | \$19,725            |                           | \$7,544          |                                   | \$27,269                        |

Hickory Hills Water Sewer Company  
Informal Rate/Certificate Case  
Tracking Number WR-2009-0151  
Test Year Ending 6-30-08 Updated thru 10/31/2008  
Plant In Service - Water

| Line<br>Number | A<br>Account #<br>(Optional) | B<br>Plant Account Description | C<br>Total<br>Plant | D<br>Adjustment<br>Number | E<br>Adjustments | F<br>Jurisdictional<br>Allocation | G<br>Adjusted<br>Jurisdictional |
|----------------|------------------------------|--------------------------------|---------------------|---------------------------|------------------|-----------------------------------|---------------------------------|
|----------------|------------------------------|--------------------------------|---------------------|---------------------------|------------------|-----------------------------------|---------------------------------|

To Rate Base & Depreciation Schedules

**Hickory Hills Water Sewer Company**  
**Informal Rate/Certificate Case**  
**Tracking Number WR-2009-0151**  
**Test Year Ending 6-30-08 Updated thru 10/31/2008**  
**Schedule of Adjustments for Plant in Service - Water**

| <u>A</u>                       | <u>B</u>   | <u>C</u>          | <u>D</u>             | <u>E</u>            |
|--------------------------------|--|-------------------|----------------------|---------------------|
| Plant<br>Adjustment<br>Number  | Plant In Service Adjustment Description  | Account<br>Number | Adjustment<br>Amount | Total<br>Adjustment |
| P-28                           | Distribution Reservoirs & Standpipes   | 342.000           |                      | \$7,544             |
|                                | To reflect the plant added after damage<br>occurred to pressure tanks on 3/5/2009. |                   | \$9,793              |                     |
|                                | To reflect the retirement of damaged plant   |                   | -\$2,249             |                     |
| <b>Total Plant Adjustments</b> |  |                   |                      | <b>\$7,544</b>      |



Hickory Hills Water Sewer Company  
Informal Rate/Certificate Case  
Tracking Number WR-2009-0151  
Test Year Ending 6-30-08 Updated thru 10/31/2008  
Accumulated Depreciation Reserve - Water

| Line<br>Number | A<br>Account<br>Number | B<br>Depreciation Reserve Description   | C<br>Total<br>Reserve | D<br>Adjustment<br>Number | E<br>Adjustments | F<br>Jurisdictional<br>Allocation | G<br>Adjusted<br>Jurisdictional |
|----------------|------------------------|---|-----------------------|---------------------------|------------------|-----------------------------------|---------------------------------|
| 1              |                        | INTANGIBLE PLANT                        |                       |                           |                  |                                   |                                 |
| 2              | 301.000                | Organization                            | \$0                   |                           |                  | 100.00%                           | \$0                             |
| 3              | 302.000                | Franchises                              | \$0                   |                           |                  | 100.00%                           | \$0                             |
| 4              |                        | TOTAL INTANGIBLE PLANT                  | \$0                   |                           | \$0              |                                   | \$0                             |
| 5              |                        | SOURCE OF SUPPLY PLANT                  |                       |                           |                  |                                   |                                 |
| 6              | 310.000                | Land & Land Rights SP                   | \$0                   |                           |                  | 100.00%                           | \$0                             |
| 7              | 311.000                | Structures & Improvements - SSP         | \$0                   |                           |                  | 100.00%                           | \$0                             |
| 8              | 312.000                | Collection & Impounding Reservoirs      | \$0                   |                           |                  | 100.00%                           | \$0                             |
| 9              | 313.000                | Lake, River & Other Intakes             | \$0                   |                           |                  | 100.00%                           | \$0                             |
| 10             | 314.000                | Wells & Springs                         | \$0                   |                           |                  | 100.00%                           | \$0                             |
| 11             | 315.000                | Infiltration Galleries & Tunnels        | \$0                   |                           |                  | 100.00%                           | \$0                             |
| 12             | 316.000                | Supply Mains                            | \$0                   |                           |                  | 100.00%                           | \$0                             |
| 13             |                        | TOTAL SOURCE OF SUPPLY PLANT            | \$0                   |                           | \$0              |                                   | \$0                             |
| 14             |                        | PUMPING PLANT                           |                       |                           |                  |                                   |                                 |
| 15             | 321.000                | Structures & Improvements - PP          | \$0                   |                           |                  | 100.00%                           | \$0                             |
| 16             | 325.000                | Electric Pumping Equipment              | \$1,510               | R-16                      | \$212            | 100.00%                           | \$1,722                         |
| 17             | 326.000                | Diesel Pumping Equipment                | \$0                   |                           |                  | 100.00%                           | \$0                             |
| 18             | 328.000                | Other Pumping Equipment                 | \$0                   |                           |                  | 100.00%                           | \$0                             |
| 19             |                        | TOTAL PUMPING PLANT                     | \$1,510               |                           | \$212            |                                   | \$1,722                         |
| 20             |                        | WATER TREATMENT PLANT                   |                       |                           |                  |                                   |                                 |
| 21             | 330.000                | Land & Land Rights-WTP                  | \$0                   |                           |                  | 100.00%                           | \$0                             |
| 22             | 331.000                | Structures & Improvements - WTP         | \$0                   |                           |                  | 100.00%                           | \$0                             |
| 23             | 332.000                | Water Treatment Equipment               | \$0                   |                           |                  | 100.00%                           | \$0                             |
| 24             |                        | TOTAL WATER TREATMENT PLANT             | \$0                   |                           | \$0              |                                   | \$0                             |
| 25             |                        | TRANSMISSION & DISTRIBUTION PLANT       |                       |                           |                  |                                   |                                 |
| 26             | 340.000                | Land & Land Rights-T&D                  | \$0                   |                           |                  | 100.00%                           | \$0                             |
| 27             | 341.000                | Structures & Improvements - T&D         | \$0                   |                           |                  | 100.00%                           | \$0                             |
| 28             | 342.000                | Distribution Reservoirs & Standpipes    | \$437                 | R-28                      | -\$437           | 100.00%                           | \$0                             |
| 29             | 344.000                | Fire Mains                              | \$0                   |                           |                  | 100.00%                           | \$0                             |
| 30             | 345.000                | Services                                | \$0                   |                           |                  | 100.00%                           | \$0                             |
| 31             | 343.000                | Transmission & Distribution Mains       | \$0                   |                           |                  | 100.00%                           | \$0                             |
| 32             | 346.000                | Meters- Bronze Chamber                  | \$17                  | R-32                      | \$7              | 100.00%                           | \$24                            |
| 33             | 346.000                | Meters- Plastic Chamber                 | \$0                   |                           |                  | 100.00%                           | \$0                             |
| 34             | 347.000                | Meter Installations- Bronze             | \$0                   |                           |                  | 100.00%                           | \$0                             |
| 35             | 347.000                | Meter Installations- Plastic            | \$0                   |                           |                  | 100.00%                           | \$0                             |
| 36             | 348.000                | Other Transmission & Distribution Plant | \$0                   |                           |                  | 100.00%                           | \$0                             |
| 37             | 349.000                | Hydrants                                | \$0                   |                           |                  | 100.00%                           | \$0                             |
| 38             |                        | TOTAL TRANS. & DISTRIBUTION PLANT       | \$454                 |                           | -\$430           |                                   | \$24                            |
| 39             |                        | GENERAL PLANT                           |                       |                           |                  |                                   |                                 |
| 40             | 370.000                | Land & Land Rights-GP                   | \$0                   |                           |                  | 100.00%                           | \$0                             |
| 41             | 371.000                | Structures & Improvements - GP          | \$0                   |                           |                  | 100.00%                           | \$0                             |
| 42             | 372.000                | Office Furniture & Equipment            | \$0                   |                           |                  | 100.00%                           | \$0                             |
| 43             | 372.100                | Office Computer Equipment               | \$0                   |                           |                  | 100.00%                           | \$0                             |
| 44             | 373.000                | Transportation Equipment - GP           | \$0                   |                           |                  | 100.00%                           | \$0                             |
| 45             | 379.000                | Other General Equipment                 | \$0                   |                           |                  | 100.00%                           | \$0                             |
| 46             | 394.000                | Tools, Shop & Garage Equipment          | \$869                 |                           |                  | 100.00%                           | \$869                           |
| 47             | 396.000                | Power Operated Equipment                | \$0                   |                           |                  | 100.00%                           | \$0                             |
| 48             | 398.000                | Miscellaneous Equipment                 | \$0                   |                           |                  | 100.00%                           | \$0                             |
| 49             | 399.000                | Other Tangible Property                 | \$0                   |                           |                  | 100.00%                           | \$0                             |

Hickory Hills Water Sewer Company  
 Informal Rate/Certificate Case  
 Tracking Number WR-2009-0151  
 Test Year Ending 6-30-08 Updated thru 10/31/2008  
 Accumulated Depreciation Reserve - Water

| Line<br>Number | A<br>Account<br>Number | B<br>Depreciation Reserve Description | C<br>Total<br>Reserve | D<br>Adjustment<br>Number | E<br>Adjustments | F<br>Jurisdictional<br>Allocation | G<br>Adjusted<br>Jurisdictional |
|----------------|------------------------|---------------------------------------|-----------------------|---------------------------|------------------|-----------------------------------|---------------------------------|
| 50             |                        | TOTAL GENERAL PLANT                   | \$869                 |                           | \$0              |                                   | \$869                           |
| 51             |                        | TOTAL DEPRECIATION RESERVE            | \$2,833               |                           | -\$218           |                                   | \$2,615                         |

To Rate Base Schedule

**Hickory Hills Water Sewer Company**  
**Informal Rate/Certificate Case**  
**Tracking Number WR-2009-0151**  
**Test Year Ending 6-30-08 Updated thru 10/31/2008**  
**Schedule of Adjustments for Accumulated Depreciation Reserve - Water**

| <u>A</u>                        | <u>B</u>  | <u>C</u>          | <u>D</u>             | <u>E</u>                      |
|---------------------------------|---|-------------------|----------------------|-------------------------------|
| Reserve<br>Adjustment<br>Number | Accumulated Depreciation Reserve<br>Adjustments Description | Account<br>Number | Adjustment<br>Amount | Total<br>Adjustment<br>Amount |
| R-16                            | Electric Pumping Equipment                                  | 325.000           |                      | \$212                         |
|                                 | To reflect reserve balance to 10/31/2008                    |                   | \$212                |                               |
| R-28                            | Distribution Reservoirs & Standpipes                        | 342.000           |                      | -\$437                        |
|                                 | To reflect reserve balance to 3/31/2008                     |                   | -\$437               |                               |
| R-32                            | Meters- Bronze Chamber                                      | 346.000           |                      | \$7                           |
|                                 | To reflect reserve balance to 10/31/2008                    |                   | \$7                  |                               |
|                                 | Total Reserve Adjustments                                   |                   |                      | -\$218                        |

Hickory Hills Water Sewer Company  
 Informal Rate/Certificate Case  
 Tracking Number WR-2009-0151  
 Test Year Ending 6-30-08 Updated thru 10/31/2008  
 Depreciation Expense - Water

| Line Number | A<br>Account Number | B<br>Plant Account Description          | C<br>Adjusted Jurisdictional | D<br>Depreciation Rate | E<br>Depreciation Expense |
|-------------|---------------------|---|------------------------------|------------------------|---------------------------|
| 1           |                     | INTANGIBLE PLANT                        |                              |                        |                           |
| 2           | 301.000             | Organization                            | \$0                          | 0.00%                  | \$0                       |
| 3           | 302.000             | Franchises                              | \$0                          | 0.00%                  | \$0                       |
| 4           |                     | TOTAL INTANGIBLE PLANT                  | \$0                          |                        | \$0                       |
| 5           |                     | SOURCE OF SUPPLY PLANT                  |                              |                        |                           |
| 6           | 310.000             | Land & Land Rights SP                   | \$0                          | 0.00%                  | \$0                       |
| 7           | 311.000             | Structures & Improvements - SSP         | \$0                          | 0.00%                  | \$0                       |
| 8           | 312.000             | Collection & Impounding Reservoirs      | \$0                          | 0.00%                  | \$0                       |
| 9           | 313.000             | Lake, River & Other Intakes             | \$0                          | 0.00%                  | \$0                       |
| 10          | 314.000             | Wells & Springs                         | \$10,000                     | 0.00%                  | \$0                       |
| 11          | 315.000             | Infiltration Galleries & Tunnels        | \$0                          | 0.00%                  | \$0                       |
| 12          | 316.000             | Supply Mains                            | \$0                          | 0.00%                  | \$0                       |
| 13          |                     | TOTAL SOURCE OF SUPPLY PLANT            | \$10,000                     |                        | \$0                       |
| 14          |                     | PUMPING PLANT                           |                              |                        |                           |
| 15          | 321.000             | Structures & Improvements - PP          | \$0                          | 0.00%                  | \$0                       |
| 16          | 325.000             | Electric Pumping Equipment              | \$2,549                      | 10.00%                 | \$255                     |
| 17          | 326.000             | Diesel Pumping Equipment                | \$0                          | 0.00%                  | \$0                       |
| 18          | 328.000             | Other Pumping Equipment                 | \$0                          | 0.00%                  | \$0                       |
| 19          |                     | TOTAL PUMPING PLANT                     | \$2,549                      |                        | \$255                     |
| 20          |                     | WATER TREATMENT PLANT                   |                              |                        |                           |
| 21          | 330.000             | Land & Land Rights-WTP                  | \$0                          | 0.00%                  | \$0                       |
| 22          | 331.000             | Structures & Improvements - WTP         | \$0                          | 0.00%                  | \$0                       |
| 23          | 332.000             | Water Treatment Equipment               | \$0                          | 0.00%                  | \$0                       |
| 24          |                     | TOTAL WATER TREATMENT PLANT             | \$0                          |                        | \$0                       |
| 25          |                     | TRANSMISSION & DISTRIBUTION PLANT       |                              |                        |                           |
| 26          | 340.000             | Land & Land Rights-T&D                  | \$0                          | 0.00%                  | \$0                       |
| 27          | 341.000             | Structures & Improvements - T&D         | \$0                          | 0.00%                  | \$0                       |
| 28          | 342.000             | Distribution Reservoirs & Standpipes    | \$9,793                      | 2.50%                  | \$245                     |
| 29          | 344.000             | Fire Mains                              | \$0                          | 0.00%                  | \$0                       |
| 30          | 345.000             | Services                                | \$0                          | 0.00%                  | \$0                       |
| 31          | 343.000             | Transmission & Distribution Mains       | \$3,000                      | 0.00%                  | \$0                       |
| 32          | 346.000             | Meters- Bronze Chamber                  | \$258                        | 3.30%                  | \$9                       |
| 33          | 346.000             | Meters- Plastic Chamber                 | \$0                          | 0.00%                  | \$0                       |
| 34          | 347.000             | Meter Installations- Bronze             | \$0                          | 0.00%                  | \$0                       |
| 35          | 347.000             | Meter Installations- Plastic            | \$0                          | 0.00%                  | \$0                       |
| 36          | 348.000             | Other Transmission & Distribution Plant | \$0                          | 0.00%                  | \$0                       |
| 37          | 349.000             | Hydrants                                | \$0                          | 0.00%                  | \$0                       |
| 38          |                     | TOTAL TRANS. & DISTRIBUTION PLANT       | \$13,051                     |                        | \$254                     |
| 39          |                     | GENERAL PLANT                           |                              |                        |                           |
| 40          | 370.000             | Land & Land Rights-GP                   | \$0                          | 0.00%                  | \$0                       |

Hickory Hills Water Sewer Company  
 Informal Rate/Certificate Case  
 Tracking Number WR-2009-0151  
 Test Year Ending 6-30-08 Updated thru 10/31/2008  
 Depreciation Expense - Water

| Line<br>Number | A<br>Account<br>Number | B<br>Plant Account Description | C<br>Adjusted<br>Jurisdictional | D<br>Depreciation<br>Rate | E<br>Depreciation<br>Expense |
|----------------|------------------------|--------------------------------|---------------------------------|---------------------------|------------------------------|
| 41             | 371.000                | Structures & Improvements - GP | \$0                             | 0.00%                     | \$0                          |
| 42             | 372.000                | Office Furniture & Equipment   | \$0                             | 5.00%                     | \$0                          |
| 43             | 372.100                | Office Computer Equipment      | \$0                             | 0.00%                     | \$0                          |
| 44             | 373.000                | Transportation Equipment - GP  | \$0                             | 0.00%                     | \$0                          |
| 45             | 379.000                | Other General Equipment        | \$0                             | 0.00%                     | \$0                          |
| 46             | 394.000                | Tools, Shop & Garage Equipment | \$869                           | 0.00%                     | \$0                          |
| 47             | 396.000                | Power Operated Equipment       | \$0                             | 0.00%                     | \$0                          |
| 48             | 398.000                | Miscellaneous Equipment        | \$0                             | 0.00%                     | \$0                          |
| 49             | 399.000                | Other Tangible Property        | \$800                           | 0.00%                     | \$0                          |
| 50             |                        | TOTAL GENERAL PLANT            | \$1,669                         |                           | \$0                          |
| 51             |                        | Total Depreciation             | \$27,269                        |                           | \$509                        |

# Agreement Attachment D

## Rate Design Worksheet

# HICKORY HILLS WATER & SEWER

## Development of Tariffed Rates-Water

Agreement is to increase currently tariffed rates by a percentage equal to the agreed-upon overall revenue increase divided by the revenues generated by the currently tariffed rates.

|  |           |
|--|-----------|
| Revenues Generated by Current Tariffed Rates | \$ 14,879 |
| Agreed-Upon Overall Revenue Increase         | \$ 10,350 |
| Percentage Increase Needed                   | 69.559%   |

| Metered Customer Rates |                        |                         |                    |                     |
|------------------------|------------------------|-------------------------|--------------------|---------------------|
| Customer Type          | Current Service Charge | Proposed Service Charge | Current Usage Rate | Proposed Usage Rate |
| Residential            | \$ 12.34               | \$ 20.92                | \$ 2.45            | \$ 4.15             |

Agreement Attachment E

Billing Comparison Worksheet



# HICKORY HILLS WATER & SEWER

## Residential Customer Bill Comparison-Water

### Rates for 5/8" Meter

| <u>Current Base<br/>Customer Charge</u> | <u>Proposed Base<br/>Customer Charge</u> | <u>Current<br/>Usage Rate</u> | <u>Proposed<br/>Usage Rate</u> |
|---|--|-------------------------------|--------------------------------|
| <b>\$12.34</b>                          | <b>\$20.92</b>                           | <b>\$2.45</b>                 | <b>\$4.15</b>                  |

current service charge is monthly charge

usage rate is per 1,000 gallons used

### MONTHLY BILL COMPARISON

6,000 gallons/month usage

#### Current Rates

|                 |          |
|-----------------|----------|
| Customer Charge | \$ 12.34 |
| Usage Charge    | \$ 14.70 |
| Total Bill      | \$ 27.04 |

#### Proposed Rates

|                 |          |
|-----------------|----------|
| Customer Charge | \$ 20.92 |
| Usage Charge    | \$ 24.93 |
| Total Bill      | \$ 45.85 |

#### INCREASES

##### Customer Charge

|                    |               |
|--------------------|---------------|
| <b>\$ Increase</b> | <b>\$8.58</b> |
| <b>% Increase</b>  | <b>69.56%</b> |

##### Usage Charge

|                    |                |
|--------------------|----------------|
| <b>\$ Increase</b> | <b>\$10.23</b> |
| <b>% Increase</b>  | <b>69.56%</b>  |

##### Total Bill

|                    |                |
|--------------------|----------------|
| <b>\$ Increase</b> | <b>\$18.81</b> |
| <b>% Increase</b>  | <b>69.56%</b>  |

## Agreement Attachment F

### Schedule of Depreciation Rates

# Hickory Hills Water & Sewer Company

## DEPRECIATION RATES

(WATER)

WR-2009-0151

| <b>ACCOUNT<br/>NUMBER</b> | <b>ACCOUNT DESCRIPTION</b>          | <b>DEPRECIATION<br/>RATE</b> | <b>AVERAGE SERVICE<br/>LIFE (YEARS)</b> | <b>NET<br/>SALVAGE</b> |
|---------------------------|-------------------------------------|------------------------------|---|------------------------|
| 314                       | Wells & Springs                     | 2.0%                         | 50                                      | 0%                     |
| 325                       | Electric Pumping Equipment          | 10.0%                        | 10                                      | 0%                     |
| 342                       | Distribution Reservoir & Standpipes | 2.5%                         | 40                                      | 0%                     |
| 343                       | Transmission & Distribution Mains   | 2.0%                         | 50                                      | 0%                     |
| 346                       | Meters, Bronze                      | 3.3%                         | 28                                      | 8%                     |
| 346.1                     | Meters, Plastic                     | 10.0%                        | 10                                      | 0%                     |
| 394                       | Tools, Shop & Garage Equipment      | 5.0%                         | 18                                      | 10%                    |
| 399                       | Other Tangible Property             | 0.0%                         |   |                        |

# Agreement Attachment G

## EMSD Report

# **REPORT OF CUSTOMER SERVICE AND BUSINESS OPERATIONS REVIEW**

## **Engineering and Management Services Department**

### **Small Company Rate Increase Request**

**Case Nos: WR-2009-0151 and SR-2009-0154**

### **Hickory Hills Water & Sewer Company**

Hickory Hills Water & Sewer Company (Hickory Hills or Company) filed a rate increase request on October 23, 2008, for water and sewer service provided in its certificated service area, located near California, Missouri. The Engineering and Management Services Department (EMSD) staff initiated an informal review of customer service processes, procedures, and practices at Hickory Hills in December 2008. This customer service review was done in conjunction with the Company's rate increase request. Prior to on-site interviews, the EMSD staff examined Company tariffs, annual reports, Missouri Public Service Commission (Commission) complaint records, and other documentation related to the Company's customer service operations.

The purpose of the Engineering and Management Services Department 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 a reasonable cost, while providing utilities the opportunity to earn a fair return on their investment.

The objectives of this review were to document and analyze the management control processes, procedures, and practices used by the Company to ensure that its customers' service needs are met and to make recommendations, where appropriate, by which the Company may improve the quality of services provided to its customers. The findings of this review also provide the Commission with information regarding the Company's customer service operations.

The scope of this review focused on processes, procedures, and practices related to:

- Meter Reading
- Customer Billing
- Credit and Collections
- Complaints and Inquiries
- Customer Communication

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

## **Overview**

Hickory Hills Water & Sewer Company was certificated to provide sewer service on March 8, 1973, and water service on January 31, 1975. Mr. Gary Cover, an attorney with an office in Clinton, Missouri, was appointed as Receiver to manage the Company in August 2006. The Company provides water and sewer service to approximately forty-seven (47) customers and water only service to an additional two (2) customers. The business office for Hickory Hills is the Receiver's office in Clinton, Missouri. Business office hours are 8:30 – 12:00 and 1:00 – 5:00, Monday through Friday. Customers have 24-hour, 7-day access to Company personnel by calling either of two provided telephone numbers.

Hickory Hills Water and Sewer Company staffing includes Mr. Cover and one office employee. Outside plant functions are performed by an outside contractor. Mr. Cover has overall responsibility for policy development and general problem solving. The outside contractor's primary responsibilities include meter reading, daily system checks, chlorination, collecting samples for monthly water tests, routine maintenance, licensing, and responding to customer emergency calls. The office employee is responsible for business office functions including taking new service applications, maintaining customer account records, and responding to customer inquiries and complaints. The office employee's husband has the responsibility for preparing customer bills and posting bill payments. Signed contracts have not been obtained from either of the two individuals who provide outside services.

Mr. Cover anticipates no future growth in the number of customers served by the Company. Applications for new service are from customers in existing homes. Customers may call the Company with questions about rules and procedures associated with the provision of service; however, the Company has not prepared written information documenting the rights and responsibilities of the Company and its customers.

## **Meter Reading**

All water meters, active and inactive, are read on the 28<sup>th</sup> or 29<sup>th</sup> of the month. The meter readings are handwritten on a meter route sheet that includes the name, address, and meter numbers of the customers. The meter readings are entered into an Excel spreadsheet by the husband of one of Mr. Cover's office employees. Company personnel stated that the Company has sometimes mailed a minimum bill when inclement weather has made it impossible to obtain a meter reading. The Company is unaware of any theft of water service.

### **Customer Billing**

The Company uses an Excel spreadsheet to calculate and print customers' bills. The accuracy of bills is verified through visual inspection when the bills are produced. Company personnel stated that bills are always mailed by the 10<sup>th</sup> of the month and are considered due on the 25<sup>th</sup> of the month. Customer bills state that payments are past due 21 days after the billing date. A sample bill provided to the EMSD staff included two separate amounts. At the top of the bill, one amount reflected the amount due for the previous month's service. On the portion of the bill to be returned with payment, a second, larger amount reflected the customer's account balance, including any previous outstanding balances.

Customer rates for water and sewer service are provided in the Company's tariffs. Customers' water bills are based on a monthly customer charge of \$12.34 and a usage charge of \$2.45 per 1,000 gallons. Sewer customers pay a flat fee of \$16.63 per month. All customer payments are mailed to the business office. Company personnel stated that customer payments are kept in an office desk until bank deposits are made, an event which occurs approximately three times each month.

### **Credit and Collections**

The Company does not have a customer application form for customers to complete when initiating service. The Company's Receiver informed the EMSD staff that he was unaware of customer applications ever being collected from customers. The Company does not collect customer deposits from customers, although the collection of deposits is permitted under the Company's tariff. The Company does not charge a late charge for payments not received by the due date, although the Company's tariff provides that it may collect a late charge of \$3.00, not to exceed a three month cap of \$9.00 per customer. The Company shows any past due amounts on the customers' current month bills and requests the total amount due. The Company's Receiver stated that when necessary, collection letters for past due accounts are mailed on his law firm's stationery, though these letters are mailed irregularly. A copy of the Receiver's collection letter is shown on the following page. On occasion, the Company has provided the contracted operator a copy of customers' bills that are subject to disconnection and requested disconnection if not paid, but the Company's Receiver indicated that the Company had never disconnected service for nonpayment.

The Company stated that it rarely receives a returned check and does not charge a returned check fee, although the Company's tariff provides for a \$15.00 bad check charge. The EMSD staff requested the bad debt write off amounts for 2005, 2006 and 2007, but the Company's Receiver was unable to provide the information.

### **Complaints and Inquiries**

Customers with questions or concerns may call the Company contact number appearing on the bill. Customers have also been provided the telephone number of the outside contractor. Mr. Cover handles general service questions and the outside contractor responds to emergency calls. Company personnel stated that some notes regarding individual account issues are recorded; however, customer complaints and inquiries are not documented. The EMSD staff also identified the lack of documentation for complaints and inquiries in a July 2004 report on customer service operations.

A review of Commission complaint/inquiry records for the past three (3) years showed two (2) customer contacts in 2006 and two (2) in 2007. The two (2) contacts in 2006 were related to inquiries about water service. In 2007, there was one inquiry about water service and one complaint concerning the sewer rate.

### **Customer Communication**

Outside of monthly billings, the Company rarely communicates with its customers. Letters are used to notify customers about rate case activity. Mr. Cover stated that, occasionally, he corresponds with a customer by e-mail.

### **Findings, Conclusions, and Recommendations**

The following discussion presents a summary of the findings, conclusions, and recommendations pertaining to the Company's customer service operations. The information presented in this section focuses on the following issues that require Company management's attention:

- Contracts for Outside Services
- Customer Rights and Responsibilities Documentation
- Customer Bill Due Date
- Customer Bill Information



- Storage of Customer Payments and Documents
- Customer Applications
- Delinquent Accounts
- Complaint and Inquiry Documentation

### **Contracts for Outside Services**

Signed contracts have not been obtained from the two (2) individuals who provide outside services. These services are provided on the basis of oral agreements. The outside contractor's primary responsibilities include meter reading, daily system checks, chlorination, collecting samples for monthly water tests, routine maintenance, licensing, and responding to customer emergency calls. An office employee's husband has responsibility for preparing customer bills and posting bill payments. The lack of signed contracts adds vulnerability to the continuation of essential services.

The availability of signed contracts would:

- Serve to formalize an individual's desire to work and the Company's willingness to pay a certain rate for that work.
- Establish guidelines for the scope of work expected to be performed.
- Grant certain authority, e.g., authority to hire subcontractors to assist in emergency situations.
- Contain a specific timeframe for when specific work is to be performed.
- Note the date that the contract will be reviewed, renegotiated, or will expire.
- Contain specific conditions such as terms of notification by either party before severing the contract.

*THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:*

*Review all oral agreements with all outside individuals providing services to or on behalf of the Company and obtain signed contracts specifying the terms of these agreements.*

### **Customer Rights and Responsibilities Documentation**

The Company has not prepared written information documenting the rights and responsibilities of the Company and its customers. The development of such information and its prominent display and availability to customers is required by Commission Rule 4 CSR 240-13.040(3) which states:

A utility shall prepare, in written form, information which in layman's terms summarizes the rights and responsibilities of the utility and its customers in accordance with this chapter. . . This written information shall be displayed prominently, and shall be available at all utility office locations open to the general public, and shall be mailed or otherwise delivered to each residential customer of the utility if requested by the customer. The information shall be delivered or mailed to each new customer of the utility upon the commencement of service and shall be available at all times upon request.

The availability of written information would provide useful facts relating to billing procedures, payment requirements, customer deposits, discontinuance of service, inquiries and complaints, and access to the Company, Commission, and the Office of the Public Counsel. Written information would be a valuable educational resource for new and existing customers.

*THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:*

*Develop and distribute to all current and future customers written information specifying the rights and responsibilities of the Company and its customers. This recommendation must be completed within thirty (30) days of the Commission order approving the disposition agreement in Case No. WR-2009-0151. This recommendation must be completed within thirty (30) days of the Commission order approving the disposition agreement in Case No. SR-2009-0154.*

### **Customer Bill Due Date**

Customers are not given twenty-one (21) days from the day bills are mailed until they are considered past due. A note on each customer bill states that payment is past due twenty-one (21) days after the billing date. Company personnel stated that bills are typically mailed by the 10<sup>th</sup> of each month and payable by the 25<sup>th</sup> of the month. In either case, the Company's procedure does not comply with Commission Rule 4 CSR 240-13.020(7) which provides that "a monthly-billed customer shall have at least twenty-one (21) days and a quarterly-billed customer shall have at least sixteen (16) days from the rendition of the bill to pay the utility charges unless a customer has selected a preferred payment date in accordance with a utility's preferred payment date plan." Based on this rule, a customer's bill should not be considered past due or delinquent until the 22<sup>nd</sup> day after the bill is mailed. An appropriate change in procedure and the note appearing on each customer's bill would enable the Company to comply with the Commission's rule.

**THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:**

Change the procedure and the note appearing on customers' bills in order to ensure that customers are provided at least twenty-one (21) days from the date bills are mailed to make payment before bills are considered past due. This recommendation must be completed within thirty (30) days of the Commission order approving the disposition agreement in Case No. WR-2009-0151. This recommendation must be completed within thirty (30) days of the Commission order approving the disposition agreement in Case No. SR-2009-0154.

**Customer Bill Information**

Customers' bills do not separately identify any previous amounts due. A sample bill provided to the EMSD staff included a total amount due for the previous month's service and a different, larger balance due at the bottom of the bill on the portion of the statement that is to be returned with the payment. Company personnel explained that the amount due that was shown on the top portion of the bill did not include a previous balance due that the customer had from prior months. The possible existence of different amounts that are due on customer bills could be confusing to customers. By ensuring that previous balances due and all other charges are appropriately itemized on customers' bills, customer confusion will be minimized and there will be a greater likelihood that customers will remit the appropriate payment.

**THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:**

Develop a customer billing statement that itemizes all authorized charges, including previous balances due.

**Storage of Customer Payments and Documents**

Customers' payments and important business documents are not kept in locked, fireproof storage. The Company's current practice is to keep customer payments in an office desk until bank deposits are made, an event which occurs approximately three times a month. Other Company customer account documents are kept in ordinary file storage.

The lack of fireproof storage has several potential detrimental effects. In the event of a disaster, the customer payments and other important documents maintained in the office could be lost or destroyed. It would be difficult and time consuming to replace customer payments and to re-create important records.

Securing the Company's critical documents, such as customer payments, customer applications for service, customer account data, and other pertinent Company information in

fireproof storage would minimize the risk of loss and the cost and labor-intensive process required to re-create customer data should a disaster occur.

*THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:*

*Store all customer payments and other important business documents in a lockable, fireproof cabinet.*

### **Customer Applications**

The Company does not collect a signed customer application from its customers. Prior to January 2004, the Company did not require a completed application before providing water and sewer service. In Commission Tracking Nos. QW-2004-0008 and QS-2004-0009, the EMSD staff recommended that the Company require customer applications. The Company mailed applications to all current customers in January 2004, and thirty-seven (37) customers returned signed applications to the Company.

Applications for Service are addressed in the Company's tariff. Sheet No. 10, Rule 4(a), which states:

A written application for service, signed by the customer, stating the type of service required and accompanied by any other pertinent information, will be required from each customer before service is provided to any unit. Every customer, upon signing an application for any service rendered by the company, or upon taking of service, shall be considered to have expressed consent to the company's rates, rules and regulations.

The customer application should include the customer's signature, the date the document was signed, and a statement indicating that the customer agrees to abide by the Company's rates, rules and regulations, and applicable state statutes. The signed and dated customer application will provide Hickory Hills more leverage to collect monies owed should the need arise.

*THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:*

*Require a signed customer application prior to service being provided by the Company as provided in its tariff. The Company's customer application shall include the date, the customer's signature, and a statement indicating that the customer agrees to abide by the Company's rates, rules and regulations, and applicable state statutes. This recommendation must be completed within thirty (30) days of the Commission order approving the disposition agreement in Case No. WR-2009-0151. This recommendation must be completed within thirty (30) days of the Commission order approving the disposition agreement in Case No. SR-2009-0154.*

## **Delinquent Accounts**

The Company does not charge its tariffed late payment charge on late paying accounts. Sheet No. 5 of the Company's tariff states:

### **Late Payment Charge:**

Billing 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 the payment is considered delinquent is 21 days after rendition of the bill. For any bill not paid within the period stated thereon, a late charge in the amount of \$3.00 per month, not to exceed three months or \$9.00 per customer, shall be added to the total amount due plus all disconnection and reconnection costs, collection costs and reasonable attorney's fees for collection.

### ***THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:***

*Implement a procedure to charge delinquent paying accounts the late payment charge of \$3.00 per month, not to exceed three (3) months or \$9.00 per customer. The procedure shall adhere to the Company's tariff Sheet No. 5. This recommendation must be completed within thirty (30) days of the Commission order approving the disposition agreement in Case No. WR-2009-0151. This recommendation must be completed within thirty (30) days of the Commission order approving the disposition agreement in Case No. SR-2009-0154.*

The Company's policy regarding collection of delinquent accounts is ineffective. Staff noted that all of the November 2006 bills had balances due; most of the accounts had balances larger than \$100.00, which is a balance due of three (3) or four (4) months. Rule 7 of the Company's tariff states:

- (a) The company may discontinue service for any of the following reasons: 1. Nonpayment of a delinquent account not in dispute. . . .
- (b) The company may discontinue service after notice by first class mail is sent to the customer at least ten (10) days prior to the date of the proposed discontinuance. If written notice is hand delivered to the customer, it shall be done at least ninety six (96) hours prior to discontinuance. Service of notice by mail is complete upon mailing.

With established criteria for the handling of delinquent accounts, the Company would be able to take a more consistent and aggressive stance toward discontinuance for nonpayment, likely resulting in the collection of revenues in a timely fashion. The Company should communicate implementation of its collection policies to all customers.

***THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:***

*Establish and implement a policy regarding the collection of delinquent accounts and consistently apply the policy to all customers.*

The Company's notice of discontinuance of service does not contain all necessary information, which is a violation of Commission Rules. Commission Rule 4 CSR 240-13.050(4) states:

The notice of discontinuance shall contain the following information:

- (B) A statement of the reason for the proposed discontinuance of service and the cost for reconnection;
- (C) date on or after which service will be discontinued unless appropriate action is taken;
- ...
- (E) The possibility of a settlement agreement if the claim is for a charge not in dispute and the customer is unable to pay the charge in full at one (1) time;

In the EMSD staff's review dated July 15, 2004, the EMSD staff recommended the Company to revise its Notice of Intent to Discontinue Service to include necessary information. Although the Company made revisions to its notice, it did not add to the notice a statement of the reason for the disconnect, the cost for reconnection, or the possibility of a settlement agreement.

***THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:***

*Correct the notice of discontinuance of service to include the cost for reconnection, the date on or after which service will be discontinued and the possibility of a settlement agreement. The notice of discontinuance of service shall adhere to Commission Rule 4 CSR 240-13.050(4). This recommendation must be completed within thirty (30) days of the Commission order approving the disposition agreement in Case No. WR-2009-0151. This recommendation must be completed within thirty (30) days of the Commission order approving the disposition agreement in Case No. SR-2009-0154.*

**Complaint and Inquiry Documentation**

The Company does not keep a record of customer contacts involving complaints it receives. This practice violates Commission rules conveying customer contact documentation requirements that are applicable to water companies contained in Commission Rule 4 CSR 240-13. The section entitled "Inquiries" found in 4 CSR 240-13.040(5) states the following:

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;

Commission Rule 4 CSR 240-60.010(4) applicable to sewer companies states:

The utility shall maintain a file of customer complaints received on the service it provides. The file shall include the name and address, as well as the nature of the complaint and date of occurrence. A detailed explanation of what the utility did to correct the trouble which originated the complaint shall be recorded.

The availability of documented customer contact information would enable Company management to evaluate why customers contact the Company, determine if any corrective measures could be taken to reduce customer contacts, and improve customer satisfaction. The availability of documentation regarding customer contacts would also help to show the Company's responsiveness in addressing customer issues.

***THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:***

*Develop and implement a process to ensure all customer complaints received by Company personnel are documented and maintained for at least two (2) years. Documentation shall include the customer name, address, nature of the complaint, date of occurrence, as well as an explanation of what the Company has done to address the complaint. This recommendation must be completed within thirty (30) days of the Commission order approving the disposition agreement in Case No. WR-2009-0151. This recommendation must be completed within thirty (30) days of the Commission order approving the disposition agreement in Case No. SR-2009-0154.*

**Follow-Up**

The EMSD staff will conduct follow-ups of all of the EMSD recommendations no later than the deadlines as set out for each EMSD recommendation in the disposition agreement in Case No. WR-2009-0151. The EMSD staff will conduct follow-ups of all of the EMSD recommendations no later than the deadlines as set out for each EMSD recommendation in the disposition agreement in Case No. SR-2009-0154.

## Agreement Attachment H

### Summary of Case Events



Summary of Case Events  
WR-2009-0151

|                                    |  |
|------------------------------------|--|
| Date Filed                         | 10/23/08   |
| Day 150                            | 3/23/09 5/21/09  |
| Extension?                         | Yes-60 days  |
| If yes, why?                       | Amended Customer Notice                                |
| Amount Requested                   | 100%   |
| Amount Agreed Upon                 | \$10,350   |
| Number of Customers                | 49   |
| Rate of Return                     | 8.77%  |
| Return on Equity                   | 10.47%   |
| Assessments Current                | \$223.62 due for current year<br>\$448.16 due for 2007 |
| Annual Reports Filed               | Yes  |
| Statement of Revenue Filed         | Yes  |
| Other Open Cases before Commission | No   |
| Status with Secretary of State     | Good Standing  |
| DNR Violations                     | None   |
| Significant Service/Quality Issues |  |