

# APPENDIX A

## STAFF PARTICIPANT AFFIDAVITS AND COMPANY/STAFF & ATTACHMENTS

CASE NO. WR-2009-0418

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

Kofi Boateng – Auditing Department

Arthur Rice – 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**

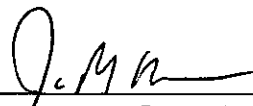
STATE OF MISSOURI     )

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CASE NO. WR-2009-0418

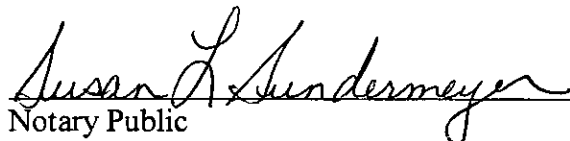
COUNTY OF COLE     )

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 6th day of October, 2009.

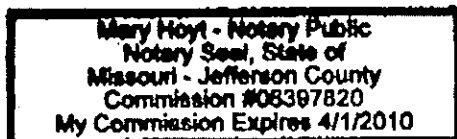
  
Notary Public

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

STATE OF MISSOURI                   )  
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COUNTY OF COLE                   )     Case No. WR-2009-0418  
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Kofi Agyenim Boateng  
Utility Regulatory Auditor III  
Auditing Department

Mary Hoyt  
Notary Public



**BEFORE THE PUBLIC SERVICE COMMISSION**

**OF THE STATE OF MISSOURI**

**AFFIDAVIT OF GARY R. BANGERT**

STATE OF MISSOURI


ss.

COUNTY OF COLE

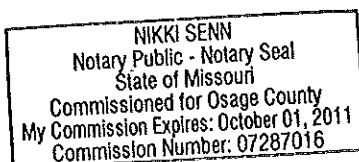
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Case No. WR-2009-0418

**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 5<sup>th</sup> day of October, 2009.



  
\_\_\_\_\_  
Notary Public

**BEFORE THE PUBLIC SERVICE COMMISSION**

**OF THE STATE OF MISSOURI**

**AFFIDAVIT OF ARTHUR W. RICE, PE**

STATE OF MISSOURI

ss.

COUNTY OF COLE

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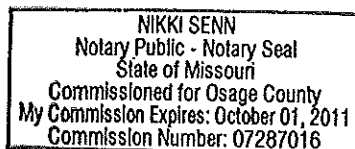
Case No. WR-2009-0418

**COMES NOW** Arthur W. Rice, being of lawful age, and on his oath states the following: (1) that he is a(n) Utility Regulatory Engineer 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.



Arthur W. Rice  
Utility Regulatory Engineer  
Engineering & Management  
Services Department

Subscribed and sworn to before me this 5<sup>th</sup> day of October, 2009.

  
Notary Public

# Company/Staff Disposition Agreement

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

**GLADLO WATER & SEWER, INC.**

**MO PSC CASE NO WR-2009-0418**

**BACKGROUND**

Gladlo 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 at the Commission's offices on May 20, 2009, the Company set forth its request for an increase of \$7,143 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 65 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 the results of the investigation, as well as Staff's initial recommendations for the resolution of the Company's Request and various other information regarding Staff's investigation.



## **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 sheets attached hereto as Attachment A and incorporated herein, with those proposed tariff revisions bearing an effective date of December 7, 2009.

(2) That except as otherwise noted in the agreements below, the ratemaking income statement attached hereto as Attachment B and incorporated herein, 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 \$6,998 is just and reasonable to recover the Company's cost of service.

(3) That the audit workpapers attached hereto as Attachment C and incorporated herein, which include consideration of a hypothetical capital structure consisting of 51.00% equity for the Company and a return on that equity of 11.22%, 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 sheets, the development of which is shown on the rate design worksheet attached hereto as Attachment D and incorporated herein, 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 sheets will result in the residential customer impacts shown on the billing comparison worksheet attached hereto as Attachment E and incorporated herein.

(6) That the rates included in the attached example tariff sheets are just and reasonable, and that the provisions of the attached example tariff sheets also properly reflect all other agreements set out herein, where necessary.

(7) That the schedule of depreciation rates attached hereto as Attachment F and incorporated herein, 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) That the Company will record master meter readings in a meter log and have the meter log readily available for review upon request by Staff.

(9) That the Company will account for the surcharge in Tariff Sheet No. 4A by:

- a. Maintaining records on a monthly basis, detailing all collections of surcharge funds received from customer(s), all payments made to each vendor including amounts, canceled checks, invoice numbers, and dates and also including a summary of the outstanding balance owed.
- b. The records listed in 9a above will be available for review upon request by Staff.
- c. After a period of thirty (30) months or at the time that the portion of well pump replacement costs are paid in full, whichever occurs first, a true-up audit will be performed by Staff, and any over-recovery pursuant to the surcharge will be considered an off-set to rate base.

(10) 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 attached hereto as Attachment G and incorporated herein. 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. Incorporate the delinquent date on customers’ bills in order to inform customers when customers are subject to the late payment charge.
- 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.

(11) Within sixty (60) days of the effective date of an order approving this Company/Staff Disposition Agreement, the Company will file all necessary documentation with the Missouri Secretary of State (SOS) required to obtain a Certificate of Good Standing. The Company further agrees to file a Statement of Change of Registered Agent and/or Registered Office with the SOS within thirty (30) days of the granting of a Certificate of Good Standing.

(12) 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 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.

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

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

(15) 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.

(16) 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 not filed its annual report for the 2007 calendar year nor its statements of revenue for 2007 and 2008. In addition, the Company is delinquent on the Missouri Public Service Commission Assessment Fees for fiscal years 2004, 2006, and 2008. The Company has made arrangements and is in the process of making payments for fiscal year 2009.

The Company has monitoring violations with the Department of Natural Resources (DNR) for December 2007, and the following months in 2008: May, July, September, October, and November. In addition, DNR did not receive a Consumer Confidence Report (CCR) for the monitoring year of 2007. The Company has not paid the Resources (DNR) Primacy fees for 2007 and 2008. Furthermore, the Company has not paid the DNR laboratory fees for 2008 and 2009.

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 the Staff will be filing this Company/Staff Disposition Agreement and the attachments hereto, in the existing case after the Company files the proposed

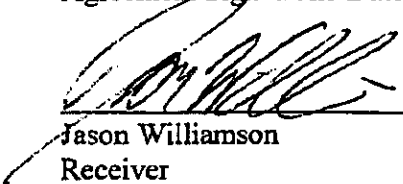
tariff revisions mandated by this agreement. The Company also acknowledges that Staff may make other filings in this case.

Additionally the Company agrees that Staff shall have the right to provide whatever oral explanation the Commission may request regarding this Company/Staff Disposition Agreement at any agenda meeting at which that case is noticed to be considered by the Commission. Staff will be available to answer Commission questions regarding this Company/Staff Disposition Agreement. To the extent reasonably practicable, Staff shall provide the Company with advanced notice of any such agenda meeting so that they may have the opportunity to also be represented at the meeting.

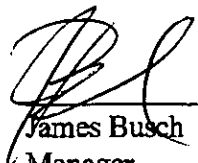
**EFFECTIVE DATE AND SIGNATURES**

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

Agreement Signed and Dated:

  
\_\_\_\_\_  
Jason Williamson  
Receiver  
Gladlo Water & Sewer Company, Inc.

10-6-09  
\_\_\_\_\_  
Date

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

10/6/09  
\_\_\_\_\_  
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

P.S.C. MO No. 2

2<sup>nd</sup> Revised Sheet No. 4

Canceling 1<sup>st</sup> Revised Sheet No. 4

Gladlo Water & Sewer Company, Inc.

Name of Issuing Company

For: Whispering Pines Subdivision

Certificated Service Area

Phelps County Missouri

## **Rules and Regulations Governing Rendering of Water Service**

### **Schedule of Rates**

#### **Availability:**

Any metered customer adjacent to the Company's water distribution mains using standard water service.

#### **Rate Schedule W-1:**

Minimum Monthly Charge (First 1,000 gallons or less)	\$8.28	+
Water Usage Charge (All over 1,000 gallons)	\$3.13 per 1,000 gallons	+

#### **Taxes:**

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

\* Indicates New Rate or Text

+ Indicates Changed Rate or Text

Issue Date: October 8, 2009  
Month/Day/Year

Effective Date: November 30, 2009  
Month/Day/Year

Issued By: Jason Williamson, Receiver 6825 E. Tennessee Ave. Suite 547 Denver CO 80224  
Name & Title of Issuing Officer Company Mailing Address

P.S.C. MO No. 2

Original Sheet No. 4A

Gladlo Water & Sewer Company, Inc.  
Name of Issuing Company

For: Whispering Pines Subdivision  
Certificated Service Area  
Phelps County Missouri

## **Rules and Regulations Governing Rendering of Water Service**

### **Schedule of Rates**

#### **Surcharge:**

\*

The Company is authorized to collect a monthly surcharge in the amount of \$10.00 per customer. The surcharge is to be applied to the remaining balance on the well pump replacement costs associated with the water outage that occurred in May 2009 and the remaining balance on the well pump costs associated with the water outage that occurred in August of 2009, and will be collected until these costs, including interest, are paid in full or, for a period not to exceed 30 months, whichever occurs sooner. The well pump costs that are financed through the collection of this surcharge will be recorded as Contributions in Aid of Construction on the Company's books and records for ratemaking purposes.

\* Indicates New Rate or Text

+ Indicates Changed Rate or Text

Issue Date: October 8, 2009  
Month/Day/Year

Effective Date: November 30, 2009  
Month/Day/Year

Issued By: Jason Williamson, Receiver 6825 E. Tennessee Ave. Suite 547 Denver CO 80224  
Name & Title of Issuing Officer Company Mailing Address



P.S.C. MO No. 2

2<sup>nd</sup> Revised Sheet No. 5

Canceling 1<sup>st</sup> Revised Sheet No. 5

Gladlo Water & Sewer Company, Inc.  
Name of Issuing Company

For: Whispering Pines Subdivision  
Certificated Service Area  
Phelps County Missouri

## **Rules and Regulations Governing Rendering of Water Service**

### **Schedule of Rates**

#### **Discontinuance of Service for Non-Payment of Bill**

For Customers with Gladlo water service:

Disconnection turn-off charge	\$15.00
Reconnection turn-on charge	\$15.00

#### **New Service Connection Charge**

Tap-on and Inspection	\$70.00
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#### **Late Charge**

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 reconnect costs, collection costs, and reasonable attorney's fees for collection.

#### **Returned Check Charge**     +

A charge of \$25 will be added to any account for a check returned from the bank unpaid.

\* Indicates New Rate or Text

+ Indicates Changed Rate or Text

Issue Date: October 8, 2009  
Month/Day/Year

Effective Date: November 30, 2009  
Month/Day/Year

Issued By: <u>Jason Williamson, Receiver</u>	<u>6825 E. Tennessee Ave. Suite 547 Denver CO 80224</u>
Name & Title of Issuing Officer	Company Mailing Address

## Agreement Attachment B

### Ratemaking Income Statement

# GLADLO WATER & SEWER COMPANY, INC.

## Rate Making Income Statement-Water

### Operating Revenues at Current Rates

1	Tariffed Rate Revenues *	\$	10,559
2	Other Operating Revenues *	\$	200
3	<b>Total Operating Revenues</b>	<b>\$</b>	<b>10,759</b>
4	* See "Revenues - Current Rates" for Details		

### Cost of Service

Item	Amount
1 Pumping Equipment-Purchased Power	\$ 3,967
2 Contractual Service-Management Expense	\$ 4,680
3 Contractual Service-Operators Expense	\$ 4,032
4 System Maintenance & Repairs	\$ 1,440
5 Maintenance Expense-Supplies	\$ 250
6 Outside Services-Accounting, Tax	\$ 400
7 Receivership Fee	\$ 450
8 General Liability & Property Insurance	\$ 306
9 MO DNR Fees	\$ 200
10 Regulatory Commission Expense	\$ 76
11 Miscellaneous General Expenses	\$ 181
12 <b>Sub-Total Operating Expenses</b>	<b>\$ 15,982</b>
13 Property Taxes	\$ 116
14 MO Franchise Taxes	\$ -
15 Employer FICA Taxes	\$ -
16 Federal Unemployment Taxes	\$ -
17 State Unemployment Taxes	\$ -
18 State & Federal Income Taxes	\$ 133
19 <b>Sub-Total Taxes</b>	<b>\$ 249</b>
20 Depreciation Expense	\$ 1,936
21 Interest Expense	\$ 319
22 Amortization of CIAC	\$ (1,261)
23 <b>Sub-Total Depreciation/Amortization</b>	<b>\$ 994</b>
24 <b>Return on Rate Base</b>	<b>\$ 532</b>
25 <b>Total Cost of Service</b>	<b>\$ 17,757</b>
26 <b>Overall Revenue Increase Needed</b>	<b>\$ 6,998</b>

# Agreement Attachment C

## Audit Workpapers

**Exhibit No.:**  
**Issue:** Accounting Schedules  
**Witness:** MO PSC Auditors  
**Sponsoring Party:** MO PSC Staff  
**Case No:** WR-2009-0418  
**Date Prepared:** August 13, 2009



**MISSOURI PUBLIC SERVICE COMMISSION**

**UTILITY SERVICES DIVISION**

**DIRECT (Revised)**

**STAFF ACCOUNTING SCHEDULES**

**GLADLO WATER & SEWER COMPANY, INC.**

**CASE NO. WR-2009-0418**

**Jefferson City, Missouri**

**August 2009**

Gladjo Water Sewer Company, Inc.  
 Informal Rate Case  
 Case No. WR-2009-0418  
 Test Year Ending 06-30-2009  
 Rate Design Schedule - Water

Line Number	Description	Account Number (Optional)	Staff Annualized	Customer Charge	Commodity	Percentage Rate
Rev-1	ANNUALIZED REVENUES					
Rev-2	Annualized Rate Revenues	(1)	\$10,559			
Rev-3	Miscellaneous Revenues	(1)	\$200			
Rev-4	TOTAL ANNUALIZED REVENUES		\$10,759			
1	OPERATIONS EXPENSES	(2)				
2	Contractual Service-Management Expense		\$4,680	\$0	\$4,680	0.00%
3	Contractual Service-Operators Expense		\$4,032	\$0	\$4,032	0.00%
4	Electricity		\$3,967	\$0	\$3,967	0.00%
5	TOTAL OPERATIONS EXPENSE		\$12,679	\$0	\$12,679	
6	MAINTENANCE EXPENSES					
7	System Maintenance & Repairs		\$1,440	\$0	\$1,440	0.00%
8	Supplies		\$250	\$0	\$250	0.00%
9	TOTAL MAINTENANCE EXPENSE		\$1,690	\$0	\$1,690	
10	ADMINISTRATIVE & GENERAL EXPENSES					
11	Outside Services - Accounting, Tax		\$400	\$0	\$400	0.00%
12	Receivership Fee (Amortized over 2 years)		\$450	\$0	\$450	0.00%
13	Other Misc. Expenses		\$181	\$0	\$181	0.00%
14	General Liability and Property Insurance		\$306	\$0	\$306	0.00%
15	TOTAL ADMINISTRATIVE AND GENERAL		\$1,337	\$0	\$1,337	
16	OTHER OPERATING EXPENSES					
17	MO DNR Fees		\$200	\$0	\$200	0.00%
18	PSC Assessment		\$76	\$0	\$76	0.00%
19	Depreciation		\$1,936	\$0	\$1,936	0.00%
20	Amortization Of CIAC		-\$1,261	\$0	-\$1,261	0.00%
21	TOTAL OTHER OPERATING EXPENSES		\$951	\$0	\$951	
22	TAXES OTHER THAN INCOME					
23	Real & Personal Property Taxes		\$116	\$0	\$116	0.00%
24	TOTAL TAXES OTHER THAN INCOME		\$116	\$0	\$116	
25	TOTAL OPERATING EXPENSES		\$16,773	\$0	\$16,773	
26	Interest Expense	(3)	\$319	\$0	\$319	0.00%
27	Return on Equity	(3)	\$532	\$0	\$532	0.00%
28	Income Taxes	(3)	\$133	\$0	\$133	0.00%
29	TOTAL INTEREST RETURN & TAXES		\$984	\$0	\$984	
30	TOTAL COST OF SERVICE		\$17,757	\$0	\$17,757	
31	Less: Miscellaneous Revenues		\$200	\$0	\$200	0.00%
32	COST TO RECOVER IN RATES		\$17,557	\$0	\$17,557	
33	INCREMENTAL INCREASE IN RATE REVENUES		\$6,998			
34	PERCENTAGE OF INCREASE		65.04%			
35	REQUESTED INCREASE IN REVENUES		\$7,143			

(1) From Revenue Schedule

(2) From Expense Schedule

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

Gladlo Water Sewer Company, Inc.  
 Informal Rate Case  
 Case No. WR-2009-0418  
 Test Year Ending 08-30-2009  
 Rate Base Required Return on Investment Schedule - Water

Line Number	A Rate Base Description	B Dollar Amount	
1	Plant In Service	\$48,197	From Plant Schedule
2	Less Accumulated Depreciation Reserve	\$26,507	From Depreciation Reserve Schedule
3	Net Plant In Service	\$21,690	
4	Other Rate Base Items:	\$0	
	Contribution in Aid of Construction	-\$12,607	
	CIAC Amortization Reserve	\$210	
5	Total Rate Base	\$9,293	
6	Total Weighted Rate of Return Including Income Tax	10.58%	From PreTax Return & Taxes Schedule
7	Required Return & Income Tax	\$983	

Gladjo Water Sewer Company, Inc.  
 Informal Rate Case  
 Case No. WR-2009-0418  
 Test Year Ending 06-30-2009  
 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	15.02% (1) & (2)	14.15%	$(1 - B1) \times A2$
3	Composite Effective Income Tax Rate		19.96%	$B1 + B2$
4	Equity Tax Factor		1.2493	$1 / (1 - B3)$
5	Recommended Weighted Rate of Return on Equity - Common and Preferred		5.72%	From Capital Structure Schedule
6	Weighted Rate of Return on Equity Including Income Tax		7.15%	$B4 \times B5$
7	Recommended Weighted Rate of Return on Debt - Long-Term and Short-Term		3.43%	From Capital Structure Schedule
8	Total Weighted Rate of Return Including Income Tax		10.58%	$B6 + B7$

To Rate Base Schedule

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

N

Equity Income Required                      \$626  
 & Preliminary Federal Tax

Tax Rate Table

Net Income Range		Tax Rate	Amount in Range	Tax on Range
Start	End			
\$0	\$50,000	15.00%	\$626	\$94
\$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
			\$626	\$94
Consolidated Tax Rate:				
Average Tax Rate:				0.1502



Gladjo Water Sewer Company, Inc.  
 Informal Rate Case  
 Case No. WR-2009-0418  
 Test Year Ending 06-30-2009  
 Capital Structure Schedule - Water

Line Number	Description	Dollar Amount	Percentage of Total Capital Structure	Embedded Cost of Capital	Weighted Cost of Capital
1	Common Stock	\$7,201	51.00%	11.22%	5.722%
2	Other Security-Non Tax Deductible	\$0	0.00%	0.00%	0.000%
3	Preferred Stock	\$0	0.00%	0.00%	0.000%
4	Long Term Debt	\$6,919	49.00%	7.00%	3.430%
5	Short Term Debt	\$0	0.00%	0.00%	0.000%
6	Other Security-Tax Deductible	\$0	0.00%	0.00%	0.000%
7	TOTAL CAPITALIZATION	\$14,120	100.00%		9.152%

To PreTax Return Rate Schedule

Gladio Water Sewer Company, Inc.  
Informal Rate Case  
Case No. WR-2009-0418  
Test Year Ending 06-30-2009  
Plant In Service - Water

Line Number	A Account # (Optional)	B Plant Account Description	C Total Plant	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
1		INTANGIBLE PLANT					
2	301.000	Organization	\$1,000			100.00%	\$1,000
3	302.000	Franchises	\$2,400			100.00%	\$2,400
4		TOTAL INTANGIBLE PLANT	\$3,400		\$0		\$3,400
5		SOURCE OF SUPPLY PLANT					
6	310.000	Land & Land Rights SP	\$0			100.00%	\$0
7	311.000	Structures & Improvements - SSP	\$4,974			100.00%	\$4,974
8	312.000	Collection & Impounding Reservoirs	\$0			100.00%	\$0
9	314.000	Wells & Springs	\$7,376			100.00%	\$7,376
10	315.000	Infiltration Galleries & Tunnels	\$0			100.00%	\$0
11	316.000	Supply Mains	\$0			100.00%	\$0
12		TOTAL SOURCE OF SUPPLY PLANT	\$12,350		\$0		\$12,350
13		PUMPING PLANT					
14	321.000	Structures & Improvements - PP	\$0			100.00%	\$0
15	325.100	Electric Pumping Equipment	\$8,535	P-15	\$5,572	100.00%	\$14,107
16	326.000	Diesel Pumping Equipment	\$0			100.00%	\$0
17	328.000	Other Pumping Equipment	\$0			100.00%	\$0
18		TOTAL PUMPING PLANT	\$8,535		\$5,572		\$14,107
19		WATER TREATMENT PLANT					
20	330.000	Land & Land Rights-WTP	\$0			100.00%	\$0
21	331.000	Structures & Improvements - WTP	\$0			100.00%	\$0
22	332.000	Water Treatment Equipment	\$0			100.00%	\$0
23		TOTAL WATER TREATMENT PLANT	\$0		\$0		\$0
24		TRANSMISSION & DISTRIBUTION PLANT					
25	340.000	Land & Land Rights-T&D	\$0			100.00%	\$0
26	341.000	Structures & Improvements - T&D	\$0			100.00%	\$0
27	342.000	Distribution Reservoirs & Standpipes	\$2,915	P-27	-\$2,915	100.00%	\$0
28	344.000	Fire Mains	\$0			100.00%	\$0
29	345.000	Services	\$0			100.00%	\$0
30	343.000	Transmission & Distribution Mains	\$15,290	P-30	\$1,071	100.00%	\$16,361
31	346.000	Meters- Bronze Chamber	\$100	P-31	\$1,879	100.00%	\$1,979
32	346.000	Meters- Plastic Chamber	\$0			100.00%	\$0
33	347.000	Meter Installations- Bronze	\$0			100.00%	\$0
34	347.000	Meter Installations- Plastic	\$0			100.00%	\$0
35	348.000	Other Transmission & Distribution Plant	\$0			100.00%	\$0
36	349.000	Hydrants	\$0			100.00%	\$0
37		TOTAL TRANS. & DISTRIBUTION PLANT	\$18,305		\$35		\$18,340
38		GENERAL PLANT					
39	370.000	Land & Land Rights-GP	\$0			100.00%	\$0
40	371.000	Structures & Improvements - GP	\$0			100.00%	\$0
41	372.000	Office Furniture & Equipment	\$0			100.00%	\$0
42		Office Computer Equipment	\$0			100.00%	\$0
43	373.000	Transportation Equipment - GP	\$0			100.00%	\$0
44	396.000	Power Operated Equipment	\$0			100.00%	\$0
45		TOTAL GENERAL PLANT	\$0		\$0		\$0
46		TOTAL PLANT IN SERVICE	\$42,590		\$5,607		\$48,197

To Rate Base & Depreciation Schedules

Gladlo Water Sewer Company, Inc.  
 Informal Rate Case  
 Case No. WR-2009-0418  
 Test Year Ending 06-30-2009  
 Schedule of Adjustments for Plant in Service - Water

A Plant Adjustment Number	B Plant In Service Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment
P-15	Electric Pumping Equipment	325.100		\$5,572
	1. Retirement of old plant (Boateng)		-\$8,535	
	2. To include in plant portion of the new pumping equipment already paid by the Company (Boateng)		\$14,107	
P-27	Distribution Reservoirs & Standpipes	342.000		-\$2,915
	To reflect retirement of plant in 1998 (Boateng)		-\$2,915	
P-30	Transmission & Distribution Mains	343.000		\$1,071
	To reflect improvements to plant in 2002 (Boateng)		\$1,071	
P-31	Meters- Bronze Chamber	346.000		\$1,879
	1. To reflect initial cost of meters (Rice)		\$1,638	
	2. To reflect installation of an additional meter in 2002 (Boateng)		\$64	
	3. To reflect replacement of two additional meters in May 2009 (Boateng)		\$177	
	<b>Total Plant Adjustments</b>			<b>\$5,607</b>

Gladlo Water Sewer Company, Inc.  
 Informal Rate Case  
 Case No. WR-2009-0418  
 Test Year Ending 06-30-2009  
 Depreciation Expense - Water

Line Number	A Account Number	B Plant Account Description	C Adjusted Jurisdictional	D Depreciation Rate	E Depreciation Expense
1		<b>INTANGIBLE PLANT</b>			
2	301.000	Organization	\$1,000	0.00%	\$0
3	302.000	Franchises	\$2,400	0.00%	\$0
4		<b>TOTAL INTANGIBLE PLANT</b>	<u>\$3,400</u>		<u>\$0</u>
5		<b>SOURCE OF SUPPLY PLANT</b>			
6	310.000	Land & Land Rights SP	\$0	0.00%	\$0
7	311.000	Structures & Improvements - SSP	\$4,974	0.00%	\$0
8	312.000	Collection & Impounding Reservoirs	\$0	0.00%	\$0
9	314.000	Wells & Springs	\$7,376	0.00%	\$0
10	315.000	Infiltration Galleries & Tunnels	\$0	0.00%	\$0
11	316.000	Supply Mains	\$0	0.00%	\$0
12		<b>TOTAL SOURCE OF SUPPLY PLANT</b>	<u>\$12,350</u>		<u>\$0</u>
13		<b>PUMPING PLANT</b>			
14	321.000	Structures & Improvements - PP	\$0	0.00%	\$0
15	325.100	Electric Pumping Equipment	\$14,107	10.00%	\$1,411
16	326.000	Diesel Pumping Equipment	\$0	0.00%	\$0
17	328.000	Other Pumping Equipment	\$0	0.00%	\$0
18		<b>TOTAL PUMPING PLANT</b>	<u>\$14,107</u>		<u>\$1,411</u>
19		<b>WATER TREATMENT PLANT</b>			
20	330.000	Land & Land Rights-WTP	\$0	0.00%	\$0
21	331.000	Structures & Improvements - WTP	\$0	0.00%	\$0
22	332.000	Water Treatment Equipment	\$0	0.00%	\$0
23		<b>TOTAL WATER TREATMENT PLANT</b>	<u>\$0</u>		<u>\$0</u>
24		<b>TRANSMISSION &amp; DISTRIBUTION PLANT</b>			
25	340.000	Land & Land Rights-T&D	\$0	0.00%	\$0
26	341.000	Structures & Improvements - T&D	\$0	0.00%	\$0
27	342.000	Distribution Reservoirs & Standpipes	\$0	0.00%	\$0
28	344.000	Fire Mains	\$0	0.00%	\$0
29	345.000	Services	\$0	0.00%	\$0
30	343.000	Transmission & Distribution Mains	\$16,361	2.00%	\$327
31	346.000	Meters- Bronze Chamber	\$1,979	10.00%	\$198
32	346.000	Meters- Plastic Chamber	\$0	0.00%	\$0
33	347.000	Meter Installations- Bronze	\$0	0.00%	\$0
34	347.000	Meter Installations- Plastic	\$0	0.00%	\$0
35	348.000	Other Transmission & Distribution Plant	\$0	0.00%	\$0
36	349.000	Hydrants	\$0	0.00%	\$0
37		<b>TOTAL TRANS. &amp; DISTRIBUTION PLANT</b>	<u>\$18,340</u>		<u>\$525</u>
38		<b>GENERAL PLANT</b>			
39	370.000	Land & Land Rights-GP	\$0	0.00%	\$0

Gladlo Water Sewer Company, Inc.  
 Informal Rate Case  
 Case No. WR-2009-0418  
 Test Year Ending 06-30-2009  
 Depreciation Expense - Water

Line Number	A Account Number	B Plant Account Description	C Adjusted Jurisdictional	D Depreciation Rate	E Depreciation Expense
40	371.000	Structures & Improvements - GP	\$0	0.00%	\$0
41	372.000	Office Furniture & Equipment	\$0	5.00%	\$0
42		Office Computer Equipment	\$0	0.00%	\$0
43	373.000	Transportation Equipment - GP	\$0	0.00%	\$0
44	396.000	Power Operated Equipment	\$0	6.70%	\$0
45		TOTAL GENERAL PLANT	\$0		\$0
46		Total Depreciation	\$48,197		\$1,936

Gladjo Water Sewer Company, Inc.  
Informal Rate Case  
Case No. WR-2009-0418  
Test Year Ending 06-30-2009  
Accumulated Depreciation Reserve - Water

Line Number	A Account Number	B Depreciation Reserve Description	C Total Reserve	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted 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	\$6,146	R-7	-\$1,173	100.00%	\$4,973
8	312.000	Collection & Impounding Reservoirs	\$0			100.00%	\$0
9	314.000	Wells & Springs	\$6,333	R-9	\$1,044	100.00%	\$7,377
10	315.000	Infiltration Galleries & Tunnels	\$0			100.00%	\$0
11	316.000	Supply Mains	\$0			100.00%	\$0
12		TOTAL SOURCE OF SUPPLY PLANT	\$12,479		-\$129		\$12,350
13		PUMPING PLANT					
14	321.000	Structures & Improvements - PP	\$0			100.00%	\$0
15	325.100	Electric Pumping Equipment	\$8,535	R-15	-\$8,170	100.00%	\$365
16	326.000	Diesel Pumping Equipment	\$0			100.00%	\$0
17	328.000	Other Pumping Equipment	\$0			100.00%	\$0
18		TOTAL PUMPING PLANT	\$8,535		-\$8,170		\$365
19		WATER TREATMENT PLANT					
20	330.000	Land & Land Rights-WTP	\$0			100.00%	\$0
21	331.000	Structures & Improvements - WTP	\$0			100.00%	\$0
22	332.000	Water Treatment Equipment	\$0			100.00%	\$0
23		TOTAL WATER TREATMENT PLANT	\$0		\$0		\$0
24		TRANSMISSION & DISTRIBUTION PLANT					
25	340.000	Land & Land Rights-T&D	\$0			100.00%	\$0
26	341.000	Structures & Improvements - T&D	\$0			100.00%	\$0
27	342.000	Distribution Reservoirs & Standpipes	\$564	R-27	-\$564	100.00%	\$0
28	344.000	Fire Mains	\$0			100.00%	\$0
29	345.000	Services	\$0			100.00%	\$0
30	343.000	Transmission & Distribution Mains	\$11,375	R-30	\$564	100.00%	\$11,939
31	346.000	Meters- Bronze Chamber	\$2,144	R-31	-\$291	100.00%	\$1,853
32	346.000	Meters- Plastic Chamber	\$0			100.00%	\$0
33	347.000	Meter Installations- Bronze	\$0			100.00%	\$0
34	347.000	Meter Installations- Plastic	\$0			100.00%	\$0
35	348.000	Other Transmission & Distribution Plant	\$0			100.00%	\$0
36	349.000	Hydrants	\$0			100.00%	\$0
37		TOTAL TRANS. & DISTRIBUTION PLANT	\$14,083		-\$291		\$13,792
38		GENERAL PLANT					
39	370.000	Land & Land Rights-GP	\$0			100.00%	\$0
40	371.000	Structures & Improvements - GP	\$0			100.00%	\$0
41	372.000	Office Furniture & Equipment	\$0			100.00%	\$0
42		Office Computer Equipment	\$0			100.00%	\$0
43	373.000	Transportation Equipment - GP	\$0			100.00%	\$0
44	396.000	Power Operated Equipment	\$0			100.00%	\$0
45		TOTAL GENERAL PLANT	\$0		\$0		\$0
46		TOTAL DEPRECIATION RESERVE	\$35,097		-\$8,590		\$26,507

To Rate Base Schedule

Gladjo Water Sewer Company, Inc.  
 Informal Rate Case  
 Case No. WR-2009-0418  
 Test Year Ending 06-30-2009  
 Schedule of Adjustments for Accumulated Depreciation Reserve - Water

A Reserve Adjustment Number	B Accumulated Depreciation Reserve Adjustments Description	C Account Number	D Adjustment Amount	E Total Adjustment Amount
R-7	Structures & Improvements - SSP	311.000		-\$1,173
	Transfer of over accrued depreciation to Account 314 (Rice)		-\$1,173	
R-9	Wells & Springs	314.000		\$1,044
	Transfer from Account 311 (Rice)		\$1,044	
R-15	Electric Pumping Equipment	325.100		-\$8,170
	1. Retirement of old plant (Boateng)		-\$8,535	
	2. Include depreciation on new pump since May 1, 2009 (Boateng)		\$235	
	3. Transfer from Account 311		\$130	
R-27	Distribution Reservoirs & Standpipes	342.000		-\$564
	To reflect retirement of plant (Boateng)		-\$564	
R-30	Transmission & Distribution Mains	343.000		\$564
	Transfer from Account 342		\$564	
R-31	Meters- Bronze Chamber	346.000		-\$291
	1. To adjust reserve account (Boateng)		-\$333	
	2. To reflect depreciation accruals since 1999 (Boateng)		\$42	
	<b>Total Reserve Adjustments</b>			<b>-\$8,590</b>

Gladlo Water Sewer Company, Inc.  
 Informal Rate Case  
 Case No. WR-2009-0418  
 Test Year Ending 06-30-2009  
 Rate Revenue Feeder Schedule - Water

Line Number	A Description	Residential 5/8"		Commercial 2"	
		B Amount	C Amount	D Amount	E Amount
1	<u>Customer Charge Revenues:</u>				
2	Customer Number	65		0	
3	Bills Per Year	12		0	
4	Customer Bills Per year	780		0	
5	Current Customer Charge	<u>\$4.98</u>		<u>\$0.00</u>	
6	Annualized Customer Charge Revenues		\$3,884		\$0
7	<u>Commodity Charge Revenues:</u>				
8	Total Gallons Sold	4,318,442		0	
9	Less: Base Gallons Included In Customer Charge	<u>768,000</u>		<u>0</u>	
10	Commodity Gallons	3,550,442		0	
11	Block 1, Commodity Gallons per Block	3,550,442		0	
12	Block 1, Number of Commodity Gallons per Unit	<u>1,000</u>		<u>0</u>	
13	Block 1, Commodity Billing Units	3,550.44		0.00	
14	Block 1, Existing Commodity Charge	<u>\$1.88</u>		<u>\$0.00</u>	
15	Block 1, Annualized Commodity Charge Rev.		\$6,675		\$0
16	<b>Total Annualized Water Rate Revenues:</b>		<b>\$10,559</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.



Gladio Water Sewer Company, Inc.  
 Informal Rate Case  
 Case No. WR-2009-0418  
 Test Year Ending 06-30-2009  
 Rate Revenue Feeder Schedule - Water

Line Number	Description	Total	
		F Amount	G Amount
1	<u>Customer Charge Revenues:</u>		
2	Customer Number	65	
3	Bills Per Year		
4	Customer Bills Per year	780	
5	Current Customer Charge		
6	Annualized Customer Charge Revenues		\$3,884
7	<u>Commodity Charge Revenues:</u>		
8	Total Gallons Sold	4,318,442	
9	Less: Base Gallons Included In Customer Charge	768,000	
10	Commodity Gallons	3,550,442	
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.		\$6,675
16	<b>Total Annualized Water Rate Revenues</b>		<b>\$10,559</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.

Gladjo Water Sewer Company, Inc.  
 - Informal Rate Case  
 Case No. WR-2009-0418  
 Test Year Ending 06-30-2009  
 Expense Schedule - Water

Line Number	A Account Number (Optional)	B Expense Description	C Company/ Test Year Amount	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
1		OPERATIONS EXPENSES					
2		Contractual Service-Management Expense	\$1,284	W-2	\$3,396	100.00%	\$4,680
3		Contractual Service-Operators Expense	\$840	W-3	\$3,192	100.00%	\$4,032
4		Electricity	\$1,272	W-4	\$2,695	100.00%	\$3,967
5		TOTAL OPERATIONS EXPENSE	\$3,396		\$9,283		\$12,679
6		MAINTENANCE EXPENSES					
7		System Maintenance & Repairs	\$80	W-7	\$1,360	100.00%	\$1,440
8		Supplies	\$0	W-8	\$250	100.00%	\$250
9		TOTAL MAINTENANCE EXPENSE	\$80		\$1,610		\$1,690
10		ADMINISTRATIVE & GENERAL EXPENSES					
11		Outside Services - Accounting, Tax	\$0	W-11	\$400	100.00%	\$400
12		Receivership Fee (Amortized over 2 years)	\$900	W-12	-\$450	100.00%	\$450
13		Other Misc. Expenses	\$283	W-13	-\$102	100.00%	\$181
14		General Liability and Property Insurance	\$0	W-14	\$306	100.00%	\$306
15		TOTAL ADMINISTRATIVE AND GENERAL	\$1,183		\$154		\$1,337
16		OTHER OPERATING EXPENSES					
17		MO DNR Fees	\$0	W-17	\$200	100.00%	\$200
18		PSC Assessment	\$25	W-18	\$51	100.00%	\$76
19		Depreciation	\$0	W-19	\$1,936	100.00%	\$1,936
20		Amortization Of CIAC	\$0	W-20	-\$1,261	100.00%	-\$1,261
21		TOTAL OTHER OPERATING EXPENSES	\$25		\$926		\$951
22		TAXES OTHER THAN INCOME					
23		Real & Personal Property Taxes	\$352	W-23	-\$236	100.00%	\$116
24		TOTAL TAXES OTHER THAN INCOME	\$352		-\$236		\$116
25		TOTAL OPERATING EXPENSES	\$5,036		\$11,737		\$16,773

Gladlo Water Sewer Company, Inc.  
 Informal Rate Case  
 Case No. WR-2009-0418  
 Test Year Ending 06-30-2009  
 Expense Adjustment Schedule - Water

A Expense Adj Number	B Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment
W-2	Contractual Service-Management Expense			\$3,396
	To annualize management fees (Boateng)		\$3,396	
W-3	Contractual Service-Operators Expense			\$3,192
	To annualize operations and supervision fees (Boateng)		\$3,192	
W-4	Electricity			\$2,695
	To annualize electricity expense to reflect new well pump (Boateng)		\$2,695	
W-7	System Maintenance & Repairs			\$1,360
	To reflect additional expense for system repairs and maintenance (Boateng)		\$1,360	
W-8	Supplies			\$250
	To include costs relating to operating supplies (Boateng)		\$250	
W-11	Outside Services - Accounting, Tax			\$400
	To include fees for accounting and tax preparation (Boateng)		\$400	
W-12	Receivership Fee (Amortized over 2 years)			-\$450
	To amortize initial receivership costs over a two year period (Boateng)		-\$450	
W-13	Other Misc. Expenses			-\$102
	To allocate miscellaneous expenses evenly between the water and sewer utilities (Boateng)		-\$102	

Gladlo Water Sewer Company, Inc.  
 Informal Rate Case  
 Case No. WR-2009-0418  
 Test Year Ending 06-30-2009  
 Expense Adjustment Schedule - Water

A Expense Adj Number	B Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment
W-14	General Liability and Property Insurance			\$306
	To include general liability and property insurance premium (Boateng)		\$306	
W-17	MO DNR Fees			\$200
	To include an annual level of DNR fees (Boateng)		\$200	
W-18	PSC Assessment			\$51
	To include an annual level of PSC fees (Boateng)		\$51	
W-19	Depreciation			\$1,936
	1. To Annualize Depreciation		\$1,936	
	2. Description		\$0	
W-20	Amortization Of CIAC			-\$1,261
	To include amortization of CIAC (Boateng)		-\$1,261	
W-23	Real & Personal Property Taxes			-\$236
	To adjust property tax expense to reflect an annual level (Boateng)		-\$236	
	Total Expense Adjustments			\$11,737

Gladlo Water Sewer Company, Inc.  
 Informal Rate Case  
 Case No. WR-2009-0418  
 Test Year Ending 06-30-2009  
 Revenue Schedule - Water

A		B	C	D	E	F	G
Line	Account		Company/	Adjustment	Jurisdictional	Jurisdictional	Adjusted
Number	(Optional)	Revenue Description	Test Year	Number	Adjustments	Allocation	Jurisdictional
Rev-1		ANNUALIZED REVENUES					
Rev-2		Annualized Rate Revenues	\$0	Rev-2	\$10,559	100.00%	\$10,559
Rev-3		Miscellaneous Revenues	\$0	Rev-3	\$200	100.00%	\$200
Rev-4		TOTAL ANNUALIZED REVENUES	\$0		\$10,759		\$10,759

Gladlo Water Sewer Company, Inc.  
 Informal Rate Case  
 Case No. WR-2009-0418  
 Test Year Ending 06-30-2009  
 Revenue Adjustment Schedule - Water

A	B	C	D	E
Revenue Adj Number	Adjustment Description	Account Number	Adjustment Amount	Total Adjustment
Rev-2	Annualized Rate Revenues			\$10,559
	1. To Annualize Rate Revenues		\$10,559	
Rev-3	Miscellaneous Revenues			\$200
	1. To Annualize Miscellaneous Revenues		\$200	
	Description		\$0	
	Description		\$0	
	Total Revenue Adjustments			\$10,759

Gladlo Water Sewer Company, Inc.  
Informal Rate Case  
Case No. WR-2009-0418  
Test Year Ending 06-30-2009  
Miscellaneous Revenues Feeder - Water

Line	A	B
Number	Description	Amount

3	Total Miscellaneous Revenues	<u>\$200</u>
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Agreement Attachment D

Rate Design Worksheet



# **GLADLO WATER & SEWER COMPANY, INC.**

## **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	\$ 10,559
Agreed-Upon Overall Revenue Increase	\$ 6,998
Percentage Increase Needed	66.272%

### **Metered Customer Rates**

<b>Meter Size</b>	<b>Current Service Charge</b>	<b>Proposed Service Charge</b>	<b>Current Usage Rate</b>	<b>Proposed Usage Rate</b>
3/4"	\$ 4.98	\$ 8.28	\$ 1.88	\$ 3.13

Agreement Attachment E

Billing Comparison Worksheet

# GLADLO WATER & SEWER COMPANY, INC.

## Residential Customer Bill Comparison-Water

### Rates for 5/8" Meter

<u>Current Base Customer Charge</u>	<u>Proposed Base Customer Charge</u>	<u>Current Usage Rate</u>	<u>Proposed Usage Rate</u>
<b>\$4.98</b>	<b>\$8.28</b>	<b>\$1.88</b>	<b>\$3.13</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	\$ 4.98
Usage Charge	\$ 9.40
Surcharge	\$ -
Total Bill	\$ 14.38

#### Proposed Rates

Customer Charge	\$ 8.28
Usage Charge	\$ 15.63
Surcharge	\$ 10.00
Total Bill	\$ 33.91

#### INCREASES

##### Customer Charge

<b>\$ Increase</b>	<b>\$3.30</b>
<b>% Increase</b>	<b>66.27%</b>

##### Usage Charge

<b>\$ Increase</b>	<b>\$ 6.23</b>
<b>% Increase</b>	<b>66.27%</b>

##### Total Bill without Surcharge

<b>\$ Increase</b>	<b>\$9.53</b>
<b>% Increase</b>	<b>66.27%</b>

##### Total Bill with Surcharge

<b>\$ Increase</b>	<b>\$ 19.53</b>
<b>% Increase</b>	<b>135.81%</b>

## Agreement Attachment F

### Schedule of Depreciation Rates

# Gladlo Water & Sewer Company

## DEPRECIATION RATES

(WATER Class D)

WR-2009-0418

<b>ACCOUNT NUMBER</b>	<b>ACCOUNT DESCRIPTION</b>	<b>DEPRECIATION RATE</b>	<b>AVERAGE SERVICE LIFE (YEARS)</b>	<b>NET SALVAGE</b>
311	Structures & Improvements	0.0%	fully depreciated	
314	Wells & Springs	0.0%	fully depreciated	
325	Electric Pumping Equipment	10.0%	10	
342	Distribution Reservoirs and Standpipes	0.0%	fully depreciated	
343	Transmission & Distribution Mains	2.0%	50	
346	Meters	10.0%	10	
379	Other General Equipment	10.0%	9	9%

# 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-2009-0418 and SR-2009-0419**

### **Gladlo Water and Sewer Company**

Gladlo Water and Sewer Company (Gladlo or Company) filed a rate increase request on April 30, 2009, for water and sewer service provided in its certificated service area, Whispering Pines Subdivision, near Rolla, Missouri. The Engineering and Management Services Department (EMSD) staff initiated an informal review of customer service processes, procedures, and practices at Gladlo on June 22, 2009. The EMSD staff's review included an examination of 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**

Gladlo Water and Sewer Company was certificated to provide water and sewer service on December 21, 1995. In the Spring of 2008, the owner of Gladlo essentially abandoned the water and sewer system. On March 5, 2009, the Phelps County Court issued an order naming Heartland Utilities, LLC, (Heartland) as receiver. The business office for Heartland is located in Denver, Colorado.

The Company provides water and sewer service to approximately 62 customers and water-only service to an additional 6 customers. There has been minimal change in the number of customers over the past three years. Pivotal Utility Management, LLC, (Pivotal) the company contracted by Heartland to provide business office support functions for Gladlo is located in Denver, Colorado. The Pivotal business office has office hours from 10:00 a.m. – 6:00 p.m. CST, Monday through Friday. Customers have 24-hour, 7-day access to Pivotal personnel by calling the toll free telephone number provided on the customer bill. The customer bill also provides a local telephone number for water or sewer emergencies.

Gladlo Water and Sewer Company has no employees; therefore, Heartland has contracted all responsibility for Company operations to outside contractors. As previously mentioned, Pivotal is the contract company for all business office functions. Business office functions including taking new service applications, entering meter readings, preparing and mailing customer bills, maintaining customer account records, posting customer bill payments, making bank deposits, and paying bills. Business office personnel also respond to customer inquiries and complaints received by telephone. Heartland has contracted with two individuals that live in the vicinity of Gladlo's service territory to perform all outside plant functions. Outside plant responsibilities include meter reading, daily system checks, chlorination, routine maintenance, construction activity, and responding to customer emergency calls.

Pivotal accepts telephone requests prior to the establishment of new service; however, written applications are not used. 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**

Pivotal prepares an Excel meter reading sheet on a monthly basis and provides it to the contract meter reader. Meters are read and the meter readings are electronically returned to Pivotal by the 6<sup>th</sup> or 7<sup>th</sup> of each month. The contractor attempts to read all water meters on a monthly basis. The Company is unaware of any theft of water service.

### **Customer Billing**

Heartland mailed a letter to all Company customers on March 10, 2009, informing them that Heartland had been appointed as the receiver for Gladlo Water and Sewer Company. The letter also communicated that bills had not been issued since April 2008 although water meters were read in December 2008, and January and February 2009. Water customers were informed that they would be back billed the minimum monthly charge for service from April 2008 through November 2008 and the usage rate in the tariff for an average of the actual water use from December 2008 to March 2009. The letter stated that sewer customers would be back billed the base charge for the 10-month period from April 2008 to January 2009. Customers were offered the choice of three different payment options to extend payment of these retroactively billed amounts.

Pivotal uses Quickbooks 2007 software for bookkeeping and preparation of monthly customer bills. Meter reading data from an Excel spreadsheet is imported into the billing program of Quickbooks which calculates and prints the customers' bills. Pivotal verifies the accuracy of bills through visual inspection when the bills are produced. Company personnel stated that customer account information is backed up daily and the backup files are stored off-site. Other hard copy customer information is stored in a locked file cabinet. Pivotal management stated that bills are mailed by the 10th of the month and are due on the 25<sup>th</sup> of the month. Customer bills do not provide a delinquent date.

The Company's tariffs provide the rates for water and sewer service. Customers' water bills are based on a monthly minimum customer charge of \$4.98 and a usage charge of \$1.88 per 1,000 gallons over 1,000 gallons of usage. Sewer customers pay a flat fee of \$12.48 per month. Most customers mail their check or money order payments to the Pivotal business office in Denver, Colorado. However, customers may also remit account payments at three Phelps County Bank locations in Rolla, Missouri, and the Phelps County Bank location in St. James, Missouri.

### **Credit and Collections**

The Company does not collect customer deposits from customers, although the collection of deposits is permitted under the Company's tariff. Customer accounts that remain unpaid for one month after the billing date are assessed a \$3.00 late charge on the next month's bills. Customer bills inform customers of the late charge; however, the bills incorrectly call this charge a returned check charge. Pivotal management stated that they will immediately correct the incorrect terminology on customer bills to clearly identify the \$3.00 fee as a late charge. Pivotal started the practice in June 2009 of sending out delinquent notices to customers with unpaid bills three months after the billing date of the original unpaid bill. There has been an average of 15 – 20 customers with delinquent bill payments each month. Heartland management acknowledged to EMSD staff that this is an excessive number of delinquent accounts and stated an intention to introduce more aggressive collection procedures in the future, if necessary. Heartland management stated that if changes are made in collection procedures, it would ensure that any modifications comply with the Company's tariff and Commission rules. The Company has received one insufficient funds check since Heartland became the receiver in March 2009. The Company does not use a collection agency. Heartland management stated that a review to identify the need for bad debt write-offs will be conducted in December.

### **Complaints and Inquiries**

Customers with questions or concerns may call the Company contact number appearing on the bill. Customers calling outside of normal business hours are provided an alternate number to use in the event of an emergency. Pivotal makes notes in customers' account records when they receive a customer contact that consists of more than a simple question. These notes include the customer's name, date of contact, person responding to the customer, nature of the call, and the action that was taken. A monthly summary report can be produced that provides this key information.

A review of Commission complaint/inquiry records regarding water service since 2007 showed three (3) customer complaints in 2007 related to service quality, none in 2008, and one (1) service quality inquiry in 2009. There have been no Commission complaints or inquiries regarding the Company's sewer service since 2007.

## **Customer Communication**

Monthly billing statements are the primary means of communication with customers. In addition, letters are used to communicate with customers.

## **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:

- Customer Applications
- Customer Rights and Responsibilities Documentation
- Customer Bill Delinquent Date

## **Customer Applications**

The Company does not collect a signed customer application from its customers. Customers need only make a telephone request for service prior to the establishment of service.

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. A signed and dated customer application will provide Gladlo more leverage to collect monies owed should the need arise and bring the Company into compliance with its tariff.

*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-2009-0418. This recommendation must be completed within thirty (30) days of the Commission order approving the disposition agreement in Case No. SR-2009-0419.

### **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 Delinquent Date**

Customer bills do not state the delinquent date. Customer bills typically have a billing date of the 10<sup>th</sup> of the month and state that the bill is due on the 25<sup>th</sup> of the month; however, the delinquent date is not provided upon which the allowed \$3.00 late payment charge is assessed. In practice, the Company assesses a late payment charge at the end of the billing period when the bill for the next month is prepared. This practice complies with Commission Rule 4 CSR 240-

13.010(7) which requires the customer to have at least 21 days to pay utility charges; however, Commission Rule 4 CSR 240-13.020(9)(B) states that every bill shall clearly state “The date when the bill will be considered due and the date when it will be considered delinquent, if different.” The inclusion of the delinquent date on the bill would inform customers when they are subject to the \$3.00 late payment charge and enable the Company to comply with the Commission's rule.

*THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:*

*Incorporate the delinquent date on customers' bills in order to inform customers when they are subject to the \$3.00 late payment charge. This recommendation must be completed within thirty (30) days of the Commission order approving the disposition agreement in Case No. WR-2009-0418. This recommendation must be completed within thirty (30) days of the Commission order approving the disposition agreement in Case No. SR-2009-0419.*

### **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-2009-0418. 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-2009-0419.

## Agreement Attachment H

### Summary of Case Events

Gladlo Water & Sewer Company, Inc.  
Case #WR-2009-0418  
Summary of Case Events

Date Filed	May 20, 2009
Day 150	October 17, 2009
Extension?	No
If yes, why?	
Amount Requested	\$ 7,143
Amount Agreed Upon	\$ 6,998
Number of Customers	65
Return on Equity	11.22%
Assessments Current	No
Annual Reports Filed	2007 Not Filed
Statement of Revenue Filed	2007 & 2008 Not Filed
Other Open Cases before Commission	None
Status with Secretary of State	Administratively Dissolved November 8, 2007
DNR Violations	Monitoring violations for December 2007, May 2008, July 2008, September 2008, October 2008 and November 2008
	Primacy Fees owed for 2007 & 2008 Lab Fees owed for 2008 & 2009
Significant Service/Quality Issues	Monitoring violations relate to Nitrates and Bacteria.