

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

In the Matter of the Small Company Rate)	<u>Case No. WR-2007-0021</u>
Increase Request of Aqua Missouri, Inc.)	
(CU) – (Water))	

**NOTICE OF AGREEMENT REGARDING DISPOSITION
OF SMALL COMPANY RATE INCREASE REQUEST**

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

1. On July 12, 2006, (unless noted otherwise, all dates herein refer to the year 2006) Aqua Missouri, Inc. (CU) – (Water) ("Company") submitted to the Commission revised tariff sheets to implement increases in its water service rates and the instant case was established.

2. As is noted in the Company's tariff filing transmittal letter, the changes contained in the subject revised tariff sheets are based upon a *Company/Staff Agreement Regarding Disposition of Small Water Company Rate Increase Request* ("Company/Staff Agreement") entered into by the Company and the Staff. As is also noted in the Company's tariff filing transmittal letter, the Company/Staff Agreement pertains to the small company rate increase request that the Company submitted to the Commission on May 17, 2005 (Tracking File No. QW-2005-0011).

3. Included in the document that is attached hereto and identified as Appendix A, and that is incorporated herein by reference, are copies of the above-referenced Company/Staff Agreement and related attachments.

4. Included as a part of the Company/Staff Agreement is acknowledgement of the Company/Staff agreements regarding extensions of the 150-day tariff filing period that normally

applies to small company rate increase requests (second paragraph on page 4 of the agreement). Additionally, copies of the extension agreements are included in the above-referenced Tracking File for the Company's rate increase request as Item Nos. 3, 5, 6 and 7.

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

Respectfully Submitted,

/s/ Keith R. Krueger

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

Attorney for the Staff of the
Missouri Public Service Commission

P.O. Box 360
Jefferson City, MO 65102
573-751-4140 (telephone)
573-751-9285 (facsimile)
keith.krueger@psc.mo.gov (e-mail)

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed with first class postage, hand-delivered, transmitted by facsimile or transmitted via e-mail to all counsel and/or parties of record this 21st day of July 2006.

/s/ Keith R. Krueger

APPENDIX A

DISPOSITION AGREEMENT & ATTACHMENTS

CASE NO. WR-2006-0021

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Company/Staff Disposition Agreement

COMPANY/STAFF AGREEMENT REGARDING DISPOSITION
OF SMALL WATER COMPANY RATE INCREASE REQUEST

AQUA/RU, INC. D/B/A AQUA MISSOURI, INC.
(AQUA MISSOURI/RU – WATER)

MO PSC WORK I.D. NO. QW-2005-0009

BACKGROUND

Aqua/RU, Inc. d/b/a Aqua Missouri, Inc. ("Company") initiated the small company rate increase request ("Request") for water service that is the subject of the above-referenced Missouri Public Service Commission ("Commission") tracking file by submitting a letter to the Secretary of the Commission in accordance with the provisions of Commission Rule 4 CSR 240-3.635, Water Utility Small Company Rate Increase Procedure ("Small Company Rate Increase Procedure"). In its request letter, which was received at the Commission's offices on May 17, 2005, the Company set forth its request for an increase of \$330,464 in its total annual water service operating revenues for the affected service areas. In its request letter, the Company also stated its understanding that the design of its customer rates, its service charges, its customer service practices, its general business practices and its general tariff provisions would also be reviewed during the Commission Staff's review of the rate increase request, and could thus be the subject of Staff recommendations at the conclusion of the rate increase process. The Company provides service to approximately 1,200 residential customers in the affected service areas.

Upon receipt of the Company's request letter, personnel in the Commission's Data Center entered the letter into the Commission's electronic filing and information the system assigned Work I.D. No. QW-2005-0009 to the Request. The Request was then routed to the Commission's Water & Sewer Department for processing under the Small Company Rate Increase Procedure.

Pursuant to the provisions of the Small Company Rate Increase Procedure and related internal operating procedures, the Staff of the Commission ("Staff") initiated an audit of the Company's books and records, a review of certain of the Company's general business practices, an inspection of the Company's facilities and a review of the Company's operation of its facilities. (Hereafter, these activities will be collectively referred to as the Staff's "investigation" of the Company's Request.)

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

RESOLUTION OF THE COMPANY'S RATE INCREASE REQUEST

Pursuant to negotiations held subsequent to the Company's and the OPC's receipt of the above-referenced information regarding the Staff's investigation of the Company's Request, the Staff and the Company hereby state the following agreements.

- (1) That for the purpose of implementing the agreements set out herein, the Company will file tariff revisions with the Commission containing the rates, charges and language set out in the example tariff sheets that are included in Attachment A hereto.
- (2) That except as otherwise noted in the agreements below, the ratemaking income statement that is included in Attachment B hereto accurately reflects the Company's annualized revenues generated by its current customer rates, the Company's total annualized cost of providing service and the agreed-upon annualized operating revenue increase of \$159,937, which is required to recover the Company's cost of service.
- (3) That the rates set out in the attached example tariff sheets, the development of which is shown on the rate design worksheet that is included in Attachment C hereto, are designed to generate revenues sufficient to recover the Company's total annualized cost of service, and that the provisions of the attached example tariff sheets also properly reflect all other agreements set out herein, where necessary.
- (4) That the rates included in the above-referenced example tariff sheets are just and reasonable.
- (5) That the schedule of depreciation rates that is included in Attachment D hereto should be the prescribed schedule of water plant depreciation rates for the Company, as these were the depreciation rates used by the Staff in its revenue requirement analysis.

- (6) That the Company will make adjustments to its books and records regarding the plant-in-service, depreciation reserve and CIAC balances necessary to reflect the agreed-upon ratemaking rate base that was used in the calculation of the Company's overall revenue requirement. These adjustments will reflect the referenced agreed-upon balances as of 03/31/05, with those balances to be used as the starting point for entries subsequent to that date. Further, the Company and Staff agree to use their best efforts to reach agreement on the referenced balances for the period ending 12/31/05 in time for the Company to use those balances for the completion of its CY2006 Commission annual report.
- (7) That the Company will develop Continuing Property Records for all of its Missouri utility plant-in-service and will maintain records regarding contributions-in-aid-of-construction (CIAC) so that it can be determined who made such contributions and on what date the contributions were made or paid.
- (8) That the Company will maintain its records regarding utility plant-in-service, depreciation reserves, CIAC, operating revenues and operating expenses in a manner sufficient to allow the Staff to conduct system-specific cost-of-service analyses for future rate increase requests.
- (9) That the Company will maintain its financial records in accordance with the Commission's Uniform System of Accounts (USOA).
- (10) That the Company will implement a ten year replacement program for its existing meters.
- (11) 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.

ADDITIONAL MATTERS

Since this Disposition Agreement is only between the Staff and the Company, in which case the Small Company Rate Increase Procedure requires that the Company send a notice to its customers regarding the rates and charges that would result from implementation of the provisions of this Disposition Agreement. In compliance with the Small Company Rate Increase Procedure, that notice will provide the Company's customers an opportunity to send comments to the OPC and the Staff within twenty (20) days after the date of the notice. In addition to that customer notice, the Company acknowledges that the OPC also has the right to request that the Commission hold a local public hearing regarding the Company's Request and the provisions of this Disposition Agreement.

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

The Company and the Staff acknowledge that they have previously agreed on extensions of the normal 150-day tariff filing date for small company rate increase requests for the following reasons: (1) accounting information was kept on a state wide operations and needed to be allocated to the appropriate certificated area; (2) the Staff and the Company required time to build and reconcile the plant, depreciation and CIAC accounts; and (3) the Staff required additional time to prepare its report and issue findings, to discuss its findings with the Company, and to reach agreements with the Company regarding the disposition of the Company's requests.


The Company acknowledges that the Staff will be making an additional filing with the Commission regarding this matter, with that filing including the following: (a) the Staff's recommendation for approval of the subject tariff revisions, and any related recommendations; (b) background information regarding the Company's Request and the Staff's investigation thereof; (c) the Staff's audit workpapers; (d) a general overview of the Company, including an overview of the Company's customer service procedures and practices; (e) information regarding the status of the Company's payment of its Commission assessments; (f) the status of the Company's submission of its Commission annual reports; (g) the status of the Company's submission of its Commission annual statement of operating revenues; (h) any other pending cases that the Company may have before the Commission; (i) any recent Notices of Violations issued to the Company by the Missouri Department of Natural Resources; and (j) the status of the Company's corporate standing with the Missouri Secretary of State. Additionally, the Company agrees that the Staff shall have

the right to provide whatever oral explanation the Commission may request regarding the rate case that will be created when the Company files the tariff revisions called for in this agreement, at any agenda meeting at which that case is noticed to be considered by the Commission. To the extent reasonably practicable, the Staff will provide the Company with advance notice of any such agenda meeting so that it may have the opportunity to also be represented at the meeting.

EFFECTIVE DATE AND SIGNATURES

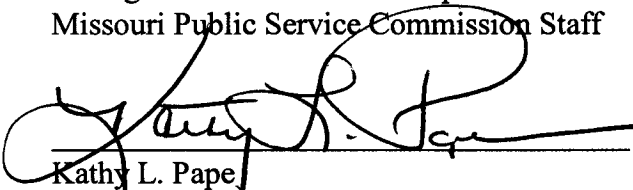
This Disposition Agreement shall be considered effective as of the date that the Company files the tariff revisions required herein with the Commission.

Agreement Signed and Dated:


Dale W. Johansen

Manager – Water & Sewer Department
Missouri Public Service Commission Staff


Date


Kathy L. Pape

Vice President, Treasurer and Rate Counsel
Aqua/RU d/b/a Aqua Missouri, Inc.


Date

List of Attachments

- Attachment A – Example Tariff Sheets
- Attachment B – Ratemaking Income Statement
- Attachment C – Rate Design Worksheet
- Attachment D – Schedule of Depreciation Rates

Agreement Attachment A

Example Tariff Sheets

Canceling P.S.C. MO. No. 2

1st (Revised) SHEET No. WR1

AQUA RU, Inc.-RIVERSIDE ESTATES SERVICE AREA d/b/a AQUA MISSOURI For Taney
County, Missouri

Name of Issuing Corporation

Water Division

Rules and Regulations
Governing Rendering of Service

SCHEDULE OF RATES

A. Application – The following monthly water service charges will be in effect for Customers of Aqua Missouri-Riverside Estates Service Area, located within the Company's Taney County, Missouri service area.

Monthly Customer Charge and Allowance- The following minimum monthly service charge must be paid. This charge is applicable whether any water is used or not.

<u>Meter Size</u>	<u>Customer Charge</u>	<u>Minimum Allowance</u>
5/8"	\$19.41 +	3,000 gallons

Commodity Charge-

Residential	\$4.69/1,000 gallons of usage +
Commercial	\$4.69/1,000 gallons of water +
Industrial	

Taxes Any applicable taxes shall be added as a separate item to the service billing.

* Indicates new rate or text

+ Indicates change

DATE OF ISSUE July 12, 2006 DATE EFFECTIVE August 26, 2006

ISSUED BY Terry Rakocy President 5400 Business Highway 50, Jefferson City, MO
 Name of Officer Title Address

Canceling P.S.C. MO. No. 2

2nd (Revised) SHEET No. WR2AQUA RU, Inc.-WHITE BRANCH SERVICE AREA d/b/a AQUA MISSOURI For Benton County,
Missouri

Name of Issuing Corporation

Water DivisionRules and Regulations
Governing Rendering of ServiceSCHEDULE OF RATES

B. Application –The following monthly water service charges will be in effect for Customers of Aqua RU, Inc.-White Branch Service Area located within the Company's Benton County, Missouri service area.

Monthly Service Charge-The following monthly minimum service charges must be paid regardless of the quantity of water used.

Monthly Rates and Charges

Single Family Residential Service: (Per Unit Flat Rate)

Part Time	\$23.94 +
Full Time	29.93 +

Commercial & Industrial Customers: (Per Unit Flat Rate)

Monthly Minimum	\$29.93 +
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* Indicates new rate or text

+ Indicates change

DATE OF ISSUE July 12, 2006 DATE EFFECTIVE August 26, 2006

ISSUED BY <u>Terry Rakocy</u>	<u>President</u>	<u>5400 Business Highway 50, Jefferson City, MO</u>
Name of Officer	Title	Address

Canceling P.S.C. MO. No. 2

1st (Revised) SHEET No. WR4AQUA RU, Inc.-RANKIN ACRES SERVICE AREA d/b/a AQUA MISSOURI For Greene County,
Missouri

Name of Issuing Corporation

Water DivisionRules and Regulations
Governing Rendering of ServiceSCHEDULE OF RATES

C. Application – The following monthly water service charges will be in effect for Customers of Aqua Missouri-Rankin Acres Service Area, located within the Company's Greene County, Missouri service area.

Monthly Customer Charge and Allowance- The following minimum monthly service charge must be paid. This charge is applicable whether any water is used or not.

<u>Meter Size</u>	<u>Customer Charge</u>	<u>Minimum Allowance</u>
5/8"	\$24.73 +	6,000 gallons

Commodity Charge-

Residential	\$2.61/1,000 gallons of usage +
Commercial	\$2.61/1,000 gallons of water +
Industrial	

Taxes Any applicable taxes shall be added as a separate item to the service billing.

* Indicates new rate or text

+ Indicates change

DATE OF ISSUE July 12, 2006 DATE EFFECTIVE August 26, 2006

ISSUED BY Terry Rakocy President 5400 Business Highway 50, Jefferson City, MO
Name of Officer Title Address

Canceling P.S.C. MO. No. 2

(Original) SHEET No. WR5

AQUA RU, Inc.-OZARK MOUNTAIN SERVICE AREA d/b/a AQUA MISSOURI For Stone
and Barry Counties, Missouri

Name of Issuing Corporation

Water Division

Rules and Regulations
Governing Rendering of Service

SCHEDULE OF RATES

A. Application – The following monthly water service charges will be in effect for Customers of Aqua Missouri-Ozark Mountain Service Area, located within the Company's Stone and Barry Counties, Missouri service area.

Monthly Customer Charge and Allowance- The following minimum monthly service charge must be paid. This charge is applicable whether any water is used or not.

<u>Meter Size</u>	<u>Customer Charge</u>	<u>Minimum Allowance</u>
5/8"	\$23.91 +	3,000 gallons
1"	28.53 +	3,000 gallons
2"	45.51 +	3,000 gallons

Commodity Charge-

Residential	\$4.95/1,000 gallons of usage +
Commercial	\$4.95/1,000 gallons of water +
Industrial	

Taxes Any applicable taxes shall be added as a separate item to the service billing.

* Indicates new rate or text

+ Indicates change

DATE OF ISSUE July 12, 2006 DATE EFFECTIVE August 26, 2006

ISSUED BY Terry Rakocy President 5400 Business Highway 50, Jefferson City, MO
 Name of Officer Title Address

Canceling P.S.C. MO. No. 2

(Original) SHEET No. WR6

AQUA RU, Inc.-SPRING VALLEY SERVICE AREA d/b/a AQUA MISSOURI For Christian
County, Missouri

Name of Issuing Corporation

Water Division

Rules and Regulations
Governing Rendering of Service

SCHEDULE OF RATES

D. Application – The following monthly water service charges will be in effect for Customers of Aqua Missouri-Spring Valley Service Area, located within the Company's Christian County, Missouri service area.

Monthly Customer Charge and Allowance- The following minimum monthly service charge must be paid. This charge is applicable whether any water is used or not.

<u>Meter Size</u>	<u>Customer Charge</u>	<u>Minimum Allowance</u>
5/8"	\$22.86 +	2,000 gallons

Commodity Charge-

Residential	\$6.11/1,000 gallons of usage +
Commercial	\$6.11/1,000 gallons of water +
Industrial	

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

Delayed Payment Clause Bills will be made out and distributed at monthly intervals. Bills will be rendered net; bearing the last date on which payment is due; per Rule No. 10.

* Indicates new rate or text

+ Indicates change

DATE OF ISSUE July 12, 2006 DATE EFFECTIVE August 26, 2006

ISSUED BY Terry Rakocy President 5400 Business Highway 50, Jefferson City, MO
 Name of Officer Title Address

Canceling P.S.C. MO. No. 2

(Original) SHEET No. WR7

AQUA RU, Inc.-LAKEWOOD MANOR SERVICE ARWA d/b/a AQUA MISSOURI For
Lakewood Manor, Barry County, Missouri
 Name of Issuing Corporation

Water Division

Rules and Regulations
Governing Rendering of Service

SCHEDULE OF RATES

A. Application – The following monthly water service charges will be in effect for Customers of Aqua Missouri-Lakewood Manor Service Area, located within the Company's Barry County, Missouri service area.

Monthly Customer Charge and Allowance- The following minimum monthly service charge must be paid. This charge is applicable whether any water is used or not.

<u>Meter Size</u>	<u>Customer Charge</u>	<u>Minimum Allowance</u>
5/8"	\$21.94 +	2,000 gallons

Commodity Charge-

Residential	\$5.42/1,000 gallons of usage +
Commercial	\$5.42/1,000 gallons of water +
Industrial	

Sales, Gross Receipts, Occupation or Franchise Taxes: There shall be added to the customer's bill as a separate item an amount equal to the proportionate part of any sales, license, occupation, franchise or other similar fee or tax now or hereafter imposed upon the Company by any municipality or any other governmental authority, whether imposed by ordinance, franchise or otherwise, in which the fee or tax is based upon a percentage or gross receipts, net receipts, revenue or income from the provision of water service by the Company. When such tax or fee is a stated amount, a pro rata portion of such tax or fee shall be included as a separate item on the customer's bill and shall be calculated by applying thereto the same percentage factor as the total annual amount of the tax bears to the gross receipts of the Company from sale of water during the preceding calendar year to customers located within the boundaries of the taxing entity. These tax or fee amounts shall be added to the customer's bill only where water is purchased by customers located within the boundaries of the entity imposing such tax.

* Indicates new rate or text

+ Indicates change

DATE OF ISSUE July 12, 2006 DATE EFFECTIVE August 26, 2006

ISSUED BY Terry Rakocy President 5400 Business Highway 50, Jefferson City, MO
 Name of Officer Title Address

Canceling P.S.C. MO. No. 2

(Original) SHEET No. WR8

AQUA RU, INC.-LTA SERVICE AREA d/b/a AQUA MISSOURI For Taney County, Missouri
 Name of Issuing Corporation

Water Division

Rules and Regulations
Governing Rendering of Service

SCHEDULE OF RATES

E. Application – The following monthly water service charges will be in effect for Customers of Aqua Missouri, located within the Company's Taney County, Missouri service area.

Monthly Customer Charge and Allowance- The following minimum monthly service charge must be paid. This charge is applicable whether any water is used or not.

<u>Meter Size</u>	<u>Customer Charge</u>	<u>Minimum Allowance</u>
5/8"	\$14.54 +	2,000 gallons

Commodity Charge-

Residential	\$3.26/1,000 gallons of usage +
Commercial	\$3.26/1,000 gallons of water +
Industrial	

Customer Billings Shall Be Rendered Monthly

These rates and charges do not include any Municipal, County, State or Federal taxes. Any such taxes applicable shall be added as separate items in rendering each bill. *

* Indicates new rate or text

+ Indicates change

DATE OF ISSUE July 12, 2006 DATE EFFECTIVE August 26, 2006

ISSUED BY Terry Rakocy President 5400 Business Highway 50, Jefferson City, MO
 Name of Officer Title Address

Agreement Attachment B

Ratemaking Income Statement

Aqua/RU, Inc. - Spring Valley Service Area

Rate Making Income Statement-Water

Operating Revenues at Current Rates

1	Tariffed Rate Revenues *	\$ 29,156
2	Other Operating Revenues *	\$ 602
3	Total Operating Revenues	\$ 29,758
4	* See "Revenues - Current Rates" for Details	

Cost of Service

Item	Amount
1 Purchased Water	\$ 18,588
2 Purchased Power	\$ 404
3 Operations Supervision & Maintenance	\$ 8,957
4 Operation Labor & Expenses	\$ -
5 Materials & Supplies	\$ 810
6 Outside Services Employed	\$ 382
7 Management Fees	\$ 3,423
8 Permit Fees	\$ -
9 Administration & General - Salaries	\$ 2,281
10 Office Supplies	\$ 212
11 Customer Records & Collection Expense	\$ 536
12 Employee Pensions & Benefits	\$ 2,990
13 Regulatory Commission Expense	\$ 697
14 Vehicle Expense	\$ 1,399
15 Miscellaneous Expense- Equipment Rent	\$ 161
16 Miscellaneous Expense- Insurance	\$ 841
17 Miscellaneous Expense- Vehicle Insurance	\$ 361
18 Miscellaneous Expense- Telephone	\$ 662
19 Miscellaneous Expense- Uncollectibles	\$ 370
20 Miscellaneous Expense- Building Rent	\$ 237
21 Miscellaneous General Expenses	\$ 1,149
22 Sub-Total Operating Expenses	\$ 44,460
23 Property Taxes	\$ 293
24 MO Franchise Taxes	\$ -
25 Employer FICA Taxes	\$ 956
26 Federal Unemployment Taxes	\$ -
27 State Unemployment Taxes	\$ -
28 State & Federal Income Taxes	\$ 685
29 Sub-Total Taxes	\$ 1,934
30 Depreciation Expense	\$ 2,898
31 Amortization of Utility Plant	\$ -
32 Sub-Total Depreciation/Amortization	\$ 2,898
33 Return on Rate Base	\$ 4,492
34 Total Cost of Service	\$ 53,784
35 Overall Revenue Increase Needed	\$ 24,026

Aqua/RU, Inc. - Riverside Estates Service Area

Rate Making Income Statement-Water

Operating Revenues at Current Rates

1	Tariffed Rate Revenues *	\$ 76,284
2	Other Operating Revenues *	\$ 596
3	Total Operating Revenues	\$ 76,880
4	* See "Revenues - Current Rates" for Details	

Cost of Service

Item	Amount
1 Water Treatment Expense-Chemicals	\$ 215
2 Purchased Power	\$ 3,713
3 Materials & Supplies	\$ 1,688
4 Operation Supervision & Maintenance	\$ 18,654
5 Outside Services	\$ 5,034
6 Operation Labor & Expense	\$ 197
7 Administration & General - Salaries	\$ 4,750
8 Management Services	\$ 2,868
9 Office Supplies	\$ 441
10 Customer Records & Collection Expense	\$ 1,116
11 Vehicle Expense	\$ 2,912
12 Employee Pensions & Benefits	\$ 6,228
13 Regulatory Commission Expense	\$ 1,451
14 Insurance Expense	\$ 1,784
15 Vehicle Insurance Expense	\$ 719
16 Telephone Expense	\$ 1,378
17 Uncollectible Expense	\$ 771
18 Building Rent Expense	\$ 495
19 Miscellaneous Expense-Equipment Rent	\$ 336
20 Miscellaneous General Expenses	\$ 2,394
21 Sub-Total Operating Expenses	\$ 57,144
22 Property Taxes	\$ 2,313
23 MO Franchise Taxes	\$ -
24 Employer FICA Taxes	\$ 1,990
25 Federal Unemployment Taxes	\$ -
26 State Unemployment Taxes	\$ -
27 State & Federal Income Taxes	\$ 3,368
28 Sub-Total Taxes	\$ 7,671
29 Depreciation Expense	\$ 13,803
30 Amortization Expense	\$ (1,582)
31 Sub-Total Depreciation/Amortization	\$ 12,221
32 Return on Rate Base	\$ 22,088
33 Total Cost of Service	\$ 99,124
34 Overall Revenue Increase Needed	\$ 22,244

Aqua/RU, Inc. - Rankin Acres Service Area

Rate Making Income Statement-Water

Operating Revenues at Current Rates

1	Tariffed Rate Revenues *	\$ 24,127
2	Other Operating Revenues *	\$ 296
3	Total Operating Revenues	\$ 24,423
4	* See "Revenues - Current Rates" for Details	

Cost of Service

Item	Amount
1 Water Treatment Expense-Chemicals	\$ 215
2 Purchased Power	\$ 2,763
3 Operations Supervision & Maintenance	\$ 6,662
4 Operation Labor & Expenses	\$ -
5 Materials & Supplies	\$ 603
6 Outside Services Employed	\$ 443
7 Management Fees	\$ 2,388
8 Permit Fees	\$ -
9 Administration & General - Salaries	\$ 1,696
10 Office Supplies	\$ 158
11 Customer Records & Collection Expense	\$ 399
12 Employee Pensions & Benefits	\$ 2,224
13 Regulatory Commission Expense	\$ 518
14 Vehicle Expense	\$ 1,038
15 Miscellaneous Expense- Equipment Rent	\$ 120
16 Miscellaneous Expense- Insurance	\$ 607
17 Miscellaneous Expense- Vehicle Insurance	\$ 287
18 Miscellaneous Expense- Telephone	\$ 492
19 Miscellaneous Expense- Uncollectibles	\$ 275
20 Miscellaneous Expense- Building Rent	\$ 177
21 Miscellaneous General Expenses	\$ 855
22 Sub-Total Operating Expenses	\$ 21,920
23 Property Taxes	\$ 128
24 MO Franchise Taxes	\$ -
25 Employer FICA Taxes	\$ 710
26 Federal Unemployment Taxes	\$ -
27 State Unemployment Taxes	\$ -
28 State & Federal Income Taxes	\$ 350
29 Sub-Total Taxes	\$ 1,188
30 Depreciation Expense	\$ 1,602
31 Amortization of Utility Plant	\$ -
32 Sub-Total Depreciation/Amortization	\$ 1,602
33 Return on Rate Base	\$ 2,295
34 Total Cost of Service	\$ 27,005
35 Overall Revenue Increase Needed	\$ 2,582

Aqua/RU, Inc. - Ozark Mountain Service Area

Rate Making Income Statement-Water

Operating Revenues at Current Rates

1	Tariffed Rate Revenues *	\$ 91,520
2	Other Operating Revenues *	\$ 605
3	Total Operating Revenues	\$ 92,125
4	* See "Revenues - Current Rates" for Details	

Cost of Service

Item	Amount
1 Water Treatment Expense-Chemicals	\$ 511
2 Purchased Power	\$ 5,051
3 Operations Supervision & Maintenance	\$ 32,127
4 Operation Labor & Expenses	\$ 786
5 Materials & Supplies	\$ 2,907
6 Outside Services Employed	\$ -
7 Management Fees	\$ 13,653
8 Permit Fees	\$ -
9 Administration & General - Salaries	\$ 8,180
10 Office Supplies	\$ 760
11 Customer Records & Collection Expense	\$ 1,922
12 Employee Pensions & Benefits	\$ 10,726
13 Regulatory Commission Expense	\$ 2,498
14 Vehicle Expense	\$ 5,014
15 Miscellaneous Expense- Equipment Rent	\$ 578
16 Miscellaneous Expense- Insurance	\$ 3,082
17 Miscellaneous Expense- Vehicle Insurance	\$ 1,229
18 Miscellaneous Expense- Telephone	\$ 2,374
19 Miscellaneous Expense- Uncollectibles	\$ 1,328
20 Miscellaneous Expense- Building Rent	\$ 852
21 Miscellaneous General Expenses	\$ 4,862
22 Sub-Total Operating Expenses	\$ 98,440
23 Property Taxes	\$ 920
24 MO Franchise Taxes	\$ -
25 Employer FICA Taxes	\$ 3,426
26 Federal Unemployment Taxes	\$ -
27 State Unemployment Taxes	\$ -
28 State & Federal Income Taxes	\$ 4,347
29 Sub-Total Taxes	\$ 8,693
30 Depreciation Expense	\$ 29,461
31 Amortization Expense	\$ (9,436)
32 Sub-Total Depreciation/Amortization	\$ 20,025
33 Return on Rate Base	\$ 28,507
34 Total Cost of Service	\$ 155,665
35 Overall Revenue Increase Needed	\$ 63,540

Aqua/RU, Inc. - LTA Water Service Area

Rate Making Income Statement-Water

Operating Revenues at Current Rates

1	Tariffed Rate Revenues *	\$ 17,703
2	Other Operating Revenues *	\$ -
3	Total Operating Revenues	\$ 17,703
4	* See "Revenues - Current Rates" for Details	

Cost of Service

Item	Amount
1 Water Treatment Expense-Chemicals	\$ -
2 Purchased Power	\$ 2,955
3 Operations Supervision & Maintenance	\$ 7,255
4 Operation Labor & Expenses	\$ -
5 Materials & Supplies	\$ 656
6 Outside Services Employed	\$ 3,083
7 Management Fees	\$ -
8 Permit Fees	\$ -
9 Administration & General - Salaries	\$ 1,847
10 Office Supplies	\$ 172
11 Customer Records & Collection Expense	\$ 434
12 Employee Pensions & Benefits	\$ 2,422
13 Regulatory Commission Expense	\$ 564
14 Vehicle Expense	\$ 1,131
15 Miscellaneous Expense- Equipment Rent	\$ 131
16 Miscellaneous Expense- Insurance	\$ 974
17 Miscellaneous Expense- Vehicle Insurance	\$ -
18 Miscellaneous Expense- Telephone	\$ 536
19 Miscellaneous Expense- Uncollectibles	\$ 300
20 Miscellaneous Expense- Building Rent	\$ 192
21 Miscellaneous General Expenses	\$ 931
22 Sub-Total Operating Expenses	\$ 23,583
23 Property Taxes	\$ -
24 MO Franchise Taxes	\$ -
25 Employer FICA Taxes	\$ 773
26 Federal Unemployment Taxes	\$ -
27 State Unemployment Taxes	\$ -
28 State & Federal Income Taxes	\$ 203
29 Sub-Total Taxes	\$ 976
30 Depreciation Expense	\$ 4,141
31 Amortization Expense	\$ (159)
32 Sub-Total Depreciation/Amortization	\$ 3,982
33 Return on Rate Base	\$ 1,330
34 Total Cost of Service	\$ 29,871
35 Overall Revenue Increase Needed	\$ 12,168

Aqua RU, Inc. - Lakewood Manor Service Area

Rate Making Income Statement-Water

Operating Revenues at Current Rates

1	Tariffed Rate Revenues *	\$ 5,387
2	Other Operating Revenues *	\$ 186
3	Total Operating Revenues	\$ 5,573

4 * See "Revenues - Current Rates" for Details

Cost of Service

Item	Amount
1 Water Treatment Expense-Chemicals	\$ -
2 Purchased Power	\$ 665
3 Operations Supervision & Maintenance	\$ 2,516
4 Operation Labor & Expenses	\$ 10
5 Materials & Supplies	\$ 228
6 Outside Services Employed	\$ -
7 Management Fees	\$ 1,070
8 Permit Fees	\$ -
9 Administration & General - Salaries	\$ 641
10 Office Supplies	\$ -
11 Customer Records & Collection Expense	\$ 151
12 Employee Pensions & Benefits	\$ 840
13 Regulatory Commission Expense	\$ 195
14 Vehicle Expense	\$ 394
15 Miscellaneous Expense- Equipment Rent	\$ 45
16 Miscellaneous Expense- Insurance	\$ 338
17 Miscellaneous Expense- Vehicle Insurance	\$ -
18 Miscellaneous Expense- Telephone	\$ -
19 Miscellaneous Expense- Uncollectibles	\$ 104
20 Miscellaneous Expense- Building Rent	\$ 67
21 Miscellaneous General Expenses	\$ 569
22 Sub-Total Operating Expenses	\$ 7,833
23 Property Taxes	\$ 145
24 MO Franchise Taxes	\$ -
25 Employer FICA Taxes	\$ 268
26 Federal Unemployment Taxes	\$ -
27 State Unemployment Taxes	\$ -
28 State & Federal Income Taxes	\$ 322
29 Sub-Total Taxes	\$ 735
30 Depreciation Expense	\$ 2,612
31 Amortization of Utility Plant (computer system)	\$ -
32 Sub-Total Depreciation/Amortization	\$ 2,612
33 Return on Rate Base	\$ 2,109
34 Total Cost of Service	\$ 13,289
35 Overall Revenue Increase Needed	\$ 7,716

Aqua/RU, Inc. - White Branch Service Area

Rate Making Income Statement-Water

Operating Revenues at Current Rates

1	Tariffed Rate Revenues *	\$ 35,768
2	Other Operating Revenues *	\$ 440
3	Total Operating Revenues	\$ 36,208
4	* See "Revenues - Current Rates" for Details	

Cost of Service

Item	Amount
1 Water Treatment Expense-Chemicals	\$ 304
2 Purchased Power	\$ 2,594
3 Operations Supervision & Maintenance	\$ 13,546
4 Operation Labor & Expenses	\$ 265
5 Materials & Supplies	\$ 1,226
6 Outside Services Employed	\$ 3,230
7 Management Fees	\$ 2,527
8 Permit Fees	\$ -
9 Administration & General - Salaries	\$ 3,449
10 Office Supplies	\$ 320
11 Customer Records & Collection Expense	\$ 810
12 Employee Pensions & Benefits	\$ 4,523
13 Regulatory Commission Expense	\$ 1,053
14 Vehicle Expense	\$ 2,115
15 Miscellaneous Expense- Equipment Rent	\$ 244
16 Miscellaneous Expense- Insurance	\$ 1,324
17 Miscellaneous Expense- Vehicle Insurance	\$ 494
18 Miscellaneous Expense- Telephone	\$ 1,001
19 Miscellaneous Expense- Uncollectibles	\$ 560
20 Miscellaneous Expense- Building Rent	\$ 359
21 Miscellaneous General Expenses	\$ 1,738
22 Sub-Total Operating Expenses	\$ 41,682
23 Property Taxes	\$ 1,066
24 MO Franchise Taxes	\$ -
25 Employer FICA Taxes	\$ 1,445
26 Federal Unemployment Taxes	\$ -
27 State Unemployment Taxes	\$ -
28 State & Federal Income Taxes	\$ 1,914
29 Sub-Total Taxes	\$ 4,425
30 Depreciation Expense	\$ 7,423
31 Amortization Expense	\$ (2,214)
32 Sub-Total Depreciation/Amortization	\$ 5,209
33 Return on Rate Base	\$ 12,553
34 Total Cost of Service	\$ 63,869
35 Overall Revenue Increase Needed	\$ 27,661

Agreement Attachment C

Rate Design Worksheet

Aqua/RU, Inc. - Spring Valley Service Area

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	\$ 29,156
Agreed-Upon Overall Revenue Increase	\$ 24,026
Percentage Increase Needed	82.403%

Metered Customer Rates

Meter Size	Current Service Charge	Proposed Service Charge	Current Usage Rate	Proposed Usage Rate
5/8"	\$ 12.53	\$ 22.86	\$ 3.350	\$ 6.11
1"	\$ -	\$ -	\$ -	\$ -
2"	\$ -	\$ -	\$ -	\$ -
3"	\$ -	\$ -	\$ -	\$ -
4"	\$ -	\$ -	\$ -	\$ -
6"+	\$ -	\$ -	\$ -	\$ -

Aqua/RU, Inc. - Riverside Estates Service Area

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	\$ 76,284
Agreed-Upon Overall Revenue Increase	\$ 22,244
Percentage Increase Needed	29.160%

Metered Customer Rates

Meter Size	Current Service Charge	Proposed Service Charge	Current Usage Rate	Proposed Usage Rate
5/8"	\$ 15.03	\$ 19.41	\$ 3.630	\$ 4.69
1"	\$ 15.03	\$ 19.41	\$ 3.630	\$ 4.69

Aqua/RU, Inc. - Rankin Acres Service Area

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	\$ 24,127
Agreed-Upon Overall Revenue Increase	\$ 2,582
Percentage Increase Needed	10.701%

Metered Customer Rates

Meter Size	Current Service Charge	Proposed Service Charge	Current Usage Rate	Proposed Usage Rate
5/8"	\$ 22.34	\$ 24.73	\$ 2.360	\$ 2.61
1"	\$ -	\$ -	\$ -	\$ -
2"	\$ -	\$ -	\$ -	\$ -
3"	\$ -	\$ -	\$ -	\$ -
4"	\$ -	\$ -	\$ -	\$ -
6"+	\$ -	\$ -	\$ -	\$ -

Aqua/RU, Inc. - Ozark Mountain Service Area

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	\$ 91,520
Agreed-Upon Overall Revenue Increase	\$ 63,540
Percentage Increase Needed	69.427%

Metered Customer Rates

Meter Size	Current Service Charge	Proposed Service Charge	Current Usage Rate	Proposed Usage Rate
5/8"	\$ 14.11	\$ 23.91	\$ 2.920	\$ 4.95
1"	\$ 16.84	\$ 28.53	\$ 2.920	\$ 4.95
2"	\$ 26.86	\$ 45.51	\$ 2.920	\$ 4.95

Aqua/RU, Inc. - LTA Water Service Area

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	\$ 17,703
Agreed-Upon Overall Revenue Increase	\$ 12,168
Percentage Increase Needed	68.734%

Metered Customer Rates

Meter Size	Current Service Charge	Proposed Service Charge	Current Usage Rate	Proposed Usage Rate
5/8"	\$ 8.62	\$ 14.54	\$ 1.930	\$ 3.26
1"	\$ -	\$ -	\$ -	\$ -
2"	\$ -	\$ -	\$ -	\$ -
3"	\$ -	\$ -	\$ -	\$ -
4"	\$ -	\$ -	\$ -	\$ -
6"+	\$ -	\$ -	\$ -	\$ -

Aqua RU, Inc. - Lakewood Manor Service Area

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	\$ 5,387
Agreed-Upon Overall Revenue Increase	\$ 7,716
Percentage Increase Needed	143.250%

Metered Customer Rates

Meter Size	Current Service Charge	Proposed Service Charge	Current Usage Rate	Proposed Usage Rate
Residential	\$ 9.02	\$ 21.94	\$ 2.230	\$ 5.42
Commercial	\$ 9.02	\$ 21.94	\$ 2.230	\$ 5.42
2"	\$ -	\$ -	\$ -	\$ -
3"	\$ -	\$ -	\$ -	\$ -
4"	\$ -	\$ -	\$ -	\$ -
6"+	\$ -	\$ -	\$ -	\$ -

Aqua/RU, Inc. - White Branch Service Area

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	\$ 35,768
Agreed-Upon Overall Revenue Increase	\$ 27,661
Percentage Increase Needed	77.333%

Metered Customer Rates

Customer Class	Current Service Charge	Proposed Service Charge	Current Usage Rate	Proposed Usage Rate
Full Time	\$ 13.50	\$ 23.94	\$ -	\$ -
Part Time	\$ 16.88	\$ 29.93	\$ -	\$ -
Commercial	\$ 16.88	\$ 29.93	\$ -	\$ -

Agreement Attachment D

Schedule of Depreciation Rates

Aqua Missouri, Inc.

DEPRECIATION RATES (WATER)

QW-2005-0009 & QW-2005-0011

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	DEPRECIATION RATE	AVERAGE SERVICE LIFE (YEARS)	NET SALVAGE
311	Structures & Improvements	2.5%	40	
312	Collecting & Impounding Resservoirs	2.0%	50	
314	Wells & Springs	2.0%	50	
316	Supply Mains	2.0%	50	
325	Electric Pumping Equipment	10.0%	10	
328	Other Pumping Equipment	4.0%	25	
331	Structures & Improvements	2.5%	40	
332	Water Treatment Equipment	2.9%	35	
341	Structures & Improvements	2.5%	40	
342	Distribution Reservoirs & Standpipes	2.5%	40	
343	Transmission & Distribution Mains	2.0%	50	
345	Services	2.5%	40	
346	Meters	10.0%	10	
348	Hydrants	2.0%	50	
391	Office Furniture & Equipment	5.0%	20	
392	Transportation Equipment	13.0%	7	9%
394	Tools, Shop, Garage Equipment	5.0%	20	
395	Laboratory Equipment	5.0%	20	
396	Power Operated Equipment	6.7%	15	
398	Miscellaneous Equipment	5.0%	20	