

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

In the Matter of a Request from Raytown)	<u>Case No. WR-2010-0304</u>
Water Company for an Increase in its)	
Operating Revenues.)	

**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 as follows:

1. On April 30, 2010, the Missouri Public Service Commission ("the Commission") received a Rate Increase Request Letter ("Request Letter") from Raytown Water Company ("Raytown" or "the Company").
2. In its Request Letter, Raytown requested Commission approval of an increase of \$471,205 in its annual operating revenues pursuant to Commission Rule 4 CSR 240-3.050.
3. Upon completion of its investigation of the Company's request, Staff provided Raytown and the Office of the Public Counsel ("OPC") with materials related to Staff's investigation, as well as Staff's initial recommendations for the resolution of the revenue increase request.
4. Pursuant to negotiations conducted after receipt by the Company and OPC of the above-referenced information and recommendations, Staff and Raytown were able to reach an agreement ("Company/Staff Disposition Agreement") regarding a resolution of the Company's request. Among other items, this agreement provides for an annualized operating revenue increase

in the amount of \$344,163, prescribes a schedule of water plant depreciation rates, and requires the Company to implement certain agreed-upon Staff recommendations.

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

6. Pursuant to Commission Rule 4 CSR 240-3.050, governing disposition agreements executed between Staff and small utility companies utilizing the small utility rate case procedure, Raytown will file tariff sheets seeking to implement the terms of the Company/Staff Disposition Agreement. The tariff sheets will be filed October 1, 2010, and will bear an effective date of November 18, 2010, which, as required by Commission Rule 4 CSR 240-3.050(14), is not fewer than forty-five days after they are filed.

7. Raytown is current in its payment of Commission assessments and on its filings of annual reports and statements of revenue. Raytown has no other cases pending before the Commission at this time.

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

Respectfully submitted,

/S/ ERIC DEARMONT

Eric Dearmont
Assistant General Counsel
Missouri Bar No. 60892

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

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 27th day of September, 2010.

/S/ ERIC DEARMONT

APPENDIX A

STAFF PARTICIPANT AFFIDAVITS AND DISPOSITION AGREEMENT & ATTACHMENTS

CASE NO. WR-2010-0304

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Staff Participant Affidavits

James M. Russo – Water & Sewer Department

Paul Harrison-Auditing Department

Arthur Rice – Engineering & Management Services Department

Nila Hagemeyer – Engineering & Management Services Department

BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

AFFIDAVIT OF JAMES M. RUSSO

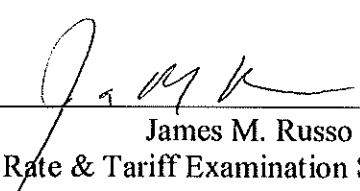
STATE OF MISSOURI)

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CASE NO. WR-2010-0304

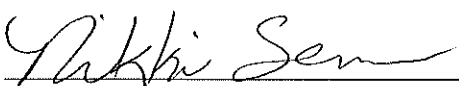
COUNTY OF COLE)

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) *Disposition of Small Water Company Revenue Increase Request ("Disposition Agreement")*; (4) that he was responsible for the preparation of Attachments A, C, D, E, and I 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.

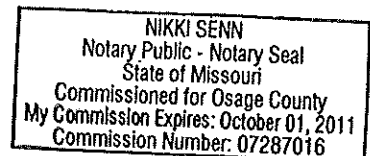


James M. Russo
Rate & Tariff Examination Supervisor
Water and Sewer Department

Subscribed and sworn to before me this 22nd day of September, 2010.



Notary Public



BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

AFFIDAVIT OF "PAUL R. HARRISON"

STATE OF MISSOURI

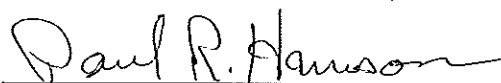
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COUNTY OF COLE

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Case No. WR-2010-0304

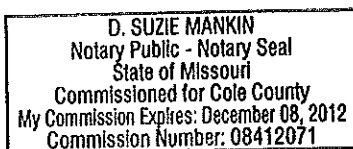
COMES NOW Paul R. Harrison, being of lawful age, and on his oath states the following: (1) that he is a(n) **Utility Regulatory Auditor IV** in the Missouri Public Service Commission's **Auditing Department**; (2) that he participated in the Staff's investigation of the small company rate increase request that is the subject of the instant case; (3) that he has knowledge of the foregoing *Company/Staff Agreement Regarding Disposition of Small Sewer Company Revenue Increase Request* ("Disposition Agreement"); (4) that he was responsible for the preparation of Attachments **B and G** to the Disposition Agreement; (5) that he has knowledge of the matters set forth in Attachments **B and G** to the Disposition Agreement; and (6) that the matters set forth in Attachments **B and G** to the Disposition Agreement are true and correct to the best of his knowledge, information, and belief.



Paul R. Harrison

Utility Regulatory Auditor IV
Auditing Department

Subscribed and sworn to before me this 21st day of September, 2010.




Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

AFFIDAVIT OF "ARTHUR W. RICE, PE"

STATE OF MISSOURI

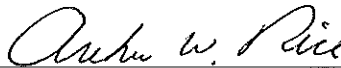
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COUNTY OF COLE

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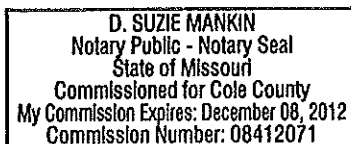
Case No. WR-2010-0304

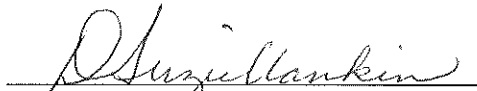
COMES NOW Arthur W. Rice, being of lawful age, and on his oath states the following: (1) that he is a(n) **Utility Regulatory Engineer I** in the Missouri Public Service Commission's **Engineering and Management Services Department** ; (2) that he participated in the Staff's investigation of the small company rate increase request that is the subject of the instant case; (3) that he has knowledge of the foregoing *Company/Staff Agreement Regarding Disposition of Small Sewer 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, PE
Utility Regulatory Engineer I
Engineering and Management
Services Department

Subscribed and sworn to before me this 21st day of September, 2010.




Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

AFFIDAVIT OF "NILA S. HAGEMEYER"

STATE OF MISSOURI

ss.

COUNTY OF COLE

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Case No. WR-2010-0304

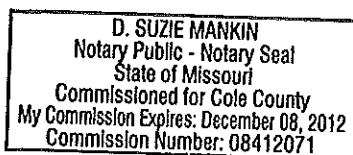
COMES NOW Nila S. Hagemeyer, being of lawful age, and on her oath states the following: (1) that she is a(n) **Utility Management Analyst III** in the Missouri Public Service Commission's **Engineering and Management Services Department**; (2) that she participated in the Staff's investigation of the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

Nila S. Hagemeyer

Nila S. Hagemeyer

Utility Management Analyst III
Engineering and Management
Services Department

Subscribed and sworn to before me this 21st day of September, 2010.



D. Suzie Mankin
Notary Public

Company/Staff Disposition Agreement

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

RAYTOWN WATER COMPANY

MO PSC CASE NO. WR-2010-0304

BACKGROUND

Raytown Water Company ("Raytown" or "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, the Small Utility Rate Case Procedure ("Small Company Procedure"). In its request letter, which was received at the Commission's offices on April 30, 2010, the Company set forth its request for an increase of \$471,205 in its total annual water service operating revenues. In its request letter, the Company also acknowledged that the submission would create a Commission Case and that the Company planned to adhere to the time lines set out in the case. The Company provides service to approximately 6,578 customers, the vast majority of which are residential customers in the city limits of Raytown and Independence, Missouri.

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. (These activities are collectively referred to hereinafter as Staff's "investigation" of the Company's Request.)

Upon completion of Staff's investigation of the Company's Request, Staff provided the Company and the Office of the Public Counsel ("OPC") with the results of the investigation, with Staff's initial recommendations for the resolution of the Company's Request, and with 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) For the purpose of implementing the agreements set out herein, the Company will file with the Commission proposed tariff revisions containing the rates set out in the example tariff sheet attached hereto as Attachment A and incorporated by reference herein, with those proposed tariff revisions bearing an effective date of November 18, 2010;
- (2) Except as otherwise noted in the agreements below, both the Exhibit Modeling System ("EMS"), attached hereto as Attachment B and incorporated by reference herein, and the ratemaking income statement, attached hereto as Attachment C and incorporated by reference herein, accurately reflect 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 \$344,163, which is just and reasonable and designed to recover the Company's cost of service;
- (3) Staff's audit work papers, attached hereto as Attachment B and incorporated by reference herein, which include consideration of a capital structure of 79.95% equity for the Company and a return on that equity of 8.93%, 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) The rates set out in the attached example tariff sheet, the development of which is shown on the rate design worksheet, attached hereto as Attachment D and incorporated by reference herein, are designed to generate revenues sufficient to recover the agreed-upon total annualized cost of service for the Company;
- (5) The rates included in the attached example tariff sheet will result in the residential customer impacts shown on the billing comparison worksheet, attached hereto as Attachment E and incorporated by reference herein;
- (6) The rates included in the attached example tariff sheet are just and reasonable, and the provisions of the attached example tariff sheet also properly reflect all other agreements set out herein, where necessary;
- (7) 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, shall be the prescribed schedule of water plant depreciation rates for the Company;
- (8) The Commission's Auditing Department conducted an audit of the Company's books and records using a test year consisting of the 12-months ending December 31,

2009, as the period upon which to base the revenue requirement calculation. All revenues, expenses and rate base investment were reviewed through this period. The Auditing Department's audit findings are identified in Auditing Department Recommendation Memorandum, attached hereto as Attachment G and incorporated herein. In addition, Staff has previously provided the Company with Staff's EMS run, with work papers supporting Staff's revenue requirement calculation and with Staff's initial recommendations of the revenue increase for the resolution of the Company's Request.

(9) Within ninety (90) days of the effective date of an order approving this Company/Staff Disposition Agreement, the Company shall implement the following audit-related recommendations:

- a. The Manager of Raytown Water Company shall record all of his time spent on regulated and non-regulated activities during regular work hours on his time sheet;
- b. The Company shall begin and continue to record on its books miscellaneous revenues associated with meter scrap, fire hydrant sales and vehicle sales. In addition, in accordance with the Uniform System of Accounts ("USOA") for Class A Water Utilities, the Company shall record these items as salvage to the depreciation reserve for the account associated with the salvage proceeds.
- c. The Company shall adjust the Company's general ledger to reflect the plant and reserve account balances shown in the Staff EMS exhibit, attached hereto as Attachment B and incorporated by reference herein; and
- d. The Company shall adjust the Contributions in Aid of Construction ("CIAC") and the amortized CIAC account balances shown in the Staff EMS exhibit, attached hereto as Attachment B and incorporated by reference herein.

(10) Within one hundred eighty (180) days of the effective date of an order approving this Company/Staff Disposition Agreement, the Company shall implement the following recommendations contained in the Auditing Department Recommendation Memorandum:

- a. Raytown shall complete or cause to be completed a comprehensive study of its current overhead costs in order to determine how to allocate such overhead costs to Raytown's construction activities on an ongoing basis. This study shall specifically take into account the question of how much office employee payroll costs should be assigned to construction activities. This study shall be provided to Staff and OPC no later than one hundred eighty (180) days after the effective date of an order approving this Company/Staff Disposition Agreement.

(11) The Engineering & Management Services Department Report ("EMSD") is attached hereto as Attachment H and incorporated by reference herein;

(12) The Company shall mail its customers a final written notice of the rates and charges included in its proposed tariff revisions prior to or with its next billing cycle after issuance of the Commission order approving the terms of this Company/Staff Disposition Agreement. The notice shall 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 shall also send a copy to the Staff Case Coordinator, who will file a copy in this case;

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

(14) Staff may file a formal complaint against the Company if the Company does not comply with the provisions of this Company/Staff Disposition Agreement;

(15) The Company agrees that it has read the foregoing Company/Staff Agreement Regarding Disposition of Small Water Company Revenue Increase Request; that facts stated therein are true and accurate to the best of the Company's knowledge and belief; 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; and

(16) 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.

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

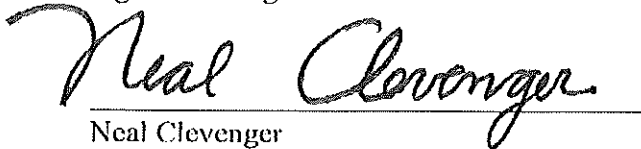
The Company acknowledges that the Staff will be filing this Company/Staff Disposition Agreement and the attachments hereto. The Company also acknowledges that Staff may make other filings in this case.

Additionally, the Company agrees that subject to the rules governing practice before the Commission 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 this

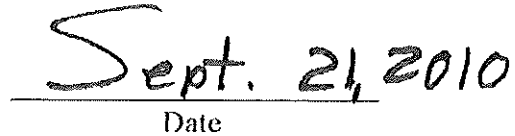
case is noticed to be considered by the Commission. Subject to the rules governing practice before the Commission, Staff will be available to answer Commission questions regarding this Company/Staff Disposition Agreement. To the extent reasonably practicable, Staff shall provide the Company with advanced notice of any such agenda meeting so that they may have the opportunity to be present and/or represented at the meeting.

SIGNATURES

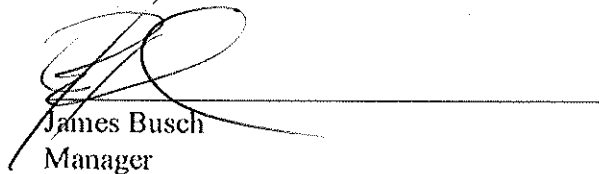
Agreement Signed and Dated:



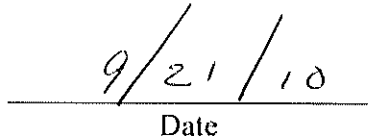
Neal Clevenger
President/General Manager
Raytown Water Company



Date



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



Date

List of Attachments

- Attachment A – Example Tariff Sheets
- Attachment B – EMS Run
- Attachment C – Ratemaking Income Statement
- Attachment D – Rate Design Worksheet
- Attachment E – Billing Comparison Worksheet
- Attachment F – Schedule of Depreciation Rates
- Attachment G – Auditing Department Recommendation Memorandum
- Attachment H – EMSD Report
- Attachment I – Summary of Case Events

Agreement Attachment A

Example Tariff Sheets

PSC FORM NO. 5

First Revised Sheet No. 9

Cancelling Original Sheet No. 9

The Raytown Water Company
Name of Issuing Company

For: Raytown, MO & Territory Adjacent Thereto
Certificated Service Area

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

SCHEDULE OF RATES

Rules and Regulations: The Rules and Regulations set forth in this Tariff shall cover the supply of service under this rate.

Availability: Any metered customer located in the Company's service territory.

Water Rates: There shall be a monthly minimum charge on the size of the water meters as follows: +

<u>Meter Size</u>	<u>Charge</u>	<u>Meter Size</u>	<u>Charge</u>
5/8"	\$8.82	2.0"	\$41.99
1.0"	\$15.99	3.0"	\$75.06
1.5"	\$27.80	4.0"	\$122.28

There shall be a metered usage charge applied on a monthly basis, and billed by the Company on a monthly basis of \$5.54 per 1000 gallons. +

+Bulk Water Service Rate:

Bulk Water sales shall be at the rate of \$0.25 per 45 gallons. +

+Payment Terms: Bills are due and payable within twenty-one (21) days after rendition of the bill.

Online payment thru OPAY: third party fee assessed by and paid directly to OPAY

* Indicates New Rate or Text

+ Indicates Changed Rate or Text

Issue Date: October 1, 2010
Month/Day/Year

Effective Date: November 18, 2010
Month/Day/Year

Issued By: Neal Clevenger, President
Name & Title of Issuing Officer

9820 E. 63rd Street, Raytown, MO 64133
Company Mailing Address

Agreement Attachment B

EMS Run

Exhibit No.:
Issue: Accounting Schedules
Witness: MO PSC Auditors
Sponsoring Party: MO PSC Staff
Case No: WR-2010-0304
Date Prepared: 9/15/2010



MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

REVISED

STAFF ACCOUNTING SCHEDULES

RAYTOWN WATER COMPANY

CASE NO. WR-2010-0304

Jefferson City, Missouri

July 2010

Raytown Water Company
Informal Rate Case
Case Number WR-2010-0304
Update Period Ending 3/31/2010
Rate Design Schedule - Water

A		B	C	D	E	F
Line Number	Description	Account Number (Optional)	Staff Annualized	Customer Charge	Commodity	Percentage Rate
Rev-1	ANNUALIZED REVENUES					
Rev-2	Annualized Rate Revenues		(1) \$2,830,124			
Rev-3	Miscellaneous Revenues		(1) \$262,153			
Rev-4	TOTAL ANNUALIZED REVENUES		\$3,092,277			
1	OPERATIONS EXPENSES		(2)			
2	TOTAL OPERATIONS EXPENSE		\$0	\$0	\$0	
3	MAINTENANCE EXPENSES					
4	TOTAL MAINTENANCE EXPENSE		\$0	\$0	\$0	
5	SOURCE OF SUPPLY EXPENSES					
6	Purchased Water	602.000	\$1,086,765	\$0	\$1,086,765	0.00%
7	TOTAL SOURCE OF SUPPLY EXPENSES		\$1,086,765	\$0	\$1,086,765	
8	TRANSMISSION & DISTRIBUTION EXPENSES					
9	Operation Supervision & Engineering	660.000	\$29,638	\$0	\$29,638	0.00%
10	Storage Facilities Expense	661.000	\$3,850	\$0	\$3,850	0.00%
11	Transmission & Distribution Lines Expense	662.000	\$496	\$0	\$496	0.00%
12	Transmission & Distribution Lines - Tools	662.010	\$269	\$0	\$269	0.00%
13	Water Samples	662.100	\$7,762	\$0	\$7,762	0.00%
14	Meter Testing	663.000	\$0	\$0	\$0	0.00%
15	Customer Installation Expense	664.000	\$0	\$0	\$0	0.00%
16	Miscellaneous T&D Expense	665.000	\$0	\$0	\$0	0.00%
17	Maintenance of Towers	672.000	\$5,172	\$0	\$5,172	0.00%
18	Tower Tools & Equipment	672.100	\$1,458	\$0	\$1,458	0.00%
19	Tower General Supplies	672.200	\$612	\$0	\$612	0.00%
20	Tower Utilities	672.300	\$10,448	\$0	\$10,448	0.00%
21	Maintenance of Mains	673.000	\$74,738	\$0	\$74,738	0.00%
22	Maintenance Tools & Equipment	673.100	\$7,961	\$0	\$7,961	0.00%
23	Maintenance General Supplies	673.200	\$18,125	\$0	\$18,125	0.00%
24	Maintenance of Valves	673.300	\$3,624	\$0	\$3,624	0.00%
25	Line Locates	673.400	\$14,947	\$0	\$14,947	0.00%
26	Maintenance of T&D Services	675.000	\$192	\$0	\$192	0.00%
27	Maintenance of Customer Meter Wells	675.100	\$9,339	\$0	\$9,339	0.00%
28	Maintenance of Meters	676.000	\$13,227	\$0	\$13,227	0.00%
29	Meter Tools/Equipment	676.100	\$153	\$0	\$153	0.00%
30	Maintenance of Hydrants	677.000	\$5,411	\$0	\$5,411	0.00%
31	Hydrant Tools & Equipment	677.100	\$34	\$0	\$34	0.00%
32	Hydrant Accident Repairs	667.300	\$0	\$0	\$0	0.00%
33	TOTAL TRANSMISSION & DISTRIBUTION EXPENSES		\$207,456	\$0	\$207,456	
34	CUSTOMER ACCOUNT EXPENSE					
35	Supervision of Customer Account	901.000	\$456	\$0	\$456	0.00%
36	Meter Reading	902.000	\$63,301	\$0	\$63,301	0.00%
37	Uniform Expense	902.100	\$8,485	\$0	\$8,485	0.00%
38	Miscellaneous Uniform Expense	902.110	\$295	\$0	\$295	0.00%
39	Customer Accounting (Service Orders)	903.100	\$136,237	\$0	\$136,237	0.00%
40	Unclaimed Properties	903.110	\$73	\$0	\$73	0.00%
41	Customer Turn On & Turn Off	903.200	\$34,326	\$0	\$34,326	0.00%
42	City of Raytown Contract Turn On/Off (Reimburse)	903.300	\$0	\$0	\$0	0.00%
43	City of Raytown Contract Office Equipment	903.400	\$0	\$0	\$0	0.00%
44	Uncollectible Customer Account	904.000	\$33,648	\$0	\$33,648	0.00%
45	TOTAL CUSTOMER ACCOUNT EXPENSE		\$276,821	\$0	\$276,821	
46	CUSTOMER SERVICE & INFORMATION EXPENSES					
47	Safety Meetings	907.000	\$570	\$0	\$570	0.00%
48	Safety Equipment	907.100	\$1,159	\$0	\$1,159	0.00%

Accounting Schedule: 1
Sponsor: Paul R. Harrison
Date: 9/15/2010
Time: 1:27 PM
Page: 1 of 3

Raytown Water Company
Informal Rate Case
Case Number WR-2010-0304
Update Period Ending 3/31/2010
Rate Design Schedule - Water

A	B	C	D	E	F
Line Number	Description	Account Number (Optional)	Staff Annualized	Customer Charge	Commodity Percentage Rate
49	TOTAL CUSTOMER SERVICE & INFORMATION EXPENSES		\$1,729	\$0	\$1,729
50	ADMINISTRATIVE & GENERAL EXPENSES				
51	Administration & General Salaries	920.000	\$127,885	\$0	\$127,885 0.00%
52	City Redevelopment Projects	920.200	\$0	\$0	\$0 0.00%
53	Collections Posted on NCO Webs	920.300	\$596	\$0	\$596 0.00%
54	MPSC Reports	920.400	\$2,614	\$0	\$2,614 0.00%
55	Suburban water Coalition	920.500	\$0	\$0	\$0 0.00%
56	Office Supplies	921.000	\$9,336	\$0	\$9,336 0.00%
57	Office Utilities	921.001	\$7,010	\$0	\$7,010 0.00%
58	Kitchen & Bathroom Supplies	921.010	\$848	\$0	\$848 0.00%
59	Printing & Postage Supplies & Expense	921.020	\$69,161	\$0	\$69,161 0.00%
60	Communication Expense	921.040	\$19,396	\$0	\$19,396 0.00%
61	City Right of Way Permit Fees	921.100	\$3,759	\$0	\$3,759 0.00%
62	Leased Office Equipment	921.200	\$16,135	\$0	\$16,135 0.00%
63	Administrative Expenses Transferred (Credit)	922.100	-\$38,030	\$0	-\$38,030 0.00%
64	Capitalized Labor and Overhead	922.200	-\$39,184	\$0	-\$39,184 0.00%
65	Outside Services Employed	923.000	\$28,328	\$0	\$28,328 0.00%
66	Tower Maintenance Program	923.100	\$52,050	\$0	\$52,050 0.00%
67	Insurance Claims Payable	923.110	\$0	\$0	\$0 0.00%
68	Attorney Services	923.200	\$6,795	\$0	\$6,795 0.00%
69	Accounting Services	923.300	\$25,638	\$0	\$25,638 0.00%
70	Computer Maintenance	923.400	\$18,205	\$0	\$18,205 0.00%
71	Mapping Services	923.500	\$520	\$0	\$520 0.00%
72	Consulting Services	923.700	\$0	\$0	\$0 0.00%
73	CCR Report Services	923.800	\$3,001	\$0	\$3,001 0.00%
74	Cybercollect Administrative Costs	923.900	\$3,130	\$0	\$3,130 0.00%
75	Property Insurance Payable	924.000	\$22,128	\$0	\$22,128 0.00%
76	Injuries & Damages Insurance Payable	925.000	\$21,904	\$0	\$21,904 0.00%
77	Employee Pension & Benefits Payable	926.000	\$259,451	\$0	\$259,451 0.00%
78	15% Pension Expense	926.100	\$0	\$0	\$0 0.00%
79	Regulatory Expense	928.000	\$21,719	\$0	\$21,719 0.00%
80	Rate Case Expense	928.100	\$1,141	\$0	\$1,141 0.00%
81	Rate Case Employee Salaries	928.200	\$805	\$0	\$805 0.00%
82	MPSC Rate Case Expense	928.210	\$1,056	\$0	\$1,056 0.00%
83	PSC Inspection and Directives	928.230	\$28	\$0	\$28 0.00%
84	Rate Case Roundtable Work Group	928.300	\$171	\$0	\$171 0.00%
85	Miscellaneous General Expense	930.100	\$16,251	\$0	\$16,251 0.00%
86	Directors Fees and Expenses	930.200	\$12,718	\$0	\$12,718 0.00%
87	Board Reports and Directives	930.210	\$1,107	\$0	\$1,107 0.00%
88	Educational Expenses	930.300	\$10,911	\$0	\$10,911 0.00%
89	Employee Drug Screens	930.400	\$50	\$0	\$50 0.00%
90	Maintenance of General Plant	932.000	\$16,144	\$0	\$16,144 0.00%
91	Small Equipment for Plant Maintenance	932.200	\$0	\$0	\$0 0.00%
92	Vacation, Sick, Holiday, Comp/Grievance, and Work Comp Pay	999.000	\$0	\$0	\$0 0.00%
93	TOTAL ADMINISTRATIVE AND GENERAL		\$702,777	\$0	\$702,777
94	OTHER OPERATING EXPENSES				
95	Interest on Customer Deposits	431.100	\$1,449	\$0	\$1,449 0.00%
96	Amortize ITC	933.000	\$0	\$0	\$0 0.00%
97	Depreciation		\$316,807	\$0	\$316,807 0.00%
98	Depreciation Expense - CIAC Offset	251.000	-\$9,788	\$0	-\$9,788 0.00%
99	Amortization of EIARA Issuance Costs		\$2,888	\$0	\$2,888 0.00%
100	Amortization of Hydropillar over 10 years/12-31-2013		\$38,628	\$0	\$38,628 0.00%
101	TOTAL OTHER OPERATING EXPENSES		\$349,984	\$0	\$349,984
102	TAXES OTHER THAN INCOME				
103	Property Taxes	408.100	\$132,967	\$0	\$132,967 0.00%
104	Gross Receipts Tax	408.200	\$0	\$0	\$0 0.00%
105	Employer FICA Taxes	408.300	\$49,044	\$0	\$49,044 0.00%
106	Federal Unemployment Tax	408.400	\$893	\$0	\$893 0.00%

Accounting Schedule: 1
Sponsor: Paul R. Harrison
Date: 9/15/2010
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Raytown Water Company
Informal Rate Case
Case Number WR-2010-0304
Update Period Ending 3/31/2010
Rate Design Schedule - Water

<u>A</u>		<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>
Line Number	Description	Account Number (Optional)	Staff Annualized	Customer Charge	Commodity	Percentage Rate
107	State Unemployment Tax	408.500	\$3,690	\$0	\$3,690	0.00%
108	TOTAL TAXES OTHER THAN INCOME		\$186,594	\$0	\$186,594	
109	TOTAL OPERATING EXPENSES		\$2,812,126	\$0	\$2,812,126	
110	Interest Expense	(3)	\$50,702	\$0	\$50,702	0.00%
111	Return on Equity	(3)	\$358,734	\$0	\$358,734	0.00%
112	Income Taxes	(3)	\$214,878	\$0	\$214,878	0.00%
113	TOTAL INTEREST RETURN & TAXES		\$624,314	\$0	\$624,314	
114	TOTAL COST OF SERVICE		\$3,436,440	\$0	\$3,436,440	
115	Less: Miscellaneous Revenues		\$262,153	\$0	\$262,153	0.00%
116	COST TO RECOVER IN RATES		\$3,174,287	\$0	\$3,174,287	
117	INCREMENTAL INCREASE IN RATE REVENUES		\$344,163			
118	PERCENTAGE OF INCREASE		11.13%			
119	REQUESTED INCREASE IN REVENUES		\$0			

(1) From Revenue Schedule

(2) From Expense Schedule

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

Raytown Water Company
Informal Rate Case
Case Number WR-2010-0304
Update Period Ending 3/31/2010
Rate Base Required Return on Investment Schedule - Water

Line Number	<u>A</u> Rate Base Description	<u>B</u> Dollar Amount	
1	Plant In Service	\$10,554,634	From Plant Schedule
2	Less Accumulated Depreciation Reserve	\$4,372,171	From Depreciation Reserve Schedule
3	Net Plant In Service	\$6,182,463	
4	Other Rate Base Items:	\$0	
	Contribution in Aid of Construction	-\$352,724	
	CIAC Depreciation Offset	\$66,290	
	Deferred Taxes	-\$900,374	
	Investment Tax Credit	-\$27,240	
	Customer Credit Balance	-\$8,174	
	Materials & Supplies	\$104,563	
	Customer Deposits	-\$48,304	
	Prepaid Insurance	\$8,489	
5	Total Rate Base	\$5,024,989	
6	Total Weighted Rate of Return Including Income Tax	12.42%	From PreTax Return & Taxes Schedule
7	Required Return & Income Tax	\$624,314	

Raytown Water Company
Informal Rate Case
Case Number WR-2010-0304
Update Period Ending 3/31/2010
Rate of Return Including Income Tax - Water

	A	B	formulas
1 State Income Tax Rate Statutory / Effective	6.25% (2)	5.24%	(1 - (B2 x .5)) x A1
2 Federal Income Tax Rate Statutory / Effective	34.00% (1) & (2)	32.22%	(1 - B1) x A2
3 Composite Effective Income Tax Rate		37.46%	B1 + B2
4 Equity Tax Factor		1.5990	1 / (1-B3)
5 Recommended Weighted Rate of Return on Equity - Common and Preferred		7.14%	From Capital Structure Schedule
6 Weighted Rate of Return on Equity Including Income Tax		11.42%	B4 x B5
7 Recommended Weighted Rate of Return on Debt - Long-Term and Short-Term		1.01%	From Capital Structure Schedule
8 Total Weighted Rate of Return Including Income Tax		12.42%	B6+B7

To Rate Base Schedule

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

N

Equity Income Required \$543,536
& Preliminary Federal Tax

Tax Rate Table

Net Income Range				
Start	End	Tax Rate	Amount in Range	Tax on Range
\$0	\$50,000	15.00%	\$50,000	\$7,500
\$50,001	\$75,000	25.00%	\$25,000	\$6,250
\$75,001	\$100,000	34.00%	\$25,000	\$8,500
\$100,001	\$335,000	39.00%	\$235,000	\$91,650
\$335,001	\$9,999,999,999	34.00%	\$208,536	\$70,902
			\$543,536	\$184,802
			Consolidated Tax Rate:	
			Average Tax Rate:	0.34

Raytown Water Company
Informal Rate Case
Case Number WR-2010-0304
Update Period Ending 3/31/2010
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	\$4,675,009	79.95%	8.93%	7.139%
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	\$974,028	16.66%	5.17%	0.861%
5	Short Term Debt	\$198,557	3.40%	4.35%	0.148%
6	Other Security-Tax Deductible	\$0	0.00%	0.00%	0.000%
7	TOTAL CAPITALIZATION	<u>\$5,847,594</u>	<u>100.00%</u>		<u>8.148%</u>

To PreTax Return Rate Schedule

Raytown Water Company
Informal Rate Case
Case Number WR-2010-0304
Update Period Ending 3/31/2010
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	\$0			100.00%	\$0
3	302.000	Franchises	\$0			100.00%	\$0
4		TOTAL INTANGIBLE PLANT	\$0		\$0		\$0
5		SOURCE OF SUPPLY PLANT					
6	310.000	Land & Land Rights SP	\$0			100.00%	\$0
7	311.000	Structures & Improvements - SSP	\$0			100.00%	\$0
8	312.000	Collection & Impounding Reservoirs	\$0			100.00%	\$0
9	313.000	Lake, River & Other Intakes	\$0			100.00%	\$0
10	314.000	Wells & Springs	\$0			100.00%	\$0
11	315.000	Infiltration Galleries & Tunnels	\$0			100.00%	\$0
12	316.000	Supply Mains	\$0			100.00%	\$0
13		TOTAL SOURCE OF SUPPLY PLANT	\$0		\$0		\$0
14		PUMPING PLANT					
15	321.000	Structures & Improvements - PP	\$0			100.00%	\$0
16	325.000	Electric Pumping Equipment	\$0			100.00%	\$0
17	326.000	Diesel Pumping Equipment	\$0			100.00%	\$0
18	328.000	Other Pumping Equipment	\$0			100.00%	\$0
19		TOTAL PUMPING PLANT	\$0		\$0		\$0
20		WATER TREATMENT PLANT					
21	330.000	Land & Land Rights-WTP	\$0			100.00%	\$0
22	331.000	Structures & Improvements - WTP	\$0			100.00%	\$0
23	332.000	Water Treatment Equipment	\$0			100.00%	\$0
24		TOTAL WATER TREATMENT PLANT	\$0		\$0		\$0
25		TRANSMISSION & DISTRIBUTION PLANT					
26	340.000	Land & Land Rights-T&D	\$88,215			100.00%	\$88,215
27	341.000	Structures & Improvements - T&D	\$0			100.00%	\$0
28	342.000	Distribution Reservoirs & Standpipes	\$2,745,768	P-28	\$0	100.00%	\$2,745,768
29	344.000	Fire Mains	\$0			100.00%	\$0
30	345.000	Services	\$114,891	P-30	\$2,192	100.00%	\$117,083
31	343.000	Transmission & Distribution Mains	\$3,802,705	P-31	\$91,292	100.00%	\$3,893,997
32	343.110	Gateway Transmission Main	\$258,013			100.00%	\$258,013
33	346.100	Meters- Bronze Chamber	\$228,356	P-33	\$14,658	100.00%	\$243,014
34	346.200	Meters- Plastic Chamber	\$310,032	P-34	\$1,405	100.00%	\$311,437
35	347.000	Meter Well/Install/Upgrade	\$217,180	P-35	-\$2,557	100.00%	\$214,623
36	348.000	Hydrants	\$803,163	P-36	\$6,446	100.00%	\$809,609
37		TOTAL TRANS. & DISTRIBUTION PLANT	\$8,568,323		\$113,436		\$8,681,759
38		GENERAL PLANT					
39	389.000	Land & Land Rights-GP	\$3,531			100.00%	\$3,531
40	390.000	Structures & Improvements - GP	\$464,530	P-40	\$1,125	100.00%	\$465,655
41	391.000	Office Furniture & Equipment	\$35,817	P-41	\$1,258	100.00%	\$37,075
42	391.100	Office Electronic Equipment	\$138,610	P-42	-\$24,392	100.00%	\$114,218
43	391.200	New Computer System	\$113,621	P-43	\$8,538	100.00%	\$122,159
44	392.000	Transportation Equipment - GP	\$432,355	P-44	\$81,316	100.00%	\$513,671
45	394.000	Tools, Shop and Garage Equipment	\$156,421	P-45	-\$2,393	100.00%	\$154,028
46	395.000	Laboratory Equipment	\$5,660	P-46	\$0	100.00%	\$5,660
47	396.000	Power-Operated Equipment	\$351,944	P-47	\$58,314	100.00%	\$410,258
48	397.000	Communication Equipment	\$45,835	P-48	\$785	100.00%	\$46,620
49		TOTAL GENERAL PLANT	\$1,748,324		\$124,551		\$1,872,875
50		TOTAL PLANT IN SERVICE	\$10,316,647		\$237,987		\$10,554,634

Accounting Schedule: 5
Sponsor: Casey Westhues Art Rice
Date: 9/15/2010
Time: 1:28 PM
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Attachment B-8
EMS Run

Raytown Water Company
 Informal Rate Case
 Case Number WR-2010-0304
 Update Period Ending 3/31/2010
 Plant In Service - Water

<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>	<u>G</u>	
Line Number	Account # (Optional)	Plant Account Description	Total Plant	Adjustment Number	Adjustments	Jurisdictional Allocation	Adjusted Jurisdictional
To Rate Base & Depreciation Schedules							

Raytown Water Company
 Informal Rate Case
 Case Number WR-2010-0304
 Update Period Ending 3/31/2010
 Schedule of Adjustments for Plant in Service - Water

<u>A</u> Plant Adjustment Number	<u>B</u> Plant In Service Adjustment Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment
P-28	Distribution Reservoirs & Standpipes	342.000		\$0
	1. No adjustment		\$0	
P-30	Services	345.000		\$2,192
	1. No adjustment		\$0	
	2. To adjust plant balance for addition of services. (Westhues)		\$2,471	
	3. To adjust plant balance for retirement of services. (Westhues)		-\$279	
P-31	Transmission & Distribution Mains	343.000		\$91,292
	1. To adjust test year plant to current level. (Westhues) (Rice)		-\$97	
	2. To adjust plant balance for mains added. (Westhues)		\$93,867	
	3. To adjust plant balance for retirement of Distribution Mains. (Westhues)		-\$2,478	
P-33	Meters- Bronze Chamber	346.100		\$14,658
	1. To adjust test year plant to current level. (Westhues) (Rice)		-\$1,631	
	2. To adjust plant balance for new spools added. (Westhues)		\$16,289	
P-34	Meters- Plastic Chamber	346.200		\$1,405
	1. To adjust test year plant to current level. (Westhues) (Rice)		\$329	
	2. To adjust plant balance for new meters added for meter program. (Westhues)		\$24,326	

Accounting Schedule: 6
 Sponsor: Casey Westhues Art Rice
 Date: 9/15/2010
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Raytown Water Company
Informal Rate Case
Case Number WR-2010-0304
Update Period Ending 3/31/2010
Schedule of Adjustments for Plant in Service - Water

<u>A</u> Plant Adjustment Number	<u>B</u> Plant In Service Adjustment Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment
	3. To adjust plant balance for retirement of meters. (Westhues)		-\$23,250	
P-35	Meter Well/Install/Upgrade	347.000		-\$2,557
	1. To adjust test year plant to current level. (Westhues) (Rice)		-\$3,294	
	2. To adjust plant balance for new well installed. (Westhues)		\$737	
P-36	Hydrants	348.000		\$6,446
	1. To adjust test year plant to current level. (Westhues) (Rice)		-\$103	
	2. To adjust plant balance for new hydrants. (Westhues)		\$10,059	
	3. To adjust plant balance for the retirement of Hydrants. (Westhues)		-\$3,510	
P-40	Structures & Improvements - GP	390.000		\$1,125
	1. No adjustment		\$0	
	2. To adjust plant balance for the addition of security locks. (Westhues)		\$1,125	
P-41	Office Furniture & Equipment	391.000		\$1,258
	1. To adjust test year plant to current level. (Westhues) (Rice)		\$1,258	
P-42	Office Electronic Equipment	391.100		-\$24,392
	1. To adjust test year plant to current level. (Westhues) (Rice)		-\$51,167	

Accounting Schedule: 6
Sponsor: Casey Westhues Art Rice
Date: 9/15/2010
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Page: 2 of 4

Raytown Water Company
Informal Rate Case
Case Number WR-2010-0304
Update Period Ending 3/31/2010
Schedule of Adjustments for Plant in Service - Water

<u>A</u> Plant Adjustment Number	<u>B</u> Plant In Service Adjustment Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment
	2. To adjust plant balance for the addition of a desktop computer. (Westhues)		\$942	
	3. To adjust plant balance for the addition of new hand held meter readers. (Westhues)		\$39,522	
	4. To adjust plant for the retirement of hand held meter readers. (Westhues)		-\$13,689	
P-43	New Computer System	391.200		\$8,538
	1. To adjust test year plant to current level. (Westhues) (Rice)		\$8,538	
P-44	Transportation Equipment - GP	392.000		\$81,316
	1. To adjust plant balance for repairs to trucks. (Westhues)		\$924	
	2. To adjust plant balance for the addition of a new trailer. (Westhues)		\$5,905	
	3. To adjust plant balance for purchase of new trucks. (Westhues)		\$74,487	
P-45	Tools, Shop and Garage Equipment	394.000		-\$2,393
	1. To adjust test year plant to current level. (Westhues) (Rice)		-\$3,511	
	2. To adjust plant balance for new equipment. (Westhues)		\$1,118	
P-46	Laboratory Equipment	395.000		\$0
	No Adjustment		\$0	
P-47	Power-Operated Equipment	396.000		\$58,314

Accounting Schedule: 6
Sponsor: Casey Westhues Art Rice
Date: 9/15/2010
Time: 1:28 PM
Page: 3 of 4

Raytown Water Company
 Informal Rate Case
 Case Number WR-2010-0304
 Update Period Ending 3/31/2010
 Schedule of Adjustments for Plant in Service - Water

<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>
Plant Adjustment Number	Plant In Service Adjustment Description	Account Number	Adjustment Amount	Total Adjustment
	1. To adjust plant balance for the addition of a mini-excavator. (Westhues)		\$53,055	
	2. To adjust plant balance for the addition of a sweeper broom attachment. (Westhues)		\$5,259	
P-48	Communication Equipment	397.000		\$785
	1. No adjustment		\$0	
	2. To adjust plant balance for new equipment. (Westhues)		\$785	
Total Plant Adjustments				<u><u>\$237,987</u></u>

Raytown Water Company
 Informal Rate Case
 Case Number WR-2010-0304
 Update Period Ending 3/31/2010
 Depreciation Expense - Water

Line Number	A Account Number	B Plant Account Description	C Adjusted Jurisdictional	D Depreciation Rate	E Depreciation Expense
1		INTANGIBLE PLANT			
2	301.000	Organization	\$0	0.00%	\$0
3	302.000	Franchises	\$0	0.00%	\$0
4		TOTAL INTANGIBLE PLANT	\$0		\$0
5		SOURCE OF SUPPLY PLANT			
6	310.000	Land & Land Rights SP	\$0	0.00%	\$0
7	311.000	Structures & Improvements - SSP	\$0	2.50%	\$0
8	312.000	Collection & Impounding Reservoirs	\$0	0.00%	\$0
9	313.000	Lake, River & Other Intakes	\$0	0.00%	\$0
10	314.000	Wells & Springs	\$0	2.00%	\$0
11	315.000	Infiltration Galleries & Tunnels	\$0	0.00%	\$0
12	316.000	Supply Mains	\$0	0.00%	\$0
13		TOTAL SOURCE OF SUPPLY PLANT	\$0		\$0
14		PUMPING PLANT			
15	321.000	Structures & Improvements - PP	\$0	0.00%	\$0
16	325.000	Electric Pumping Equipment	\$0	10.00%	\$0
17	326.000	Diesel Pumping Equipment	\$0	0.00%	\$0
18	328.000	Other Pumping Equipment	\$0	0.00%	\$0
19		TOTAL PUMPING PLANT	\$0		\$0
20		WATER TREATMENT PLANT			
21	330.000	Land & Land Rights-WTP	\$0	0.00%	\$0
22	331.000	Structures & Improvements - WTP	\$0	0.00%	\$0
23	332.000	Water Treatment Equipment	\$0	0.00%	\$0
24		TOTAL WATER TREATMENT PLANT	\$0		\$0
25		TRANSMISSION & DISTRIBUTION PLANT			
26	340.000	Land & Land Rights-T&D	\$88,215	0.00%	\$0
27	341.000	Structures & Improvements - T&D	\$0	0.00%	\$0
28	342.000	Distribution Reservoirs & Standpipes	\$2,745,768	2.50%	\$68,644
29	344.000	Fire Mains	\$0	0.00%	\$0
30	345.000	Services	\$117,083	2.50%	\$2,927
31	343.000	Transmission & Distribution Mains	\$3,893,997	2.00%	\$77,880
32	343.110	Gateway Transmission Main	\$258,013	0.00%	\$0
33	346.100	Meters- Bronze Chamber	\$243,014	3.30%	\$8,019
34	346.200	Meters- Plastic Chamber	\$311,437	10.00%	\$31,144
35	347.000	Meter Well/Install/Upgrade	\$214,623	2.50%	\$5,366
36	348.000	Hydrants	\$809,609	2.00%	\$16,192
37		TOTAL TRANS. & DISTRIBUTION PLANT	\$8,681,759		\$210,172
38		GENERAL PLANT			
39	389.000	Land & Land Rights-GP	\$3,531	0.00%	\$0
40	390.000	Structures & Improvements - GP	\$465,655	2.50%	\$11,641

Accounting Schedule: 7

Sponsor: Art Rice

Date: 9/15/2010

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Attachment B-14

EMS Run

Raytown Water Company
Informal Rate Case
Case Number WR-2010-0304
Update Period Ending 3/31/2010
Depreciation Expense - Water

	A	B	C	D	E
Line Number	Account Number	Plant Account Description	Adjusted Jurisdictional	Depreciation Rate	Depreciation Expense
41	391.000	Office Furniture & Equipment	\$37,075	0.00%	\$0
42	391.100	Office Electronic Equipment	\$114,218	14.30%	\$16,333
43	391.200	New Computer System	\$122,159	0.00%	\$0
44	392.000	Transportation Equipment - GP	\$513,671	7.80%	\$40,066
45	394.000	Tools, Shop and Garage Equipment	\$154,028	5.00%	\$7,701
46	395.000	Laboratory Equipment	\$5,660	5.00%	\$283
47	396.000	Power-Operated Equipment	\$410,258	6.70%	\$27,487
48	397.000	Communication Equipment	\$46,620	6.70%	\$3,124
49		TOTAL GENERAL PLANT	\$1,872,875		\$106,635
50		Total Depreciation	\$10,554,634		\$316,807

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Attachment B-15
EMS Run

Raytown Water Company
Informal Rate Case
Case Number WR-2010-0304
Update Period Ending 3/31/2010
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	\$0			100.00%	\$0
8	312.000	Collection & Impounding Reservoirs	\$0			100.00%	\$0
9	313.000	Lake, River & Other Intakes	\$0			100.00%	\$0
10	314.000	Wells & Springs	\$0			100.00%	\$0
11	315.000	Infiltration Galleries & Tunnels	\$0			100.00%	\$0
12	316.000	Supply Mains	\$0			100.00%	\$0
13		TOTAL SOURCE OF SUPPLY PLANT	\$0		\$0		\$0
14		PUMPING PLANT					
15	321.000	Structures & Improvements - PP	\$0			100.00%	\$0
16	325.000	Electric Pumping Equipment	\$0			100.00%	\$0
17	326.000	Diesel Pumping Equipment	\$0			100.00%	\$0
18	328.000	Other Pumping Equipment	\$0			100.00%	\$0
19		TOTAL PUMPING PLANT	\$0		\$0		\$0
20		WATER TREATMENT PLANT					
21	330.000	Land & Land Rights-WTP	\$0			100.00%	\$0
22	331.000	Structures & Improvements - WTP	\$0			100.00%	\$0
23	332.000	Water Treatment Equipment	\$0			100.00%	\$0
24		TOTAL WATER TREATMENT PLANT	\$0		\$0		\$0
25		TRANSMISSION & DISTRIBUTION PLANT					
26	340.000	Land & Land Rights-T&D	\$0			100.00%	\$0
27	341.000	Structures & Improvements - T&D	\$0			100.00%	\$0
28	342.000	Distribution Reservoirs & Standpipes	\$1,159,614	R-28	\$21,365	100.00%	\$1,180,979
29	344.000	Fire Mains	\$0			100.00%	\$0
30	345.000	Services	\$79,591	R-30	\$32,453	100.00%	\$112,044
31	343.000	Transmission & Distribution Mains	\$1,435,618	R-31	\$16,992	100.00%	\$1,452,610
32	343.110	Gateway Transmission Main	\$258,013	R-32	\$0	100.00%	\$258,013
33	346.100	Meters- Bronze Chamber	\$69,679	R-33	\$73,950	100.00%	\$143,629
34	346.200	Meters- Plastic Chamber	\$247,500	R-34	-\$100,968	100.00%	\$146,532
35	347.000	Meter Well/Install/Upgrade	\$46,902	R-35	\$1,342	100.00%	\$48,244
36	348.000	Hydrants	\$294,113	R-36	-\$25,832	100.00%	\$268,281
37		TOTAL TRANS. & DISTRIBUTION PLANT	\$3,591,030		\$19,302		\$3,610,332
38		GENERAL PLANT					
39	389.000	Land & Land Rights-GP	\$0			100.00%	\$0
40	390.000	Structures & Improvements - GP	\$147,697	R-40	-\$7,019	100.00%	\$140,678
41	391.000	Office Furniture & Equipment	\$18,804	R-41	\$16,758	100.00%	\$35,562
42	391.100	Office Electronic Equipment	\$138,432	R-42	-\$112,327	100.00%	\$26,105
43	391.200	New Computer System	\$113,621	R-43	\$8,549	100.00%	\$122,170
44	392.000	Transportation Equipment - GP	\$101,781	R-44	\$15,668	100.00%	\$117,449
45	394.000	Tools, Shop and Garage Equipment	\$68,419	R-45	-\$9,378	100.00%	\$59,041
46	395.000	Laboratory Equipment	\$2,517	R-46	\$71	100.00%	\$2,588
47	396.000	Power-Operated Equipment	\$228,981	R-47	\$6,872	100.00%	\$235,853
48	397.000	Communication Equipment	\$21,612	R-48	\$781	100.00%	\$22,393
49		TOTAL GENERAL PLANT	\$841,864		-\$80,025		\$761,839

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Raytown Water Company
 Informal Rate Case
 Case Number WR-2010-0304
 Update Period Ending 3/31/2010
 Accumulated Depreciation Reserve - Water

<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>	<u>G</u>	
Line Number	Account Number	Depreciation Reserve Description	Total Reserve	Adjustment Number	Adjustments	Jurisdictional Allocation	Adjusted Jurisdictional
50		TOTAL DEPRECIATION RESERVE	<u>\$4,432,894</u>		<u>-\$60,723</u>		<u>\$4,372,171</u>

To Rate Base Schedule

Raytown Water Company
Informal Rate Case
Case Number WR-2010-0304
Update Period Ending 3/31/2010
Schedule of Adjustments for Accumulated Depreciation Reserve - Water

<u>A</u> Reserve Adjustment Number	<u>B</u> Accumulated Depreciation Reserve Adjustments Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment Amount
R-28	Distribution Reservoirs & Standpipes	342.000		\$21,365
	1. To adjust depreciation reserve to current level. (Westhues) (Rice)		\$4,204	
	2. To adjust depreciation reserve out to July 2010. (Westhues)		\$17,161	
R-30	Services	345.000		\$32,453
	1. To adjust test year accumulated depreciation reserve for the service line transfer to company. (Harrison)		\$32,000	
	2. To adjust depreciation reserve out to July 2010. (Westhues)		\$732	
	3. To adjust depreciation reserve for the retirement of Services. (Westhues)		-\$279	
R-31	Transmission & Distribution Mains	343.000		\$16,992
	1. To adjust depreciation reserve out to July 2010. (Westhues)		\$19,470	
	2. To adjust depreciation reserve for the reretirement of Distribution Mains. (Westhues)		-\$2,478	
R-32	Gateway Transmission Main	343.110		\$0
	No Adjustment		\$0	
R-33	Meters- Bronze Chamber	346.100		\$73,950
	1. To adjust depreciation reserve to current level. (Westhues) (Rice)		\$70,095	

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Raytown Water Company
Informal Rate Case
Case Number WR-2010-0304
Update Period Ending 3/31/2010
Schedule of Adjustments for Accumulated Depreciation Reserve - Water

<u>A</u> Reserve Adjustment Number	<u>B</u> Accumulated Depreciation Reserve Adjustments Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment Amount
	2. To increase depreciation reserve net salvage based on scrap value. (Westhues)		\$1,158	
	3. To include Meter Scrap Metal Net Salvage. (Harrison)		\$692	
	4. To adjust depreciation reserve out to July 2010. (Westhues)		\$2,005	
R-34	Meters- Plastic Chamber	346.200		-\$100,968
	1. To adjust depreciation reserve to current level. (Westhues) (Rice)		-\$85,504	
	2. To adjust accumulated depreciation reserve for the retirement of meters. (Westhues)		-\$23,250	
	3. To adjust depreciation reserve out to July 2010. (Westhues)		\$7,786	
R-35	Meter Well/Install/Upgrade	347.000		\$1,342
	1. To adjust depreciation reserve out to July 2010. (Westhues)		\$1,342	
R-36	Hydrants	348.000		-\$25,832
	1. To adjust depreciation reserve to current level. (Westhues) (Rice)		-\$26,550	
	2. To adjust depreciation reserve for the retirement of Hydrants. (Westhues)		-\$3,510	
	3. To include net salvage associated with sale of fire hydrants. (Harrison)		\$180	
	4. To adjust depreciation reserve out to July 2010. (Westhues)		\$4,048	

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Raytown Water Company
Informal Rate Case
Case Number WR-2010-0304
Update Period Ending 3/31/2010
Schedule of Adjustments for Accumulated Depreciation Reserve - Water

<u>A</u> Reserve Adjustment Number	<u>B</u> Accumulated Depreciation Reserve Adjustments Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment Amount
R-40	Structures & Improvements - GP	390.000		-\$7,019
	1. To adjust depreciation reserve to current level. (Westhues) (Rice)		-\$9,929	
	2. To adjust depreciation reserve out to July 2010. (Westhues)		\$2,910	
R-41	Office Furniture & Equipment	391.000		\$16,758
	1. To adjust depreciation reserve to current level. (Westhues) (Rice)		\$16,758	
R-42	Office Electronic Equipment	391.100		-\$112,327
	1. To adjust depreciation reserve to current level. (Westhues) (Rice)		-\$102,721	
	2. To adjust depreciation reserve for the retirement of meters. (Westhues)		-\$13,689	
	3. To adjust depreciation reserve out to July 2010. (Westhues)		\$4,083	
R-43	New Computer System	391.200		\$8,549
	1. To adjust depreciation reserve to current level. (Westhues) (Rice)		\$8,549	
R-44	Transportation Equipment - GP	392.000		\$15,668
	1. To adjust depreciation reserve out to July 2010. (Westhues)		\$10,017	
	2. To include net salvage associated with retirement of vehicles. (Harrison)		\$5,651	

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Raytown Water Company
 Informal Rate Case
 Case Number WR-2010-0304
 Update Period Ending 3/31/2010
 Schedule of Adjustments for Accumulated Depreciation Reserve - Water

<u>A</u> Reserve Adjustment Number	<u>B</u> Accumulated Depreciation Reserve Adjustments Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment Amount
R-45	Tools, Shop and Garage Equipment	394.000		-\$9,378
	1. To adjust depreciation reserve to current level. (Westhues) (Rice)		-\$11,303	
	2. To adjust depreciation reserve out to July 2010. (Westhues)		\$1,925	
R-46	Laboratory Equipment	395.000		\$71
	1. To adjust depreciation reserve out to July 2010. (Westhues)		\$71	
R-47	Power-Operated Equipment	396.000		\$6,872
	1. To adjust depreciation reserve out to July 2010. (Westhues)		\$6,872	
R-48	Communication Equipment	397.000		\$781
	1. To adjust depreciation reserve out to July 2010. (Westhues)		\$781	
Total Reserve Adjustments				-\$60,723

Raytown Water Company
Informal Rate Case
Case Number WR-2010-0304
Update Period Ending 3/31/2010
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		TOTAL OPERATIONS EXPENSE	\$0		\$0		\$0
3		MAINTENANCE EXPENSES					
4		TOTAL MAINTENANCE EXPENSE	\$0		\$0		\$0
5		SOURCE OF SUPPLY EXPENSES					
6	602.000	Purchased Water	\$892,670	W-6	\$194,095	100.00%	\$1,086,765
7		TOTAL SOURCE OF SUPPLY EXPENSES	\$892,670		\$194,095		\$1,086,765
8		TRANSMISSION & DISTRIBUTION EXPENSES					
9	660.000	Operation Supervision & Engineering	\$25,856	W-9	\$3,782	100.00%	\$29,638
10	661.000	Storage Facilities Expense	\$3,540	W-10	\$310	100.00%	\$3,850
11	662.000	Transmission & Distribution Lines Expense	\$506	W-11	-\$10	100.00%	\$496
12	662.010	Transmission & Distribution Lines - Tools	\$269			100.00%	\$269
13	662.100	Water Samples	\$6,673	W-13	\$1,089	100.00%	\$7,762
14	663.000	Meter Testing	\$0	W-14	\$0	100.00%	\$0
15	664.000	Customer Installation Expense	\$0			100.00%	\$0
16	665.000	Miscellaneous T&D Expense	\$0	W-16	\$0	100.00%	\$0
17	672.000	Maintenance of Towers	\$4,606	W-17	\$566	100.00%	\$5,172
18	672.100	Tower Tools & Equipment	\$1,458			100.00%	\$1,458
19	672.200	Tower General Supplies	\$612			100.00%	\$612
20	672.300	Tower Utilities	\$11,147	W-20	-\$699	100.00%	\$10,448
21	673.000	Maintenance of Mains	\$83,299	W-21	-\$8,561	100.00%	\$74,738
22	673.100	Maintenance Tools & Equipment	\$7,430	W-22	\$531	100.00%	\$7,961
23	673.200	Maintenance General Supplies	\$13,094	W-23	\$5,031	100.00%	\$18,125
24	673.300	Maintenance of Valves	\$2,101	W-24	\$1,523	100.00%	\$3,624
25	673.400	Line Locates	\$13,378	W-25	\$1,569	100.00%	\$14,947
26	675.000	Maintenance of T&D Services	\$192	W-26	\$0	100.00%	\$192
27	675.100	Maintenance of Customer Meter Wells	\$5,652	W-27	\$3,687	100.00%	\$9,339
28	676.000	Maintenance of Meters	\$20,985	W-28	-\$7,758	100.00%	\$13,227
29	676.100	Meter Tools/Equipment	\$153			100.00%	\$153
30	677.000	Maintenance of Hydrants	\$5,261	W-30	\$150	100.00%	\$5,411
31	677.100	Hydrant Tools & Equipment	\$34			100.00%	\$34
32	667.300	Hydrant Accident Repairs	\$0	W-32	\$0	100.00%	\$0
33		TOTAL TRANSMISSION & DISTRIBUTION EXPENSES	\$206,246		\$1,210		\$207,456
34		CUSTOMER ACCOUNT EXPENSE					
35	901.000	Supervision of Customer Account	\$385	W-35	\$71	100.00%	\$456
36	902.000	Meter Reading	\$55,878	W-36	\$7,423	100.00%	\$63,301
37	902.100	Uniform Expense	\$8,485	W-37	\$0	100.00%	\$8,485
38	902.110	Miscellaneous Uniform Expense	\$295			100.00%	\$295
39	903.100	Customer Accounting (Service Orders)	\$112,567	W-39	\$23,670	100.00%	\$136,237
40	903.110	Unclaimed Properties	\$73			100.00%	\$73
41	903.200	Customer Turn On & Turn Off	\$30,080	W-41	\$4,246	100.00%	\$34,326
42	903.300	City of Raytown Contract Turn On/Off (Reimburse)	\$3,478	W-42	-\$3,478	100.00%	\$0
43	903.400	City of Raytown Contract Office Equipment	\$3,094	W-43	-\$3,094	100.00%	\$0
44	904.000	Uncollectible Customer Account	\$33,648	W-44	\$0	100.00%	\$33,648
45		TOTAL CUSTOMER ACCOUNT EXPENSE	\$247,983		\$28,838		\$276,821
46		CUSTOMER SERVICE & INFORMATION EXPENSES					
47	907.000	Safety Meetings	\$70	W-47	\$500	100.00%	\$570
48	907.100	Safety Equipment	\$2,077	W-48	-\$918	100.00%	\$1,159
49		TOTAL CUSTOMER SERVICE & INFORMATION EXPENSES	\$2,147		-\$418		\$1,729
50		ADMINISTRATIVE & GENERAL EXPENSES					

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Raytown Water Company
Informal Rate Case
Case Number WR-2010-0304
Update Period Ending 3/31/2010
Expense Schedule - Water

A		B	C	D	E	F	G
Line Number	Account Number (Optional)	Expense Description	Company/ Test Year Amount	Adjustment Number	Adjustments	Jurisdictional Allocation	Adjusted Jurisdictional
51	920.000	Administration & General Salaries	\$106,638	W-51	\$21,247	100.00%	\$127,885
52	920.200	City Redevelopment Projects	\$0	W-52	\$0	100.00%	\$0
53	920.300	Collections Posted on NCO Webs	\$208	W-53	\$388	100.00%	\$596
54	920.400	MPSC Reports	\$1,886	W-54	\$728	100.00%	\$2,614
55	920.500	Suburban water Coalition	\$0			100.00%	\$0
56	921.000	Office Supplies	\$9,506	W-56	-\$170	100.00%	\$9,336
57	921.001	Office Utilities	\$5,801	W-57	\$1,209	100.00%	\$7,010
58	921.010	Kitchen & Bathroom Supplies	\$1,240	W-58	-\$392	100.00%	\$848
59	921.020	Printing & Postage Supplies & Expense	\$66,999	W-59	\$2,162	100.00%	\$69,161
60	921.040	Communication Expense	\$22,295	W-60	-\$2,899	100.00%	\$19,396
61	921.100	City Right of Way Permit Fees	\$3,402	W-61	\$357	100.00%	\$3,759
62	921.200	Leased Office Equipment	\$16,135	W-62	\$0	100.00%	\$16,135
63	922.100	Administrative Expenses Transferred (Credit)	-\$23,294	W-63	-\$14,736	100.00%	-\$38,030
64	922.200	Capitalized Labor and Overhead	-\$24,001	W-64	-\$15,183	100.00%	-\$39,184
65	923.000	Outside Services Employed	\$28,987	W-65	-\$659	100.00%	\$28,328
66	923.100	Tower Maintenance Program	\$124,186	W-66	-\$72,136	100.00%	\$52,050
67	923.110	Insurance Claims Payable	\$0			100.00%	\$0
68	923.200	Attorney Services	\$7,111	W-68	-\$316	100.00%	\$6,795
69	923.300	Accounting Services	\$26,830	W-69	-\$1,192	100.00%	\$25,638
70	923.400	Computer Maintenance	\$18,882	W-70	-\$677	100.00%	\$18,205
71	923.500	Mapping Services	\$520			100.00%	\$520
72	923.700	Consulting Services	\$0			100.00%	\$0
73	923.800	CCR Report Services	\$3,001			100.00%	\$3,001
74	923.900	Cybercollect Administrative Costs	\$3,130	W-74	\$0	100.00%	\$3,130
75	924.000	Property Insurance Payable	\$21,910	W-75	\$218	100.00%	\$22,128
76	925.000	Injuries & Damages Insurance Payable	\$23,026	W-76	-\$1,122	100.00%	\$21,904
77	926.000	Employee Pension & Benefits Payable	\$216,613	W-77	\$42,838	100.00%	\$259,451
78	926.100	15% Pension Expense	\$77,268	W-78	-\$77,268	100.00%	\$0
79	928.000	Regulatory Expense	\$21,982	W-79	-\$263	100.00%	\$21,719
80	928.100	Rate Case Expense	\$0	W-80	\$1,141	100.00%	\$1,141
81	928.200	Rate Case Employee Salaries	\$5,963	W-81	-\$5,158	100.00%	\$805
82	928.210	MPSC Rate Case Expense	\$4,205	W-82	-\$3,149	100.00%	\$1,056
83	928.230	PSC Inspection and Directives	\$28	W-83	\$0	100.00%	\$28
84	928.300	Rate Case Roundtable Work Group	\$171			100.00%	\$171
85	930.100	Miscellaneous General Expense	\$16,935	W-85	-\$684	100.00%	\$16,251
86	930.200	Directors Fees and Expenses	\$15,879	W-86	-\$3,161	100.00%	\$12,718
87	930.210	Board Reports and Directives	\$914	W-87	\$193	100.00%	\$1,107
88	930.300	Educational Expenses	\$10,422	W-88	\$489	100.00%	\$10,911
89	930.400	Employee Drug Screens	\$50			100.00%	\$50
90	932.000	Maintenance of General Plant	\$12,253	W-90	\$3,891	100.00%	\$16,144
91	932.200	Small Equipment for Plant Maintenance	\$0			100.00%	\$0
92	999.000	Vacation, Sick, Holiday, Comp/Grievance, and Work Comp Pay	\$72,118	W-92	-\$72,118	100.00%	\$0
93		TOTAL ADMINISTRATIVE AND GENERAL	\$899,199		-\$196,422		\$702,777
94		OTHER OPERATING EXPENSES					
95	431.100	Interest on Customer Deposits	\$1,107	W-95	\$342	100.00%	\$1,449
96	933.000	Amortize ITC	-\$2,204	W-96	\$2,204	100.00%	\$0
97		Depreciation	\$332,170	W-97	-\$15,363	100.00%	\$316,807
98	251.000	Depreciation Expense - CIAC Offset	\$0	W-98	-\$9,788	100.00%	-\$9,788
99		Amortization of EIARA Issuance Costs	\$0	W-99	\$2,888	100.00%	\$2,888
100		Amortization of Hydropillar over 10 years/12-31-2013	\$0	W-100	\$38,628	100.00%	\$38,628
101		TOTAL OTHER OPERATING EXPENSES	\$331,073		\$18,911		\$349,984
102		TAXES OTHER THAN INCOME					
103	408.100	Property Taxes	\$134,597	W-103	-\$1,630	100.00%	\$132,967
104	408.200	Gross Receipts Tax	\$22,935	W-104	-\$22,935	100.00%	\$0
105	408.300	Employer FICA Taxes	\$45,915	W-105	\$3,129	100.00%	\$49,044
106	408.400	Federal Unemployment Tax	\$866	W-106	\$27	100.00%	\$893

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Raytown Water Company
 Informal Rate Case
 Case Number WR-2010-0304
 Update Period Ending 3/31/2010
 Expense Schedule - Water

	A	B	C	D	E	F	G
Line Number	Account Number (Optional)	Expense Description	Company/ Test Year Amount	Adjustment Number	Adjustments	Jurisdictional Allocation	Adjusted Jurisdictional
107	408.500	State Unemployment Tax	\$3,757	W-107	-\$67	100.00%	\$3,690
108		TOTAL TAXES OTHER THAN INCOME	\$208,070		-\$21,476		\$186,594
109		TOTAL OPERATING EXPENSES	\$2,787,388		\$24,738		\$2,812,126

Raytown Water Company
Informal Rate Case
Case Number WR-2010-0304
Update Period Ending 3/31/2010
Expense Adjustment Schedule - Water

<u>A</u> Expense Adj Number	<u>B</u> Adjustment Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment
W-6	Purchased Water	602.000		\$194,095
	1. To adjust test year purchased water to an annualized amount. (Foster)		\$194,095	
W-9	Operation Supervision & Engineering	660.000		\$3,782
	1. To adjust test year payroll to annualized amount. (Westhues)		\$4,052	
	2. To adjust test year to reflect the annualization of gasoline expense. (Foster)		-\$159	
	3. To adjust test year to reflect the annualization of commercial automobile insurance expense. (Foster)		-\$111	
W-10	Storage Facilities Expense	661.000		\$310
	1. To adjust test year payroll to annualized amount. (Westhues)		\$371	
	2. To adjust test year to reflect the annualization of gasoline expense. (Foster)		-\$36	
	3. To adjust test year to reflect the annualization of commercial automobile insurance expense. (Foster)		-\$25	
W-11	Transmission & Distribution Lines Expense	662.000		-\$10
	1. To adjust test year to reflect the annualization of gasoline expense. (Foster)		-\$6	
	2. To adjust test year to reflect the annualization of commercial automobile insurance expense. (Foster)		-\$4	
W-13	Water Samples	662.100		\$1,089
	1. To adjust test year payroll to annualized amount. (Westhues)		\$628	

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Expense Adjustment Schedule - Water

<u>A</u> Expense Adj Number	<u>B</u> Adjustment Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment
	2. To adjust Water Samples Expense to reallocate DNR fees from Account 923 (Foster)		\$500	
	3. To adjust test year to reflect the annualization of gasoline expense. (Foster)		-\$23	
	4. To adjust test year to reflect the annualization of commercial automobile insurance expense. (Foster)		-\$16	
W-14	Meter Testing	663.000		\$0
	No Adjustment		\$0	
W-16	Miscellaneous T&D Expense	665.000		\$0
	No Adjustment		\$0	
	No Adjustment		\$0	
	No Adjustment		\$0	
W-17	Maintenance of Towers	672.000		\$566
	1. To normalize Tower General Supplies. (Harrison)		-\$162	
	2. To adjust test year payroll to annualized amount. (Westhues)		\$757	
	3. To adjust test year to reflect the annualization of gasoline expense. (Foster)		-\$17	
	4. To adjust test year to reflect the annualization of commercial automobile insurance expense. (Foster)		-\$12	
W-20	Tower Utilities	672.300		-\$699

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<u>A</u> Expense Adj Number	<u>B</u> Adjustment Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment
	1. To adjust Tower Utilities Expense to reflect the increase in electricity rates and natural gas fixed monthly charges and to adjust out misapplied payments, late charges, and extra month's bills. (Foster)		-\$699	
W-21	Maintenance of Mains	673.000		-\$8,561
	1. To normalize maintenance of mains. (Harrison)		-\$9,920	
	2. To adjust test year payroll to annualized amount. (Westhues)		\$1,485	
	3. To adjust test year to reflect the annualization of gasoline expense. (Foster)		-\$74	
	4. To adjust test year to reflect the annualization of commercial automobile insurance expense. (Foster)		-\$52	
W-22	Maintenance Tools & Equipment	673.100		\$531
	1. To normalize maintenance of tools and equipment. (Harrison)		-\$309	
	2. To adjust test year payroll to annualized amount. (Westhues)		\$889	
	3. To adjust test year to reflect the annualization of gasoline expense. (Foster)		-\$29	
	3. To adjust test year to reflect the annualization of commercial automobile insurance expense. (Foster)		-\$20	
W-23	Maintenance General Supplies	673.200		\$5,031
	1. To normalize maintenance of General Supplies. (Harrison)		\$5,031	
	No Adjustment		\$0	
	No Adjustment		\$0	

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<u>A</u> Expense Adj Number	<u>B</u> Adjustment Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment
	No Adjustment		\$0	
W-24	Maintenance of Valves	673.300		\$1,523
	1. To normalize Maintenance of Valves. (Harrison)		\$1,276	
	2. To adjust test year payroll to annualized amount. (Westhues)		\$262	
	3. To adjust test year to reflect the annualization of gasoline expense. (Foster)		-\$9	
	4. To adjust test year to reflect the annualization of commercial automobile insurance expense. (Foster)		-\$6	
W-25	Line Locates	673.400		\$1,569
	1. To adjust test year payroll to annualized amount. (Westhues)		\$1,680	
	2. To adjust test year to reflect the annualization of gasoline expense. (Foster)		-\$65	
	3. To adjust test year to reflect the annualization of commercial automobile insurance expense. (Foster)		-\$46	
W-26	Maintenance of T&D Services	675.000		\$0
	No Adjustment		\$0	
W-27	Maintenance of Customer Meter Wells	675.100		\$3,687
	1. to normalize Maintenance of Customer Meter Wells. (Harrison)		\$3,144	
	2. To adjust test year payroll to annualized amount. (Westhues)		\$567	
	3. To adjust test year to reflect the annualization of gasoline expense. (Foster)		-\$14	

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<u>A</u> Expense Adj Number	<u>B</u> Adjustment Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment
	4. To adjust test year to reflect the annualization of commercial automobile insurance expense. (Foster)		-\$10	
W-28	Maintenance of Meters	676.000		-\$7,758
	1. To normalize Maintenance of Meters. (Harrison)		-\$10,622	
	2. To adjust test year payroll to annualized amount. (Westhues)		\$3,070	
	3. To adjust test year to reflect the annualization of gasoline expense. (Foster)		-\$121	
	4. To adjust test year to reflect the annualization of commercial automobile insurance expense. (Foster)		-\$85	
W-30	Maintenance of Hydrants	677.000		\$150
	1. To adjust test year payroll to annualized amount. (Westhues)		\$180	
	2. To adjust test year to reflect the annualization of gasoline expense. (Foster)		-\$18	
	3. To adjust test year to reflect the annualization of commercial automobile insurance expense. (Foster)		-\$12	
	No Adjustment		\$0	
W-32	Hydrant Accident Repairs	667.300		\$0
	No Adjustment		\$0	
W-35	Supervision of Customer Account	901.000		\$71
	1. To adjust test year payroll to annualized amount. (Westhues)		\$73	
	2. To adjust test year to reflect the annualization of gasoline expense. (Foster)		-\$1	

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<u>A</u> Expense Adj Number	<u>B</u> Adjustment Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment
	3. To adjust test year to reflect the annualization of commercial automobile insurance expense. (Foster)		-\$1	
W-36	Meter Reading	902.000		\$7,423
	1. To adjust test year payroll to annualized amount. (Westhues)		\$8,055	
	2. To adjust test year to reflect the annualization of gasoline expense. (Foster)		-\$372	
	3. To adjust test year to reflect the annualization of commercial automobile insurance expense. (Foster)		-\$260	
W-37	Uniform Expense	902.100		\$0
	No Adjustment		\$0	
W-39	Customer Accounting (Service Orders)	903.100		\$23,670
	1. To adjust test year payroll to annualized amount. (Westhues)		\$23,670	
W-41	Customer Turn On & Turn Off	903.200		\$4,246
	1. To adjust test year payroll to annualized amount. (Westhues)		\$4,543	
	2. To adjust test year to reflect the annualization of gasoline expense. (Foster)		-\$175	
	3. To adjust test year to reflect the annualization of commercial automobile insurance expense. (Foster)		-\$122	
W-42	City of Raytown Contract Turn On/Off (Reimburse)	903.300		-\$3,478
	1. To remove Raytown Contract Turn-On/Turn-off Expense. (Harrison)		-\$3,478	

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<u>A</u> Expense Adj Number	<u>B</u> Adjustment Description Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment
			\$0	
W-43	City of Raytown Contract Office Equipment	903.400		-\$3,094
	1. To remove Raytown Office Turn-on/Turn-off Expense. (Harrison)		-\$3,094	
W-44	Uncollectible Customer Account	904.000		\$0
	No Adjustment		\$0	
W-47	Safety Meetings	907.000		\$500
	1. To normalize Safety Meeting Expense. (Harrison)		\$485	
	2. To adjust test year payroll to annualized amount. (Westhues)		\$15	
W-48	Safety Equipment	907.100		-\$918
	1. To normalize Safety Equipment Expenses. (Harrison)		-\$918	
W-51	Administration & General Salaries	920.000		\$21,247
	1. To adjust test year payroll to annualized amount. (Westhues)		\$21,247	
	No Adjustment		\$0	
W-52	City Redevelopment Projects	920.200		\$0
	No Adjustment		\$0	
W-53	Collections Posted on NCO Webs	920.300		\$388
	1. To normalize collection Posted on NCO Webs Expense. (Harrison)		\$364	

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Expense Adjustment Schedule - Water

<u>A</u> Expense Adj Number	<u>B</u> Adjustment Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment
	2. To adjust test year payroll to annualized amount. (Westhues)		\$24	
W-54	MPSC Reports	920.400		\$728
	1. To normalize MoPSC Reports Expense. (Harrison)		\$330	
	2. To adjust test year payroll to annualized amount. (Westhues)		\$398	
W-56	Office Supplies	921.000		-\$170
	1. To adjust expense to reflect the elimination of certain dues and donations charged to expense (Westhues)		-\$170	
	No Adjustment		\$0	
	No Adjustment		\$0	
W-57	Office Utilities	921.001		\$1,209
	1. To adjust Office Utilities Expense to reflect the increase in electricity rates and natural gas fixed monthly charges. (Foster)		\$1,209	
W-58	Kitchen & Bathroom Supplies	921.010		-\$392
	1. To normalize Kitchen & Bathroom Supplies Expense. (Harrison)		-\$392	
W-59	Printing & Postage Supplies & Expense	921.020		\$2,162
	1. Adjustment to reflect increase in postage rates. (Westhues)		\$2,162	
W-60	Communication Expense	921.040		-\$2,899
	1. To adjust communications Expense to annualize AT&T expenses. (Foster)		-\$922	

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<u>A</u> Expense Adj Number	<u>B</u> Adjustment Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment
	2. To adjust Communications Expense to annualize Nuvox expenses. (Foster)		\$265	
	3. To adjust Communications Expense to annualize Sprint-Nextel cellphone expenses. (Foster)		-\$2,242	
W-61	City Right of Way Permit Fees	921.100		\$357
	1. To normalize City Right of Way Permit Fees. (Harrison)		\$357	
W-62	Leased Office Equipment	921.200		\$0
	1. to normalize Leased Office Equipment Expense. (Harrison)		\$0	
W-63	Administrative Expenses Transferred (Credit)	922.100		-\$14,736
	1. to adjust test year Administrative Expenses Transferred to Staff's O&M percentage. (Westhues)		-\$14,736	
W-64	Capitalized Labor and Overhead	922.200		-\$15,183
	1. To adjust test year Capitalized Labor and Overhead to Staff's O&M percentage. (Westhues)		-\$15,183	
W-65	Outside Services Employed	923.000		-\$659
	1. Adjustment to reflect 3 year average of outside services (Westhues)		-\$1,288	
	1. to adjust Outside Services Employed for increase in AnsaRing expense. (Foster)		\$8	
	3. To adjust Outside Services Expense to reallocate DNR fees to Account 662.1. (Foster)		-\$500	
	4. To add Suburban Water Coalition Fees		\$1,121	

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<u>A</u> Expense Adj Number	<u>B</u> Adjustment Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment
W-66	Tower Maintenance Program	923.100		-\$72,136
	1. To normalize tower maintenance and inspection expense. (Harrison)		-\$72,136	
W-68	Attorney Services	923.200		-\$316
	1. Adjustment to reflect 3 year average of Attorney Services (Westhues)		-\$316	
W-69	Accounting Services	923.300		-\$1,192
	1. To adjust Accounting Services to reflect 3 year average. (Westhues)		-\$1,192	
W-70	Computer Maintenance	923.400		-\$677
	1. Adjustment to reflect 3 year average of Computer Maintenance (Westhues)		-\$839	
	2. To adjust test year payroll to annualized amount. (Westhues)		\$162	
W-74	Cybercollect Administrative Costs	923.900		\$0
	No Adjustment		\$0	
W-75	Property Insurance Payable	924.000		\$218
	1. To adjust property insurance Payable to annualize comprehensive and commercial umbrella insurance expense. (Foster)		\$218	
W-76	Injuries & Damages Insurance Payable	925.000		-\$1,122
	1. To adjust injuries and damages insurance payable to annualize workers compensation and employers liability insurance expense. (Foster)		-\$1,122	
W-77	Employee Pension & Benefits Payable	926.000		\$42,838

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<u>A</u> Expense Adj Number	<u>B</u> Adjustment Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment
	1. To adjust test year to reflect annualized level of health insurance. (Westhues)		\$21,033	
	To adjust test year to reflect annualized level of dental insurance. (Westhues)		\$766	
	3. To adjust test year to reflect annualized level of life insurance. (Westhues)		\$69	
	4. To adjust test year payroll to annualized amount. (Westhues)		\$20,970	
W-78	15% Pension Expense	926.100		-\$77,268
	1. To adjust pension expense out of test year. (Westhues)		-\$77,268	
W-79	Regulatory Expense	928.000		-\$263
	1. To adjust test year Regulatory Expense to current fiscal year 2011 PSC Assessment. (Foster)		-\$263	
W-80	Rate Case Expense	928.100		\$1,141
	1. To normalize rate case expense to date over two years. (Foster)		\$1,141	
W-81	Rate Case Employee Salaries	928.200		-\$5,158
	1. To adjust test year payroll to annualized amount. (Westhues)		\$805	
	2. To adjust rate case expense salaries to remove amounts from prior rate case. (Foster)		-\$5,963	
W-82	MPSC Rate Case Expense	928.210		-\$3,149
	1.To adjust rate case expense to a normalized level. (Foster)		-\$3,149	

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<u>A</u> Expense Adj Number	<u>B</u> Adjustment Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment
W-83	PSC Inspection and Directives	928.230		\$0
	No adjustment		\$0	
W-85	Miscellaneous General Expense	930.100		-\$684
	1. To adjust expense to reflect Staff's elimination of certain dues and donations charged to expense (Westhues)		-\$50	
	1. To normalize Misc. General Expense. (Harrison)		-\$634	
W-86	Directors Fees and Expenses	930.200		-\$3,161
	1. To remove board of directors fees for Neal & Chiki. (Harrison)		-\$3,180	
	2. To adjust test year payroll to annualized amount. (Westhues)		\$41	
	3. To adjust test year to reflect the annualization of gasoline expense. (Foster)		-\$13	
	4. To adjust test year to reflect the annualization of commercial automobile insurance expense. (Foster)		-\$9	
W-87	Board Reports and Directives	930.210		\$193
	1. To adjust test year payroll to annualized amount. (Westhues)		\$193	
W-88	Educational Expenses	930.300		\$489
	1. To adjust test year payroll to annualized amount. (Westhues)		\$489	
W-90	Maintenance of General Plant	932.000		\$3,891
	1. To normalize Maintenance of General Plant Expense. (Harrison)		\$2,942	

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<u>A</u> Expense Adj Number	<u>B</u> Adjustment Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment
	2. To adjust test year payroll to annualized amount. (Westhues)		\$1,019	
	3. To adjust test year to reflect the annualization of gasoline expense. (Foster)		-\$41	
	4. To adjust test year to reflect the annualization of commercial automobile insurance expense. (Foster)		-\$29	
W-92	Vacation, Sick, Holiday, Comp/Grievance, and Work C	999.000		-\$72,118
	1. To eliminate amounts from test year since Staff is including an annualized amount in the payroll calculation. (Harrison)		-\$72,118	
W-95	Interest on Customer Deposits	431.100		\$342
	1.To adjust for 3% customer deposit interest per Company's tariffs. (Westhues)		\$342	
W-96	Amortize ITC	933.000		\$2,204
	1. To adjust test year to eliminate ITC amortization. (Harrison)		\$2,204	
W-97	Depreciation			-\$15,363
	1. To Annualize Depreciation		-\$15,363	
	2. Description		\$0	
W-98	Depreciation Expense - CIAC Offset	251.000		-\$9,788
	To adjust test year to reflect the elimination of CIAC- related depreciation expense. (Harrison)		-\$9,788	
W-99	Amortization of EIERA Issuance Costs			\$2,888
	To adjust test year to reflect 5-year amortization for the EIERA. (Harrison)		\$2,888	

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Expense Adjustment Schedule - Water

<u>A</u> Expense Adj Number	<u>B</u> Adjustment Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment
W-100	Amortization of Hydropillar over 10 years/12-31-2013			\$38,628
	1. To adjust amortization of hydropillar over 10 years. (Harrison)		\$38,628	
W-103	Property Taxes	408.100		-\$1,630
	Adjustment to reflect annualized level of property taxes. (Westhues)		-\$1,630	
W-104	Gross Receipts Tax	408.200		-\$22,935
	To eliminate Gross Receipts Tax (Harrison)		-\$22,935	
W-105	Employer FICA Taxes	408.300		\$3,129
	1. To adjust test year FICA Taxes to annualized amount. (Westhues)		\$3,129	
W-106	Federal Unemployment Tax	408.400		\$27
	1. To adjust test year Federal Unemployment Tax to annualized amount. (Westhues)		\$27	
W-107	State Unemployment Tax	408.500		-\$67
	1. To adjust State Unemployment Tax to annualized amount. (Westhues)		-\$67	
Total Expense Adjustments				<u><u>\$24,738</u></u>

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Raytown Water Company
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 Revenue Schedule - Water

	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>	<u>G</u>
Line Number	Account Number (Optional)	Revenue Description	Company/ Test Year Amount	Adjustment Number	Jurisdictional Adjustments	Jurisdictional Allocation	Adjusted Jurisdictional
Rev-1		ANNUALIZED REVENUES					
Rev-2		Annualized Rate Revenues	\$2,912,205	Rev-2	-\$82,081	100.00%	\$2,830,124
Rev-3		Miscellaneous Revenues	\$0	Rev-3	\$262,153	100.00%	\$262,153
Rev-4		TOTAL ANNUALIZED REVENUES	\$2,912,205		\$180,072		\$3,092,277

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Revenue Adjustment Schedule - Water

<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>
Revenue Adj Number	Adjustment Description	Account Number	Adjustment Amount	Total Adjustment
Rev-2	Annualized Rate Revenues			-\$82,081
	1. To Annualize Rate Revenues		-\$82,081	
Rev-3	Miscellaneous Revenues			\$262,153
	1. To Annualize Miscellaneous Revenues		\$262,153	
Total Revenue Adjustments				<u>\$180,072</u>

Raytown Water Company
Informal Rate Case
Case Number WR-2010-0304
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Rate Revenue Feeder Schedule - Water

Line Number	<u>A</u> Description	Residential 5/8"		Residential 1"	
		<u>B</u> Amount	<u>C</u> Amount	<u>D</u> Amount	<u>E</u> Amount
1	<u>Customer Charge Revenues:</u>				
2	Customer Number	6,057		82	
3	Bills Per Year	12		12	
4	Customer Bills Per year	72,684		984	
5	Current Customer Charge	<u>\$7.86</u>		<u>\$14.26</u>	
6	Annualized Customer Charge Revenues		\$571,296		\$14,032
7	<u>Commodity Charge Revenues:</u>				
8	Total Gallons Sold	320,978		13,373	
9	Less: Base Gallons Included In Customer Charge	<u>0</u>		<u>0</u>	
10	Commodity Gallons	320,978		13,373	
11	Block 1, Commodity Gallons per Block	320,978		13,373	
12	Block 1, Number of Commodity Gallons per Unit	<u>1</u>		<u>1</u>	
13	Block 1, Commodity Billing Units	320,978.00		13,373.00	
14	Block 1, Existing Commodity Charge	<u>\$4.94</u>		<u>\$4.94</u>	
15	Block 1, Annualized Commodity Charge Rev.		\$1,585,631		\$66,063
16	Total Annualized Water Rate Revenues		<u>\$2,156,927</u>		<u>\$80,095</u>

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.

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Attachment B-41
EMS Run

Raytown Water Company
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Rate Revenue Feeder Schedule - Water

Line Number	A Description	Residential 1.5"		Residential 2"	
		F Amount	G Amount	H Amount	I Amount
1	<u>Customer Charge Revenues:</u>				
2	Customer Number	16		25	
3	Bills Per Year	12		12	
4	Customer Bills Per year	192		300	
5	Current Customer Charge	\$24.79		\$37.44	
6	Annualized Customer Charge Revenues		\$4,760		\$11,232
7	<u>Commodity Charge Revenues:</u>				
8	Total Gallons Sold	5,467		13,939	
9	Less: Base Gallons Included In Customer Charge	0		0	
10	Commodity Gallons	5,467		13,939	
11	Block 1, Commodity Gallons per Block	5,467		13,939	
12	Block 1, Number of Commodity Gallons per Unit	1		1	
13	Block 1, Commodity Billing Units	5,467.00		13,939.00	
14	Block 1, Existing Commodity Charge	\$4.94		\$4.94	
15	Block 1, Annualized Commodity Charge Rev.		\$27,007		\$68,859
16	Total Annualized Water Rate Revenues		\$31,767		\$80,091

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.

Accounting Schedule: 14
Sponsor: Keith Foster
Date: 9/15/2010
Time: 1:29 PM

Attachment B-42
EMS Run

Raytown Water Company
Informal Rate Case
Case Number WR-2010-0304
Update Period Ending 3/31/2010
Rate Revenue Feeder Schedule - Water

Line Number	<u>A</u> Description	Residential 3"		Residential 4"	
		<u>J</u> Amount	<u>K</u> Amount	<u>L</u> Amount	<u>M</u> Amount
1	<u>Customer Charge Revenues:</u>				
2	Customer Number	9		1	
3	Bills Per Year	12		12	
4	Customer Bills Per year	108		12	
5	Current Customer Charge	<u>\$66.92</u>		<u>\$109.02</u>	
6	Annualized Customer Charge Revenues		\$7,227		\$1,308
7	<u>Commodity Charge Revenues:</u>				
8	Total Gallons Sold	14,154		3,347	
9	Less: Base Gallons Included In Customer Charge	<u>0</u>		<u>0</u>	
10	Commodity Gallons	14,154		3,347	
11	Block 1, Commodity Gallons per Block	14,154		3,347	
12	Block 1, Number of Commodity Gallons per Unit	<u>1</u>		<u>1</u>	
13	Block 1, Commodity Billing Units	14,154.00		3,347.00	
14	Block 1, Existing Commodity Charge	<u>\$4.94</u>		<u>\$4.94</u>	
15	Block 1, Annualized Commodity Charge Rev.		\$69,921		\$16,534
16	Total Annualized Water Rate Revenues		<u>\$77,148</u>		<u>\$17,842</u>

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.

Accounting Schedule: 15
Sponsor: Keith Foster
Date: 9/15/2010
Time: 1:29 PM

Attachment B-43
EMS Run

Raytown Water Company
Informal Rate Case
Case Number WR-2010-0304
Update Period Ending 3/31/2010
Rate Revenue Feeder Schedule - Water

Line Number	A Description	Commercial 5/8"		Commercial 1"	
		N Amount	O Amount	P Amount	Q Amount
1	<u>Customer Charge Revenues:</u>				
2	Customer Number	255		71	
3	Bills Per Year	12		12	
4	Customer Bills Per year	3,060		852	
5	Current Customer Charge	\$7.86		\$14.26	
6	Annualized Customer Charge Revenues		\$24,052		\$12,150
7	<u>Commodity Charge Revenues:</u>				
8	Total Gallons Sold	15,369		7,058	
9	Less: Base Gallons Included In Customer Charge	0		0	
10	Commodity Gallons	15,369		7,058	
11	Block 1, Commodity Gallons per Block	15,369		7,058	
12	Block 1, Number of Commodity Gallons per Unit	1		1	
13	Block 1, Commodity Billing Units	15,369.00		7,058.00	
14	Block 1, Existing Commodity Charge	\$4.94		\$4.94	
15	Block 1, Annualized Commodity Charge Rev.		\$75,923		\$34,867
16	Total Annualized Water Rate Revenues		\$99,975		\$47,017

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.

Accounting Schedule: 16
Sponsor: Keith Foster
Date: 9/15/2010
Time: 1:29 PM

Attachment B-44
EMS Run

Raytown Water Company
Informal Rate Case
Case Number WR-2010-0304
Update Period Ending 3/31/2010
Rate Revenue Feeder Schedule - Water

Line Number	<u>A</u> Description	Commercial 1.5"		Commercial 2"	
		<u>R</u> Amount	<u>S</u> Amount	<u>T</u> Amount	<u>U</u> Amount
1	<u>Customer Charge Revenues:</u>				
2	Customer Number	27		31	
3	Bills Per Year	12		12	
4	Customer Bills Per year	324		372	
5	Current Customer Charge	\$24.79		\$37.44	
6	Annualized Customer Charge Revenues		\$8,032		\$13,928
7	<u>Commodity Charge Revenues:</u>				
8	Total Gallons Sold	9,117		26,965	
9	Less: Base Gallons Included In Customer Charge	0		0	
10	Commodity Gallons	9,117		26,965	
11	Block 1, Commodity Gallons per Block	9,117		26,965	
12	Block 1, Number of Commodity Gallons per Unit	1		1	
13	Block 1, Commodity Billing Units	9,117.00		26,965.00	
14	Block 1, Existing Commodity Charge	\$4.94		\$4.94	
15	Block 1, Annualized Commodity Charge Rev.		\$45,038		\$133,207
16	Total Annualized Water Rate Revenues		\$53,070		\$147,135

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.

Accounting Schedule: 17
Sponsor: Keith Foster
Date: 9/15/2010
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Attachment B-45
EMS Run

Raytown Water Company
Informal Rate Case
Case Number WR-2010-0304
Update Period Ending 3/31/2010
Rate Revenue Feeder Schedule - Water

Line Number	A Description	Commercial 3"		Total	
		V Amount	W Amount	X Amount	Y Amount
1	<u>Customer Charge Revenues:</u>				
2	Customer Number	4		6,578	
3	Bills Per Year	12			
4	Customer Bills Per year	48		78,936	
5	Current Customer Charge	\$66.92			
6	Annualized Customer Charge Revenues		\$3,212		\$671,229
7	<u>Commodity Charge Revenues:</u>				
8	Total Gallons Sold	7,256		437,023	
9	Less: Base Gallons Included In Customer Charge	0		0	
10	Commodity Gallons	7,256		437,023	
11	Block 1, Commodity Gallons per Block	7,256			
12	Block 1, Number of Commodity Gallons per Unit	1			
13	Block 1, Commodity Billing Units	7,256.00			
14	Block 1, Existing Commodity Charge	\$4.94			
15	Block 1, Annualized Commodity Charge Rev.		\$35,845		\$2,158,895
16	Total Annualized Water Rate Revenues		\$39,057		\$2,830,124

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.

Raytown Water Company
Informal Rate Case
Case Number WR-2010-0304
Update Period Ending 3/31/2010
Miscellaneous Revenues Feeder - Water

Line Number	<u>A</u> Description	<u>B</u> Amount
1	Metered Sales to General Customers (461)	\$2,091
2	Late Fees (461-2)	\$87,868
3	Turn On/Off, NSF (461-3)	\$90,076
4	To remove Contract Turn-on/Turn-off Revenues (461.311)	-\$9,425
5	To remove Office Turn-on/Turn-off Revenues (461.311.1)	-\$4,984
6	Private Fire Protection (462)	\$13,358
7	Other Sales to Public Authorities (KC) (464)	\$4,520
8	Discounts Earned (470)	\$1,901
9	Misc Service Revenue - Service Lines (471-1)	\$14,059
10	Rents from Water Property - Equipment Rental (472)	\$335
11	Rents from Water Property - Tower Tenants (472- 1)	\$93,503
12	To remove revenues associated with retirement of vehicles (472.11)	-\$5,651
13	Bagged Ice Sales (474-1)	\$338
14	Misc Non-Operating Income (421)	\$252
15	To Remove Misc. Non-Operating Income- Amortize deferred plant (421)	-\$7,294
16	To remove Revenue Reclass AJE #22-Def Rev/CIAC AM (421)	-\$7,506
17	To remove Meter Scrap Metal Income, relcass as net salvage (421.200)	-\$692
18	To remove from test year revenues the below- the-line items booked to accounts 415, 416-1, 418-1, and 419	-\$10,596
19	Total Miscellaneous Revenues	<u><u>\$262,153</u></u>

Accounting Schedule: 19
Sponsor: Keith Foster
Date: 9/15/2010
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Page: 1 of 1

Agreement Attachment C

Ratemaking Income Statement

RAYTOWN WATER COMPANY

Rate Making Income Statement-Water

Operating Revenues at Current Rates

1	Tariffed Rate Revenues *	\$	2,830,124
2	Other Operating Revenues *	\$	262,153
3	Total Operating Revenues	\$	3,092,277
4	* See "Revenues - Current Rates" for Details		

Cost of Service

Item	Amount
1 Purchased Water	\$ 1,086,765
2 Operators Salary-Maintenance	\$ 29,638
3 Storage Facilities Expense	\$ 3,850
4 Transmission & Distribution Lines Expense	\$ 496
5 Transmission & Distribution Lines Tools	\$ 269
6 Water Samples	\$ 7,762
7 Maintenance of Towers	\$ 5,172
8 Tower Tools & Equipment	\$ 1,458
9 Tower General Supplies	\$ 612
10 Tower Utilities	\$ 10,448
11 Maintenance of Mains	\$ 74,738
12 Maintenance General Supplies	\$ 18,125
13 Maintenance of Valves	\$ 3,624
14 Maintenance of Tools/Equipment	\$ 7,961
15 Line Location	\$ 14,947
16 Maintenance of T&D Services	\$ 192
17 Maintenance of Customer Meter Wells	\$ 9,339
18 Maintenance of Meters	\$ 13,227
19 Meter Tools/Equipment	\$ 153
20 Maintenance of Hydrants	\$ 5,411
21 Hydrant Tools & Equipment	\$ 34
22 Supervision of Customer Account	\$ 456
23 Meter Reading	\$ 63,301
24 Uniform Expense	\$ 8,485
25 Miscellaneous Uniform Expense	\$ 295
26 Customer Accounting	\$ 136,237
27 Unclaimed Properties	\$ 73
28 Customer Turn On & Turn Off	\$ 34,326
29 Uncollectible Customer Account	\$ 33,648
30 Safety Meetings	\$ 570
31 Safety Equipment	\$ 1,159
32 Administrative & General Salaries	\$ 127,885
33 Collections Posted on NCO Webs	\$ 596
34 MPSC Reports	\$ 2,614
35 Office Supplies	\$ 9,336
36 Office Utilities	\$ 7,010
37 Kitchen & Bathroom Supplies	\$ 848
38 Postage	\$ 69,161
39 Telephone & Internet Expense	\$ 19,396
40 City Right of Way Permit Fees	\$ 3,759
41 Leased Office Equipment	\$ 16,135
42 Administrative Expenses Transferred	\$ (38,030)
43 Capitalized Labor & Overhead	\$ (39,184)
44 Outside Services Employed	\$ 28,328
45 Tower Maintenance Program	\$ 52,050
46 Attorney Services	\$ 6,795
47 Accounting Services	\$ 25,638
48 Computer Maintenance	\$ 18,205
49 Mapping Services	\$ 520
50 CCR Report Services	\$ 3,001

51	Cybercollect Administrative Costs	\$	3,130
52	Property Insurance Payable	\$	22,128
53	Injuries & Damages Insurance Payable	\$	21,904
54	Employee Pension & Benefits Payable	\$	259,451
55	15% Pension Expense	\$	-
56	Rate Case Expense	\$	3,002
57	PSC Inspection & Directives	\$	28
58	Rate Case Roundtable Workgroups	\$	171
59	Board Reports and Directives	\$	1,107
60	Director Fees & Expenses	\$	12,718
61	Regulatory Expense	\$	21,719
62	Educational Expenses	\$	10,911
63	Employee Drug Screens	\$	50
64	Maintenance of General Plant	\$	16,144
65	Miscellaneous General Expenses	\$	16,251
66	Sub-Total Operating Expenses	\$	2,275,548
67	Property Taxes	\$	132,967
68	MO Franchise Taxes	\$	-
69	Employer FICA Taxes	\$	49,044
70	Federal Unemployment Taxes	\$	893
71	State Unemployment Taxes	\$	3,690
72	State & Federal Income Taxes	\$	214,878
73	Sub-Total Taxes	\$	401,472
74	Depreciation Expense	\$	316,807
75	Depreciation Expense-CIAC Offset	\$	(9,788)
76	Interest Expense	\$	50,702
77	Interest on Customer Deposits	\$	1,449
78	Amortization of Hydropillar	\$	38,628
79	Amortization of EI ERA Issuance Costs	\$	2,888
80	Sub-Total Depreciation/Amortization	\$	400,686
81	Return on Rate Base	\$	358,734
82	Total Cost of Service	\$	3,436,440
83	Overall Revenue Increase Needed	\$	344,163

Agreement Attachment D

Rate Design Worksheet

RAYTOWN WATER COMPANY

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	\$ 2,830,124
Agreed-Upon Overall Revenue Increase	\$ 344,163
Percentage Increase Needed	12.161%

Metered Customer Rates

Meter Size	Current Service Charge	Proposed Service Charge	Current Usage Rate	Proposed Usage Rate
5/8"	\$ 7.86	\$ 8.82	\$ 4.940	\$ 5.54
1"	\$ 14.26	\$ 15.99	\$ 4.940	\$ 5.54
1.5"	\$ 24.79	\$ 27.80	\$ 4.940	\$ 5.54
2"	\$ 37.44	\$ 41.99	\$ 4.940	\$ 5.54
3"	\$ 66.92	\$ 75.06	\$ 4.940	\$ 5.54
4"	\$ 109.02	\$ 122.28	\$ 4.940	\$ 5.54

Agreement Attachment E

Billing Comparison Worksheet

RAYTOWN WATER COMPANY

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>
\$7.86	\$8.82	\$4.940	\$5.541

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	\$ 7.86
Usage Charge	\$ 29.64
Total Bill	\$ 37.50

Proposed Rates

Customer Charge	\$ 8.82
Usage Charge	\$ 33.24
Total Bill	\$ 42.06

INCREASES

Customer Charge

\$ Increase	\$0.96
% Increase	12.16%

Usage Charge

\$ Increase	\$3.60
% Increase	12.16%

Total Bill

\$ Increase	\$4.56
% Increase	12.16%

Agreement Attachment F

Schedule of Depreciation Rates

RAYTOWN WATER COMPANY

Attachment F - Schedule of Depreciation Rates (WATER) Date prepared 8/19/2010

WR-2010-0304

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	DEPRECIATION RATE	AVERAGE SERVICE LIFE (YEARS)	NET SALVAGE
340	Land and Land Rights	0.0%	NA	NA
342	Distribution Reservoirs & Standpipes	2.5%	40	0%
343	Transmission & Distribution Mains	2.0%	50	0%
343.11	Gateway Transmission Project	0.0%	Amortized 5 yr	0%
345	Services	2.5%	40	0%
346.10	Meters, pre 1997, Bronze	3.3%	27	10%
346	Meters post 1997, Plastic	10.0%	10	0%
347	Meter Installations	2.5%	40	0%
348	Hydrants	2.0%	48	5%
390	Structures & Improvements	2.5%	40	0%
391	Office Furniture & Equipment	0.0%	Fully Depreciated	0%
391.1	Office Electronic Equipment	14.3%	7	0%
391.2	Computer System Upgrade	0.0%	Amortized 5 yr	0%
392	Transportation Equipment	7.8%	12	7%
394	Tools, Shop, Garage Equipment	5.0%	20	0%
395	Laboratory Equipment	5.0%	20	0%
396	Power Operated Equipment	6.7%	14	6%
397	Communication Equipment	6.7%	15	0%

Agreement Attachment G

Auditing Department Recommendation Memorandum

***ATTACHMENT G-AUDITING DEPARTMENT RECOMMENDATION
MEMORANDUM***

FROM: Paul R. Harrison
Keith D. Foster
Casey Westhues
Auditing Department Staff

TO: James Russo
Water and Sewer Department, Case Coordinator

CC: Eric Dearmont
Rachel Lewis
Staff Counsel's Office
Mark Oligschlaeger

SUBJECT: Auditing Department's Findings and Recommended Cost of Service
For Raytown Water Company
Case No. WR-2010-0304

DATE: September 15, 2010

Raytown Water Company (Raytown or Company) filed a rate increase request with the Missouri Public Service Commission (Commission) on April 30, 2010. The proposed increase is for the amount of \$471,205 and, if approved, would result in an increase over current revenues of approximately 13.9%. Raytown currently serves approximately 6,578 water customers within the city limits of Raytown, MO and Independence, MO. Since the date of Raytown's filing, the Commission's Auditing Department Staff has performed an audit of Raytown's operations to determine whether an increase is warranted, and if so, the amount thereof. Based upon the Auditing Department's examination of Raytown's books and records, Raytown currently has a revenue deficiency of \$344,163. The Staff believes that this revenue requirement amount is significant and warrants an increase in Raytown's current rates. The increase in rates by this amount would represent about an 11.13% increase from current rates. Attached to this memorandum are the Staff's Accounting Schedules and relevant workpapers related to its review and audit of Raytown's financial operations.

The Company was last granted an increase in rates in Case No. WR-2009-0098. The change was made effective through a two-tiered approach. The first tier rate change (to a rate of \$5.07 per thousand gallons) went into effect May 4, 2009, and continued through October 31, 2009. On an annual basis, this rate change was designed to increase Raytown's revenues by approximately \$299,800. The second-tier rate change (a rate reduction to \$4.94 per thousand gallons) went into effect November 1, 2009, and is the

rate currently in effect. On an annual basis, the effect of the rate changes granted in Case No. WR-2009-0098 was designed to increase Raytown's revenues by a net \$210,000 above the level of revenues prior to Case No. WR-2009-0098.

Test Year, Update Period

The Staff used a test year consisting of the twelve months ending December 31, 2009, with an update period through March 31, 2010, to develop its revenue requirement recommendation in this case. In addition, the Staff made adjustments for significant known and measurable changes beyond March 31, 2010, and in some cases through July 14, 2010, the construction cut-off date for this rate case, to account for material changes in Raytown's capital structure and debt cost rates, rate base (plant in service, depreciation reserve, and the deferred tax offset), revenue levels (tower rentals), payroll expense (employee levels and pay rates), and purchased water expense (increase in Kansas City, MO Water Department (KCWD) rates).

Rate Base

Plant in Service and Depreciation Reserve were updated through March 31, 2010 for all investment that is paid for and in service. In addition, the Company added approximately \$161,000 of plant related to new construction projects and \$142,000 of new vehicles and equipment through July 14, 2010, the new construction cut-off date for this case. To properly match other major rate base items in time with plant in service, the Staff also updated the depreciation reserve and the deferred tax offset in rate base through June 30, 2010. The Staff included these new construction projects, vehicles and equipment in rate base for this case. Prepaid Insurance was calculated using a thirteen-month average of adjusted account balances ending March 31, 2010. Materials and Supplies, Customer Deposits and Customer Credit Balances were all calculated using thirteen-month average balances ending March 31, 2010. Investment Tax Credit and Contributions in Aid of Construction (CIAC) were updated through March 31, 2009. The Deferred Tax offset to rate base was calculated by calculating the percentage increase in gross plant through June 30, 2010 compared to the balance of gross plant in Case No. WR-2009-0098 and applying that ratio to the balance of the Deferred Income Tax rate base offset at December 31, 2009. This approach was used because the Company does not update its balance of Deferred Taxes on a monthly basis; only at calendar year-end.

Purchase and Replacement of Service Trucks and Equipment

During this audit, the General Manager of the Company, Neal Clevenger, informed the Staff of his intention to purchase two service trucks, a trailer, a small backhoe and a street broom. The Staff believed that given the age, mileage, condition and needed repairs of its fleet of trucks, it was appropriate for Raytown to purchase the trucks. It was also deemed prudent by the Staff for the Company to purchase the other new equipment. The Company purchased this equipment by the cut-off date for inclusion

of new plant in rate base for this case. Therefore, the Staff has included in plant in service the prudent and necessary acquisition costs for these new vehicles and equipment. The trade-in value of the vehicles and equipment that was replaced was included as a salvage component in the Staff's depreciation reserve balances.

Service Lines/Depreciation Reserve

Prior to Case No. WR-2005-0052, Raytown's customers retained ownership of, and maintenance responsibility for, the service lines from the Company water main to customers' premises. Services were not booked as part of utility plant in service by Raytown under this approach. In Case No. WR-2005-0052, the Staff and the Company recommended that the Company's tariffs be changed for Raytown to assume responsibility for maintenance of services from the main water line to the water meter. The Staff accepted Raytown's estimate of \$24,000 in annual service line maintenance costs for inclusion in cost of service in that case; the Company committed to spend this amount each year, on average, through inception of a replacement program that focused initially on the older, and particularly troublesome, galvanized steel services.

From 2005 to 2007, any amounts spent by Raytown up to the \$24,000 annual rate allowance amount on service line replacements was booked by the Company to plant in service, but an equal amount was charged to depreciation expense and credited to the depreciation reserve, so there was no rate base impact in future rate cases from these expenditures. However, Raytown ceased this treatment of charging service line replacement costs to the depreciation reserve as incurred in January 2008, and began treating them as ordinary capital expenditures, to be included in rate base and depreciated over 40 years. However, as Raytown continued to receive an annual allowance of \$24,000 in rates during 2008 and the first four months of 2009 for service line costs, the Staff has adjusted depreciation reserve in this case to reflect accrual of an additional amount of depreciation expense of \$24,000 in 2008 and \$8,000 for the period up through the end of April 2009, when new rates went into effect for Raytown in Case No. WR-2009-0098.

Depreciation Rates

The depreciation rates used in this case were provided by Art Rice of the Commission's Engineering and Management Services Department (EMSD). Mr. Rice also calculated adjustments to the Company's plant and reserve balances to reflect unrecorded retirements and improperly recorded depreciation accruals.

Revenues

For purposes of annualizing revenues, the average number of customers over calendar year 2009 was used instead of a year-end count. This approach was used since the Company is of a fairly large size, and typically experiences little or no growth. The Company's monthly customer counts also tend to be somewhat erratic because a portion

of its customers are renters, and the numbers of renters are in constant fluctuation. The average number of customers, based on the twelve months ending December 31, 2009, was multiplied by the current tariff rate (the rate effective November 1, 2009), and then by twelve to derive the annualized customer charge revenue. The Staff's usage revenue adjustment is based on a three year average of customer usage totals for the three years ending December 2009. Analysis of revenues for the Company produced an annualized value of \$2,830,122 for metered sales, \$2,091 for bulk water sales, \$13,358 for private fire protection revenues, and \$4,520 for revenue received from KCWD, and \$252 for miscellaneous income. Test year levels of revenues received from discounts, late payments, and other service charges were left unadjusted.

The Company receives rental income from tower lease contracts with cellular phone companies. The annualized level of revenue from these operations is \$93,503 as of May 2010, the date one of the tower rental revenues increased, and this amount was included in the Staff's case.

Purchased Water

The most significant item included in operating expense is the cost of purchased water. Raytown purchases all of its water requirements from KCWD. The Staff's annualized purchased water volumes were determined by inflating the annualized sales volumes as calculated in the Staff's revenue annualization by the test year ending December 31, 2009 percentage of lost and unaccounted for water experienced by the Company. The current unrestricted water rate and re-pumping charges from KCWD that went into effect in May 2010 (adjusted by the Staff to account for the portion of water purchases not subject to a re-pumping charge) were then applied to the adjusted purchased water volumes to determine the annualized cost of purchased water.

Payroll, Payroll Taxes and Pensions

The Staff has adjusted Raytown's test year payroll expense to reflect an annualized and normalized level of payroll, payroll taxes and pension benefit as of March, 31, 2010. To account for the amount of labor that is associated with construction activities, the Staff applied an 88.20 percent operation and maintenance expense ratio (O&M expense ratio) to its annualized payroll amount. This percentage was determined by dividing all payroll assigned to Account 107, Construction Work in Progress (CWIP) during calendar years 2008 and 2009, by the Staff's annualized payroll amounts for 2008 and 2009. The Staff then used a two-year average of the O&M expense ratio to arrive at the 88.20 percent value.

According to Raytown's Personnel Policy Manual, non-exempt employees will be paid one and one-half times their hourly rate for all time worked in excess of forty hours in a payroll week. Overtime payroll for Raytown was calculated based on the amount of overtime claimed in the test year, 2009. The Staff reviewed the 2009 employee

timesheets and excluded from its annualized level any overtime that was claimed when an employee worked less than 40 hours in that week. This situation typically arose in two different circumstances; (1) when a Raytown employee included vacation or sick leave hours in their 40 hours of work in a week, or (2) when an employee included holiday time in their 40 hours of work. The Staff does not agree that time booked as sick pay, vacation pay or holiday pay is a representative of time physically worked to enable an employee to accumulate a total of 40 hours for the week for overtime payment purposes.

The Staff also included a merit salary increase for each Raytown Water employee in its recommended revenue requirement. The Company's proposed merit increase was based upon a performance review of each employee by Company management. The performance reviews were based on employee performance during the calendar year 2009, and included an additional percentage applied by Company management based upon the Company's management's subjective judgment concerning each employee's performance through mid-year 2010. The Staff does not agree with the Company's proposed 2010 merit increase amounts that are not based upon actual documented employee performance. Therefore, the additional discretionary payroll increase was not included by the Staff in this case.

In regard to the proposed 2009 merit increase, the Company proposed a "sliding-scale" format in which the best performing employees would receive higher percentage increases. The Staff believes that Raytown's application of this merit increase approach is skewed. The grid proposed by the Company would have awarded an employee performing at a "satisfactory" level a 4% annual pay increase. However, the lowest salary increase percentage proposed by Raytown for any individual employee was 4.8%; i.e., the Company's approach suggested that every employee in the Company is performing at "above average" levels. This performance measurement is not realistic; therefore, the Staff adjusted the Company's proposed merit increase to recommend an overall four percent salary increase based on a presumed average overall "satisfactory" level of employee performance.

After calculating the annualized payroll level for each employee, the Staff then multiplied each employee's payroll level by 15% to derive the amount of "pension" expense associated with each employee. Raytown has a long-standing practice of compensating each employee through a lump-sum payment at year-end equal to 15% of their salary in lieu of a formal pension plan. Since the 15% is not an actual pension expense and the Company pays payroll taxes on the lump sum amount distributed to each employee, the Staff included the 15% "pension expense" as a part of each employee's annual salary and included all payroll taxes associated with the expense in their payroll calculations..

The Staff also included the annualized salaries and benefits for a new field operator. The Staff had several discussions with the Company concerning Raytown's proposal to hire a new field operator employee. It was determined that a new field operator position was justified for safety and productivity concerns. The new operator was hired and in place by the end of July, 2010. Payroll taxes were normalized based upon Staff's current annualized payroll. The Staff did not include any expense associated with overtime hours worked by Judy Beatie. Ms. Beatie is a part time employee who normally works 24 hours a week. The Staff does not believe Ms. Beatie worked in excess of 40 hours in any given week in 2009.

In relation to the sewer contract work that Raytown Water employees perform on behalf of the City of Raytown, the Staff eliminated overtime for any week in which a Raytown Water employee worked over 40 hours after taking into account hours spent performing work for the City of Raytown. It is the Staff's belief that the Raytown customers should not have to pay overtime expense for time spent above 40 hours a week for regulated service when that week also reflects straight time booked for sewer contract work.

Employee Benefits

Raytown currently offers its employee's healthcare, dental and life insurance benefits. The Staff annualized these benefit levels using the healthcare, dental and life insurance rates that went into effect for Raytown Water on August 1, 2009. The Staff multiplied the August 1, 2009 monthly rates by twelve to arrive at the annualized level. The Staff did not include the healthcare and life insurance coverage for Judy Beatie. Ms. Beatie is a part time employee, and the Raytown Personnel Policy Manual states that part time employees are not eligible to receive benefits.

Sprint-Nextel Communication Services

In the prior rate case, Case No. WR-2009-0098, the Staff excluded the cost of actual expenses incurred from the personal use of Company expensed cell phones that were not fully reimbursed by the employees through payroll deductions. Since that time, the Company has created a spreadsheet to track employee-use of cell phones and to recover the personal-use expense through payroll deductions. In October 2009, the Company began allowing only a specific monetary amount per person for company-related cell phone usage, charging the remainder back to the employee. The Staff annualized the cost of the allowed usage and adjusted the test year totals to reflect this cost. This included the addition of annual recurring Company-allowed costs for a new cell phone for the new field operator hired in late July 2010. The Staff disallowed the Company-cost of cell phones assigned to three employees as all three have land-line extensions assigned to them at Company expense and an office-use cell phone (costing approximately \$200 a month) that should be used when any of these employees are

assigned to a rotation schedule. This disallowance is worth (\$1,190) in this case. The Staff also disallowed the expense of these three cell phones in the last rate case.

Rate Case Expense

The Staff has included all documented actual costs incurred by Raytown for rate case expense incurred to-date for this case (Case No. WR-2010-0304). The Staff's rate case expense adjustment is based upon all costs associated with filing and bringing this case before the Commission such as administrative costs, employee overtime associated with the rate case and outside consulting fees. The ultimate amount of rate case expense incurred by the Company in this proceeding will be directly associated with the length of the case through the settlement conference and hearing process. The Staff will continue to update these costs throughout the case. The Staff is proposing to normalize this cost over a two-year period. The normalized amount of rate case expense included in the Staff's revenue requirement is \$1,141.

Utilities Expenses

Electricity and natural gas costs were annualized based on the current cost to Raytown of electricity and natural gas expense. The test year electric cost was increased to reflect electric rate increases that occurred during, and subsequent to, the test year.

Additional Adjustments

The Staff has reflected adjustments in its cost of service to normalize amounts related to: 1) various operation & maintenance expenses, 2) operator training and certification, 3) telephone expenses, 4) postage increases due to new postage rates, 5) costs associated with uniform rental and weekly floor mat replacement service and cleaning expenses, 6) permit and degradation fees, 7) Board of Directors fees and insurance, 8) General Casualty and Liability insurance, 9) Department of Natural Resources (DNR) lab fees, 10) Commission's annual assessment, 11) tank painting, 12) amortization of a portion of prior Contributions in Aid of Construction (CIAC), and 13) interest charges on customer deposits and 14) uncollectable expense.

The Staff excluded from the cost of service for disallowances in: 1) dues and donations, 2) miscellaneous expenses, 3) non-regulated expenses, 4) director fees for Neal Clevenger and Chiki Thompson, both full-time employees of Raytown, 5) City of Raytown sewer contract expenses and revenues, 6) property taxes for the Evanston House, 7) amortization of the Investment Tax Credit, and 8) depreciation expense on CIAC.

Weighted Cost of Capital

The rate of return and capital structure used to develop the Staff's recommended revenue requirement in this case was provided by Staff witness Shana Atkinson of the Financial Analysis Department. The Staff's capital structure includes in long-term debt the EIERA loans that were issued in August 2008. The capital structure also includes short- term debt associated with loans from Raytown shareholders, as well as loans for new vehicles, equipment and plant projects.

Audit Staff Recommendations for Raytown Water Company:

- 1) Mr. Neal Clevenger, the Manager of Raytown Water Company, currently only records his regulated activities on his time sheet. Mr. Clevenger should record all of his time spent for both regulated and non-regulated activities during regular work hours on his time sheet in the future so that the Staff can make a determination of how much, if any, of his time should be allocated to Mr. Clevenger's non-regulated interests. In addition, as Company Manager who is on call 24/7 for RWC after hours, weekends and holidays, a record of Mr. Neal Clevenger's activities conducted after regular working hours should also be recorded on his time sheet so the Staff can determine if any non-regulated activities during the regular work hours may be off-set by the after- hours regulated activities. **The Company should fully comply with this recommendation within 90 days of the effective date of the Commission Order for this case.**
- 2) Raytown should perform or contract for a comprehensive study of its current overhead costs to determine what overheads and how much of each overhead should be assigned to Raytown's construction activities on an ongoing basis. This study should specifically take into account the question of how much office employee payroll costs should be assigned to construction activities. This study should be provided to the Staff and The Office of Public Counsel prior to Raytown's next rate case for these parties' review and input. Raytown currently charges overhead costs to construction projects based upon percentage adders to its direct labor charges for each project. (For example, on a combined basis the Company currently adds 46 cents of assumed labor and non-labor overhead costs to a construction work order for every dollar of direct labor costs charged to the work order.) These percentage adders have been used by the Company for this purpose since the early 1990s. Raytown no longer has a copy of the overhead analysis study that provided the support for its overhead percentages, nor does Raytown know exactly what overhead costs are incorporated into these percentages. **The Company should fully comply with this recommendation within 180 days of the effective date of the Commission Order for this case.**
- 3) RWC should records on its books miscellaneous revenues associated with meter scrap, fire hydrant and vehicle sales. In accordance with the Uniform System of Accounts (USOA) for Class A Water Utilities, the Company should book these items as salvage to the depreciation reserve for the account associated with the salvage proceeds.

September 15,, 2010

The Company should fully comply with this recommendation within 90 days of the effective date of the Commission Order for this case.

Agreement Attachment H

EMSD Implementation Review

**Focused Review of Raytown Water Company
Customer Service and Business Operations Implementation Review
Small Company Rate Increase Request
Case No. WR-2010-0304
Nila Hagemeyer and Gary Bangert**

The Engineering and Management Services Department (EMSD) staff initiated a focused review of the meter reading and customer billing processes, procedures and practices at Raytown Water Company (RWC or Company) on June 10, 2010, following the Company's request for an increase of \$471,205 in its overall annual operating revenues under the Commission's Small Utility Rate Case Procedure. The focused review was by design limited in scope, as the EMSD staff performed larger customer service and business operations reviews in both March 2003 and September 2008, with follow-up implementation reviews in December 2009 (Attachment 1) and March 2010 (Attachment 2). As a result of this review, the EMSD staff deems the Company's responses to Staff's 2003 informal review recommendations and Staff's 2008 Case No. WR-2009-0098 recommendations as complete, with the exception of an "in progress" recommendation regarding tracking and monitoring payments collected by the Company's contracted collection agencies.

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

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 will 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
- Collection Agency

Overview

The Company's business office is located at 9820 East 63rd Street, Raytown, MO 64133. Business office hours are 7 a.m. to 4 p.m. Monday through Friday. RWC's Web site address is www.raytownwaterco.com.

As noted in a previous report, the Company purchases the water it provides to its customers from the City of Kansas City, Missouri. Thus, the Company is not actively involved in the production or treatment of water.

The Company provides water service to 6,578 customers (calculated as an average for 2009) in a service area located mostly in Raytown, Missouri, with some customers in Independence, Missouri. The Company's General Manager stated that in recent years the number of customers has declined due to the downturn in economy and home foreclosures. The Company's future growth is likely limited because a large majority of its service territory has already been developed, and it is bounded on all sides by a public water district and a municipal water system.

Although customers and water sales have been trending downward, the Company's General Manager stated that the City of Raytown has an active city government and recently hired an employee to address community development. He is hopeful that the new community development representative will be instrumental in improving the business climate in Raytown.

The Company's General Manager stated that some of RWC's older pipe is seeping water. The Company indicated that it is involved in several construction projects replacing outdated 2" galvanized main with 6" PVC pipe and will also be adding new hydrants while replacing main.

According to the Company's General Manager, RWC's long-term plans include installation of an Automated Meter Reading (AMR) system and replacement of its office that was built in 1925.

Meter Reading

The Company manually reads meters and records readings using Hersey handheld devices. The recently acquired Hersey handhelds operate on a Windows platform and readings are uploaded to RWC's billing software. RWC replaced its Neptune handhelds, as Neptune was no longer offering support and some of the devices had been rain-damaged.

The Company's two meter readers manually read 58 routes on a monthly basis, with anywhere from 80 to 150 accounts per route. One or two routes are loaded into each of the handhelds each business day, enabling the meter readers to read approximately $\frac{1}{4}$ of the month's routes each week. Meter readers enter the reads into the handheld units. The handhelds display the route number, customer name, premise address, meter identification number, and a message (if included). The handheld units also have a preset range of high and low meter readings that the meter reader is able to view. If a read is entered that is out-of-range, the handheld will emit a beep, and the meter reader must re-enter the read and select the appropriate code for one of several preset notes, e.g., seasonal, high use, meter buried, frozen, leaking, tampered, can't read, condemned, or meter gone. These codes will produce an exception report, which is used to determine if a re-read or maintenance is required. Notification letters are mailed to customers whose reads register either higher or lower than the pre-set range.

In addition to the exception report, a variety of management reports are generated from data on the handheld units. Route statistics reports include the number of accounts to read, total reads taken, missed reads, total read time, percentage of customers with zero and/or minimum usage, account numbers, and normal read range. Route reports contain the route identification number, meter identification number, customer name, location, account number, read date and time, reading, and consumption.

Meters, both active and inactive, are read each day in order to maintain the read and billing schedules. After the daily routes are completed, meter readers perform other tasks, i.e., move-ins/move-outs and leak detection. Meter readers also perform disconnects on Tuesdays. Overtime is only required to meet a scheduled billing date.

The Company estimates reads only when there are extraordinary events such as bad weather, dogs in the yard, or vehicles parked over the meter. Meter readers document the reason the read was estimated, and RWC mails a letter alerting the customer of the need to correct any customer-related issues, such as removing brush from the meter. Company management stated that it attempts to avoid estimated reads, as the City of Raytown bases its monthly customers' sewer charges on RWC's water meter reads. In the event a customer experiences a broken water pipe, RWC notifies the City of Raytown so that Raytown will not bill the customer for sewer service based on an excessive amount of water usage.

The Company's General Manager stated that he meets with the meter readers each morning to discuss any issues before they read their respective routes. Any needed route changes are brought to the attention of the billing clerk. The billing clerk and meter readers have authorization to change the order of route addresses so they can be read in a specific sequence. While in the field, meter readers can also scroll through the route on the handheld to the premise location where they want to begin taking reads. Unread meters will display on the handheld unit, enabling the reader to obtain the reads while still in a particular area.

The Company reads the eight master meters on its system at the beginning of each month and compares these reads to the amount purchased from the City of Kansas City. The Company has created a "Water Purchase/Sales" report to compare the monthly amount of water purchased from the City of Kansas City to the monthly amount of gallons sold. This report enables RWC to monitor trends in its water sales, as well as track the amount of water loss from its system.

The Company has developed an Identity Theft Prevention Program that contains information to assist meter readers and the field crew in detecting instances of theft. The Company's General Manager stated that RWC experiences problems with theft of service at least once a week and that this theft generally amounts to a few hundred gallons. When detected, water theft is shown on the exceptions report. When this occurs, RWC either locks or pulls the meter.

The Company is currently piloting a project to phase-in AMRs in the Raytown Plaza, an area in close proximity to RWC's office. RWC installed transmitters in 15 meters for commercial accounts and began using the Hersey Street Machine™ receiver to capture drive-by meter readings in May 2010. In addition to meter reads, the devices enable RWC to obtain leak detection data. This information is held for 60 to 90 days, and RWC plans to closely monitor the data. RWC continues to manually verify the radio reads to ensure accuracy during implementation of the pilot project. Meter reads obtained via the Hersey Street Machine™ interface directly with the Company's billing software.

The Company is also presently installing approximately 100 AMRs in 5/8" residential meters and 40 AMRs in 1" meters at apartments near RWC's office in an area with some hard-to-read meters and high school traffic congestion. RWC plans to run the pilot project for about 18 to 24 months in order to gain working data on the AMR and ensure that the devices interface successfully with its billing software before converting the entire system.

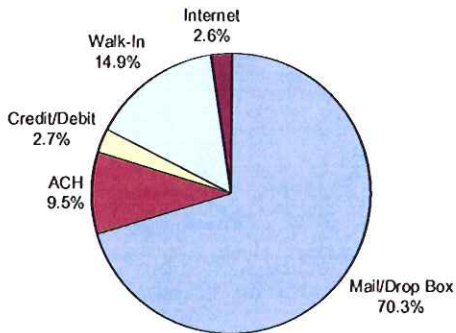
Customer Billing

The Company uses a customer information system and billing software called CUBIC to calculate and print customers' monthly bills. The CUBIC software enables the Company to maintain account information on its customers and to prepare customer bills. Meter reading data is uploaded directly from handheld devices into CUBIC on a daily basis. Every Monday, Company personnel run the program to calculate and print the full-page bills. Any inserts are included with the bills and return envelopes. The Company verifies the accuracy of the bills through a visual inspection of some of the bills. Company personnel mail the bills at the downtown post office on the same day they are prepared. Customers are given 21 days from the date of bill rendition to pay their bills. If customers do not remit payment by the date specified on the bill, they are assessed the late charge of \$5.00 or 1% of the bill, whichever is greater. These late fee practices are included in the Company's tariff.

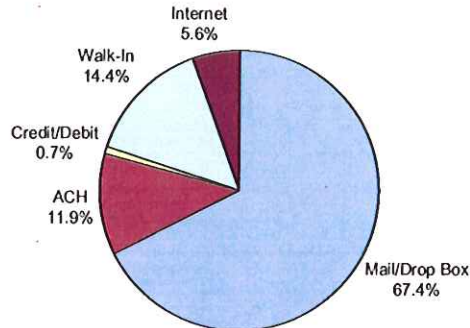
The Company offers several payment options to its customers. These options include 1) mail or drop box, 2) automatic withdrawal from the customer's checking or savings account, 3) credit or debit card payments over the phone or in the office, 4) walk-in payments at the Company's business office, and 5) Internet online payments through O-Pay. O-Pay enables customers to view and pay their bills using Visa, MasterCard, Discover, and American Express. All credit and debit card payments, including those made in the business office, require the application of a \$1.95 third party fee. Information in the following set of four charts compares customers' payment remittance patterns between the First Quarter of 2009 and the First Quarter of 2010. The top two charts show the percentage of customers using each of the five payment options and the bottom two charts show the percentage of revenue received through each of the options.

Raytown Water Company Customer Payment Remittance Patterns

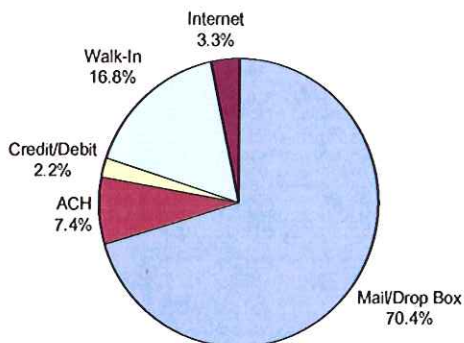
1st Quarter 2009
Percentage of Payments by Payment Option



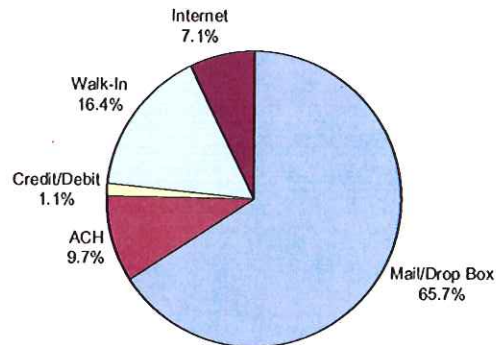
1st Quarter 2010
Percentage of Payments by Payment Option



1st Quarter 2009
Percentage of Revenue by Payment Option



1st Quarter 2010
Percentage of Revenue by Payment Option



Source: Company data and EMSD staff analysis

Although customers may use a credit or debit card when they make a walk-in payment, the walk-in percentages include only cash, check, and money order payments taken at the counter. The chart data indicates that an increasing number of customers are paying their water bills over the Internet and through automatic withdrawal (ACH in this case). The information also shows a significant decreasing trend in the number of customers using a credit or debit card. It is also apparent that the percentage of customers using the various payment options does not coincide

directly with the revenue generated by each of the payment options. For example, in both 2009 and 2010, the percentage of customers using automatic withdrawal is higher than the percentage of revenue resulting from automatic withdrawal. Conversely, the percentage of customers paying over the Internet is less than the percentage of revenue generated from Internet payments.

Aside from the previously illustrated five payment options, an increasing number of customers are choosing the electronic bill payment service at their local bank. After the customer initiates the payment transaction on their bank's Web site, the bank prepares a check and mails it to the Company. Company management stated that, due to its small service area, it has not initiated the use of outside, authorized pay stations such as grocery stores or convenience stores.

Customer rates for water service are included in the Company's tariffs and stated in the customer information brochure provided to all customers. Residential customers' water bills are based on a monthly flat rate of \$7.86 and a usage charge of \$4.94 per 1,000 gallons of usage. A random check of customer accounts showed that customers are currently being billed the correct amounts in accordance with the Company's tariffs.

Collection Agency

In the Customer Service and Business Operations Review in Case No. WR-2009-0098, the EMSD staff recommended, among other recommendations, that Company management:

Develop and utilize a report that monthly tracks the payments collected by the Company's collection agency. Monitor the information on a regular basis.

During implementation reviews on December 22, 2009 (Attachment 1), and March 25, 2010 (Attachment 2), the EMSD staff deemed this recommendation as in progress. The results of the current review lead EMSD staff to conclude that the recommendation remains in progress.

In April 2006, RWC paid \$10,000 to NCO to collect \$30,000 in written-off accounts. However, during 2007 and 2008, NCO collected 3.51% of RWC's written-off accounts and 6.1% in 2009. By researching written-off accounts, RWC was able to collect \$2,195.32 directly from customers when they applied for service at different locations within the Company's service territory. The EMSD staff recommended that due to the poor performance of NCO, that RWC contract with a second collection agency.

In a conference call between EMSD staff and RWC on June 18, 2010, RWC stated that its 3-year contract with NCO had expired, and it was RWC's understanding that NCO intended to phase-out the collection part of their business. The Company stated that collections on write-offs continued to trickle in from NCO.

The Company signed a contract with Green Flag, a subsidiary of Transworld Systems, Inc. on May 14, 2010. Green Flag will provide collection services to RWC for uncollectible accounts over \$30.00. According to the contract, Green Flag will keep 40% of the amount collected. Green Flag allows RWC to upload files directly into their system and send messages at any time alerting Green Flag to changes in account status, such as customers who have filed bankruptcy. RWC can view information input into Green Flag's system the following day.

Green Flag, through Transworld Systems, Inc., has access to all three credit reporting agencies. Transworld Systems, Inc. has its own network of attorneys, enabling prosecution of large commercial accounts, even if the customer moves, for example, from Missouri to another state.

The Company forwarded March and April 2010 write-offs in the amount of \$1,308.32 to Green Flag. The Company has initiated implementation action toward the EMSD recommendation by creating a spreadsheet to track the status of these accounts. Once RWC forwards an account to Green Flag, the collection agency sends a "soft" letter of introduction and informs the customer that their account has been forwarded to Green Flag for collection. As a regulated entity of both the state and the Federal Fair Debt Collection Practices Act, Green Flag must then wait 30 days before taking further action. As of July 19, 2010, RWC has received \$163.58 from Green Flag for one of those write-offs.

The Company plans to evaluate contracting with a second collection agency once the accounts are built up with Green Flag. The time frame to evaluate a second collection agency will depend on available write-offs to forward for collection.

Although a spreadsheet report that contains written-off accounts forwarded for collection has been developed, the Company has not been able to fully utilize the spreadsheet due to their new relationship with Green Flag. The EMSD staff strongly encourages the Company to utilize a monthly performance report to aid in monitoring the accounts that it has submitted to Green Flag. A monthly performance report would show trends in the rate of collection, as well as provide the Company a tool to use in its decision making process to contract with a second

collection agency. Since Green Flag offers the capability for RWC to check account status at any time, RWC should take advantage of this tool on a regular basis and contact Green Flag with any concerns. The EMSD staff deems this recommendation as in progress.

The EMSD staff has no further recommendations in the Meter Reading, Billing, and Collection areas.

**Review of Raytown Water Company
Customer Service and Business Operations Implementation Review
Small Company Rate Increase Request
Case No. WR-02009-0098
J. Kay Niemeier**

The Engineering and Management Services Department (EMSD) staff performed an Implementation Review of Raytown Water Company (RWC or Company) Tuesday, December 22, 2009, when Mr. Neal Clevenger, President/General Manager, provided a presentation to the MO Public Service Commission (PSC) staff and the Office of Public Counsel in Room 130 of the Governor Office Building. The implementation of the recommendations made in the EMSD's report was a portion of Mr. Clevenger's presentation. Staff members attending the presentation included Jim Busch, Eric Dearmont, Lisa Kremer, Steve Loethen, Zephania Marevangepo, Jim Merciel, Kay Niemeier and Jim Russo. Participating via conference call were Erin Carle, John Cassidy and Lisa Hanneken. Ted Robertson, the office of Public Counsel, also attended the presentation. The EMSD staff also conducted telephone conference calls Monday, January 4, Wednesday, January 6 and Tuesday, January 12, 2010 with RWC employees.

The Company's response to the EMSD staff's recommendation is contained in the book "Raytown Water Company 2009 Disposition Agreement MO PSC Case No. WR-2009-00989" and are included below in the original EMSD report. The Company's response is in bold following each recommendation.

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 areas that require Company management's attention:

- Meter Reading Routes
- Master Meters

- Payments Received in Drop Box
- Payment Options
- Credit and Collections
- Collection Agency
- Work Orders
- Communication with Customers
- Employee Performance Evaluations
- Employee Overtime Compensation

Meter Reading Routes

The meter reading routes have not been evaluated for more than nine years. Through a review of its meter reading routes, the Company may determine some competencies that would provide a more efficient and effective method of meter reading. Although the Company does not experience a large increase in the number of meters on a yearly basis, the EMSD staff would recommend the Company evaluate its meter reading routes at least every five years.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Develop a procedure to ensure the Company's meter reading routes are periodically evaluated, such as every five years. If appropriate, make necessary changes to the Company's meter reading routes.

The Company stated that it has developed a policy to ensure its meter reading routes are periodically evaluated and changed as needed. The two meter readers are to notify the billing person for necessary modifications to the meter reading routes. The two meter readers have read and signed the new policy and the policy is an ongoing process. The EMSD staff is of the opinion the Company has completed this recommendation.

Master Meters

The Company is not currently reading its eight master meters. Therefore, the Company is not able to track or monitor the amount of water removed from its water supply to the amount of water registered through its customers' meters each month. The Company stated that the City of Kansas City reads the eight master meters and bills the Company monthly.

The implementation of the program to track and monitor the amount of water removed from its supply as compared to the amount registered through its customers' meters on a monthly basis would be beneficial. Leak detection at the water supply system or at the customers' meters, as well as any other problems would be more timely and accurately identified by the Company.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Implement a procedure to ensure that the eight master meters are read on a monthly basis. Develop a monthly report that tracks and monitors the Company's master meter reads on its system as compared to its customers' actual meter readings.

The Company is currently reading all eight master meters at the beginning of each month and the readings are placed into the meter readers' hand-held devices. The Company now lists the master meters in its month-end reports and remains on the billing clerk's computer screen until completed. The Company has also developed a Water Purchase/Sales report that shows the monthly amount of cubic feet of water purchased from the City of Kansas City, the monthly amount of gallons of water purchased from the City of Kansas City and the monthly amount of gallons sold. The EMDS staff is of the opinion the Company has completed this recommendation.

Payments Received in Drop Box

The Company's drop box located on the counter inside the office is unsecured. Although the Company indicated it has never experienced a problem with the drop box, it remains an unsafe situation. The Company has the responsibility of protecting the payments in the lock box until the payments are processed. The EMSD staff is of the opinion the lock box should be made secure or discontinue the use of the lock box as customers have two other lock boxes located at the office to insert payments.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Secure the lock box located on the office counter or discontinue use of the lock box.

The Company has removed the lock box on its office counter and now has a slot in the counter top for customers' payments to be deposited into a deep drawer that is accessed

only from the office side of the counter. The slot has a sign that states "If no receipt is needed please place payment in slot" and that payments received after 1:00 p.m. are posted the next business day. The EMSD staff is of the opinion that the Company has completed this recommendation.

Payment Options

The Company's procedure for credit card payments charges the customer \$3.00, while the Company's software program procedure would charge the customer \$1.95. Currently, the Company is able to accept Visa and MasterCard. The employee enters the customer's payment information into the Company's system and the customer is provided an authorization number. Next, the employee adds the convenience fee of \$3.00 to the customer's bill. The employee processes the payment through the cash drawer to ensure the daily payments and the payments with the bank balance. The EMSD staff was informed that the bank's monthly charge for processing the Company's credit card payments is based upon the number of payments and the total dollar amount of payments processed by the bank. The Company evaluated the number and dollar amount of credit card payments to determine its \$3.00 convenience fee.

The Company's software program accepts payments through Visa, MasterCard, American Express and Discover, but the Company has not implemented this procedure. Currently, when the customer pays with a credit card, the employee accesses the internet inquiry through the Company's system and retrieves the customer's account in the Company's website in order to process the payment online. The customer is informed of the \$1.95 fee prior to completing the transaction and is provided a confirmation number after the payment process is completed. The employee processes the credit card payment through the cash drawer to ensure the daily payments and the payments with the bank balance.

The EMSD staff is of the opinion that utilizing the Company's system might be a more efficient and effective method of handling its credit card payments than processing through its bank. The employee's tasks would be simplified and the customer would be charged \$1.05 less per payment.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Evaluate the use of the Company's software program to process credit card payments instead of the Company's current procedure of processing through its bank. If deemed a more efficient and effective procedure, discontinue the

Company's current procedure and implement the procedure to process credit card payments through the Company's software program.

The Company evaluated its software program and implemented on May 1, 2009 the new procedure to process its credit card payments through the Company's software instead of through the Company's bank. Customers are now charged \$1.95 per transaction under \$150 and the employees have indicated that the process requires less labor and time. The EMSD staff is of the opinion that the Company has completed this recommendation.

Credit and Collections

After delinquent disconnect accounts are finalized, the customer is provided an additional 35 days to make payment before the account is forwarded to a collection agency; the Company does not attempt to collect on these accounts prior to forwarding to its collection agency. The Company stated that almost all of the accounts forwarded to its collection agency are delinquent disconnect accounts. If efforts are not going to be made to collect on these accounts, the EMSD staff is of the opinion that the success of collecting on these accounts might improve if provided to the collection agency immediately after the account is processed by the Company.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Evaluate the possibility of increasing the Company's efforts to collect on finalized delinquent disconnect accounts prior to forwarding to the collection agency. If deemed appropriate, forward these accounts to the Company's collection agency immediately following disconnection.

The Company has implemented a new procedure which includes the following: 1) Upon finalizing an account, a final bill is mailed allowing 21 days to remit payment, 2) If not paid within 21 days, on day 22 a RWC collection letter is mailed allowing 14 days to remit payment and 3) If not paid within 14 days, on day 15 the account is provided to the Company's collection agency. Additionally, the Company has a standing order with the USPS to supply it all forwarding addresses. The EMSD staff deems this recommendation complete.

Collection Agency

The Company does not track and monitor the number of accounts or the dollar amount of written-off accounts forwarded to its collection agency. The Company should maintain this information to determine any trends in its written-off accounts that are forwarded to its collection agency and to also determine the accuracy of the collection agency's reports to the Company.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Develop and monitor a report that monthly tracks the number of accounts and the dollar amount of written-off accounts forwarded to the Company's collection agency.

The Company stated that it monitors its written-off accounts through a software program. After accounts are entered, a report is run and saved on the public drive. The EMSD staff explained to the Company that the report should contain the total dollars forwarded to the collection agency each month and the total dollars collected by the collection agency each month so that trends can be easily determined by Company employees. The Company has informed the EMSD staff that the spreadsheet will be developed and provided to the EMSD staff. The EMSD staff deems this recommendation as in progress.

The Company does not track and monitor the performance of its collection agency through the use of a monthly collection report. Although the Company can obtain the information through the collection agency's website, the Company does not maintain the information documenting payments received from its collection agency. By not having this information located in a report, the Company's ability to monitor and analyze the performance of its collection agency is difficult.

The Company contracted with this collection agency during the past twelve months and the Company should be closely monitoring the collection agency's performance. The Company is aware that its write-offs have steadily trended upward during the past few years. By closely monitoring the performance of its collection agency, the Company would hopefully be able to address its trend of increasing write-offs.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Develop and utilize a report that monthly tracks the payments collected by the Company's collection agency. Monitor the information on a regular basis.

The Company stated that the payments collected by its collection agency are entered in the Budgetary Posting Journal Monthly Report and is produced through its software program. The EMSD staff explained to the Company that the report should contain the total dollars forwarded to the collection agency each month and the total dollars collected by the collection agency each month so that trends can be easily determined by Company employees. The Company has informed the EMSD staff that the spreadsheet will be developed and provided to the EMSD staff. The EMSD staff deems this recommendation as in progress.

The Company does not receive the benefit of contracting with more than one collection agency. The Company currently has a contract with only one collection agency, NCO. NCO's success of collecting for the Company has been poor. During 2007 and 2008, NCOI collected \$907.75 of the \$25,865.16 that was forwarded to it, which is 3.51%.

The benefits of contracting with more than one collection agency include the following:

- Increased collection rate due to the competitiveness of the collection agencies.
- Negotiable collection fees.
- Availability of backup if one collection agency is no longer contracted with the Company.

Although the Company is obligated to NCO until NCO has collected three times the Company's \$10,000 initial payment, or \$30,000, the Company could benefit by contracting with more than one collection agency.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Evaluate the benefits of the Company contracting with more than one collection agency. If implemented, the Company should ensure that the collection agency contract's expiration dates are staggered.

The Company is currently checking the references of two collection agencies. The Company's goal is to have an additional collection agency contract signed by the end of

2009, but this has not yet been completed. The EMSD staff is of the opinion this recommendation is in progress.

Work Orders

The Company does not track all of its work orders as some of the work orders are worked from a listing or a sheet of paper and are not included in the Company's count of work orders. Examples of these include rereads if high or low usage is recorded and the meter changes. To ensure that the Company's recorded number of work orders performed is accurate, the EMSD staff would encourage the Company to implement a procedure that ensures all work orders are included in the Company's work order count.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Implement a procedure that ensures all work orders are included in the Company's work order count.

The Company no longer provides the manual list of reread work orders for the field personnel. Instead, through a recent upgrade, its software allows reread work orders to be generated. The work orders are Job Code 903, Pre-Billing Reread. Therefore, the reread work orders are now being included in the monthly work order count. The EMSD staff is of the opinion this recommendation is complete.

Communication with Customers

The Company does not have a written document that conveys the rights and responsibilities of the Company and its customers, which is in violation of Commission Rule 4 CSR 240-13.040(3). The Rule 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. The form shall be submitted to the consumer services department of the Missouri Public Service Commission, and to the Office of the Public Counsel. 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 written information shall indicate

conspicuously that it is being provided in accordance with the rules of the commission, and shall contain information concerning, but not limited to: (A) – (L).

The EMSD staff provided the Company with a sample of a document that would meet the requirements of the Rule.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Develop in written form, the information that summarizes the rights and responsibilities of the utility and its customers and make such documentation available to customers. The document should adhere to Commission Rule 4 CSR 240-13.040(3).

The Company has produced a brochure that summarizes the rights and responsibilities of the utility and its customers and provided a copy to the EMSD staff. The information included in the brochure adheres to Commission Rule 4 CSR 240-13.040(3) except for item (A). The brochure does not provide information regarding estimated billing procedures. The Company has stated that it will add the estimated billing procedures information and provide the EMSD staff a copy of the revised brochure. The EMSD staff deems this recommendation as being in progress.

Employee Performance Evaluations

Employee performance evaluations are not currently being completed by the Company for all employees. The performance appraisal is an observation and evaluation of the employee's job performance in order to determine the degree to which the employee is performing effectively. The process includes a written assessment of the defined performance standards set for each employee. Following the observation and evaluation, the supervisor and employee meet to discuss the evaluation. Performance evaluations contribute to the Company's decisions regarding salary increases, promotions, demotions and disciplinary actions. Although not a requirement by the Fair Labor Standards Act (FLSA), the EMSD staff is of the opinion that employee performance evaluations are beneficial for Company management and Company employees.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Develop a procedure to ensure an employee performance evaluation is annually performed for each employee. In addition, develop a procedure to document all employee evaluations.

The Company has developed a procedure to ensure that performance evaluations are performed and recorded annually. The procedure is included in the Company's policy manual. The evaluations will be performed before the end of each calendar year. The EMSD staff is of the opinion this recommendation is complete.

Employee Overtime Compensation

The Company unnecessarily compensates employees at time and a half when 40 hours have not been worked by the employee. The federal overtime provisions which are contained in the FLSA state that unless exempt, employees covered by the Act must receive overtime pay for actual hours worked over 40 in a workweek at a rate not less than time and one-half their regular rates of pay. The Act does not require overtime pay for work on Saturdays, Sundays, holidays, or regular days of rest, unless overtime is worked on such days.

When the EMSD staff discussed this matter with Company management, the Company stated that it plans to inform employees of this change in compensation and discontinue this practice effective January 1, 2009.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Discontinue the practice of compensating Company employees at a rate of time and one-half unless the employee has worked the required 40 hours for that specific pay period.

The Company has discontinued the practice of compensating its employees at a rate of time and one-half when less than 40 hours have been worked for that specific pay period. Employees now receive compensation at a rate of time and one-half only if they have worked the required forty hours for that specific pay period. The EMSD staff deems this recommendation to be complete.

**Review of Raytown Water Company
Customer Service and Business Operations Implementation Review
Small Company Rate Increase Request
Case No. WR-2009-0098
J. Kay Niemeier and Ben Wisnewski**

The Engineering and Management Services Department (EMSD) staff performed an on-site Implementation Review of Raytown Water Company (RWC or Company) Thursday, March 25, 2010. We met with Company employees to discuss the remaining issues of the Implementation Review performed December 22, 2009. This report contains the recommendations of the December 22, 2009 review that were deemed in progress or incomplete at that time. The Company's response is in bold following each recommendation.

Following the interview at the Company's office, the EMSD staff accompanied Company employees to a presentation given by Hersey-Meters at Cass County Public Water District No. 9. This water district recently implemented their automatic meter read meters. RWC is considering implementing this meter reading system.

Findings, Conclusions and Recommendations

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

- Collection Agency
- Communication with Customers

Collection Agency

The Company does not track and monitor the number of accounts or the dollar amount of written-off accounts forwarded to its collection agency. The Company should maintain this

information to determine any trends in its written-off accounts that are forwarded to its collection agency and to also determine the accuracy of the collection agency's reports to the Company.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Develop and monitor a report that monthly tracks the number of accounts and the dollar amount of written-off accounts forwarded to the Company's collection agency.

December 22, 2009 Implementation Review: The Company stated that it monitors its written-off accounts through a software program. After accounts are entered, a report is run and saved on the public drive. The EMSD staff explained to the Company that the report should contain the total dollars forwarded to the collection agency each month and the total dollars collected by the collection agency each month so that trends can be easily determined by Company employees. The Company has informed the EMSD staff that the spreadsheet will be developed and provided to the EMSD staff. The EMSD staff deems this recommendation as in progress.

March 25, 2010 Implementation Review: The Company stated that it creates a report of written-off accounts at the end of each month and that all accounts greater than \$30.00 are forwarded to its collection agency. The EMSD staff deems this recommendation as complete.

The Company does not track and monitor the performance of its collection agency through the use of a monthly collection report. Although the Company can obtain the information through the collection agency's website, the Company does not maintain the information documenting payments received from its collection agency. By not having this information located in a report, the Company's ability to monitor and analyze the performance of its collection agency is difficult.

The Company contracted with this collection agency during the past twelve months and the Company should be closely monitoring the collection agency's performance. The Company is aware that its write-offs have steadily trended upward during the past few years. By closely monitoring the performance of its collection agency, the Company would hopefully be able to address its trend of increasing write-offs.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Develop and utilize a report that monthly tracks the payments collected by the Company's collection agency. Monitor the information on a regular basis.

December 22, 2009 Implementation Review: The Company stated that the payments collected by its collection agency are entered in the Budgetary Posting Journal Monthly Report and is produced through its software program. The EMSD staff explained to the Company that the report should contain the total dollars forwarded to the collection agency each month and the total dollars collected by the collection agency each month so that trends can be easily determined by Company employees. The Company has informed the EMSD staff that the spreadsheet will be developed and provided to the EMSD staff. The EMSD staff deems this recommendation as in progress.

March 25, 2010 Implementation Review: The Company has not yet developed a spreadsheet that contains the total dollars collected by the collection agency each month. With this information, the Company could easily determine any trends in the amount of written-off accounts collected by its collection agency. This would provide the Company information regarding the performance of its collection agency and assist in its decision making process.

The Company has contracted with NCO for \$10,000 to collect \$30,000. During 2007 and 2008, NCO collected 3.51% of the written-off accounts forwarded to it, which is a poor performance. The collection agency's performance for 2009 was 6%. The EMSD staff strongly encourages the Company to develop and utilize a monthly performance report that will assist the Company in its monitoring of this collection agency. The EMSD staff also encouraged the Company to speak regularly with a collection agency employee and to monitor the written-off accounts the collection agency is performing collection efforts. The EMSD staff informed the Company that the written-off accounts should not be disregarded after forwarding to its collection agency. The EMSD staff deems this recommendation as in progress.

The Company does not receive the benefit of contracting with more than one collection agency. The Company currently has a contract with only one collection agency, NCO. NCO's

success of collecting for the Company has been poor. During 2007 and 2008, NCOI collected \$907.75 of the \$25,865.16 that was forwarded to it, which is 3.51%.

The benefits of contracting with more than one collection agency include the following:

- Increased collection rate due to the competitiveness of the collection agencies.
- Negotiable collection fees.
- Availability of backup if one collection agency is no longer contracted with the Company.

Although the Company is obligated to NCO until NCO has collected three times the Company's \$10,000 initial payment, or \$30,000, the Company could benefit by contracting with more than one collection agency.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Evaluate the benefits of the Company contracting with more than one collection agency. If implemented, the Company should ensure that the collection agency contract's expiration dates are staggered.

December 22, 2009 Implementation Review: The Company is currently checking the references of two collection agencies. The Company's goal is to have an additional collection agency contract signed by the end of 2009, but this has not yet been completed. The EMSD staff is of the opinion this recommendation is in progress.

March 25, 2010 Implementation Review: The Company stated that it had researched some collection agencies and that it was currently negotiating with another collection agency. The Company provided the EMSD staff with a proposal from Transworld Systems, Inc. (Transworld) on May 24. The EMSD staff was informed that the Company signed a contract on May 14 with Transworld and had forwarded its March and April written-off accounts to it. The EMSD staff deems this recommendation as complete.

Communication with Customers

The Company does not have a written document that conveys the rights and responsibilities of the Company and its customers, which is in violation of Commission Rule 4 CSR 240-13.040(3). The Rule 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. The form shall be submitted to the consumer services department of the Missouri Public Service Commission, and to the Office of the Public Counsel. 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 written information shall indicate conspicuously that it is being provided in accordance with the rules of the commission, and shall contain information concerning, but not limited to: (A) – (L).

The EMSD staff provided the Company with a sample of a document that would meet the requirements of the Rule.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Develop in written form, the information that summarizes the rights and responsibilities of the utility and its customers and make such documentation available to customers. The document should adhere to Commission Rule 4 CSR 240-13.040(3).

December 22, 2009 Implementation Review: The Company has produced a brochure that summarizes the rights and responsibilities of the utility and its customers and provided a copy to the EMSD staff. The information included in the brochure adheres to Commission Rule 4 CSR 240-13.040(3) except for item (A). The brochure does not provide information regarding estimated billing procedures. The Company has stated that it will add the estimated billing procedures information and provide the EMSD staff a copy of the revised brochure. The EMSD staff deems this recommendation as being in progress.

March 25, 2010 Implementation Review: The Company provided its brochure following the inclusion of the estimated billing procedures information, which it is currently using. The EMSD staff deems this recommendation as complete.

Agreement Attachment I

Summary of Case Events

Raytown Water Company
Case # WR-2010-0304
Summary of Case Events

Date Filed	April 30, 2010
Day 150	September 27, 2010
Extension?	No
If yes, why?	
Amount Requested	\$471,205
Amount Agreed Upon	\$344,163
Item(s)/Dollar(s) Driving Rate Increase	Increase in rate base. Decrease in revenues due to lower consumption and less customers. Increase in cost of purchased water. Increase in payroll and benefits.
Number of Customers	6,578
Rate of Return	7.14%
Return on Equity	8.93%
Assessments Current	Yes
Annual Reports Filed	Yes
Statement of Revenue Filed	Yes
Other Open Cases before Commission	No
Status with Secretary of State	Good Standing
DNR Violations	No
Significant Service/Quality Issues	None