

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

In the Matter of Roy L. Utilities, Inc.)	Case Nos. <u>WR-2016-0109</u>
Request for Increase in Annual Sewer and)	<u>SR-2016-0110</u>
Water System Operating Revenues)	

NOTICE OF DISPOSITION

COMES NOW the Staff of the Missouri Public Service Commission, by and through counsel, and on behalf of Roy-L Utilities (Roy-L), and for their *Notice of Disposition* in this matter hereby state:

1. On November 9, 2015, Roy-L filed a letter with the Missouri Public Service Commission (Commission) requesting that the Commission approve increases in its annual water and sewer operating revenues, which resulted in the Commission opening two cases, Case Nos. WR-2016-0109 and SR-2016-0110.

2. Staff conducted an investigation and audit of Roy-L pursuant to 4 CSR 240-3.050(6), and Staff provided its findings to Roy-L and the Office of the Public Counsel (Public Counsel).

3. On April 27, 2016, the Office of the Public Counsel's requested a local public hearing, for which the parties await the Commission's order. Should the Commission grant Public Counsel's request, a local public hearing will be held either May 23 or May 24, 2016. Staff will file a Report on Local Public Hearing following the hearing pursuant to 4 CSR 240-3.050(19). Should any material issues arise at the local public hearing, Staff will include that information in its Report.

4. Subsequent to Staff's investigation and through negotiations between Staff, Roy-L and Public Counsel, Staff and Roy-L have reached an agreement as to all of the elements of both the water and sewer small company rate increase requests.

Attached to this pleading as Appendix A and Appendix B, respectively, and reflecting that agreement are dispositions for Roy-L's water and sewer requests as approved by Staff and Roy-L pursuant to 4 CSR 240-3.050(11). Also attached to this pleading are Attachments A through J - water and Attachments A through J – sewer, reflecting Staff's work in these matters.

5. The dispositions include expenses, revenues and rate base for the 12-month period ending December 31, 2014, and updated for all known, measurable and significant changes as of December 31, 2015. It reflects agreements reached between the parties as to appropriate accounting of company assets, payroll, structural updates, depreciation and customer rates. It provides for the water increase request an increase of \$10,858 to be added to the existing Missouri final adjusted jurisdictional revenues of \$17,138 for an increase of 64.4% and total annual revenue of \$27,996. The rate base agreed upon is \$53,022 and the agreed upon capital structure is 26.62% equity with a return of 11.07%. It provides for the sewer increase request an increase of \$8,574 to be added to the existing Missouri final adjusted jurisdictional revenues of \$14,268 for an increase of 60.9% and total annual revenue of \$22,842. The rate base agreed upon is \$47,172 and the agreed upon capital structure is 26.62% equity with a return of 11.07%.

6. Roy-L will file proposed updated tariff sheets with the Commission pursuant to 4 CSR 240-3.050(14), which reflect the agreements set forth in the disposition and bearing an effective date of July 1, 2016. Roy-L will also implement Staff's recommendations regarding corrections to its monthly billing statements; distribution of written information regarding rights and responsibilities to its customers;

and correcting its books and records to reflect changes suggested by Staff's auditors. Final written notice of the rate revisions and tariff updates will be sent to the customers within Roy-L's next billing cycle.

8. Staff has verified that Roy-L filed its annual report and is current on payments of all annual assessments.

WHEREFORE, Staff recommends that the Commission approve this disposition as a final resolution of all matters of Roy-L's Small Company Rate Increase Request for both water and sewer; and grant such other and further relief as the Commission considers just in the circumstances.

/s/ Whitney Payne

Whitney Payne
Legal Counsel
Missouri Bar No. 64078

Attorney for the Staff of the
Missouri Public Service Commission
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Jefferson City, MO 65102
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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served by electronic mail, or First Class United States Postal Mail, postage prepaid, on this 6th day of May, 2016, to all counsel of record.

/s/ Whitney Payne

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

ROY L UTILITIES, INC.

MO PSC FILE NO. SR-2016-0110

BACKGROUND

Roy L Utilities, Inc. ("Company") initiated a small company revenue increase request ("Request") for sewer service, which is the subject of the above-referenced Missouri Public Service Commission ("Commission") File Number by submitting a letter to the Secretary of the Commission in accordance with the provisions of Commission Rule 4 CSR 240-3.050, Small Utility Rate Case Procedure ("Small Company Procedure"). In its request letter, received by the Commission on November 9, 2015, the Company sets forth its request for an increase of \$3,000 in its total annual sewer service operating revenues because of increases in utility plant investment; increases in operation and maintenance expenses and increases in the Department of Natural Resources' annual sewer discharge permit fees. In addition, the Company also was requesting the implementation of a surcharge/contingency fund of \$2 per month that was to be used for improvements and unanticipated repairs and maintenance. The Company also acknowledged that the design of its customer rates, service charges, customer service practices, general business practices and general tariff provisions would be reviewed during the Commission Staff's ("Staff") investigation of the revenue increase request, and could thus be the subject of Staff's recommendations. The Company provides service to approximately 56 sewer customers, all of whom are residential customers in the territory where the Company is located.

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, as well as a review of the customer service and general business practices, the existing tariff, the operation of facilities and an inspection of the facilities. (These activities are collectively referred to hereinafter as "Staff's investigation of the Company's Request" or "Staff's investigation.")

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

RESOLUTION OF THE COMPANY'S RATE INCREASE REQUEST

Pursuant to negotiations held subsequent to the Company's and Public Counsel'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) The agreed upon revenue requirement increase of \$8,574 (60.9% increase) added to the existing revenues of \$14,268 results in overall annual revenues of \$22,842. This revenue requirement is just and reasonable and designed to recover the Company's cost of service. These amounts are shown on the ratemaking income statement found in Attachment A, and incorporated by reference herein;
- (2) The Auditing Department conducted a full and complete audit of the Company's books and records using the 12-month period ended December 31, 2014, updated to December 31, 2015, as the basis for the revenue requirement determined above. The audit findings can be found in Attachment B, and incorporated by reference herein;
- (3) The agreed upon net rate base is \$47,172 as of the construction update period of February 29, 2016. The development of this amount is shown on the rate base worksheet that is found in Attachment C, and incorporated by reference herein. This amount is included in the audit work papers in the ultimate determination of the revenue requirement shown in (1) above;
- (4) Included in Attachment B is the agreed upon capital structure which includes 26.62 % equity for the Company and a return on equity of 11.07%;
- (5) The schedule of depreciation rates in Attachment D, and incorporated by reference herein, includes the depreciation rates used by Staff in its revenue requirement analysis and shall be the prescribed schedule of sewer plant depreciation rates for the Company;
- (6) To allow the Company the opportunity to collect the revenue requirement agreed to in (1) above, the rates as shown on Attachment E, and incorporated by reference herein, are just and reasonable rates that the Company will be allowed to charge its customers. The impact of these rates will be as shown on Attachment F, also attached and incorporated by reference herein;
- (7) For the purposes of implementing the agreements set out in this disposition agreement, the Company will file with the Commission, proposed tariff revisions containing the rates, charges, and language set out in the example tariff sheet(s) attached as Attachment E. The current sewer tariff PSC No. 4, Original Sheet Nos. 4, 8-10, and 21-22 will be cancelled and replaced by PSC No. 4, 1st Revised Sheet Nos. 4, 8-10, and 21-22. These sheets are included in the example tariff sheets described above. The proposed tariff revisions will bear an effective date of July 1, 2016;

(8) Within thirty (30) days of the effective date of an order approving this Company/Staff Disposition Agreement, the Company shall implement the recommendations contained in the Consumer & Management Analysis Department (“CMAU”) Report, attached hereto as Attachment I and incorporated by reference herein, and provide proof of implementation of the recommendations to the Manager of the Commission’s CMAU:

- (a) The Company will correct its monthly billing statements to include the amount of any previous balance and to include the amount due for late fees so that the billing statements adhere to Commission Rules 4 CSR-13.020(9)(C) and (E); and
- (b) The Company will update and distribute, to all current and future customers, written information specifying the rights and responsibilities of the Company and its customers as required by Commission Rule 4 CSR 240-13.040(3).

(9) Within ninety (90) days of the effective date of an order approving this Company/Staff Disposition Agreement, the Company shall implement the recommendations contained in the Auditing Department Report attached hereto as Attachment H and incorporated by reference herein; as well as provide proof of implementation of the recommendations to the Manager of the Commission’s Auditing Department:

- (a) The Company will correct its books and records to reflect the adjusted plant, depreciation reserve, and contributions in aid of construction balances reflected in Staff Accounting Schedules, Appendix B attached herein;

(10) The Company agrees to perform a camera inspection of at least one third of its sewer collection system per year starting with the first year of new rates, and continuing until the entire sewer system has been inspected. An annual amount for this camera inspection has been included in the new rates agreed to in this Disposition Agreement. The Company has committed to perform this camera inspection by agreeing to a contract with a third party vendor such agreement has been supplied to Staff. If, for whatever reason, such camera inspection is not conducted, or is only partially completed, the Company agrees to defer the under-utilized amounts collected in rates until its next rate case, at which time the deferred funds will be calculated and used as an offset (reduction) over an agreed-upon period of time.

If the Company completes the camera inspection, and does not have a rate case within four years of the effective date of new rates determined by this Disposition Agreement, any additional monies collected for the camera inspection will be used for further maintenance of the Company’s sewer system.

(11) 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 Staff's Case Coordinator, who will file a copy in this case;

(12) The Company shall provide to the manager of the Water & Sewer Department and to the Public Counsel, by December 31st of each year, a summary of collection system maintenance conducted in the previous year, and planned maintenance activities for the upcoming year. This includes, but is not limited to, manhole repairs or replacements, sewer line repairs or replacements, sewer tap repairs or replacements, and disconnections of improper flows into the sewer system. The summary shall include the reason for the maintenance activity (such as repairing a collapsed sewer line) and any apparent reductions in inflow and infiltration as a result. The summary should also include a copy of the video and report associated with any sewer line camera inspections conducted during the previous year.

(13) The Company is withdrawing its request to implement a surcharge/contingency fund in this rate case proceeding;

(14) Staff or Public Counsel 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.

(15) Staff or Public Counsel may file a formal complaint against the Company if the Company does not comply with the provisions of this Company/Staff Disposition Agreement.

(16) The Company and Staff agree that they have read the foregoing Company/Staff Disposition Agreement, 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 Disposition Agreement; and

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

ADDITIONAL MATTERS

Other than the specific conditions agreed upon and expressly set out herein, the terms of this Company/Staff Disposition Agreement reflect compromises between Staff and the

Company. In arriving at the amount of the annual operating revenue increase specified herein, neither party has agreed to any particular ratemaking principle.

The Company and Staff acknowledge that they have previously agreed to an extension of the normal "Day-150" date by which an agreement regarding the resolution of a small company revenue increase request. The extension was requested so that parties could continue negotiations. A copy of the extension agreement can be found in the above-referenced EFIS Case No for the Request.

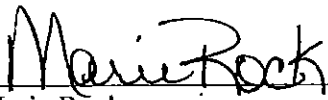
Staff has completed a Summary of Case Events and has included that summary as Attachment J to this Company/Staff Disposition Agreement.

The Company acknowledges that 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.

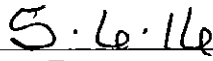
Additionally, the Company agrees that subject to the rules governing practice before the Commission, Staff shall have the right to provide whatever oral explanation the Commission may request regarding this Company/Staff Disposition Agreement at any agenda meeting at which this case is noticed to be 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 advance notice of any such agenda meeting so that it may have the opportunity to be present and/or represented at the meeting.

SIGNATURES

Agreement Signed and Dated:



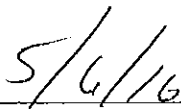
Marie Rock
Manager
Roy L Utilities Inc.



Date



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



Date

List of Attachments

- Attachment A – Ratemaking Income Statement
- Attachment B – EMS Run
- Attachment C – Rate Base Worksheet
- Attachment D – Schedule of Depreciation Rates
- Attachment E – Example Tariff Sheets
- Attachment F – Billing Comparison Worksheet
- Attachment G – Water & Sewer Department Report
- Attachment H – Auditing Department Recommendation Memorandum
- Attachment I – CMAU Report
- Attachment J – Summary of Events

Roy L Utilities, Inc.

Rate Making Income Statement-Sewer

Operating Revenues at Current Rates

1	Tariffed Rate Revenues *	\$	14,066
2	Other Operating Revenues *	\$	203
3	Total Operating Revenues	\$	14,269
4	* See "Revenues - Current Rates" for Details		

Cost of Service

Item	Amount
1 Collection Operations	\$ 2,281
2 Collection Maintenance	\$ 2,400
3 Pumping Operations	\$ -
4 Pumping Maintenance	\$ -
5 Treatment & Disposal Operator	\$ 1,833
6 Treatment & Disposal Maintenance	\$ -
7 Customer Accounts	\$ 378
8 Administration & General	\$ 9,341
9 Depreciation	\$ 2,213
10 Amortization	\$ -
11 Other Operating Expense	\$ 929
## Sub-Total Operating Expenses	\$ 19,375
## Total Income Taxes	\$ (1,363)
## Deferred Income Taxes	\$ -
## Additional Current Tax Required	\$ 1,709
## Sub-Total Taxes	\$ 346
## Return on Rate Base	\$ 3,121
## Total Cost of Service	\$ 22,842
## Overall Revenue Increase Needed	\$ 8,573

Roy L Utilities, Inc.
Case No. SR-2016-0110
Test Year Ended 12-31-2014
Updated through 12-31-2015
Revenue Requirement

Line Number	<u>A</u> Description	<u>B</u> 6.62% Return	<u>C</u> 6.62% Return	<u>D</u> 6.62% Return
1	Net Orig Cost Rate Base	\$47,172	\$47,172	\$47,172
2	Rate of Return	6.62%	6.62%	6.62%
3	Net Operating Income Requirement	\$3,121	\$3,121	\$3,121
4	Net Income Available	-\$3,744	-\$3,744	-\$3,744
5	Additional Net Income Required	\$6,865	\$6,865	\$6,865
6	Income Tax Requirement			
7	Required Current Income Tax	\$346	\$346	\$346
8	Current Income Tax Available	-\$1,363	-\$1,363	-\$1,363
9	Additional Current Tax Required	\$1,709	\$1,709	\$1,709
10	Revenue Requirement	\$8,574	\$8,574	\$8,574
11	Allowance for Known and Measureable Changes/True-Up Estimate	\$0	\$0	\$0
12	Miscellaneous (e.g. MEEIA)	\$0	\$0	\$0
13	Gross Revenue Requirement	\$8,574	\$8,574	\$8,574

Roy L Utilities, Inc.
Case No. SR-2016-0110
Test Year Ended 12-31-2014
Updated through 12-31-2015
RATE BASE SCHEDULE

Line Number	A Rate Base Description	B Percentage Rate	C Dollar Amount
1	Plant In Service		\$52,186
2	Less Accumulated Depreciation Reserve		\$5,014
3	Net Plant In Service		\$47,172
4	ADD TO NET PLANT IN SERVICE		
5	Cash Working Capital		\$0
6	Contributions in Aid of Construction Amortization		\$0
7	Materials & Supplies		\$0
8	Prepayments		\$0
9	Meter Rerouting Project		\$0
10	TOTAL ADD TO NET PLANT IN SERVICE		\$0
11	SUBTRACT FROM NET PLANT		
12	Federal Tax Offset	0.0000%	\$0
13	State Tax Offset	0.0000%	\$0
14	City Tax Offset	0.0000%	\$0
15	Interest Expense Offset	0.0000%	\$0
16	Contributions in Aid of Construction		\$0
17	Customer Advances		\$0
18	Customer Deposits		\$0
19	Deferred Income Taxes		\$0
20	Accrued Pension Liability		\$0
21	TOTAL SUBTRACT FROM NET PLANT		\$0
22	Total Rate Base		\$47,172

Roy L Utilities, Inc.
Case No. SR-2016-0110
Test Year Ended 12-31-2014
Updated through 12-31-2015
Plant In Service

Line Number	A Account # (Optional)	B Plant Account Description	C Total Plant	D Adjust. Number	E Adjustments	F As Adjusted Plant	G Jurisdictional Allocations	H Jurisdictional Adjustments	I MO Adjusted Jurisdictional
1		INTANGIBLE PLANT							
2	301.000	Organization	\$0	P-2	\$0	\$0	100.00%	\$0	\$0
3	302.000	Franchises	\$0	P-3	\$0	\$0	100.00%	\$0	\$0
4	303.000	Miscellaneous Intangible Plant	\$2,298	P-4	\$0	\$2,298	100.00%	\$0	\$2,298
5		TOTAL PLANT INTANGIBLE	\$2,298		\$0	\$2,298		\$0	\$2,298
6		COLLECTION PLANT							
7	310.000	Land and Land Rights	\$1,840	P-7	\$0	\$1,840	100.00%	\$0	\$1,840
8	311.000	Structures and Improvements	\$1,429	P-8	\$3,292	\$4,721	100.00%	\$0	\$4,721
9	353.000	Other Collection Plant	\$0	P-9	\$0	\$0	100.00%	\$0	\$0
10		TOTAL COLLECTION PLANT	\$3,269		\$3,292	\$6,561		\$0	\$6,561
11		SYSTEM PUMPING PLANT							
12	363.000	Other Pumping Equipment	\$0	P-12	\$0	\$0	100.00%	\$0	\$0
13		TOTAL SYSTEM PUMPING PLANT	\$0		\$0	\$0		\$0	\$0
14		TREATMENT & DISPOSAL PLANT							
15	372.000	Oxidation Lagoon	\$13,194	P-15	\$0	\$13,194	100.00%	\$0	\$13,194
16	373.000	Treatment & Disposal Equipment	\$24,858	P-16	\$4,350	\$29,208	100.00%	\$0	\$29,208
17	373.100	Sewer Collection (Septic) Tanks	\$0	P-17	\$0	\$0	100.00%	\$0	\$0
18	376.000	Other Treatment & Disposal Plant	\$0	P-18	\$0	\$0	100.00%	\$0	\$0
19		TOTAL TREATMENT & DISPOSAL PLANT	\$38,052		\$4,350	\$42,402		\$0	\$42,402
20		INCENTIVE COMPENSATION CAPITALIZATION							
21	0.000	Incentive Compensation Capitalization Adj.	\$0	P-21	\$0	\$0	100.00%	\$0	\$0
22		TOTAL INCENTIVE COMPENSATION CAPITALIZATION	\$0		\$0	\$0		\$0	\$0
23		GENERAL PLANT							
24	391.000	Office Furniture and Equipment	\$0	P-24	\$0	\$0	100.00%	\$0	\$0
25	391.100	Office Computer Equipment	\$874	P-25	\$0	\$874	100.00%	\$0	\$874
26	393.000	Other General Equipment	\$51	P-26	\$0	\$51	100.00%	\$0	\$51
27		TOTAL GENERAL PLANT	\$925		\$0	\$925		\$0	\$925
28		TOTAL PLANT IN SERVICE	\$44,544		\$7,642	\$52,186		\$0	\$52,186

Roy L Utilities, Inc.
 Case No. SR-2016-0110
 Test Year Ended 12-31-2014
 Updated through 12-31-2015
 Adjustments to Plant in Service

<u>A</u> Plant Adj. Number	<u>B</u> Plant In Service Adjustment Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment Amount	<u>F</u> Jurisdictional Adjustments	<u>G</u> Total Jurisdictional Adjustments
P-8	Structures and Improvements	311.000		\$3,292		\$0
	To include rock added to create an all-weather access road to the lagoon as required by DNR.		\$3,292		\$0	
P-16	Treatment & Disposal Equipment	373.000		\$4,350		\$0
	To replace 14 feet of sewer line on 2-22-2016.		\$4,350		\$0	
Total Plant Adjustments				<u>\$7,642</u>		<u>\$0</u>

Roy L Utilities, Inc.
Case No. SR-2016-0110
Test Year Ended 12-31-2014
Updated through 12-31-2015
Depreciation Expense

Line Number	A Account Number	B Plant Account Description	C MO Adjusted Jurisdictional	D Depreciation Rate	E Depreciation Expense	F Average Life	G Net Salvage
1		INTANGIBLE PLANT					
2	301.000	Organization	\$0	0.00%	\$0	0	0.00%
3	302.000	Franchises	\$0	0.00%	\$0	0	0.00%
4	303.000	Miscellaneous Intangible Plant	\$2,298	0.00%	\$0	0	0.00%
5		TOTAL PLANT INTANGIBLE	\$2,298		\$0		
6		COLLECTION PLANT					
7	310.000	Land and Land Rights	\$1,840	0.00%	\$0	0	0.00%
8	311.000	Structures and Improvements	\$4,721	4.00%	\$189	0	0.00%
9	353.000	Other Collection Plant	\$0	0.00%	\$0	0	0.00%
10		TOTAL COLLECTION PLANT	\$6,561		\$189		
11		SYSTEM PUMPING PLANT					
12	363.000	Other Pumping Equipment	\$0	0.00%	\$0	0	0.00%
13		TOTAL SYSTEM PUMPING PLANT	\$0		\$0		
14		TREATMENT & DISPOSAL PLANT					
15	372.000	Oxidation Lagoon	\$13,194	4.00%	\$528	0	0.00%
16	373.000	Treatment & Disposal Equipment	\$29,208	4.50%	\$1,314	0	0.00%
17	373.100	Sewer Collection (Septic) Tanks	\$0	0.00%	\$0	0	0.00%
18	376.000	Other Treatment & Disposal Plant	\$0	0.00%	\$0	0	0.00%
19		TOTAL TREATMENT & DISPOSAL PLANT	\$42,402		\$1,842		
20		INCENTIVE COMPENSATION CAPITALIZATION					
21		Incentive Compensation Capitalization Adj.	\$0	0.00%	\$0	0	0.00%
22		TOTAL INCENTIVE COMPENSATION CAPITALIZATION	\$0		\$0		
23		GENERAL PLANT					
24	391.000	Office Furniture and Equipment	\$0	0.00%	\$0	0	0.00%
25	391.100	Office Computer Equipment	\$874	20.00%	\$175	0	0.00%
26	393.000	Other General Equipment	\$51	14.30%	\$7	0	0.00%
27		TOTAL GENERAL PLANT	\$925		\$182		
28		Total Depreciation	\$52,186		\$2,213		

Note: Average Life and Net Salvage columns are informational and have no impact on the entered Depreciation Rate.

Roy L Utilities, Inc.
Case No. SR-2016-0110
Test Year Ended 12-31-2014
Updated through 12-31-2015
Accumulated Depreciation Reserve

Line Number	A Account Number	B Depreciation Reserve Description	C Total Reserve	D Adjust. Number	E Adjustments	F As Adjusted Reserve	G Jurisdictional Allocations	H Jurisdictional Adjustments	I MO Adjusted Jurisdictional
1		INTANGIBLE PLANT							
2	301.000	Organization	\$0	R-2	\$0	\$0	100.00%	\$0	\$0
3	302.000	Franchises	\$0	R-3	\$0	\$0	100.00%	\$0	\$0
4	303.000	Miscellaneous Intangible Plant	\$0	R-4	\$0	\$0	100.00%	\$0	\$0
5		TOTAL PLANT INTANGIBLE	\$0		\$0	\$0		\$0	\$0
6		COLLECTION PLANT							
7	310.000	Land and Land Rights	\$0	R-7	\$0	\$0	100.00%	\$0	\$0
8	311.000	Structures and Improvements	\$113	R-8	\$14	\$127	100.00%	\$0	\$127
9	353.000	Other Collection Plant	\$0	R-9	\$0	\$0	100.00%	\$0	\$0
10		TOTAL COLLECTION PLANT	\$113		\$14	\$127		\$0	\$127
11		SYSTEM PUMPING PLANT							
12	363.000	Other Pumping Equipment	\$0	R-12	\$0	\$0	100.00%	\$0	\$0
13		TOTAL SYSTEM PUMPING PLANT	\$0		\$0	\$0		\$0	\$0
14		TREATMENT & DISPOSAL PLANT							
15	372.000	Oxidation Lagoon	\$1,781	R-15	\$0	\$1,781	100.00%	\$0	\$1,781
16	373.000	Treatment & Disposal Equipment	\$2,784	R-16	\$4	\$2,788	100.00%	\$0	\$2,788
17	373.100	Sewer Collection (Septic) Tanks	\$0	R-17	\$0	\$0	100.00%	\$0	\$0
18	376.000	Other Treatment & Disposal Plant	\$0	R-18	\$0	\$0	100.00%	\$0	\$0
19		TOTAL TREATMENT & DISPOSAL PLANT	\$4,565		\$4	\$4,569		\$0	\$4,569
20		INCENTIVE COMPENSATION CAPITALIZATION							
21		Incentive Compensation Capitalization Adj.	\$0	R-21	\$0	\$0	100.00%	\$0	\$0
22		TOTAL INCENTIVE COMPENSATION CAPITALIZATION	\$0		\$0	\$0		\$0	\$0
23		GENERAL PLANT							
24	391.000	Office Furniture and Equipment	\$0	R-24	\$0	\$0	100.00%	\$0	\$0
25	391.100	Office Computer Equipment	\$252	R-25	\$0	\$252	100.00%	\$0	\$252
26	393.000	Other General Equipment	\$66	R-26	\$0	\$66	100.00%	\$0	\$66
27		TOTAL GENERAL PLANT	\$318		\$0	\$318		\$0	\$318
28		TOTAL DEPRECIATION RESERVE	\$4,996		\$18	\$5,014		\$0	\$5,014

Roy L Utilities, Inc.
 Case No. SR-2016-0110
 Test Year Ended 12-31-2014
 Updated through 12-31-2015
 Adjustments for Depreciation Reserve

<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	<u>F</u> Jurisdictional Adjustments	<u>G</u> Total Jurisdictional Adjustments
R-8	Structures and Improvements	311.000		\$14		\$0
	To include 42 days of depreciation on lagoon access road placed in service 1-18-2016.		\$14		\$0	
R-16	Treatment & Disposal Equipment	373.000		\$4		\$0
	To include 7 days of depreciation on plant placed in service on 2-22-2016.		\$4		\$0	
Total Reserve Adjustments				<u>\$18</u>		<u>\$0</u>

Roy L Utilities, Inc.
Case No. SR-2016-0110
Test Year Ended 12-31-2014
Updated through 12-31-2015
Cash Working Capital

Line Number	A Description	B Test Year Adj. Expenses	C Revenue Lag	D Expense Lag	E Net Lag C - D	F Factor (Col E / 365)	G CWC Req B x F
1	OPERATION AND MAINT. EXPENSE						
2	Base Payroll	\$0	0.00	0.00	0.00	0.000000	\$0
3	Tax Withholding	\$0	0.00	0.00	0.00	0.000000	\$0
4	Pensions and Employee Benefits	\$0	0.00	0.00	0.00	0.000000	\$0
5	Electric	\$0	0.00	0.00	0.00	0.000000	\$0
6	Telephone	\$0	0.00	0.00	0.00	0.000000	\$0
7	Office Rents	\$0	0.00	0.00	0.00	0.000000	\$0
8	Intercompany Billing	\$0	0.00	0.00	0.00	0.000000	\$0
9	Uncollectible Accounts	\$0	0.00	0.00	0.00	0.000000	\$0
10	PSC Assessment	\$0	0.00	0.00	0.00	0.000000	\$0
11	Expense Allocations	\$0	0.00	0.00	0.00	0.000000	\$0
12	Materials and Supplies	\$0	0.00	0.00	0.00	0.000000	\$0
13	Cash Vouchers	\$16,233	0.00	0.00	0.00	0.000000	\$0
14	TOTAL OPERATION AND MAINT. EXPENSE	\$16,233					\$0
15	TAXES						
16	FICA - Employer Portion	\$0	0.00	0.00	0.00	0.000000	\$0
17	Unemployment	\$0	0.00	0.00	0.00	0.000000	\$0
18	Property Tax	\$0	0.00	0.00	0.00	0.000000	\$0
19	Gross Receipts Tax	\$0	0.00	0.00	0.00	0.000000	\$0
20	Corporate Franchise	\$0	0.00	0.00	0.00	0.000000	\$0
21	Sales Tax	\$0	0.00	0.00	0.00	0.000000	\$0
22	TOTAL TAXES	\$0					\$0
23	CWC REQ'D BEFORE RATE BASE OFFSETS						\$0
24	TAX OFFSET FROM RATE BASE						
25	Federal Tax Offset	\$245	0.00	0.00	0.00	0.000000	\$0
26	State Tax Offset	\$101	0.00	0.00	0.00	0.000000	\$0
27	City Tax Offset	\$0	0.00	0.00	0.00	0.000000	\$0
28	Interest Expense Offset	\$1,731	0.00	0.00	0.00	0.000000	\$0
29	TOTAL OFFSET FROM RATE BASE	\$2,077					\$0
30	TOTAL CASH WORKING CAPITAL REQUIRED						\$0

Roy L Utilities, Inc.
Case No. SR-2016-0110
Test Year Ended 12-31-2014
Updated through 12-31-2015
Income Statement

Line Number	A Category Description	B Total Test Year	C Test Year Labor	D Test Year Non Labor	E Adjustments	F Total Company Adjusted	G Jurisdictional Adjustments	H MO Final Adj Jurisdictional	I MO Juris. Labor	J MO Juris. Non Labor
1	TOTAL OPERATING REVENUES	\$10,465	See Note (1)	See Note (1)	See Note (1)	\$10,465	\$3,803	\$14,268	See Note (1)	See Note (1)
2	TOTAL COLLECTION OPERATIONS EXPENSES	\$3,026	\$0	\$3,026	-\$745	\$2,281	\$0	\$2,281	\$0	\$2,281
3	TOTAL COLLECTION MAINT. EXPENSES	\$2,400	\$0	\$2,400	\$0	\$2,400	\$0	\$2,400	\$0	\$2,400
4	TOTAL PUMPING OPERATIONS EXPENSES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5	TOTAL PUMPING MAINTENANCE EXPENSES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6	TOTAL TREAT. & DISP. OPER. EXPENSE	\$980	\$0	\$980	\$853	\$1,833	\$0	\$1,833	\$0	\$1,833
7	TOTAL TREAT. & DISP. MAINT. EXPENSES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	TOTAL CUSTOMER ACCOUNTS EXPENSE	\$341	\$0	\$341	\$37	\$378	\$0	\$378	\$0	\$378
9	TOTAL ADMIN. & GENERAL EXPENSES	\$4,137	\$0	\$4,137	\$5,204	\$9,341	\$0	\$9,341	\$3,985	\$5,356
10	TOTAL DEPRECIATION EXPENSE	\$0	See Note (1)	See Note (1)	See Note (1)	\$0	\$2,213	\$2,213	See Note (1)	See Note (1)
11	TOTAL AMORTIZATION EXPENSE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
12	TOTAL OTHER OPERATING EXPENSE	\$472	\$0	\$472	\$457	\$929	\$0	\$929	\$0	\$929
13	TOTAL OPERATING EXPENSE	\$11,356	\$0	\$11,356	\$5,806	\$17,162	\$2,213	\$19,375	\$3,985	\$13,177
14	NET INCOME BEFORE TAXES	-\$891	\$0	\$0	\$0	-\$6,697	\$1,590	-\$5,107	\$0	\$0
15	TOTAL INCOME TAXES	\$0	See Note (1)	See Note (1)	See Note (1)	\$0	-\$1,363	-\$1,363	See Note (1)	See Note (1)
16	TOTAL DEFERRED INCOME TAXES	\$0	See Note (1)	See Note (1)	See Note (1)	\$0	\$0	\$0	See Note (1)	See Note (1)
17	NET OPERATING INCOME	-\$891	\$0	\$0	\$0	-\$6,697	\$2,953	-\$3,744	\$0	\$0

(1) Labor and Non Labor Detail not applicable to Revenue & Taxes

Roy L Utilities, Inc.
Case No. SR-2016-0110
Test Year Ended 12-31-2014
Updated through 12-31-2015
Adjustments to Income Statement Detail

<u>A</u> Income Adj. Number	<u>B</u> Income Adjustment Description	<u>C</u> Account Number	<u>D</u> Company Adjustment Labor	<u>E</u> Company Adjustment Non Labor	<u>F</u> Company Adjustments Total	<u>G</u> Jurisdictional Adjustment Labor	<u>H</u> Jurisdictional Adjustment Non Labor	<u>I</u> Jurisdictional Adjustments Total
Rev-2	Residential	480.000	\$0	\$0	\$0	\$0	\$3,600	\$3,600
	1. To Annualize Residential Revenue		\$0	\$0		\$0	\$3,600	
Rev-5	Other Sewer Revenue - Oper. Rev.	493.000	\$0	\$0	\$0	\$0	\$203	\$203
	1. To Annualize Other Water Revenue - Oper. Rev.		\$0	\$0		\$0	\$160	
	2. To adjust other sewer revenue		\$0	\$0		\$0	\$43	
E-2	Contract Operator - Hydro Services		\$0	-\$99	-\$99	\$0	\$0	\$0
	1. No Adjustment		\$0	-\$99		\$0	\$0	
E-3	Repairs and Maintenance		\$0	-\$674	-\$674	\$0	\$0	\$0
	1. No Adjustment		\$0	-\$674		\$0	\$0	
E-4	Enviornmental Services		\$0	\$28	\$28	\$0	\$0	\$0
	1. No Adjustment		\$0	\$28		\$0	\$0	
E-14	Chemicals		\$0	\$33	\$33	\$0	\$0	\$0
	1. No Adjustment		\$0	\$33		\$0	\$0	
E-15	Mowing		\$0	\$820	\$820	\$0	\$0	\$0
	1. No Adjustment		\$0	\$820		\$0	\$0	
E-20	Office Supplies		\$0	-\$15	-\$15	\$0	\$0	\$0
	1. No Adjustment		\$0	-\$15		\$0	\$0	
E-21	Postage		\$0	\$18	\$18	\$0	\$0	\$0
	No Adjustment		\$0	\$18		\$0	\$0	
E-22	Bad Debt Epense		\$0	\$34	\$34	\$0	\$0	\$0
	No Adjustment		\$0	\$34		\$0	\$0	
E-25	Accounting		\$0	\$5	\$5	\$0	\$0	\$0
	1. No Adjustment		\$0	\$5		\$0	\$0	
E-26	ATV Rental		\$0	\$37	\$37	\$0	\$0	\$0
	1. No Adjustment		\$0	\$37		\$0	\$0	
E-27	Utilities(Gas/Electric) & Telecom(Internet/Phone)		\$0	\$535	\$535	\$0	\$0	\$0
	1. No Adjustment		\$0	\$535		\$0	\$0	
E-28	Office Expense (Rent and Furniture)		\$0	\$660	\$660	\$0	\$0	\$0

Roy L Utilities, Inc.
Case No. SR-2016-0110
Test Year Ended 12-31-2014
Updated through 12-31-2015
Adjustments to Income Statement Detail

<u>A</u> Income Adj. Number	<u>B</u> Income Adjustment Description	<u>C</u> Account Number	<u>D</u> Company Adjustment Labor	<u>E</u> Company Adjustment Non Labor	<u>F</u> Company Adjustments Total	<u>G</u> Jurisdictional Adjustment Labor	<u>H</u> Jurisdictional Adjustment Non Labor	<u>I</u> Jurisdictional Adjustments Total
	1. No Adjustment		\$0	\$660		\$0	\$0	
E-29	Professional Services - Marie Rock		\$3,502	\$0	\$3,502	\$0	\$0	\$0
	To include cost of professional services. (Young)		\$3,502	\$0		\$0	\$0	
E-30	Salaries and Wages		\$483	\$0	\$483	\$0	\$0	\$0
	To include compensation for Jean Longstreet.		\$483	\$0		\$0	\$0	
E-31	Dues		\$0	-\$36	-\$36	\$0	\$0	\$0
	1. No Adjustment		\$0	-\$36		\$0	\$0	
E-32	Insurance		\$0	\$18	\$18	\$0	\$0	\$0
	1. No Adjustment		\$0	\$18		\$0	\$0	
E-35	Depreciation Expense, Dep. Exp.		\$0	\$0	\$0	\$0	\$2,213	\$2,213
	1. To Annualize Depreciation Expense		\$0	\$0		\$0	\$2,213	
	2. No Adjustment		\$0	\$0		\$0	\$0	
E-41	Property Tax		\$0	-\$2	-\$2	\$0	\$0	\$0
	1. No Adjustment		\$0	-\$2		\$0	\$0	
E-42	DNR Fees		\$0	\$100	\$100	\$0	\$0	\$0
	1. No Adjustment		\$0	\$100		\$0	\$0	
E-43	PSC Assessment		\$0	\$10	\$10	\$0	\$0	\$0
	No Adjustment		\$0	\$10		\$0	\$0	
E-45	Rate Case Expense		\$0	\$328	\$328	\$0	\$0	\$0
	To amortize rate case expense over a 5-year period (Young).		\$0	\$328		\$0	\$0	
E-46	Miscellaneous Expense		\$0	\$21	\$21	\$0	\$0	\$0
	No Adjustment		\$0	\$21		\$0	\$0	
E-51	Current Income Taxes		\$0	\$0	\$0	\$0	-\$1,363	-\$1,363
	1. To Annualize Current Income Taxes		\$0	\$0		\$0	-\$1,363	
	No Adjustment		\$0	\$0		\$0	\$0	
Total Operating Revenues			\$0	\$0	\$0	\$0	\$3,803	\$3,803
Total Operating & Maint. Expense			\$3,985	\$1,821	\$5,806	\$0	\$850	\$850

Roy L Utilities, Inc.
Case No. SR-2016-0110
Test Year Ended 12-31-2014
Updated through 12-31-2015
Income Tax Calculation

Line Number	A Description	B Percentage Rate	C Test Year	D 6.62% Return	E 6.62% Return	F 6.62% Return
1	TOTAL NET INCOME BEFORE TAXES		-\$5,107	\$3,467	\$3,467	\$3,467
2	ADD TO NET INCOME BEFORE TAXES					
3	Book Depreciation Expense		\$2,213	\$2,213	\$2,213	\$2,213
4	vxzcvzx		\$0	\$0	\$0	\$0
5	TOTAL ADD TO NET INCOME BEFORE TAXES		\$2,213	\$2,213	\$2,213	\$2,213
6	SUBT. FROM NET INC. BEFORE TAXES					
7	Interest Expense calculated at the Rate of	3.6690%	\$1,731	\$1,731	\$1,731	\$1,731
8	Tax Straight-Line Depreciation		\$2,213	\$2,213	\$2,213	\$2,213
9	tttt		\$0	\$0	\$0	\$0
10	TOTAL SUBT. FROM NET INC. BEFORE TAXES		\$3,944	\$3,944	\$3,944	\$3,944
11	NET TAXABLE INCOME		-\$6,838	\$1,736	\$1,736	\$1,736
12	PROVISION FOR FED. INCOME TAX					
13	Net Taxable Inc. - Fed. Inc. Tax		-\$6,838	\$1,736	\$1,736	\$1,736
14	Deduct Missouri Income Tax at the Rate of	100.000%	-\$397	\$101	\$101	\$101
15	Deduct City Inc Tax - Fed. Inc. Tax		\$0	\$0	\$0	\$0
16	Federal Taxable Income - Fed. Inc. Tax		-\$6,441	\$1,635	\$1,635	\$1,635
17	Federal Income Tax at the Rate of	See Tax Table	-\$966	\$245	\$245	\$245
18	Subtract Federal Income Tax Credits					
19	Credit - Solar		\$0	\$0	\$0	\$0
20	Net Federal Income Tax		-\$966	\$245	\$245	\$245
21	PROVISION FOR MO. INCOME TAX					
22	Net Taxable Income - MO. Inc. Tax		-\$6,838	\$1,736	\$1,736	\$1,736
23	Deduct Federal Income Tax at the Rate of	50.000%	-\$483	\$123	\$123	\$123
24	Deduct City Income Tax - MO. Inc. Tax		\$0	\$0	\$0	\$0
25	Missouri Taxable Income - MO. Inc. Tax		-\$6,355	\$1,613	\$1,613	\$1,613
26	Subtract Missouri Income Tax Credits					
27	Test MO State Credit		\$0	\$0	\$0	\$0
28	Missouri Income Tax at the Rate of	6.250%	-\$397	\$101	\$101	\$101
29	PROVISION FOR CITY INCOME TAX					
30	Net Taxable Income - City Inc. Tax		-\$6,838	\$1,736	\$1,736	\$1,736
31	Deduct Federal Income Tax - City Inc. Tax		-\$966	\$245	\$245	\$245
32	Deduct Missouri Income Tax - City Inc. Tax		-\$397	\$101	\$101	\$101
33	City Taxable Income		-\$5,475	\$1,390	\$1,390	\$1,390
34	Subtract City Income Tax Credits					
35	Test City Credit		\$0	\$0	\$0	\$0
36	City Income Tax at the Rate of	0.000%	\$0	\$0	\$0	\$0
37	SUMMARY OF CURRENT INCOME TAX					
38	Federal Income Tax		-\$966	\$245	\$245	\$245
39	State Income Tax		-\$397	\$101	\$101	\$101
40	City Income Tax		\$0	\$0	\$0	\$0
41	TOTAL SUMMARY OF CURRENT INCOME TAX		-\$1,363	\$346	\$346	\$346
42	DEFERRED INCOME TAXES					
43	Deferred Income Taxes - Def. Inc. Tax.		\$0	\$0	\$0	\$0
44	Amortization of Deferred ITC		\$0	\$0	\$0	\$0
45	TOTAL DEFERRED INCOME TAXES		\$0	\$0	\$0	\$0
46	TOTAL INCOME TAX		-\$1,363	\$346	\$346	\$346

Roy L Utilities, Inc.
Case No. SR-2016-0110
Test Year Ended 12-31-2014
Updated through 12-31-2015
Income Tax Calculation

Line Number	A Description	B Percentage Rate	C Test Year	D 6.62% Return	E 6.62% Return	F 6.62% Return
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Federal Tax Table					
Federal Taxable Income			-\$6,441	\$1,635	\$1,635
15% on first \$50,000			-\$966	\$245	\$245
25% on next \$25,000			\$0	\$0	\$0
34% > \$75,000 < \$100,001			\$0	\$0	\$0
39% > \$100,000 < \$335,001			\$0	\$0	\$0
34% > \$335,000 < \$10,000,001			\$0	\$0	\$0
35% > \$10MM < \$15,000,001			\$0	\$0	\$0
38% > \$15MM < \$18,333,334			\$0	\$0	\$0
35% > \$18,333,333			\$0	\$0	\$0
Total Federal Income Taxes			-\$966	\$245	\$245

Roy L Utilities, Inc.
 Case No. SR-2016-0110
 Test Year Ended 12-31-2014
 Updated through 12-31-2015
 Capital Structure Schedule

Line Number	<u>A</u> Description	<u>B</u> Dollar Amount	<u>C</u> Percentage of Total Capital Structure	<u>D</u> Embedded Cost of Capital	<u>E</u> Weighted Cost of Capital 11.07%	<u>F</u> Weighted Cost of Capital 11.07%	<u>G</u> Weighted Cost of Capital 11.07%
1	Common Stock	\$25,512	26.62%		2.947%	2.947%	2.947%
2	Other Security Tax Deductible	\$0	0.00%	0.00%	0.000%	0.000%	0.000%
3	Preferred Stock	\$0	0.00%	0.00%	0.000%	0.000%	0.000%
4	Long Term Debt	\$70,336	73.38%	5.00%	3.669%	3.669%	3.669%
5	Short Term Debt	\$0	0.00%	0.00%	0.000%	0.000%	0.000%
6	Other Security-Non Tax Deductible	\$0	0.00%	0.00%	0.000%	0.000%	0.000%
7	TOTAL CAPITALIZATION	\$95,848	100.00%		6.616%	6.616%	6.616%
8	PreTax Cost of Capital				7.350%	7.350%	7.350%

Roy L Utilities, Inc.
Case No. SR-2016-0110
Test Year Ended 12-31-2014
Updated through 12-31-2015
Executive Case Summary

Line Number	<u>A</u> Description	<u>B</u> Amount
1	Annualized Missouri Retail Revenues	\$14,268
2	Annualized Customer Numbers	56
3	Annualized Customer Usage	0
4	Profit (Return on Equity)	\$1,390
5	Interest Expense	\$1,731
6	Annualized Payroll	\$3,985
7	Utility Employees	0
8	Depreciation	\$2,213
9	Net Investment Plant	\$47,172
10	Pensions	\$0

Roy L Utilities, Inc.
Case No. SR-2016-0110
Test Year Ended 12-31-2014
Updated through 12-31-2015
RATE BASE SCHEDULE

Line Number	A Rate Base Description	B Percentage Rate	C Dollar Amount
1	Plant In Service		\$52,186
2	Less Accumulated Depreciation Reserve		\$5,014
3	Net Plant In Service		\$47,172
4	ADD TO NET PLANT IN SERVICE		
5	Cash Working Capital		\$0
6	Contributions in Aid of Construction Amortization		\$0
7	Materials & Supplies		\$0
8	Prepayments		\$0
9	Meter Rerouting Project		\$0
10	TOTAL ADD TO NET PLANT IN SERVICE		\$0
11	SUBTRACT FROM NET PLANT		
12	Federal Tax Offset	0.0000%	\$0
13	State Tax Offset	0.0000%	\$0
14	City Tax Offset	0.0000%	\$0
15	Interest Expense Offset	0.0000%	\$0
16	Contributions in Aid of Construction		\$0
17	Customer Advances		\$0
18	Customer Deposits		\$0
19	Deferred Income Taxes		\$0
20	Accrued Pension Liability		\$0
21	TOTAL SUBTRACT FROM NET PLANT		\$0
22	Total Rate Base		\$47,172

ROY-L UTILITIES INC
SCHEDULE of DEPRECIATION RATES
(SEWER Class D)
SR-2016-0110

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	DEPRECIATION RATE	AVERAGE SERVICE LIFE (YEARS)	NET SALVAGE
COLLECTION PLANT				
311	Structures & Improvements	4.0%	27.5	-10%
352.2	Collection Sewers (Gravity)	2.0%	50	0%
354	Services	2.0%	50	0%
TREATMENT & DISPOSAL PLANT				
372	Oxidation Lagoons	4.0%	40	-60%
373	Treatment & Disposal Facilities	4.5%	22	0%
375	Outfall Sewer Lines	2.0%	50	0%
GENERAL PLANT				
391	Office Furniture & Equipment	5.0%	20	0%
391.1	Office Electronic & Computer Equip.	20.0%	5	0%
393	Other General Equipment (tools, shop equip., backhoes, trenchers, etc.)	14.3%	7	0%

Name of Utility: Roy-L Utilities, Inc.

Service Area: Golden Eagle Reserve Montgomery County, Missouri

Rules Governing Rendering of
Sewer Service

INDEX

Sheet No.

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3 Legal Description of Service Area
4 Schedule of Rates
5 Schedule of Service Charges

<u>Sheet No.</u>	<u>Rule No.</u>	<u>Rule Title</u>
6	1.	Definitions
10	2.	General Matters
11	3.	Limited Authority of Company Employees
12	4.	Applications for Sewer Service
14	5.	Inside Piping and Customer Service Sewer
17	6.	Improper or Excessive Use
19	7.	Discontinuance of Service by Company
21	8.	Termination of Service
22	9.	Interruptions in Service
23	10.	Bills for Service
25	11.	Extension of Collecting Sewers

* Indicates new rate or text
+ Indicates change

Issue Date: _____
Month/Day/Year

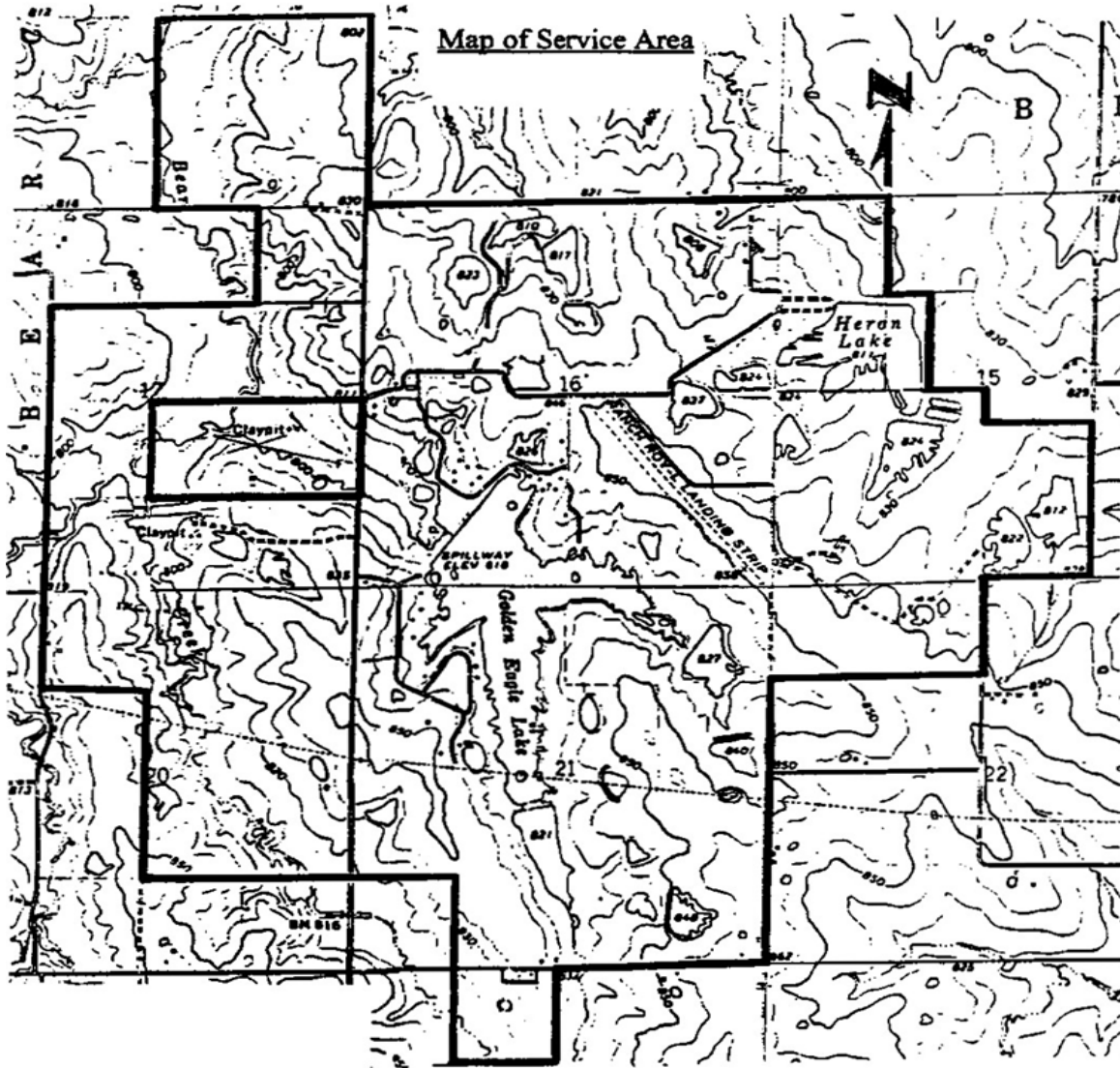
Effective Date: _____
Month/Day/Year

ISSUED BY Marie Rock, Secretary 366 Highway F, High Hill, MO 63350
Name & Title of Issuing Officer Company Mailing Address

Name of Utility: Roy-L Utilities, Inc.

Service Area: Golden Eagle Reserve Montgomery County, Missouri

Rules Governing Rendering of
Sewer Service



- * Indicates new rate or text
- + Indicates change

Issue Date: April 7, 2014
Month/Day/Year

Effective Date: May 23, 2014
Month/Day/Year

ISSUED BY Marie Rock, Secretary
Name & Title of Issuing Officer

366 Highway F, High Hill, MO 63350
Company Mailing Address

FILED
Missouri Public
Service Commission
SR-2013-0544; YS-2014-0402

Name of Utility: Roy-L Utilities, Inc.
Service Area: Golden Eagle Reserve Montgomery County, Missouri

Rules Governing Rendering of
Sewer Service

Legal Description of Service Area

The northeast fourth of the northwest quarter of Section 28 except approximately 3 acres described as follows: Beginning at a point on the south line of the public road 298 feet west of the northeast corner of said northeast fourth of the northwest quarter, thence south 155 feet, thence west parallel with said road 444 feet, thence north 155 feet, thence east along south line of said road 444 feet to the point of beginning; the southeast quarter of Section 8, the northeast one-fourth of the northeast quarter of Section 17; the south one-half of the northeast quarter of Section 17; the southeast quarter of the northwest quarter of Section 17; the east one-half of the southwest quarter of Section 17; the south one-half of the southeast quarter of Section 17; the northeast quarter of Section 20; the north east quarter of the northwest quarter of Section 20; the north one-half of the southeast quarter of Section 20; all of Section 16; the north one-half of Section 21; the southeast quarter of Section 21; the east one-half of the southwest quarter of Section 21; the northwest one-fourth of the southwest quarter of Section 21; the north one-half of the north-west quarter of Section 22; the southwest quarter of Section 15; the west one-half of the southeast quarter of Section 15; except 15.34 acres, part of the northwest fourth of the southeast quarter of Section 15 described as follows: Beginning at the center of said Section 15, thence east along the east-west center line 1357.34 feet to the center of the County road, thence 16' 30" west along the center of said road 492.82 feet, thence west 1354.42 feet, thence north 3' 50" west 492.82 feet to the point of beginning; the west half of the northwest quarter of Section 15; 14.934 acres part of the southeast fourth of the northwest quarter of Section 15, described as follows: Commencing at the center of said Section 15, run thence west along the east-west center line of said Section 815 feet to the point of beginning, thence continuing west along said east-west center line 492.82 feet, thence north 32' 30" west 1320 feet, thence east 492.82 feet, thence south 32' 30" west 1320 feet to the point of beginning. All in Township 48 of Range 4 West of the Fifth Principal Meridian in Montgomery County, Missouri.

* Indicates new rate or text

+ Indicates change

Issue Date: April 7, 2014
Month/Day/Year

Effective Date: May 23, 2014
Month/Day/Year

ISSUED BY Marie Rock, Secretary
Name & Title of Issuing Officer

366 Highway F, High Hill, MO 63350
Company Mailing Address

FILED
Missouri Public
Service Commission
SR-2013-0544; YS-2014-0402

Name of Utility: Roy-L Utilities, Inc.
Service Area: Golden Eagle Reserve Montgomery County, Missouri

Rules Governing Rendering of
Sewer Service

Schedule of Rates

Availability:

Available to any sewer Customer located on Company's collecting sewer suitable for supplying the service requested.

Rates:

Full-time Customer	\$36.04
Part-time Customer	\$32.58

Taxes:

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

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ISSUED BY	<u>Marie Rock, Secretary</u>	<u>366 Highway F, High Hill, MO 63350</u>
	Name & Title of Issuing Officer	Company Mailing Address

Name of Utility: Roy-L Utilities, Inc.
Service Area: Golden Eagle Reserve Montgomery County, Missouri

Rules Governing Rendering of Sewer Service	
<u>Schedule of Service Charges</u>	
<u>Discontinuance of Service for Non-Payment of Bill</u>	
For Customers with Roy-L water service:	
Disconnection / turn-off charge	\$15.00
Reconnection / turn-on charge	\$15.00
For Customers without Roy-L water service:	
Reconnection charges for discontinued sewer service for non-payment of bill shall be the actual expenses incurred by the Company for disconnection and reconnection.	
<u>New Service Connection</u>	
Tap-on	Actual Cost
Inspection of service connection	\$25
<u>Late Charge</u>	
For any bill not paid within the period stated thereon, a late charge in the amount of five dollars (\$5.00) per month or three percent (3%) per month times the unpaid balance, whichever is more, shall be added to the total amount due plus all disconnection and reconnection costs.	
<u>Returned Check Charge</u>	
A charge of twenty-five dollars (\$25.00) will be added to any account for a check returned from the bank unpaid.	
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Rules Governing Rendering of
Sewer Service

Rule 1 Definitions

- A. An "APPLICANT" is a person, firm, corporation, governmental body, or other entity that has applied for sewer service and/or an extension of collecting sewers along with additional plant facilities; two or more such entities may make one application for a sewer extension, and be considered one APPLICANT. An "ORIGINAL APPLICANT" is an APPLICANT who entered into any contract or agreement with the Company for an extension of collecting sewers and/or additional plant facilities, contributed funds or utility plant assets to the Company under the terms of the contract or agreement, and is eligible for refunds under the terms of the contract or agreement as additional Applicants connect to such extensions or plant facilities.
- B. "B.O.D" denotes Biochemical Oxygen Demand. It is the quantity of oxygen utilized in the biochemical oxidation of waste matter under standard laboratory conditions expressed in milligrams per liter.
- C. "C.O.D" denotes Chemical Oxygen Demand. It is the quantity of oxygen utilized in the chemical oxidation of waste matter under standard laboratory conditions, expressed in milligrams per liter.
- D. A "COLLECTING SEWER" is a pipeline, including force pipelines, gravity sewers, interceptors, laterals, trunk sewers, manholes, lampholes, and necessary appurtenances, including service wyes and saddles, which is owned and maintained by the Company, located on public property or on private easements, and used to transport sewage waste from the Customer's service connection to the point of disposal. A "PRESSURE COLLECTING SEWER" is a collecting sewer pipeline, including wyes, tees, and saddles, operated under pressure from pump units owned and operated by customers connected to the pipeline, and is sometimes referred to generically as a COLLECTING SEWER.

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Rules Governing Rendering of
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Rule 1 continued

- E. The "COMPANY" is Roy-L Utilities, Inc, acting through its officers, managers, or other duly authorized employees or agents.
- F. A "CUSTOMER" is any person, firm, corporation or governmental body which has contracted with the Company for sewer service, or is receiving service from the Company, or whose facilities are connected for utilizing such service.
- G. The "DATE OF CONNECTION" shall be the date the permit for a service connection is issued by the Company. In the event no permit is taken and a service connection is made, the date of connection shall be determined based on available information, such as construction/occupancy permits, or water or electric service turn-on dates.
- H. A "DEVELOPER" is any person, firm, corporation, partnership or any entity that, directly or indirectly, holds title to, or sells or leases, or offers to sell or lease, or advertises for sale or lease, any lots in a subdivision.
- I. "DISCONTINUANCE OF SERVICE" is intentional cessation of the use of sewer service by action of the Company not at the request of the Customer. Such DISCONTINUANCE OF SERVICE may be accomplished by methods including physical disconnection of the service sewer, or turn-off of water service by the water utility at the request of the Company.
- J. "DOMESTIC SEWAGE" is sewage, excluding storm and surface water, resulting from normal household activities; and, "NON-DOMESTIC SEWAGE" is all sewage other than DOMESTIC SEWAGE including, but not limited to, commercial or industrial wastes. See Rule 7 - Improper Waste or Excessive Use.
- K. A "FOUNDATION DRAIN" is a pipe installed inside or outside the foundation of a structure for the purpose of draining ground or subsurface water away from the foundation.

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Rules Governing Rendering of
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Rule 1 continued

- L. "pH" is the relative degree of acidity or alkalinity of water as indicated by the hydrogen ion concentration. pH is indicated on a scale reading from 1-14, with 7.0 being neutral, below 7.0 acid, and above 7.0 alkaline; more technically defined as the logarithm of the reciprocal of the hydrogen ion concentration.
- M "PART-TIME CUSTOMER" shall be defined as a Residential Customer occupying the unit served for a period of less than one hundred eighty (180) days of the calendar year.
- N. A "RETURNED CHECK" is a check that is returned to the Company from any bank unpaid for any reason.
- O. A "SADDLE" is a fitting that connects the Customer's Service Sewer to the collecting sewer whether it be a gravity collecting sewer or a pressure collecting sewer; the saddle clamps around the collecting sewer pipeline into which pipeline a hole is cut, and the Service Sewer is connected to the Saddle thereby connecting it to the collecting sewer.
- P. A "SERVICE CONNECTION" is the connection of a service sewer to the Company's collecting sewer either at the bell of a wye branch or the bell of a saddle placed on the barrel of the collecting sewer.
- Q. A "SERVICE SEWER" or "CUSTOMER'S SERVICE SEWER" is a pipe with appurtenances installed, owned and maintained by the Customer, used to conduct sewage from the Customer's premises to the collecting sewer, excluding service wyes or saddles. For Customers connected to a pressure collecting sewer and utilizing a pump unit, the portion of the Service Sewer between the pump unit and the collecting sewer is a pressurized portion of the Service Sewer. In addition to other parts and fittings this shall include a stop cock accessible to the Company for turn-off of sewage flow and a check valve to prevent backflow of waste-water under pressure in the pressure collecting sewer. The SERVICE SEWER is constructed, owned and maintained by the Customer.
- R. A "SUBDIVISION" is any land in the state of Missouri which is divided or proposed to be divided into two or more lots or other divisions of land, whether contiguous or not, or uniform in size or not, for the purpose of sale or lease, and includes resubdivision thereof.

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Rules Governing Rendering of
Sewer Service

Rule 1 continued

- S. A "TEE" is a three-way one-piece pipe fitting in the shape of the letter "T" that is a part of the Collecting Sewer pipeline and to which the Customer's Service Sewer is connected.
- T. "TEMPORARY TERMINATION OF SERVICE" is termination or disconnection from service at the Customer's request for a period of time less than one year in length.
- U. "TERMINATION OF SERVICE" is the cessation of the use of sewer service requested by the Customer. Such TERMINATION OF SERVICE shall be accomplished by a method verified and recognized by the Company, and may include physical disconnection of the service sewer, termination or disconnection of water service by the water utility, or the Company's observation of non-occupancy of the unit served.
- V. The word "UNIT" or "LIVING UNIT" shall be used herein to define the premises or property of a single sewer user, whether or not that sewer user is the Customer. It shall pertain to any building whether multi-tenant or single occupancy, residential or commercial, owned or leased. Each mobile home in a mobile home park, and each rental unit of a multi-tenant rental property are considered as separate Units for each single family or firm occupying same as a residence or place of business.
- W. A "WYE" or "WYE BRANCH" or "Y" or "Y BRANCH" is a three-way one-piece pipe fitting in the shape of the letter "y" that is a part of the collecting sewer pipeline, and to which the Customer's service sewer is connected.

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Rules Governing Rendering of
Sewer Service

Rule 2 General Matters

- A. Every Customer, upon signing an application for service or accepting service rendered by the Company, shall be considered to have expressed consent to be bound by these rates and rules.
- B. The Company's rules governing rendering of service are set forth in the numbered sheets of this tariff. The rates applicable to appropriate class of service are set forth in rate schedules and constitute a part of this tariff.
- C. The Company reserves the right, subject to approval from the Missouri Public Service Commission, to prescribe additional rates or to alter existing rates or rules as it may deem necessary or proper.
- D. At the effective date of these rules, all new facilities, construction contracts and written agreements shall conform to these rules in accordance with the statutes of the State of Missouri and authority of the Missouri Public Service Commission. Pre-existing facilities that do not conform with these rules may remain, if said facilities do not cause any service problems and reconstruction is impractical.
- E. The Company shall have the right to enter upon the Customer's premises for the purpose of inspecting for compliance with these rules. Company personnel shall identify themselves and such inspections shall be conducted during reasonable hours.
- F. The point of sewer service provided by the Company shall be at the service connection.

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Rules Governing Rendering of
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Rule 3 Limited Authority Of Company Employees

- A. Employees or agents of the Company are expressly forbidden to demand or accept any compensation for any service rendered to its Customers except as covered in the Company's rules.
- B. No employee or agent of the Company shall have the right or authority to bind it by any promise, agreement or representation contrary to the letter or intent of these rules.
- C. The Company shall not be responsible in damages for any failure to remove waste water from the premises or for interruption if such failure or interruption is without willful default or negligence on its part.
- D. The Company shall not be liable for damages because of any interruption of sewer service or for damages caused by defective piping and appliances on the Customer's premises.
- E. The Company shall not be liable for damages due to damages from Acts of God, civil disturbances, war, government actions, and other uncontrollable occurrences.

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Rule 4 Applications For Sewer Service

- A. A written application for service, signed by the Customer, and accompanied by the appropriate fees as provided in the Schedule of Rates, the Schedule of Service Charges, Rule 11 - Extension of Collecting Sewers, and other information required by these rules, must be received from each Customer. Said application must be filed in writing twenty-four (24) hours in advance stating the street, house number, name of the applicant, name of the property owner, and the time, at which connection is to be made. The Company shall have the right to refuse service for failure to comply with the rules herein, or if the Customer owes a past due bill not in dispute for sewer service at any location within the Company's service area. In any case where a collecting sewer extension or unusual construction or equipment expense is necessary to furnish the service, the Company may require a contract for service specifying a reasonable period of time for the Company to provide the service. If the Customer is a tenant, the Company shall notify the owner of the property or owner's property manager or other agent that the owner or property manager may be responsible for payment of the sewer service bill associated with the application.
- B. A prospective Commercial or Industrial Customer shall, upon request of the Company, present in writing to the Company a list of devices that will discharge to the collecting sewers, the amount and specifications of any discharge, and the location of any buildings. The Company will then advise the Customer of the form and the character of the wastewater collection facilities available. If a sewer extension as provided for in Rule 11-Extension of Collecting Sewers will be necessary, or if the Customer will be required to own, operate, and maintain a pretreatment facility, the Customer will also be so advised.
- C. When sewer charges are based on water usage, the Company reserves the right to refuse sewer service to any applicant unless said applicant agrees to install a water meter accessible by the Company, so that there will be a basis for sewer charges. The Company and Customer may agree to an estimated water use amount, on an interim basis for a period not to exceed six (6) months, to allow time to install suitable metering equipment.

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Rules Governing Rendering of
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Rule 4 continued

- D. The Company will determine or approve the location of the service connection. Service sewers will not be extended along public streets or roadways or through property of others in connecting with collecting sewers. If a service connection is requested at a point not already served by a collecting sewer of adequate capacity, the collecting sewer shall be extended in accordance with Rule 11 - Extension of Collecting Sewers, unless in the Company's judgment such a collecting sewer would serve no other purpose and a service sewer may be constructed to serve the Customer's premises in a reasonable manner.
- E. A new service connection shall be authorized when all conditions in Paragraphs A., B., C., and D., above, and Rule 5 – Inside Piping and Customer Service Sewer, regarding application, construction and inspection provisions, are met.
- F. No substantial addition to the water using equipment or appliances connected to the sewer system shall be made by Commercial or Industrial Customers except upon written notice to and with the written consent of the Company.

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Rules Governing Rendering of
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Rule 5 Inside Piping And Customer Service Sewer

- A. The Customer is obligated to construct, repair, and maintain the service sewer from the collecting sewer to the building, and make the connection to the collecting sewer. The Customer shall notify the Company prior to cleaning or repairing the service sewer.
- B. When a service sewer is to be connected to the collecting sewer, the plumber shall advise the Company twenty-four (24) hours in advance of when the connection is expected to be made so a representative of the Company can inspect the installation and connection. No backfill shall be placed until the work has been inspected by the Company. In the event the Customer or the Customer's agent shall damage a wye branch or saddle, or cause damage to the collecting sewer, then the Customer shall be responsible for the cost to repair any such damage, including replacement of pipe or appurtenances as necessary.
- C. Plumbing specifications of all governmental agencies having jurisdiction, and the Company's rules, in effect at the time of connection, must be met. The Company may deny service or may discontinue service where foundation drains, downspouts, or other sources of surface or storm water are permitted to enter the sewer system through either the inside piping or through the building sewer.
- D. A separate and independent service sewer shall generally be required for every building. Exceptions are:
 - 1. When one building stands at the rear of another building on an interior lot where a proper service sewer cannot be constructed through an adjoining easement. In that situation, the service sewer from the front building may be extended to the rear building and it will be considered as one service sewer.
 - 2. When two or more buildings are a part of a complex that cannot be subdivided.

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Rule 5 continued

- E. The service sewer shall be one of the following: ductile iron pipe, vitrified clay sewer pipe (VCP), or polyvinyl chloride pipe (PVC), ASTM specification or equal; or other suitable material approved by the Company. Only those jointing materials and methods that are approved by the Company may be used. Joints shall be tight and waterproof. Any part of the service sewer that is located within ten (10) feet of a water main or water service pipe shall be constructed of ductile iron or PVC pressure pipe. The pipe shall be bedded according to the manufacturer's specifications and on undisturbed earth or fill compacted to at least ninety-five percent (95%) proctor density. Fill may be non-organic soil or aggregate.
- F. The size and slope of the service sewer shall be subject to the approval of the Company, but in no event shall the diameter be less than four (4) inches. The slope of such four (4) inch pipe shall not be less than one-eighth (1/8) inch per foot.
- G. Whenever possible, the service sewer shall be brought to the building at an elevation below the basement floor. No building sewer shall be laid parallel to or within three (3) feet of any bearing wall. The depth shall be sufficient to afford protection from frost. The service sewer shall be laid at a uniform grade and in straight alignment insofar as possible. Changes in direction shall be made only with properly curved pipes and fittings.
- H. Existing service sewers may be used in connection with new buildings only when they are found on examination and test to meet all requirements of the Company.
- I. In any building in which a building drain is too low to permit the required slope of the service sewer, sanitary sewage carried by such drain shall be lifted by approved artificial means and discharged to the service sewer. No water operated sewage ejector shall be used.

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Rule 5 continued

- J. All excavations required for the installation of a service sewer and connection to the collecting sewer shall be open trench work unless otherwise approved by the Company. Pipe laying and backfill shall be performed in accordance with the latest published engineering specifications of the manufacturer of the materials used, and all applicable local plumbing codes.
- K. The connection of the service sewer to the collecting sewer shall be made at the wye branch, if such branch is available at a suitable location. If the collecting sewer is vitrified clay pipe of twelve inch (12") diameter or less and there is no properly located wye branch at a suitable location, a wye branch shall be installed at a location specified by the Company. If the collecting sewer is greater than twelve inches (12") in diameter, or is PVC of any size, a neat hole may be cut at a location specified by the Company, and a saddle installed to which the service sewer will be connected. The invert of the service sewer at the point of connection shall be at the centerline or higher elevation of the collecting sewer. The connection shall be secure and watertight.
- L. Any change in the location of an existing service connection and/or service sewer requested by the Customer shall be made at the Customer's expense.
- M. Company personnel may not work on piping or facilities not owned by the Company unless authorized by the Customer.

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Rule 6 – Improper or Excessive Use

- A. The following requirements for the use of sewer service provided by the Company shall be observed. Violation of the requirements will result in the discontinuance of service to the Customer, and the Customer may be required to comply with paragraph B., below.
- B. In the event that the Customer to be served proposes to discharge an abnormally high volume or strength of waste, the Company may require:
1. The Customer to install a pretreatment facility, grease trap or other device on the premises, to prevent the exceeding of discharge limits, or other adverse impacts upon the Company's system. The installation of any such device as well as its operation and maintenance shall be the responsibility of the Customer, and subject to approval and inspection by the Company.
 2. The Customer to enter into a special contract with the Company for treatment of the Customer's discharge, that could require an enlargement of the Company's existing sewage treatment plant or the construction of a temporary sewage treatment plant, and/or the construction or reconstruction of sewer lines or pump facilities, in a form approved by the Missouri Public Service Commission with a rate applicable to the Customer to be included within this Schedule of Rates, Rules, and Regulations, that is fair and reasonable to both parties and so as not to constitute a burden upon the Company or the existing Customers of the Company.
- C. No Customer shall discharge or cause to be discharged any storm water, surface water, ground water, swimming pool water, roof runoff, sub-surface drainage, or cooling water into the collecting sewers.
- D. Except as may be provided in Rule B.2., above, the Customer shall be required to take any action necessary to meet the following described wastewater limits before the wastewater is discharged into the collection sewer:

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Rule 6 continued

1. Maximum temperature of 150 degrees Fahrenheit.
2. Maximum strength of four-hundred (400) parts per million Biological Oxygen Demand (B.O.D.).
3. A maximum of one-hundred (100) parts per million, by weight, any fat, oil or grease.
4. A maximum of twenty-five (25) parts per million, by weight, any soluble oils.
5. No gasoline, benzene, naphtha, fuel oil, or other flammable or explosive liquid, solid or gas.
6. No garbage that has not been properly shredded.
7. No ashes, cinders, sand, mud, straw, shavings, metal, glass, rags, feathers, tar, plastics, wood or any other solid or viscous substance capable of causing obstruction to the flow in sewers or other interference with the proper operation of the sewer system.
8. No waste-water having a pH less than 5.0 or greater than 9.0, or having any other corrosive property, capable of causing damage or hazard to structures, equipment or personnel of the Company.
9. No waste-water containing heavy metals, toxic material, or Chemical Oxygen Demand (C.O.D.), in sufficient quantity to disrupt the operation of treatment facilities, or exceeding any limits which may be specified in a service contract for any such substance.

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Rule 7 – Discontinuance of Service by Company

A. The Company reserves the right of discontinuance of service for any of the following reasons:

1. For nonpayment of the sewer utility bill (see Rule 9); or
2. For unauthorized resale of sewer service; or
3. For an unauthorized service connection to the Company's collecting sewer; or
4. For failure to comply with these Rules.

B. Discontinuance of service may be accomplished, but not limited to, physical disconnection of the Customer's service sewer from the Company's collecting sewer. Discontinuance of sewer service for non-payment of a sewer bill may be accomplished either by physical disconnection or by discontinuance by turn-off of water service by the Customer's water utility at the request of the Company. In such cases where discontinuance is accomplished by turn-off of water service:

1. If sewer billing is combined with water billing, Customers will be notified by the water utility by the terms of its rules normally practiced for discontinuance of water service; or
2. If sewer billing is not combined with water billing, Customers will be notified by the terms of paragraphs F. and H., below, and not by those of any water utility.

C. Discontinuance of service to a Customer for any reason as outlined in A., above, shall not prevent the Company from pursuing any lawful remedy by action at law or otherwise for the collection of monies due from the Customer.

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Rule 7 continued

- D. In the event of discontinuance of service by the Company for any reason as outlined in A., above, then any monies due the Company shall become immediately due and payable.
- E. The Company reserves the right of discontinuance of service to a Customer, or to refuse service to any applicant or for any unit to reasonably protect itself against fraud or abuse.
- F. Unless discontinuance is accomplished by turn-off of water service and discontinuance notice is provided by the water utility, then at least thirty (30) days prior to discontinuance of service, the Company will mail a written notice to the Customer by certified mail, return receipt requested, with a copy of the notice sent to the Public Service Commission and a copy to the property owner if different than the Customer and if known by the Company. Said notice shall state the reasons for discontinuance of service, the amount of money owed if for a past due bill including the amount of any service charges owed, and that service may be discontinued at any time after the expiration of the notice period, provided satisfactory arrangements for continuance of the service have not been made by the Customer. The thirty (30) day notice may be waived if there is any waste discharge that might be detrimental to the health and safety of the public, or cause damage to the sewer system. In the event of discontinuance of service without the thirty (30) day notice as above provided, the Customer and the Missouri Public Service Commission shall be notified immediately with a statement of the reasons for such discontinuance of service. If service is provided to a multi-tenant building or complex, the Company will make an effort to notify tenants by door hangers or other type of notice of the possibility of discontinuance of service.
- G. Reconnection of any Customer after discontinuance of service by authority of this rule will be made subject to payment of the cost of reconnection.
- H. Where the owner of rental property is the Customer and has been notified of the intent of disconnection, the tenants shall be given the opportunity in a reasonable and timely manner to pay delinquent bills in lieu of disconnection of service.

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Missouri Public
Service Commission
SR-2013-0544; YS-2014-0402

Name of Utility: Roy-L Utilities, Inc.

Service Area: Golden Eagle Reserve Montgomery County, Missouri

Rules Governing Rendering of
Sewer Service

Rule 8 Termination Of Service

A. Termination of service at the Customer's request may be accomplished at the expense of the Customer. If termination of service must be accomplished by physical disconnection, the Customer shall notify the Company of the date and time of the disconnection in writing at least five (5) days prior to the disconnection. If termination is accomplished by turn-off of water service, such notice shall be on or before the date of the water turn-off. Service may not be terminated for one unit of a multi-unit building if the building is served by one service sewer, unless accomplished by turnoff of water service to that unit. The method used for termination of service shall be determined by the Company.

B. A Customer may request temporary turn-off of water service or sewer service by the Company for the Customer's own convenience; however, the Customer shall still be charged for service at the appropriate rate as specified in the Schedule of Rates during the time the service is turned off.

C. A Customer who requests termination of sewer service, but returns to the premises and requests sewer service within nine (9) months of such termination, at the Company's discretion may be deemed to have been a Part Time customer, and applicable charges incurred during the period of absence may apply.

Issue Date: _____
Month/Day/Year

Effective Date: _____
Month/Day/Year

ISSUED BY Marie Rock, Secretary
Name & Title of Issuing Officer

366 Highway F, High Hill, MO 63350
Company Mailing Address

Name of Utility: Roy-L Utilities, Inc.

Service Area: Golden Eagle Reserve Montgomery County, Missouri

Rules Governing Rendering of
Sewer Service

Rule 9 Interruptions in Service

- A. The Company reserves the right to limit sewer service in its collecting sewers at any time, in a reasonable and non-discriminatory manner, for the purpose of making repairs to the sewer system.
- B. Whenever service is limited for repairs, all Customers affected by such limitation will be notified in advance whenever it is practicable to do so. Every effort will be made to minimize limitation of service.
- C. No refunds of charges for sewer service will be made for limitations of service unless due to willful misconduct of the Company.

* Indicates new rate or text

+ Indicates change

Issue Date: April 7, 2014
Month/Day/Year

Effective Date: May 23, 2014
Month/Day/Year

ISSUED BY Marie Rock, Secretary
Name & Title of Issuing Officer

366 Highway F, High Hill, MO 63350
Company Mailing Address

FILED
Missouri Public
Service Commission
SR-2013-0544; YS-2014-0402

Name of Utility: Roy-L Utilities, Inc.
Service Area: Golden Eagle Reserve Montgomery County, Missouri

Rules Governing Rendering of
Sewer Service

Rule 10 Bills for Service

- A. The charges for sewer service shall be at the rates specified in this tariff, which is on file with the Missouri Public Service Commission and at the Company's office. The point of assumption of sewer service shall be at the service connection. Service charges for connection or disconnection are set forth in the Schedule of Service Charges.
- B. A Customer who is or has been taking sewer service at one or more units connected to the collecting sewer shall be held liable for payment of any applicable charges for service furnished to such units from the date of connection until the date requested by the Customer in writing for service to be terminated, or until service is discontinued by the Company.
- C. Bills for sewer service will be mailed or delivered to the Customer's last address as shown by the records of the Company, but failure to receive the bill will not relieve the Customer from the obligation to pay the same.
- D. Payments shall be made at the office of the Company or at a convenient location designated by the Company, or by mailing to the Company's mailing address.
- E. Separate bills shall be rendered for each location at which sewer service is provided, even though one entity may be the Customer at such separate locations.
- F. The Company shall have the right to render bills monthly in advance, or on a monthly basis in arrears when the sewer charges are based on water usage. Bills shall have the due date indicated on the bill.
- G. Neither the Company nor the Customer will be bound by bills rendered under mistake of fact as to the quantity of service rendered or as a result of clerical error. Customers will be held responsible for charges based on service provided.

* Indicates new rate or text

+ Indicates change

Issue Date: _____
Month/Day/Year

Effective Date: _____
Month/Day/Year

ISSUED BY Marie Rock, Secretary 366 Highway F, High Hill, MO 63350
Name & Title of Issuing Officer Company Mailing Address

Name of Utility: Roy-L Utilities, Inc.

Service Area: Golden Eagle Reserve Montgomery County, Missouri

Rules Governing Rendering of
Sewer Service

Rule 10 continued

- H. Bills will be made and distributed at monthly intervals. Bills will be rendered net, bearing the last date on which payment will then be considered delinquent. The period after which the payment is considered delinquent is a minimum of 21 days after rendition of the bill. Service may be discontinued after thirty (30) days written notice by certified mail return receipt requested from the Company as provided by Rule 7 - Discontinuance or Termination of Service, unless discontinuance of sewer service is accomplished by turn-off of water service and sewer billing is combined with water billing (see Rule 7 B. 1.). Delinquent bills are subject to a late charge as provided in the Schedule of Service Charges.
- I. When bills are rendered for a period of less than a complete billing period due to the connection or termination of service, the billing shall be for the proportionate part of the monthly charge, or where water usage is the basis for the charge, at the appropriate rate for water used. Customers terminating after taking service for less than one month shall pay not less than the monthly minimum.
- J. The owner of the property served will be held responsible for ultimate payment of a bill. Copies of all notices of violations of the rules, or of disconnection of service shall also be sent to the owner of the property

* Indicates new rate or text

+ Indicates change

Issue Date: _____
Month/Day/Year

Effective Date: _____
Month/Day/Year

ISSUED BY Marie Rock, Secretary
Name & Title of Issuing Officer

366 Highway F, High Hill, MO 63350
Company Mailing Address

Name of Utility: Roy-L Utilities, Inc.

Service Area: Golden Eagle Reserve Montgomery County, Missouri

Rules Governing Rendering of
Sewer Service

Rule 11 Extension Of Collecting Sewers

- A. Collecting sewers will be extended within the company's certificated service area, at the applicant's cost, if service is requested by the applicant at a location where facilities do not exist (the "applicant" is sometimes referred to in this rule as the "original applicant"). The applicant shall enter into a contract with the company. The applicant may choose to have the company perform all work under the terms and conditions of Paragraph C, following, or have a private contractor perform the work under the terms and conditions of Paragraph D, following. For purposes of this rule, an extension could include, in addition to a collecting sewer, one or more pump station or treatment plant facilities, as necessary to provide the service.
- B. The pipe used in making extensions shall be of a type and size which will be reasonably adequate for the area to be served. Such determination as to size and type of pipe shall be left solely to the judgment of the company. If the company desires a pipe size, lift station, treatment plant, or any other facility larger than reasonably required to provide service to the applicant, the additional cost due to larger size shall be borne by the company.
- C. The company will extend collecting sewers for the applicant under the following terms and conditions:
1. Upon receipt of written application for service as provided in Rule 4, Applications for Service, the company will provide the applicant an itemized estimate of the cost of the proposed extension. Said estimate shall include the cost of all labor and materials required, including reconstruction of existing facilities if necessary, and the direct costs associated with supervision, engineering, permits, and bookkeeping.
 2. The applicant shall enter into a contract with the company for the installation of said extension and shall tender to the company a contribution-in-aid-of-construction equal to the amount determined in Paragraph C (1) above, plus any appropriate fees as provided in the Schedule of Rates or the Schedule of Service Charges.

* Indicates new rate or text

+ Indicates change

Issue Date: _____
Month/Day/Year

Effective Date: _____
Month/Day/Year

ISSUED BY Marie Rock, Secretary
Name & Title of Issuing Officer

366 Highway F, High Hill, MO 63350
Company Mailing Address

Name of Utility: Roy-L Utilities, Inc.

Service Area: Golden Eagle Reserve Montgomery County, Missouri

Rules Governing Rendering of
Sewer Service

Rule 11 continued

3. If, as a result of reasonably unforeseen circumstances, the actual cost of the extension exceeds the estimated cost of the extension, the applicant shall pay the additional cost.
- D. When the applicant elects to construct an extension, the company will connect said extension to its existing collecting sewers under the following terms and conditions:
 1. Applicant shall enter into a contract with the company which provides that the applicant construct said collecting sewers and/or other facilities to meet the requirements of all governmental agencies and the company's rules. Plans for the extension shall be submitted to the company for approval prior to construction. Applicant's choice of construction contractor is subject to approval by the company. Applicant shall contribute said facilities to the company with a detailed accounting of the actual cost of construction, and contribute to the company the estimated reasonable cost of the company's inspection.
 2. The company, or its representative, shall have the right to inspect and test the extension prior to connecting it to the existing collecting sewers and acceptance of ownership.
 3. Connection of the extension to existing company collecting sewers shall be made by, or under direct supervision of, the company or its representative.
 4. The company shall have the right to refuse ownership and responsibility for the sewer extension until applicant has met the contractual obligations as provided in Paragraph D (1).
- E. The cost to additional applicants connecting to the sewer contributed by the original applicant shall be as follows:
 1. For a single-family residential applicant applying for service in a platted subdivision, the company shall divide the actual cost of the extension, including income tax

* Indicates new rate or text

+ Indicates change

Issue Date: _____
Month/Day/Year

Effective Date: _____
Month/Day/Year

ISSUED BY Marie Rock, Secretary
Name & Title of Issuing Officer

366 Highway F, High Hill, MO 63350
Company Mailing Address

Name of Utility: Roy-L Utilities, Inc.
Service Area: Golden Eagle Reserve Montgomery County, Missouri

Rules Governing Rendering of
Sewer Service

Rule 11 continued

impact if any, by the number of lots abutting said extension to determine the per lot extension cost. When counting lots, corner lots which abut existing sewers shall be excluded.

2. For a single-family residential applicant requesting service to areas that are not platted in subdivision lots, the applicant's cost shall be equal to the total cost of the extension times 100 feet divided by the total length of the extension in feet.
3. For an industrial, commercial, or multi-family residential applicant, the cost will be equal to the amount calculated for a single-family residence in E (1) above or E (2) above, as appropriate, multiplied by a water usage factor. The water usage factor shall be determined by dividing the average monthly usage in gallons by 7,000 gallons, but shall not be less than 1.

F. Refunds of contributions shall be made to the original applicant as follows:

1. Should the actual cost of an extension constructed by the company under Paragraph C, or actual costs for inspection by the company under Paragraph D, above, be less than the estimated cost, the company shall refund the difference as soon as the actual cost has been ascertained.
2. During the first ten years after the extension is completed, the company will refund to the original applicant who paid for the extension monies collected from additional applicants in accordance with Paragraph E above.
3. The sum of all refunds to the applicant shall not exceed the total contribution, including income tax and inspection costs associated with the extension, which the applicant has paid.
4. If two or more entities are considered an original applicant, the refund shall be distributed to each entity based upon the percentage of the actual extension cost contributed by each entity.

* Indicates new rate or text

+ Indicates change

Issue Date: _____
Month/Day/Year

Effective Date: _____
Month/Day/Year

ISSUED BY Marie Rock, Secretary
Name & Title of Issuing Officer

366 Highway F, High Hill, MO 63350
Company Mailing Address

Name of Utility: Roy-L Utilities, Inc.
Service Area: Golden Eagle Reserve Montgomery County, Missouri

Rules Governing Rendering of
Sewer Service

Rule 11 continued

- G. Any extension made under this rule shall be and remain the property of the company in consideration of its perpetual upkeep and maintenance.
- H. The company reserves the right to connect additional extensions to a collecting sewer contributed by the applicant. The connection of new customers to such additional extensions shall not entitle the applicant to any refund.

- * Indicates new rate or text
+ Indicates change

Issue Date: _____
Month/Day/Year

Effective Date: _____
Month/Day/Year

ISSUED BY Marie Rock, Secretary 366 Highway F, High Hill, MO 63350
Name & Title of Issuing Officer Company Mailing Address

Roy L Utilities, Inc.

Residential Customer Bill Comparison-Sewer

	<u>Current Base</u> <u>Customer Charge</u>	<u>Proposed Base</u> <u>Customer Charge</u>	<u>Current</u> <u>Usage Rate</u>	<u>Proposed</u> <u>Usage Rate</u>
Full Time	\$22.39	\$36.04	\$0.000	\$0.000
Part Time	\$20.24	\$32.58		
current service charge is monthly charge				

MONTHLY BILL COMPARISON

Current Rates - Full Time

Customer Charge	\$ 22.39
Usage Charge	\$ -
Total Bill	\$ 22.39

Current Rates - Part Time

Customer Charge	\$20.24
Usage Charge	\$ -
Total Bill	\$ 20.24

Proposed Rates - Full Time

Customer Charge	\$ 36.04
Usage Charge	\$ -
Total Bill	\$ 36.04

Proposed Rates - Part Time

Customer Charge	\$32.58
Usage Charge	\$ -
Total Bill	\$ 32.58

INCREASES

Customer Charge

\$ Increase	\$13.65
% Increase	60.95%

Customer Charge

\$ Increase	\$12.34
% Increase	60.95%

Usage Charge

\$ Increase	\$0.00
% Increase	N/A

Usage Charge

\$ Increase	\$0.00
% Increase	N/A

Total Bill

\$ Increase	\$13.65
% Increase	60.95%

Total Bill

\$ Increase	\$12.34
% Increase	60.95%

REPORT OF WATER AND SEWER DEPARTMENT
FIELD OPERATIONS AND TARIFF REVIEW

Case No. WR-2016-0109 and SR-2016-0110
Roy-L Utilities, Inc.

Introduction

This Report was prepared jointly by Staff members Jon Dallas, David Spratt, and Curt Gateley.

Roy-L Utilities (Company) received its certificate of convenience and necessity from the Missouri Public Service Commission (Commission) on September 6, 1968, in case numbers 16,379 (water) and 16,380 (sewer). The Company provides service to approximately 59 water customers and approximately 56 sewer customers in the High Hill area. The Commission's Water and Sewer Department Staff (Staff) performed an inspection of the water and sewer systems on December 12, 2015. Observations and suggested improvements are listed below.

Facilities

Water System

The water system consists of a single well, a well house, an 18,000 gallon concrete ground storage tank¹, a chlorine pump for disinfection, one booster pump, and a 116 gallon pneumatic pressure tank for providing pressure to the system. A master meter is located beyond the storage tank which measures production sent to distribution, but because the master meter does not measure flow directly out of the well at this location actual gallons per minute of well production is not known. The approximate production according to past records is 120 gallons per minute.

Improvements since the last rate case:

- Constructed a new well house.
- Rewired the electrical system in the well house.
- Installed new plumbing in the well house.
- Replaced a 500 gallon pneumatic tank which was rusting and leaking with the new 116 gallon tank.
- Constructed a new roof over the ground storage tank.
- The Company has also replaced approximately 1,600 feet of two-inch water main which was beyond its usable life and was having numerous leaks. The Company will continue to replace old sections of water main as money allows.

Originally the Company did not have any water meters installed in the system. Prior to the last rate case, Staff discussed with the Company the benefits of installing water meters to more accurately charge customers. The Company reports that it installs water meters as customers request them, during main replacement projects, or when work is necessary on a service connection such as to repair a leak. Currently there are 32 water meters in the system with approximately 28 left to be installed.

¹ Volume estimated in a Dept. of Natural Resources inspection report.

Sewer System

The sewer system consists of a 1.3 acre single-cell lagoon with a design capacity of approximately 8,000 gallons per day. The effluent is chlorinated and dechlorinated before it is discharged into the receiving stream. The collection system works by gravity and is composed mostly of clay pipe along with manholes for access. The collection system has deteriorated over the last 60 years. The Company has conducted a video camera survey of the collecting sewers where it has knowledge that there are problems and has found one section that shows a blockage or possible collapsed pipe that could be up to 20 feet long². The collecting sewer is estimated to be 15 feet deep which could make digging and repair or replacement very difficult and very costly. The Company states that it does not have adequate funding from rates to perform this repair or other maintenance on the sewer lines.

Suggested Improvements

1. The well-head is located near a road and not protected by barricades or any other structure. Staff recommends the well head be protected by some form of barricades to prevent a vehicle from striking it, or extending the well house out to enclose the well head.
2. The chlorinator is located in the well house and not in a separate room. By not having the chlorinator in a separate room this increases the chance of chlorine gases corroding the plumbing and electrical equipment located in the well house. Staff would recommend a separate room be built to house the chlorinator, and appropriate ventilation be installed in the room to exhaust toxic chlorine gases from inside the building.

Tariff Review

Staff routinely works with utilities to update water and/or sewer tariffs of the individual companies using a generic tariff that is modified for specific operations of the individual companies as they file rate cases with the Commission. Because the tariffs for this company were last revised in 2014, little change is necessary. There were no updates needed to the water tariff. For the sewer tariff, definitions for Returned Check and Part-Time Customer were added, the point of service definition was added to Rule 2, and the rules for Termination of Service were expanded to discuss part time customers, so as to match the water tariff.

Rate Design

Staff also reviewed the Company's current rate design in its investigation. The current rate structure consists of a monthly service and a commodity charge for water service, and a monthly service charge for sewer service. Staff proposes to maintain the same rate structure. Staff has performed a cost of service study for both the water and sewer services, which allocated current costs to the monthly minimum customer charge and the commodity charge.

² The actual distance blocked or collapsed could not be determined by camera due to the line remaining filled with wastewater

Conclusion and Recommendation

- 1) The current PSC MO No 4 sewer tariff, Original Sheet 8, will be canceled and replaced by First Revised Sheet 8.
- 2) The current PSC MO No 4 sewer tariff, Original Sheet 11, will be canceled and replaced by First Revised Sheet 11.
- 3) The current PSC MO No 4 sewer tariff, Original Sheet 22, will be canceled and replaced by First Revised Sheet 22.
- 4) The current PSC MO No 4 sewer tariff, Original Sheet 24, will be canceled and replaced by First Revised Sheet 24.

AUDITING UNIT RECOMMENDATION MEMORANDUM

FROM: V. William Harris
Matthew Young
Auditing Unit Staff

TO: Curtis Gateley
Water and Sewer Unit, Case Coordinator

CC: Whitney Payne
Staff Counsel's Office

SUBJECT: Auditing Unit's Findings and Recommendation
Roy-L Utilities, Inc.
Case No. WR-2016-0109 and SR-2016-0110

DATE: March 8, 2016

Roy-L Utilities, Inc. ("Roy L" or "Company") filed a rate increase request with the Missouri Public Service Commission ("Commission") on November 9, 2015. On that date, the Company filed a request to implement a rate increase of \$6,000 in its annual water system operating revenues and an increase of \$3,000 in its annual sewer system operating revenues, which, if approved, would result in an increase over its current revenues of approximately 35% for water service and 28% for sewer service. Roy L currently serves 59 water customers and 56 sewer customers in Montgomery County, Missouri. Roy L's current water and sewer rates became effective on May 23, 2014, stemming from the agreements in Case Nos. WR-2013-0543 and SR-2013-0544.

The Company's reasons cited for the requested increases in the annual operating revenues for water service include: increases in utility plant investment and increases in operation and maintenance expenses. The specific reasons for the requested increases in the Company's annual operating revenues for sewer service include: increases in utility plant investment, increases in operation and maintenance expenses, and increases in the Missouri Department of Natural Resources' (DNR's) annual sewer discharge fees. Roy L must also create an all-weather access road to its oxidation lagoon as mandated by the DNR.

COMPANY STRUCTURE

Roy L first became certificated to provide water and sewer service in September 1968. Currently, Roy L is a family business owned by Jean Longstreet and operated (under contractual agreement) by Marie Rock. As such, Roy L has no employees.

AUDIT FINDINGS

The Audit Staff, comprised of William Harris and Matthew Young, conducted an audit of the books and records of the Company; this audit provides a reasonable basis for our recommendation presented in this Memorandum. The Audit Staff used the twelve months ended December 31, 2014, as its test year, updated for known and measurable changes through December 31, 2015. Construction projects completed and placed in service prior to February 29, 2016, were included in the amounts presented in this Memorandum. Based upon the examination of the Company's books and records, the Audit Staff cost of service calculations show the need for a rate increase of \$10,858, or 64.40%, for the water system, and a rate increase of \$8,574, or 60.90%, for the sewer system.

Included in the computation of the revenue requirements, contained in the Accounting Schedules, is a 6.62% weighted average cost of capital (rate of return); the analysis supporting this result was provided by Zephania Marevangeo of the Financial Analysis Unit of the Commission.

CAPITAL PROJECTS COMPLETED

Water System

Staff has included amounts for a new water main that was completed and placed in service on December 10, 2015, at the installed cost of \$9,743. Staff has also removed six meters from the inventory included in the Company's last case (two in 2014 and four in 2015) and placed them in service along with related costs (\$5,404) for meter pit installations (50% CIAC share with customer per Company tariff).

Sewer System

Staff has included \$3,292 for a new all-weather access road to the lagoon completed and placed in service by Roy L on January 18, 2016, as required by DNR regulations. Roy L has provided Staff with bids of \$5,875 and \$7,500 for the replacement of 14 feet of its existing sewer line. This project was completed by February 29, 2016 at the final cost of \$4,350 and has been included in Staff's recommended revenue requirement.

RATE BASE

The Audit Staff and the Engineering and Management Services Unit (EMSU) updated plant in service and depreciation reserve for Roy L by beginning with the amounts agreed upon by all parties in Roy L's last rate cases (Case Nos. WR-2013-0543 and SR-2013-0544) and made adjustments for any subsequent plant additions or retirements. Total plant in service for the water system is \$62,378, and the sewer system is \$52,186, while depreciation reserve for water is \$7,355, and sewer is \$5,014 as of February 29, 2016. The total net plant as of January 31, 2016, is \$55,023 for water and \$47,172 for sewer. As a note, some of the Company's plant in service was constructed and became operational in April 1975 when the Company was first certificated and, therefore, has been fully depreciated. In addition, Contributions in Aid of Construction (CIAC) and CIAC Amortization as of January 31, 2016, are \$3,584 and \$272, respectively (all

water plant – no sewer plant has been contributed). Inventory has been adjusted as noted in the preceding section on capital projects.

At January 31, 2016	Water	Sewer
Plant in Service	\$62,378	\$52,186
Depreciation Reserve	\$7,355	\$5,014
Net Plant	\$55,023	\$47,172
CIAC	\$3,584	\$0
CIAC Amortization	\$272	\$0
Net CIAC	\$3,312	\$0
Inventory	\$1,311	\$0
Total Rate Base	\$53,022	\$47,172

Keenan Patterson of the Engineering and Management Services Unit developed the depreciation rates used in Staff's depreciation expense calculations. Staff used these depreciation rates to develop an annualized level of depreciation expense for Roy L based on its plant in service as of February 29, 2016.

REVENUES

Roy L provides service to 56 sewer customers composed of two customer classes. Roy L also provides water service to 59 customers that are divided into 4 classes. Each class' customer count and charges, as provided in the current tariff, are illustrated in the following table:

	Water FT Metered	Water FT Unmetered	Water PT Metered	Water PT Unmetered	Sewer FT	Sewer PT
Customer Count	8	10	19	22	18	38
Customer Charge	\$19.49	\$30.59	\$15.04	\$23.60	\$22.39	\$20.24
Commodity/T Gallons	\$1.95	--	\$1.95	--	--	--

To annualize customer charge revenues, Staff multiplied the various customer counts by the appropriate customer charges. For the Company's commodity revenue, Staff calculated the sum of customer usage during the most recent 12 month period multiplied by the current commodity charge. The results of the total revenue annualization equaled \$30,930 of which \$16,864 is water revenue and \$14,066 is sewer revenue. In addition to service revenues, Staff included a normalized amount of miscellaneous revenues totaling \$477 (\$274 water and \$203 sewer).

EXPENSES

Staff examined Roy L's expenses from 2010 through the update period in this case, December 31, 2015. Each expense type was examined for annual fluctuations and normalized or annualized as circumstances dictated.

Payroll

The two individuals responsible for the operations of Roy L are Ms. Longstreet, the owner, and Ms. Rock, the operator. Ms. Rock's services are provided through an "independent contractor" agreement therefore, the utility does not have any employees.

To include the cost of Ms. Longstreet's compensation, Staff averaged the number of hours recorded during 2013 through 2015, and multiplied by an hourly wage rate of \$13. Staff allocated total compensation to Roy L's water and sewer operations by the percentage of time Ms. Longstreet spends performing water activities versus sewer activities.

During the audit, Ms. Rock entered into an agreement with the Company that outlined the services she would provide the utility as well as the compensation to be received for those services. Staff examined the timesheets maintained by Ms. Rock to evaluate if the compensation defined in the agreement was representative of the market value of the services provided by Ms. Rock.

To examine the value of the services provided, Staff categorized Ms. Rock's time into five (5) labor categories. Each category was then "priced" using the Missouri Economic Research and Information Center (MERIC) website¹. MERIC is a research division of the Missouri Department of Economic Development that provides labor market information and is commonly used by Staff in water and sewer rate cases to compare wage rates for various utility services to operate these systems. This information is produced by research done in cooperation with the Missouri Department of Labor and the website provides Missouri labor rates for various job classifications. Staff searched the database to find the market value pay rates for five types of employees: 1) Billing and Posting Clerk, 2) Bookkeeper, 3) Water and Wastewater Treatment Plant and System Operator, 4) Meter Reader, and 5) Courier and Messenger.

Staff multiplied the wage rates by the appropriate hours and mileage Ms. Rock recorded while performing various functions during 2013 through 2015 and found that the agreement between Ms. Rock and Roy L may provide for excessive compensation. Included in the cost of service calculation is an amount of compensation for Ms. Rock that has been agreed to by Staff and the Company.

Rent and Telephone Expense

Currently the company is operated out of Ms. Longstreet's personal residence. Staff included \$1,200 for annual rent expense in Roy L's last rate case, and is recommending a 10 percent increase (\$1,320) of rent expense be included in the current cost of service. This

¹ <https://missourieconomy.org/>

recommendation allows a reasonable amount for office furniture and fixtures, property taxes and other expenses that would be associated with a stand-alone office.

Telephone lines and other utilities in the home are used in conjunction with the daily operation of the utility. A cell phone maintained by Ms. Rock is used entirely for Company business. Staff has included all costs relating to this business cell phone. Additionally, Ms. Longstreet's telephone, electricity and propane gas heat are also shared by the family and the business. Staff has allocated 10 percent of these additional expenses to the utility.

Repairs, Maintenance, and Materials

Staff examined the historical cost of Roy L's repairs and maintenance, including materials, from 2010 through 2015 and included a normalized expense of the costs during the six (6) year period. Embedded in the normalized cost are repairs and maintenance to correct several water leaks, at least two instances of hiring a 3rd party to utilize a camera and root cutter in the sewer lines, as well as other repairs and maintenance. The portion of Staff's cost of service related to on-going repairs and maintenance equals \$2,390 annually (\$1,516 water and \$874 sewer).

Rate Case Expense

Staff has included an amount in the revenue requirement for the rate case expense incurred by the utility through January 24, 2016. The rate case expense has been calculated to be recovered over a four (4) year period.

ADDITIONAL ADJUSTMENTS

Staff has reflected adjustments in its cost of service normalized/annualized amounts related to: 1) various outside services, 2) various materials and supplies, 3) DNR fees, 4) dues, 5) electricity expense, 6) insurance, 7) taxes and assessments, and, 8) bad debt expense.

AUDIT STAFF RECOMMENDATIONS:

The Company should fully comply with these recommendations within 180 days of the effective date of the Commission Order for this case:

- a) The Company shall maintain the Company's books and records in accordance with National Association of Regulated Utility Commissioners (NARUC) Uniform System of Accounts (USOA). Staff provided the Company with a copy of the NARUC USOA Class D for both water and sewer;
- b) The Company shall develop continuing property records (CPRs) for all of the Company's Plant in Service and Contribution in Aid of Construction (CIAC) that include, where applicable, the amount of plant, depreciation reserve, CIAC, and CIAC reserve used by Staff in this case;
- c) The Company shall keep the Company's CPRs up to date and complete;

- d) The Company shall develop a general ledger for its entire rate base, revenues and expenses;
- e) The Company shall calculate depreciation expense on a monthly basis and include the amounts in the Company's books and records;
- f) The Company shall annually update a description of duties and responsibilities for the owner and the certified operator; and
- g) The Company shall continue to maintain records of the number of hours worked, separated by duty, as described in f) above for each of the persons listed in f) above.

REPORT OF CUSTOMER SERVICE AND BUSINESS OPERATIONS REVIEW

Consumer and Management Analysis Unit

Small Company Rate Increase Request

Case Nos. WR-2016-0109 and SR-2016-0110

Roy L Utilities, Inc.

Scott Glasgow, Mark Kiesling, and Brooke Richter

The Consumer and Management Analysis Unit (CMAU) staff of the Missouri Public Service Commission (Commission) initiated an informal review of the customer service and business processes, procedures, and practices of Roy L Utilities, Inc. (Roy L or Company), located near High Hill, Missouri, in January 2016. Commission staff (Staff) performed the review in response to the Company's request for a rate increase in Case Nos. WR-2016-0109 and SR-2016-0110, filed November 9, 2015. The Company is requesting an increase of \$6,000 in its annual water system operating revenues and \$3,000 in its annual sewer system operating revenues, which represent increases of approximately 35% for water and 28% for sewer.

The CMAU staff examined the Company's tariffs, Commission complaint and inquiry records, as well as other documentation related to the Company's customer service and business operations. In preparation of this report, the CMAU staff submitted data requests to the Company on November 23, 2015, and conducted an onsite interview with Company personnel on January 8, 2016. The CMAU staff's review of the Company resulted in the following two recommendations for Company management:

THE CMAU STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

1. Correct monthly billing statements to include the amount of any previous balance a customer owes and to include the amount due for late fees so that the billing statements adhere to Commission Rules 4 CSR-13.020 (9)(C) and (E). This recommendation should be completed within thirty (30) days of the effective date of any Commission order issued in Case Nos. WR-2016-0109 and SR-2016-0110.
2. Update and distribute, to all current and future customers, written information specifying the rights and responsibilities of the Company and its customers as

required by Commission Rule 4 CSR 240-13.040(3). This recommendation should be completed within thirty (30) days of the effective date of any Commission order issued in Case Nos. WR-2016-0109 and SR-2016-0110.

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

The objectives of this review are to analyze and document the management control processes, procedures, and practices used by the Company to ensure that its customers' service needs are met as well as 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 and business operations.

The scope of this review will cover some general informational areas of the Company and also evaluate the implementation of recommendations from the last rate case, WR-2013-0543, approved in May 2014.

History

The CMAU staff most recently performed a customer service review of the Company in August 2013. Staff performed that review in conjunction with the small company rate request submitted by the Company and assigned Case Nos. WR-2013-0543 and SR-2013-0544. The comprehensive review resulted in a written report that included recommendations applying late fees to delinquent accounts and updating and distributing a brochure detailing the rights and responsibilities of the Company and its customers. The CMAU staff assisted to ensure the Company adequately addressed these recommendations. The actions taken by the Company appropriately met the intent of the majority of the recommendations contained in the CMAU report. Implementations of actions that have not been completed are noted in the section of this report titled Findings, Conclusions, and Recommendations.

Overview

Roy L Utilities registered with the Missouri Secretary of State in May of 1966 and applied with the Commission for a certificate of convenience and necessity on November 1, 1967. The Commission granted the Company this authority on September 6, 1968, to provide water supply and distribution services in the Golden Eagle Reserve Subdivision, a few miles north of the city of High Hill, Missouri, located in Montgomery County. The Company currently provides water service to 59 customers and sewer service to 56 customers. Of the 59 water customers, 18 of the customers are full-time residents in the subdivision.

The President/Owner (President) and the Manager/Secretary (Manager) conduct system operations out of the President's home located at 366 Highway F, High Hill, Missouri. The Manager is responsible for business office functions, which includes billing preparation and distribution, bank deposits, accounts payable, accounts receivable, correspondence, and maintenance of customer account and contact information. The President is responsible for oversight of all day-to-day operations, providing office space and equipment, assisting with customer comments and complaints, and is available at all times during emergency situations or in the absence of the Manager. Roy L currently contracts for the maintenance, operation, and repairs associated with its facilities.

Customer Billing

The billing software utilized by the Company to maintain customer account records and prepare monthly billing statements is QuickBooks. As of January 8th 2016, the Company had 28 metered customers with plans to eventually meter every customer. The customer's meters are read around the last day of each month. The billing statements are prepared and mailed around the first business day of each month.

Payment Remittance

The payment options available to customers include cash, check, Automated Clearing House (ACH), and money order. These payments are received by the President at the Company's mailing address. The majority of customers remitted payment by check during the last two years in review. The Company currently allows approximately 26 days for customers to

pay their utility charges. Company personnel assert that bill payments are processed, recorded, and deposited on the day they are received.

Credit and Collections

Company personnel indicated Roy L does not require a security deposit as a condition for providing water service. The Company's tariff includes procedures allowing a credit check and security deposit if deemed necessary to collect a deposit from a potential customer. The Company indicated that deposits have not been required or collected to this point.

The customers are allowed a minimum of 26 days from the rendition of the bill to pay the utility charges before they become delinquent each month. For water and sewer, a late fee of \$5.00 or 3% of the amount due, whichever amount is larger, is applied on accounts for which payment is received beyond the delinquent date. Roy L indicated in the last rate case that it did not consistently apply the late fee to every customer each month. In Staff's current review with the Company, a late fee is assessed to the customers on a regular and consistent basis.

The Company currently does not have a notice of discontinuance. During this review, CMAU staff discovered three accounts with outstanding balances. To date, the Company has no plans to discontinue service for any of these accounts. CMAU staff has informed the Company that if customers maintain outstanding balances and the Company wishes to pursue discontinuance of service, the Company should follow the Commission Rules under 4 CSR 240-13.050. CMAU staff is working with the Company to develop a notice of discontinuance. CMAU staff will encourage the Company to use this discontinuance notice in order to clear up outstanding balances for nonpayment of services.

The Company indicated it has not received any insufficient funds checks during the time period CMAU reviewed, from January 2014 through December 2015. The Company tariff allows for a \$25.00 returned check fee charge. The Company reported it had one bad debt write-off from 2014 through 2015.

Complaints and Inquiries

Customers that have a complaint or inquiry with the Company may call or come by the office. The Company maintains a customer complaint log, which includes documentation of the issue and the resolution if an investigation or maintenance check is warranted. The Manager

investigates complaints and inquiries. According to the Commission's Electronic Filing Information System (EFIS), there were no reported complaints on file with the Commission from January 2013 through December 2015.

Customer Communication

The updated informational brochure that was a recommendation from the last rate case still does not include all the requirements of Commission Rule 4 CSR 240-13.040(3). The CMAU staff is currently working with the Company to ensure all items under the Commission rule are included in the informational brochure.

Records and Documentation Retention

Roy L maintains a copy of customer files at the business office. The Company electronically keeps customer billing records in QuickBooks. The Company backs up electronic records monthly on a flash drive that is stored in a fireproof safe.

Findings, Conclusions, and Recommendations

The following discussion presents a summary of the findings, conclusions, and recommendations pertaining to the Company's customer service operations. Recommendations resulting from rule or tariff violations are specifically noted and associated with a 30-day implementation requirement. The information presented in this section focuses on the following two issues that require Company management's attention:

- Customer Billing
- Customer Communication

Customer Billing

The Company's monthly billing statements do not indicate the previous balance due for utility charges. This is a violation of Commission Rule 4 CSR 240-13.020(9)(C), which states:

Every bill for residential utility service shall clearly state (C) Any previous balance which states the balance due for utility charges separately from charges for services not subject to commission jurisdiction.

The Company's monthly billing statements do not indicate the amount associated for the late fee, which violates Commission Rule 4 CSR 240-13.020 (9)(E), which states:

Every bill for residential utility service shall clearly state (E) The amount due for other authorized charges.

THE CMAU STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Correct its monthly billing statements to include the amount of any previous balance and to include the amount due for late fees so that the billing statements adhere to Commission Rules 4 CSR-13.020(9)(C) and (E). This recommendation should be completed within thirty (30) days of the effective date of any Commission order issued in Case Nos. WR-2016-0109 and SR-2016-0110.

Customer Communication

The updated informational brochure that was a recommendation from the last rate case still does not include all the requirements of Commission Rule 4 CSR 240-13.040(3). The subparts under CSR 240-13.040(3) that still need to be included consist of:

(a) Billing and estimated billing procedures; (b) Methods for customer verification of accuracy; (c) Customer payment requirements and procedures; (e) Conditions of termination, discontinuance, and reconnection of service; (g) Explanation of meter reading procedures which would enable a customer to read his/her own meter; (h) A procedure where a customer may avoid discontinuance of service during a period of absence; and (j) The statement that the company is regulated by the Missouri Public Service Commission.

The Company is working with CMAU staff to include all requirements of Commission Rule CSR 240-13.040(3) in the brochure for distribution to existing and future customers.

THE CMAU STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Update and distribute, to all current and future customers, written information specifying the rights and responsibilities of the Company and its customers as required by Commission Rule 4 CSR 240-13.040(3). This recommendation should be completed

within thirty (30) days of the effective date of any Commission order issued in Case Nos. WR-2016-0109 and SR-2016-0110.

Implementation Review

The CMAU staff will conduct a review of the Company's progress regarding the implementation of the two recommendations made in this report.

Disposition Agreement Attachment J

Summary of Case Events

Roy L Utilities, Inc.
Case #SR-2016-0110
Summary of Case Events

Date Filed: November 9, 2015

Day 150: April 7, 2016

Extension? Yes

If yes, why? Due to separate unforeseen circumstances on the part of both Staff and the Company, the normal meetings to resolve differences between the parties were delayed. As a result, the parties requested an extension of the "Day 150" deadline to file a disposition agreement until May 6, 2016.

Amount Requested: \$3,000

Amount Agreed Upon: \$8,574

Item(s) Driving Rate Increase: Increases in Company's annual operating revenues for sewer service, due to increases in collection system maintenance and increases in operating costs.

Number of Customers: 56

Return on Equity: 11.07%

Assessment Current: Yes

Annual Reports Filed: Yes

Other Open Cases before Commission: Yes, WR-2016-0109

Status with Secretary of State: Good Standing

DNR Violations: No

Significant Service/Quality Issues: Company needs to inspect the aging collection system (currently under contract) and develop a plan to rehabilitate problem areas before additional collapses occur and avoid emergency situations and avoid associated additional costs where possible. The video inspection will also identify areas where precipitation is entering the collection system, so that the Company can conduct maintenance to reduce inflow and infiltration into the collection system.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

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Water Operating Revenues)

Case Nos. WR-2016-0109
SR-2016-0110

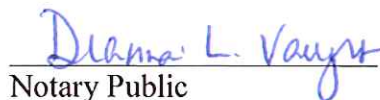
AFFIDAVIT OF JONATHAN DALLAS

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Jonathan Dallas, of lawful age, on his oath states: (1) that he is a Utility Operations Technical Specialist II the Water and Sewer Department of the Missouri Public Service Commission; (2) that he participated in the preparation of the foregoing Non-Unanimous Disposition Agreement, in memorandum form; (3) that information in the Non-Unanimous Disposition Agreement was provided by him; (4) that he has knowledge of matters set forth in the Non-Unanimous Disposition Agreement; and (5) that such matters set forth in the Non-Unanimous Disposition Agreement are true and correct to the best of his knowledge, information and belief.


Jonathan Dallas

Subscribed and sworn to before me this 4th day of May, 2016.


Notary Public

DIANNA L. VAUGHT
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: June 28, 2019
Commission Number: 15207377

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Roy-L Utilities, Inc.)
Request for Increase in Annual Sewer and)
Water Operating Revenues)

Case Nos. WR-2016-0109
SR-2016-0110

AFFIDAVIT OF CURT B. GATELEY

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Curt B. Gateley, of lawful age, on his oath states: (1) that he is a Utility Operations Technical Specialist II the Water and Sewer Department of the Missouri Public Service Commission; (2) that he participated in the preparation of the foregoing Non-Unanimous Disposition Agreement, in memorandum form; (3) that information in the Non-Unanimous Disposition Agreement was provided by him; (4) that he has knowledge of matters set forth in the Non-Unanimous Disposition Agreement; and (5) that such matters set forth in the Non-Unanimous Disposition Agreement are true and correct to the best of his knowledge, information and belief.

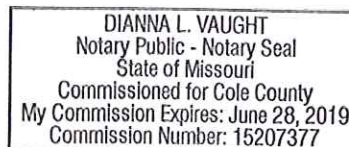


Curt B. Gateley

Subscribed and sworn to before me this 4th day of May, 2016.



Notary Public



BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Roy-L Utilities, Inc.)
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AFFIDAVIT OF SCOTT J. GLASGOW

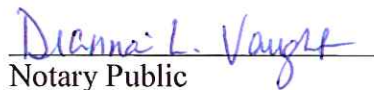
STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Scott J. Glasgow, of lawful age, on his oath states: (1) that he is a Utility Operations Technical Specialist II the Water and Sewer Department of the Missouri Public Service Commission; (2) that he participated in the preparation of the foregoing Non-Unanimous Disposition Agreement, in memorandum form; (3) that information in the Non-Unanimous Disposition Agreement was provided by him; (4) that he has knowledge of matters set forth in the Non-Unanimous Disposition Agreement; and (5) that such matters set forth in the Non-Unanimous Disposition Agreement are true and correct to the best of his knowledge, information and belief.

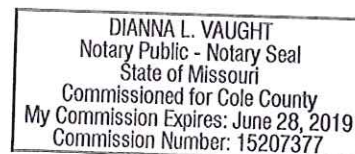


Scott J. Glasgow

Subscribed and sworn to before me this 4 day of May, 2016.



Notary Public



BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Roy-L Utilities, Inc.)
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AFFIDAVIT OF MARK KIESLING

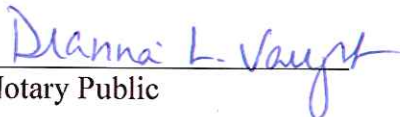
STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Mark Kiesling, of lawful age, on his oath states: (1) that he is a Utility Operations Technical Specialist II the Water and Sewer Department of the Missouri Public Service Commission; (2) that he participated in the preparation of the foregoing Non-Unanimous Disposition Agreement, in memorandum form; (3) that information in the Non-Unanimous Disposition Agreement was provided by him; (4) that he has knowledge of matters set forth in the Non-Unanimous Disposition Agreement; and (5) that such matters set forth in the Non-Unanimous Disposition Agreement are true and correct to the best of his knowledge, information and belief.



Mark Kiesling

Subscribed and sworn to before me this 6TH day of May, 2016.



Notary Public

DIANNA L. VAUGHT Notary Public - Notary Seal State of Missouri Commissioned for Cole County My Commission Expires: June 28, 2019 Commission Number: 15207377

BEFORE THE PUBLIC SERVICE COMMISSION
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Water Operating Revenues)

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AFFIDAVIT OF KEENAN B. PATTERSON

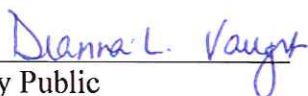
STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Keenan B. Patterson, of lawful age, on his oath states: (1) that he is a Utility Operations Technical Specialist II the Water and Sewer Department of the Missouri Public Service Commission; (2) that he participated in the preparation of the foregoing Non-Unanimous Disposition Agreement, in memorandum form; (3) that information in the Non-Unanimous Disposition Agreement was provided by him; (4) that he has knowledge of matters set forth in the Non-Unanimous Disposition Agreement; and (5) that such matters set forth in the Non-Unanimous Disposition Agreement are true and correct to the best of his knowledge, information and belief.



Keenan B. Patterson

Subscribed and sworn to before me this 6th day of May, 2016.



Notary Public

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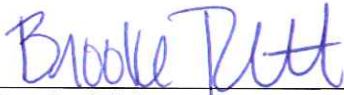
Case Nos. WR-2016-0109

SR-2016-0110

AFFIDAVIT OF BROOKE RICHTER

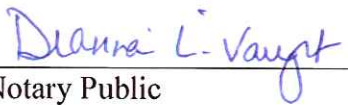
STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Brooke Richter, of lawful age, on her oath states: (1) that she is a Utility Management Analyst III in the Consumer and Management Analysis Unit of the of the Missouri Public Service Commission; (2) that she participated in the preparation of the foregoing Non-Unanimous Disposition Agreement, in memorandum form; (3) that information in the Non-Unanimous Disposition Agreement was provided by her; (4) that she has knowledge of matters set forth in the Non-Unanimous Disposition Agreement; and (5) that such matters set forth in the Non-Unanimous Disposition Agreement are true and correct to the best of her knowledge, information and belief.



Brooke Richter

Subscribed and sworn to before me this 6th day of May, 2016.



Notary Public

DIANNA L. VAUGHT Notary Public - Notary Seal State of Missouri Commissioned for Cole County My Commission Expires: June 28, 2019 Commission Number: 15207377

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

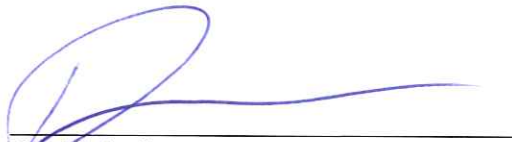
In the Matter of Roy-L Utilities, Inc.)
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Water Operating Revenues)

Case Nos. WR-2016-0109
SR-2016-0110

AFFIDAVIT OF DAVID A. SPRATT

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

David A. Spratt, of lawful age, on his oath states: (1) that he is a Utility Operations Technical Specialist II the Water and Sewer Department of the Missouri Public Service Commission; (2) that he participated in the preparation of the foregoing Non-Unanimous Disposition Agreement, in memorandum form; (3) that information in the Non-Unanimous Disposition Agreement was provided by him; (4) that he has knowledge of matters set forth in the Non-Unanimous Disposition Agreement; and (5) that such matters set forth in the Non-Unanimous Disposition Agreement are true and correct to the best of his knowledge, information and belief.



David A. Spratt

Subscribed and sworn to before me this 4th day of May, 2016.

Dianna L. Vaught
Notary Public

DIANNA L. VAUGHT Notary Public - Notary Seal State of Missouri Commissioned for Cole County My Commission Expires: June 28, 2019 Commission Number: 15207377

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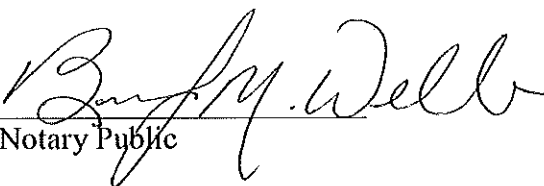
AFFIDAVIT OF MATTHEW R. YOUNG

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Matthew R. Young, of lawful age, on his oath states: (1) that he is a Utility Regulatory Auditor III in the Auditing Department of the Missouri Public Service Commission; (2) that he participated in the preparation of the foregoing Non-Unanimous Disposition Agreement, in memorandum form; (3) that information in the Non-Unanimous Disposition Agreement was provided by him; (4) that he has knowledge of matters set forth in the Non-Unanimous Disposition Agreement; and (5) that such matters set forth in the Non-Unanimous Disposition Agreement are true and correct to the best of his knowledge, information and belief.


Matthew R. Young

Subscribed and sworn to before me this 6th day of May, 2016.


Notary Public



BEVERLY M. WEBB
My Commission Expires
April 14, 2020
Clay County
Commission #12464070