

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

In the Matter of the Request for            )  
an Increase in Annual Water                )  
System Operating Revenues for            )  
Gascony Water Company, Inc.                )

**Case No. WR-2017-0343**

**PARTIAL DISPOSITION AGREEMENT AND  
REQUEST FOR EVIDENTIARY HEARING**

**COMES NOW** the Staff of the Missouri Public Service Commission (“Staff”), by and through counsel, and for the *Partial Disposition Agreement* in these matters hereby state:

1. On June 19, 2017, Gascony Water Company, Inc. (“Gascony”) filed a letter with the Missouri Public Service Commission (“Commission”) requesting that the Commission approve increases in its annual water operating revenues. On June 21, 2017, Staff filed its Small Utility Rate Case Timeline, outlying several dates for events, both informal and formally required by regulations.

2. In accordance with Gascony’s request for rate increase, Staff has conducted a full investigation of Gascony, met with the company and the Office of the Public Counsel (OPC) and provided both parties the results of its Day 90 review. On Day 120, Staff also provided the parties with a proposed settlement of this matter. Staff and Gascony have reached a partial agreement or disposition (“Disposition”) regarding the resolution of some issues in Gascony’s water rate increase request, a copy of which is attached hereto as Appendix A. Appendix A also includes various attachments related to the dispositions. Appendix A outlines the details of Staff and Gascony’s partial agreement.

3. The issues left unresolved between Staff and Gascony include:  
a) Rate Base; b) Rate Design; c) Customer Applications; d) Land Ownership;  
e) Depreciation Rates; f) Rent; g) Salaries; and h) Rate Case Expense.

4. Because Staff and Gascony have not reached an agreement on the remaining issues listed in paragraph 3, Staff hereby requests those issues be resolved through an evidentiary hearing, in accordance with standard contested case procedures, pursuant to 4 CSR 240-3.050(21), which states:

If at any time after a case is opened it becomes clear to the utility or the staff that agreements cannot be reached on even a portion of the issues related to the utility's request, even through the use of mediation or arbitration, either may file a motion asking that the utility's request be resolved through contested case procedures conducted in the time remaining in the rate case process. . . .

5. Gascony is current on its annual report filings and has no other actions pending before the Commission at this time.

**WHEREFORE**, Staff prays that the Commission will approve these partial dispositions, grant this request for an evidentiary hearing; and grant such other and further relief as the Commission considers just in the circumstances.

Respectfully submitted,

**/s/ Nicole Mers**

Nicole Mers

Associate Counsel

Missouri Bar No. 66766

P.O. Box 360

Jefferson City, MO 65012

(573) 751-6651 (Telephone)

(573) 751-9285 (Fax)

nicole.mers@psc.mo.gov

**Attorney for the Staff of the  
Missouri Public Service Commission**

**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 17<sup>th</sup> day of November 2017, to all counsel of record.

**/s/ Nicole Mers**

**PARTIAL DISPOSITION AGREEMENT**  
**OF SMALL WATER COMPANY REVENUE INCREASE REQUEST**

**GASCONY WATER COMPANY, INC.**  
**MO PSC FILE NO. WR-2017-0343**

**BACKGROUND**

Gascony Water Company, Inc. ("Company") initiated the small company revenue increase request ("Request") for water service that is the subject of the above-referenced Missouri Public Service Commission ("Commission") 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, which was received at the Commission's offices on June 19, 2017, the Company set forth its request for an increase of \$15,000.00 in its total annual water service operating revenues. The Company also acknowledged that the design of its customer rates, its service charges, its customer service practices, its general business practices and its general tariff provisions would be reviewed during the Commission Staff's ("Staff") review of the revenue increase request, and could thus be the subject of Staff recommendations. The Company provides service to three commercial customers, approximately 26 full-time customers and 151 part-time customers in a fishing resort area known as Gascony Village, outside of Hermann, MO in Gasconade County.

Pursuant to the provisions of the Small Company Procedure and related internal operating procedures, Staff initiated an audit of the Company's books and records, a review of the Company's customer service and general business practices, a review of the Company's existing tariff, an inspection of the Company's facilities and a review of the Company's operation of its facilities. (These activities are collectively referred to hereinafter as "Staff's investigation of the Company's Request" 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 the results of the investigation, including Staff's initial recommendations for the resolution of the Company's Request.

## **ISSUES RESOLVED**

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 Auditing Department conducted a full and complete audit of the Company's books and records, and Staff utilized a test year of the twelve months ending December 31, 2016, updating known and measureable investment through June 30, 2017 in this case. The Auditing Department findings can be found in Staff's Auditing Memorandum, **Attachment I**, and Accounting Schedules, **Attachment B**, and with the exception of the remaining disputed issues listed later in this agreement, are incorporated by reference herein;
- (2) The Schedule of Depreciation Rates is included in **Attachment D**, incorporated by reference herein, includes the depreciation rates developed by Staff and shall be the prescribed schedule of water plant depreciation rates for the Company;
- (3) Included in **Attachment B** is the agreed upon capital structure which includes 100% equity, a 8.02% return on equity, and a rate of return of 8.02% for the Company;
- (4) The Company shall implement the following recommendations contained in the Auditing Department Memorandum, attached hereto as **Attachment I**, and provide proof of implementing the recommendations to the Manager of the Commission's Auditing Department:
  - (a) Gascony Water will continue to maintain timesheets and travel logs to support compensation paid to individuals performing services for Gascony Water. These individuals include certified operators, billing clerks, and "as needed" casual labor;
  - (b) Gascony Water, as a Class D Water Company, is required by Commission regulations 4 CSR 240-50.020 and 50.030 to maintain documentation of costs that relate to improvements to the utility's water system. Gascony Water will maintain documentation that is sufficient to support additions to plant-in-service in future cases. Documentation that is sufficient to meet 4 CSR 240-50.020 includes, but is not limited to: invoices, receipts, general ledgers, check registers, copies of checks, contracts, lease or rental agreements, any other written documents demonstrating financial or service obligation(s) of or to the Company, etc., that are in accordance with NARUC USOA requirements;
- (5) Within thirty (30) days of the effective date of an order approving this Company/Staff Partial Disposition Agreement, the Company shall implement the

following recommendation contained in the CMAU Report, attached hereto as **Attachment H**, and provide proof of implementation to the Manager of the Commission's Consumer & Management Analysis Unit:

- (a) 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 requirement of 4 CSR 240-13.040(3) should be completed within thirty (30) days of the effective date of the Commission order that resolves Case No.WR-2017-0343;
- (6) The Water and Sewer Department Report is attached as **Attachment G**;
- (7) Staff may conduct follow-up reviews of the Company's operations to ensure that the Company has complied with the provisions of this Partial Disposition Agreement;
- (8) Staff may file a formal complaint against the Company if the Company does not comply with the provisions of this Partial Disposition Agreement; and
- (9) The Company and Staff agree that they have read the foregoing Partial 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 Partial Disposition Agreement.

#### **REQUEST FOR EVIDENTIARY HEARING**

Staff and the Company were unable to reach a final disposition agreement for this case. This partial disposition resolves only the items listed in the section above. The remaining issues of rate base, rate design, customer applications, land ownership, depreciation rates, rent, salaries, and rate case expense will be further defined and filed separately in EFIS.

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

Additionally, the Company agrees that subject to the rules governing practice before the Commission and without waiving the confidentiality of the facts and positions disclosed in the course of settlement, Staff shall have the right to provide an oral explanation to support its entering into this Partial Disposition Agreement, if the Commission requests an oral explanation at any agenda meeting, on-the-record, or any other setting at which this case is noticed to be considered by

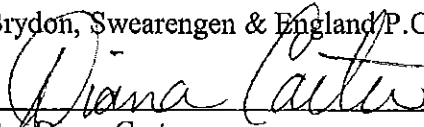
the Commission. To the extent reasonably practicable, Staff shall provide the Company with advance notice of any such setting so that they may have the opportunity to be present and/or represented.

**SIGNATURES**


Agreement Signed and Dated:

Counsel for Gascony Water Company:

Brydon, Swearingen & England P.C.

  
By: Diana Carter

11-17-2017  
Date

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

11/17/17  
Date

**List of Attachments**

- Attachment B – EMS Run
- Attachment D – Schedule of Depreciation Rates
- Attachment G – Water & Sewer Unit Memorandum
- Attachment H – CMAU Report
- Attachment I – Auditing Unit Recommendation Memorandum

**Exhibit No.:** 12345667  
**Issue:** Accounting Schedules  
**Witness:** MO PSC Auditors  
**Sponsoring Party:** MO PSC Staff  
**Case No:** WR-2017-0343  
**Date Prepared:** 11/17/2017



**MISSOURI PUBLIC SERVICE COMMISSION**

**UTILITY SERVICES DIVISION**

**Revised**

**STAFF ACCOUNTING SCHEDULES**

**GASCONY WATER COMPANY**

**Case No. WR-2017-0343**

**Test Year Ended December 31, 2016**

**Update Period June 30, 2017**

**CASE NO. WR-2017-0343**

**Jefferson City, Missouri**

**November 2017**



**Gascony Water Company**  
**Case No. WR-2017-0343**  
**Test Year Ended December 31, 2016**  
**Update Period June 30, 2017**  
**Revenue Requirement**

Line Number	<u>A</u> Description	<u>B</u> 8.02% Return	<u>C</u> 8.02% Return	<u>D</u> 8.02% Return
1	Net Orig Cost Rate Base	\$28,634	\$28,634	\$28,634
2	Rate of Return	8.02%	8.02%	8.02%
3	Net Operating Income Requirement	\$2,296	\$2,296	\$2,296
4	Net Income Available	\$1,297	\$1,297	\$1,297
5	Additional Net Income Required	\$999	\$999	\$999
6	Income Tax Requirement			
7	Required Current Income Tax	\$572	\$572	\$572
8	Current Income Tax Available	\$323	\$323	\$323
9	Additional Current Tax Required	\$249	\$249	\$249
10	Revenue Requirement	\$1,248	\$1,248	\$1,248
11	Allowance for Known and Measureable Changes/True-Up Estimate	\$0	\$0	\$0
12	<b>Gross Revenue Requirement</b>	<b>\$1,248</b>	<b>\$1,248</b>	<b>\$1,248</b>

**Gascony Water Company**  
**Case No. WR-2017-0343**  
**Test Year Ended December 31, 2016**  
**Update Period June 30, 2017**  
**RATE BASE SCHEDULE**

Line Number	<u>A</u> Rate Base Description	<u>B</u> Percentage Rate	<u>C</u> Dollar Amount
1	Plant In Service		\$53,666
2	Less Accumulated Depreciation Reserve		\$25,961
3	Net Plant In Service		\$27,705
4	<b>ADD TO NET PLANT IN SERVICE</b>		
5	Cash Working Capital		\$0
6	Materials & Supplies		\$677
7	Fuel Inventory		\$252
8	Meter Rerouting Project		\$0
9	<b>TOTAL ADD TO NET PLANT IN SERVICE</b>		<b>\$929</b>
10	<b>SUBTRACT FROM NET PLANT</b>		
11	Federal Tax Offset	0.0000%	\$0
12	State Tax Offset	0.0000%	\$0
13	City Tax Offset	0.0000%	\$0
14	Interest Expense Offset	0.0000%	\$0
15	Customer Advances		\$0
16	Customer Deposits		\$0
17	Deferred Income Taxes		\$0
18	Deferred Income Taxes		\$0
19	Accrued Pension Liability		\$0
20	<b>TOTAL SUBTRACT FROM NET PLANT</b>		<b>\$0</b>
21	<b>Total Rate Base</b>		<b>\$28,634</b>

**Gascony Water Company**  
**Case No. WR-2017-0343**  
**Test Year Ended December 31, 2016**  
**Update Period June 30, 2017**  
**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		TOTAL PLANT INTANGIBLE	\$0		\$0	\$0		\$0	\$0
4		SOURCE OF SUPPLY PLANT							
5	310.000	Land and Land Rights - SSP	\$0	P-5	\$0	\$0	100.00%	\$0	\$0
6	311.000	Structures and Improvements - SSP	\$0	P-6	\$0	\$0	100.00%	\$0	\$0
7	314.000	Well and Springs	\$0	P-7	\$0	\$0	100.00%	\$0	\$0
8		TOTAL SOURCE OF SUPPLY PLANT	\$0		\$0	\$0		\$0	\$0
9		PUMPING PLANT							
10	320.000	Land and Land Rights - PP	\$0	P-10	\$0	\$0	100.00%	\$0	\$0
11	321.000	Structures and Improvements - PP	\$0	P-11	\$0	\$0	100.00%	\$0	\$0
12	325.000	Electric Pumping Equipment	\$0	P-12	\$23,219	\$23,219	100.00%	\$0	\$23,219
13	327.000	Hydraulic Pumping Equipment	\$11,761	P-13	-\$11,761	\$0	100.00%	\$0	\$0
14		TOTAL PUMPING PLANT	\$11,761		\$11,458	\$23,219		\$0	\$23,219
15		WATER TREATMENT PLANT							
16	330.000	Land and Land Rights - WTP	\$0	P-16	\$0	\$0	100.00%	\$0	\$0
17	331.000	Structures and Improvements - WTP	\$0	P-17	\$0	\$0	100.00%	\$0	\$0
18	332.000	Water Treatment Equipment	\$0	P-18	\$0	\$0	100.00%	\$0	\$0
19		TOTAL WATER TREATMENT PLANT	\$0		\$0	\$0		\$0	\$0
20		TRANSMISSION & DIST. PLANT							
21	340.000	Land and Land Rights - TDP	\$0	P-21	\$0	\$0	100.00%	\$0	\$0
22	341.000	Structures and Improvements - TDP	\$0	P-22	\$0	\$0	100.00%	\$0	\$0
23	342.000	Distribution Reservoirs and Standpipes	\$0	P-23	\$0	\$0	100.00%	\$0	\$0
24	343.000	Transmission and Distribution Mains	\$0	P-24	\$0	\$0	100.00%	\$0	\$0
25	345.000	Customer Services	\$0	P-25	\$139	\$139	100.00%	\$0	\$139
26	346.000	Meters	\$0	P-26	\$0	\$0	100.00%	\$0	\$0
27	346.300	Meter Installations	\$0	P-27	\$0	\$0	100.00%	\$0	\$0
28	347.000	Meter and Meter Pit Installations	\$0	P-28	\$3,177	\$3,177	100.00%	\$0	\$3,177
29	348.000	Hydrants	\$0	P-29	\$1,055	\$1,055	100.00%	\$0	\$1,055
30		TOTAL TRANSMISSION & DIST. PLANT	\$0		\$4,371	\$4,371		\$0	\$4,371
31		GENERAL PLANT							
32	371.000	Structures and Improvements	\$0	P-32	\$9,747	\$9,747	100.00%	\$0	\$9,747
33	372.000	Office Furniture and Equipment	\$0	P-33	\$0	\$0	100.00%	\$0	\$0
34	372.100	Office Computer Equipment	\$1,185	P-34	\$144	\$1,329	100.00%	\$0	\$1,329
35	373.000	Transportation Equipment	\$0	P-35	\$4,200	\$4,200	100.00%	\$0	\$4,200
36	379.000	Other General Equipment	\$0	P-36	\$10,800	\$10,800	100.00%	\$0	\$10,800
37	391.000	Office Furniture and Equipment	\$918	P-37	-\$918	\$0	100.00%	\$0	\$0
38	391.100	Office Computer Equipment	\$0	P-38	\$0	\$0	100.00%	\$0	\$0
39	392.000	Transportation Equipment	\$0	P-39	\$0	\$0	100.00%	\$0	\$0
40	394.000	Tools, Shop and Garage Equipment	\$2,805	P-40	-\$2,805	\$0	100.00%	\$0	\$0
41	396.000	Power-Operated Equipment	\$15,200	P-41	-\$15,200	\$0	100.00%	\$0	\$0
42	398.000	Miscellaneous Equipment	\$0	P-42	\$0	\$0	100.00%	\$0	\$0
43		TOTAL GENERAL PLANT	\$20,108		\$5,968	\$26,076		\$0	\$26,076
44		<b>TOTAL PLANT IN SERVICE</b>	<b>\$31,869</b>		<b>\$21,797</b>	<b>\$53,666</b>		<b>\$0</b>	<b>\$53,666</b>

**Gascony Water Company**  
**Case No. WR-2017-0343**  
**Test Year Ended December 31, 2016**  
**Update Period June 30, 2017**  
**Adjustments to Plant in Service**

A Plant Adj. Number	B Plant In Service Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment Amount	F Jurisdictional Adjustments	G Total Jurisdictional Adjustments
P-12	Electric Pumping Equipment	325.000		\$23,219		\$0
	1. To adjust for Electric Pumping Equipment		\$23,219		\$0	
P-13	Hydraulic Pumping Equipment	327.000		-\$11,761		\$0
	1. To adjust for Hydraulic Pumping Equipment		-\$11,761		\$0	
P-25	Customer Services	345.000		\$139		\$0
	1. To adjust for services		\$139		\$0	
P-28	Meter and Meter Pit Installations	347.000		\$3,177		\$0
	1. To adjust for Meter Pit Installations		\$3,177		\$0	
P-29	Hydrants	348.000		\$1,055		\$0
	1. To adjust for Hydrants		\$1,055		\$0	
P-32	Structures and Improvements	371.000		\$9,747		\$0
	1. To adjust for Structures and Improvements		\$9,747		\$0	
P-34	Office Computer Equipment	372.100		\$144		\$0
	1. To adjust for Office Computer Equipment		\$144		\$0	
P-35	Transportation Equipment	373.000		\$4,200		\$0
	1. To adjust for Transportation Equipment		\$4,200		\$0	
P-36	Other General Equipment	379.000		\$10,800		\$0
	1. To adjust for Other General Equipment		\$10,800		\$0	
P-37	Office Furniture and Equipment	391.000		-\$918		\$0

**Gascony Water Company**  
**Case No. WR-2017-0343**  
**Test Year Ended December 31, 2016**  
**Update Period June 30, 2017**  
**Adjustments to Plant in Service**

A Plant Adj. Number	B Plant In Service Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment Amount	F Jurisdictional Adjustments	G Total Jurisdictional Adjustments
	1. To adjust for Office Furniture and Equipment		-\$918		\$0	
P-40	Tools, Shop and Garage Equipment	394.000		-\$2,805		\$0
	1. To adjust for Tools, Shop and Garage Equipment		-\$2,805		\$0	
P-41	Power-Operated Equipment	396.000		-\$15,200		\$0
	1. To adjust for Power-Operated Equipment		-\$15,200		\$0	
<b>Total Plant Adjustments</b>				<b>\$21,797</b>		<b>\$0</b>

**Gascony Water Company**  
**Case No. WR-2017-0343**  
**Test Year Ended December 31, 2016**  
**Update Period June 30, 2017**  
**Depreciation Expense**

Line Number	A Account Number	B Plant Account Description	C MO Adjusted Jurisdictional	D Depreciation Rate	E Depreciation Expense
1		<b>INTANGIBLE PLANT</b>			
2	301.000	Organization	\$0	0.00%	\$0
3		<b>TOTAL PLANT INTANGIBLE</b>	\$0		\$0
4		<b>SOURCE OF SUPPLY PLANT</b>			
5	310.000	Land and Land Rights - SSP	\$0	0.00%	\$0
6	311.000	Structures and Improvements - SSP	\$0	2.50%	\$0
7	314.000	Well and Springs	\$0	2.00%	\$0
8		<b>TOTAL SOURCE OF SUPPLY PLANT</b>	\$0		\$0
9		<b>PUMPING PLANT</b>			
10	320.000	Land and Land Rights - PP	\$0	0.00%	\$0
11	321.000	Structures and Improvements - PP	\$0	2.50%	\$0
12	325.000	Electric Pumping Equipment	\$23,219	10.00%	\$2,322
13	327.000	Hydraulic Pumping Equipment	\$0	0.00%	\$0
14		<b>TOTAL PUMPING PLANT</b>	\$23,219		\$2,322
15		<b>WATER TREATMENT PLANT</b>			
16	330.000	Land and Land Rights - WTP	\$0	0.00%	\$0
17	331.000	Structures and Improvements - WTP	\$0	2.50%	\$0
18	332.000	Water Treatment Equipment	\$0	2.90%	\$0
19		<b>TOTAL WATER TREATMENT PLANT</b>	\$0		\$0
20		<b>TRANSMISSION &amp; DIST. PLANT</b>			
21	340.000	Land and Land Rights - TDP	\$0	0.00%	\$0
22	341.000	Structures and Improvements - TDP	\$0	2.50%	\$0
23	342.000	Distribution Reservoirs and Standpipes	\$0	2.50%	\$0
24	343.000	Transmission and Distribution Mains	\$0	2.00%	\$0
25	345.000	Customer Services	\$139	2.50%	\$3
26	346.000	Meters	\$0	10.00%	\$0
27	346.300	Meter Installations	\$0	0.00%	\$0
28	347.000	Meter and Meter Pit Installations	\$3,177	2.50%	\$79
29	348.000	Hydrants	\$1,055	2.00%	\$21
30		<b>TOTAL TRANSMISSION &amp; DIST. PLANT</b>	\$4,371		\$103
31		<b>GENERAL PLANT</b>			
32	371.000	Structures and Improvements	\$9,747	2.50%	\$244
33	372.000	Office Furniture and Equipment	\$0	5.00%	\$0
34	372.100	Office Computer Equipment	\$1,329	0.00%	\$0
35	373.000	Transportation Equipment	\$4,200	6.70%	\$281
36	379.000	Other General Equipment	\$10,800	3.30%	\$356
37	391.000	Office Furniture and Equipment	\$0	0.00%	\$0
38	391.100	Office Computer Equipment	\$0	0.00%	\$0

**Gascony Water Company**  
**Case No. WR-2017-0343**  
**Test Year Ended December 31, 2016**  
**Update Period June 30, 2017**  
**Depreciation Expense**

Line Number	A Account Number	B Plant Account Description	C MO Adjusted Jurisdictional	D Depreciation Rate	E Depreciation Expense
39	392.000	Transporation Equipment	\$0	0.00%	\$0
40	394.000	Tools, Shop and Garage Equipment	\$0	0.00%	\$0
41	396.000	Power-Operated Equipment	\$0	0.00%	\$0
42	398.000	Miscellaneous Equipment	\$0	0.00%	\$0
43		<b>TOTAL GENERAL PLANT</b>	<b>\$26,076</b>		<b>\$881</b>
44		<b>Total Depreciation</b>	<b>\$53,666</b>		<b>\$3,306</b>

**Gascony Water Company**  
**Case No. WR-2017-0343**  
**Test Year Ended December 31, 2016**  
**Update Period June 30, 2017**  
**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		TOTAL PLANT INTANGIBLE	\$0		\$0	\$0		\$0	\$0
4		SOURCE OF SUPPLY PLANT							
5	310.000	Land and Land Rights - SSP	\$0	R-5	\$0	\$0	100.00%	\$0	\$0
6	311.000	Structures and Improvements - SSP	\$0	R-6	\$0	\$0	100.00%	\$0	\$0
7	314.000	Well and Springs	\$0	R-7	\$0	\$0	100.00%	\$0	\$0
8		TOTAL SOURCE OF SUPPLY PLANT	\$0		\$0	\$0		\$0	\$0
9		PUMPING PLANT							
10	320.000	Land and Land Rights - PP	\$0	R-10	\$0	\$0	100.00%	\$0	\$0
11	321.000	Structures and Improvements - PP	\$0	R-11	\$0	\$0	100.00%	\$0	\$0
12	325.000	Electric Pumping Equipment	\$0	R-12	\$10,981	\$10,981	100.00%	\$0	\$10,981
13	327.000	Hydraulic Pumping Equipment	\$10,223	R-13	-\$10,223	\$0	100.00%	\$0	\$0
14		TOTAL PUMPING PLANT	\$10,223		\$758	\$10,981		\$0	\$10,981
15		WATER TREATMENT PLANT							
16	330.000	Land and Land Rights - WTP	\$0	R-16	\$0	\$0	100.00%	\$0	\$0
17	331.000	Structures and Improvements - WTP	\$0	R-17	\$0	\$0	100.00%	\$0	\$0
18	332.000	Water Treatment Equipment	\$0	R-18	\$0	\$0	100.00%	\$0	\$0
19		TOTAL WATER TREATMENT PLANT	\$0		\$0	\$0		\$0	\$0
20		TRANSMISSION & DIST. PLANT							
21	340.000	Land and Land Rights - TDP	\$0	R-21	\$0	\$0	100.00%	\$0	\$0
22	341.000	Structures and Improvements - TDP	\$0	R-22	\$0	\$0	100.00%	\$0	\$0
23	342.000	Distribution Reservoirs and Standpipes	\$0	R-23	\$0	\$0	100.00%	\$0	\$0
24	343.000	Transmission and Distribution Mains	\$0	R-24	\$0	\$0	100.00%	\$0	\$0
25	345.000	Customer Services	\$0	R-25	\$8	\$8	100.00%	\$0	\$8
26	346.000	Meters	\$0	R-26	\$0	\$0	100.00%	\$0	\$0
27	346.300	Meter Installations	\$0	R-27	\$0	\$0	100.00%	\$0	\$0
28	347.000	Meter and Meter Pit Installations	\$0	R-28	\$552	\$552	100.00%	\$0	\$552
29	348.000	Hydrants	\$0	R-29	\$61	\$61	100.00%	\$0	\$61
30		TOTAL TRANSMISSION & DIST. PLANT	\$0		\$621	\$621		\$0	\$621
31		GENERAL PLANT							
32	371.000	Structures and Improvements	\$0	R-32	\$2,173	\$2,173	100.00%	\$0	\$2,173
33	372.000	Office Furniture and Equipment	\$0	R-33	\$0	\$0	100.00%	\$0	\$0
34	372.100	Office Computer Equipment	\$0	R-34	\$1,476	\$1,476	100.00%	\$0	\$1,476
35	373.000	Transportation Equipment	\$0	R-35	\$2,797	\$2,797	100.00%	\$0	\$2,797
36	379.000	Other General Equipment	\$0	R-36	\$7,913	\$7,913	100.00%	\$0	\$7,913
37	391.000	Office Furniture and Equipment	\$918	R-37	-\$918	\$0	100.00%	\$0	\$0
38	391.100	Office Computer Equipment	\$474	R-38	-\$474	\$0	100.00%	\$0	\$0
39	392.000	Transportation Equipment	\$0	R-39	\$0	\$0	100.00%	\$0	\$0
40	394.000	Tools, Shop and Garage Equipment	\$2,783	R-40	-\$2,783	\$0	100.00%	\$0	\$0
41	396.000	Power-Operated Equipment	\$3,521	R-41	-\$3,521	\$0	100.00%	\$0	\$0
42	398.000	Miscellaneous Equipment	\$0	R-42	\$0	\$0	100.00%	\$0	\$0
43		TOTAL GENERAL PLANT	\$7,696		\$6,663	\$14,359		\$0	\$14,359
44		<b>TOTAL DEPRECIATION RESERVE</b>	<b>\$17,919</b>		<b>\$8,042</b>	<b>\$25,961</b>		<b>\$0</b>	<b>\$25,961</b>



**Gascony Water Company**  
**Case No. WR-2017-0343**  
**Test Year Ended December 31, 2016**  
**Update Period June 30, 2017**  
**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-12	Electric Pumping Equipment	325.000		\$10,981		\$0
	1. To adjust for Electric Pumping Equipemt		\$10,981		\$0	
R-13	Hydraulic Pumping Equipment	327.000		-\$10,223		\$0
	1. To adjust for Hydraulic Pumping Equipment		-\$10,223		\$0	
R-25	Customer Services	345.000		\$8		\$0
	1. To adjust for Services		\$8		\$0	
R-28	Meter and Meter Pit Installations	347.000		\$552		\$0
	1. To adjust for Meter Installations		\$552		\$0	
R-29	Hydrants	348.000		\$61		\$0
	1. To adjust for Hydrants		\$61		\$0	
R-32	Structures and Improvements	371.000		\$2,173		\$0
	1. To adjust for Structures and Improvements		\$2,173		\$0	
R-34	Office Computer Equipment	372.100		\$1,476		\$0
	1. To adjust for Office Computer Equipment		\$1,476		\$0	
R-35	Transportation Equipment	373.000		\$2,797		\$0
	1. To adjust for Transporation Equipment		\$2,797		\$0	
R-36	Other General Equipment	379.000		\$7,913		\$0
	1. To adjust for Other General Equipment		\$7,913		\$0	
R-37	Office Furniture and Equipment	391.000		-\$918		\$0
	1. To Adjust for Office Furniture and Equipment		-\$918		\$0	

**Gascony Water Company**  
**Case No. WR-2017-0343**  
**Test Year Ended December 31, 2016**  
**Update Period June 30, 2017**  
**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-38	Office Computer Equipment	391.100		-\$474		\$0
	No adjustment		-\$474		\$0	
R-40	Tools, Shop and Garage Equipment	394.000		-\$2,783		\$0
	1. To adjust for Tools, Shop and Garage Equipment		-\$2,783		\$0	
R-41	Power-Operated Equipment	396.000		-\$3,521		\$0
	1. To adjust for Power-Operated Equipment		-\$3,521		\$0	
<b>Total Reserve Adjustments</b>				<b>\$8,042</b>		<b>\$0</b>

**Gascony Water Company**  
**Case No. WR-2017-0343**  
**Test Year Ended December 31, 2016**  
**Update Period June 30, 2017**  
**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	<b>OPERATION AND MAINT. EXPENSE</b>						
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	Cash Vouchers	\$30,415	0.00	0.00	0.00	0.000000	\$0
12	<b>TOTAL OPERATION AND MAINT. EXPENSE</b>	<b>\$30,415</b>					<b>\$0</b>
13	<b>TAXES</b>						
14	FICA - Employer Portion	\$0	0.00	0.00	0.00	0.000000	\$0
15	Unemployment	\$0	0.00	0.00	0.00	0.000000	\$0
16	Property Tax	\$0	0.00	0.00	0.00	0.000000	\$0
17	Gross Receipts Tax	\$0	0.00	0.00	0.00	0.000000	\$0
18	Corporate Franchise	\$0	0.00	0.00	0.00	0.000000	\$0
19	Sales Tax	\$0	0.00	0.00	0.00	0.000000	\$0
20	Test Line	\$0	0.00	0.00	0.00	0.000000	\$0
21	<b>TOTAL TAXES</b>	<b>\$0</b>					<b>\$0</b>
22	<b>CWC REQ'D BEFORE RATE BASE OFFSETS</b>						<b>\$0</b>
23	<b>TAX OFFSET FROM RATE BASE</b>						
24	Federal Tax Offset	\$405	0.00	0.00	0.00	0.000000	\$0
25	State Tax Offset	\$167	0.00	0.00	0.00	0.000000	\$0
26	City Tax Offset	\$0	0.00	0.00	0.00	0.000000	\$0
27	Interest Expense Offset	\$0	0.00	0.00	0.00	0.000000	\$0
28	<b>TOTAL OFFSET FROM RATE BASE</b>	<b>\$572</b>					<b>\$0</b>
29	<b>TOTAL CASH WORKING CAPITAL REQUIRED</b>						<b>\$0</b>

**Gascony Water Company**  
**Case No. WR-2017-0343**  
**Test Year Ended December 31, 2016**  
**Update Period June 30, 2017**  
**Income Statement Detail**

Line Number	A Account Number	B Income Description	C Test Year Total (D+E)	D Test Year Labor	E Test Year Non Labor	F Adjust. Number	G Total Company Adjustments (From Adj. Sch.)	H Total Company Adjusted (C+G)	I Jurisdictional Allocations	J Jurisdictional Adjustments (From Adj. Sch.)	K MO Final Adj Jurisdictional (H x I) + J	L MO Adj. Juris. Labor L + M = K	M MO Adj. Juris. Non Labor
Rev-1		<b>OPERATING REVENUES</b>											
Rev-2	480.000	Residential	\$35,669	See note (1)	See note (1)	Rev-2	See note (1)	\$35,669	100.00%	-\$258	\$35,411	See note (1)	See note (1)
Rev-3	481.100	Commercial	\$0			Rev-3		\$0	100.00%	\$0	\$0		
Rev-4	481.200	Industrial	\$0			Rev-4		\$0	100.00%	\$0	\$0		
Rev-5	483.000	Private Fire Protection	\$0			Rev-5		\$0	100.00%	\$0	\$0		
Rev-6	487.000	Public Fire Protection	\$0			Rev-6		\$0	100.00%	\$0	\$0		
Rev-7	488.000	Other Public Auth.	\$0			Rev-7		\$0	100.00%	\$0	\$0		
Rev-8	489.000	Sales for Resale	\$0			Rev-8		\$0	100.00%	\$0	\$0		
Rev-9	493.000	Other Water Revenue - Oper. Rev.	\$832			Rev-9		\$832	100.00%	-\$832	\$0		
Rev-10		<b>TOTAL OPERATING REVENUES</b>	<b>\$36,501</b>					<b>\$36,501</b>		<b>-\$1,090</b>	<b>\$35,411</b>		
1		<b>SOURCE OF SUPPLY EXPENSES</b>											
2	600.000	Casual Labor - Contracted	\$1,129	\$0	\$1,129	E-2	-\$220	\$909	100.00%	\$0	\$909	\$0	\$909
3	617.000	Maint. Of Misc. Water Source Plant	\$0	\$0	\$0	E-3	\$212	\$212	100.00%	\$0	\$212	\$0	\$212
4		<b>TOTAL SOURCE OF SUPPLY EXPENSES</b>	<b>\$1,129</b>	<b>\$0</b>	<b>\$1,129</b>		<b>-\$8</b>	<b>\$1,121</b>		<b>\$0</b>	<b>\$1,121</b>	<b>\$0</b>	<b>\$1,121</b>
5		<b>PUMPING EXPENSES</b>											
6	623.000	Fuel or Power Purchased for Pumping	\$0	\$0	\$0	E-6	\$0	\$0	100.00%	\$0	\$0	\$0	\$0
7	0.000	Electric Expenses	\$0	\$0	\$0	E-7	\$1,628	\$1,628	100.00%	\$0	\$1,628	\$0	\$1,628
8	633.000	Maint. of Pumping Equipment	\$0	\$0	\$0	E-8	\$0	\$0	100.00%	\$0	\$0	\$0	\$0
9		<b>TOTAL PUMPING EXPENSES</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$1,628</b>	<b>\$1,628</b>		<b>\$0</b>	<b>\$1,628</b>	<b>\$0</b>	<b>\$1,628</b>
10		<b>WATER TREATMENT EXPENSES</b>											
11	650.000	Repair and Maintenance Materials	\$0	\$0	\$0	E-11	\$0	\$0	100.00%	\$0	\$0	\$0	\$0
12	652.000	Maint. of Water Treatment Equipment	\$0	\$0	\$0	E-12	\$0	\$0	100.00%	\$0	\$0	\$0	\$0
13		<b>TOTAL WATER TREATMENT EXPENSES</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$0</b>	<b>\$0</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
14		<b>TRANSMISSION &amp; DIST. EXPENSES</b>											
15	660.000	Travel Expense	\$0	\$0	\$0	E-15	\$4,184	\$4,184	100.00%	\$0	\$4,184	\$0	\$4,184
16	678.000	Maint. of Miscellaneous Plant - TDE	\$0	\$0	\$0	E-16	\$244	\$244	100.00%	\$0	\$244	\$0	\$244
17		<b>TOTAL TRANSMISSION &amp; DIST. EXPENSES</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$4,428</b>	<b>\$4,428</b>		<b>\$0</b>	<b>\$4,428</b>	<b>\$0</b>	<b>\$4,428</b>
18		<b>CUSTOMER ACCOUNTS EXPENSE</b>											
19	905.000	Misc. Customer Accounts Expense - CAE	\$0	\$0	\$0	E-19	\$0	\$0	100.00%	\$0	\$0	\$0	\$0
20		<b>TOTAL CUSTOMER ACCOUNTS EXPENSE</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$0</b>	<b>\$0</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
21		<b>CUSTOMER SERVICE EXPENSES</b>											
22		<b>TOTAL CUSTOMER SERVICE EXPENSES</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$0</b>	<b>\$0</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
23		<b>SALES PROMOTION EXPENSES</b>											
24		<b>TOTAL SALES PROMOTION EXPENSES</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$0</b>	<b>\$0</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
25		<b>ADMIN. &amp; GENERAL EXPENSES</b>											
26	0.000	Purchased Water - C&M Water Company	\$12,363	\$0	\$12,363	E-26	-\$12,363	\$0	100.00%	\$0	\$0	\$0	\$0
27	920.100	Clerical Salaries	\$1,700	\$1,700	\$0	E-27	-\$44	\$1,656	100.00%	\$0	\$1,656	\$1,656	\$0
28	920.200	Management Salaries	\$10,000	\$10,000	\$0	E-28	\$5,000	\$15,000	100.00%	\$0	\$15,000	\$15,000	\$0
29	921.100	Communication Expense	\$0	\$0	\$0	E-29	\$1,181	\$1,181	100.00%	\$0	\$1,181	\$0	\$1,181
30	921.200	Billing Materials	\$0	\$0	\$0	E-30	\$534	\$534	100.00%	\$0	\$534	\$0	\$534
31	921.300	I.T. Expense	\$1,135	\$0	\$1,135	E-31	-\$873	\$262	100.00%	\$0	\$262	\$0	\$262
32	923.000	Outside Services Employed	\$0	\$0	\$0	E-32	\$602	\$602	100.00%	\$0	\$602	\$0	\$602

**Gascony Water Company**  
**Case No. WR-2017-0343**  
**Test Year Ended December 31, 2016**  
**Update Period June 30, 2017**  
**Income Statement Detail**

Line Number	A Account Number	B Income Description	C Test Year Total (D+E)	D Test Year Labor	E Test Year Non Labor	F Adjust. Number	G Total Company Adjustments (From Adj. Sch.)	H Total Company Adjusted (C+G)	I Jurisdictional Allocations	J Jurisdictional Adjustments (From Adj. Sch.)	K MO Final Adj Jurisdictional (H x I) + J	L MO Adj. Juris. Labor L + M = K	M MO Adj. Juris. Non Labor
33	928.100	MO PSC Assessment	\$0	\$0	\$0	E-33	\$271	\$271	100.00%	\$0	\$271	\$0	\$271
34	928.200	Other Regulatory Expense	\$0	\$0	\$0	E-34	\$200	\$200	100.00%	\$0	\$200	\$0	\$200
35	0.000	Other Expenses	\$6,304	\$0	\$6,304	E-35	-\$6,304	\$0	100.00%	\$0	\$0	\$0	\$0
36	0.000	Interest Expense	\$2,070	\$0	\$2,070	E-36	-\$2,070	\$0	100.00%	\$0	\$0	\$0	\$0
37	930.200	Supplies and Expenses	\$1,722	\$0	\$1,722	E-37	-\$1,231	\$491	100.00%	\$0	\$491	\$0	\$491
38	0.000	Rents - Storage of Equipment	\$1,200	\$0	\$1,200	E-38	-\$1,200	\$0	100.00%	\$0	\$0	\$0	\$0
39	931.000	Rents - AGE	\$1,500	\$0	\$1,500	E-39	\$0	\$1,500	100.00%	\$0	\$1,500	\$0	\$1,500
40	0.000	Fuel Expense	\$0	\$0	\$0	E-40	\$506	\$506	100.00%	\$0	\$506	\$0	\$506
41	932.000	Maint. of General Plant - AGE	\$1,701	\$0	\$1,701	E-41	-\$1,501	\$200	100.00%	\$0	\$200	\$0	\$200
42	0.000	Rate Case Expense	\$0	\$0	\$0	E-42	\$100	\$100	100.00%	\$0	\$100	\$0	\$100
43	0.000	Gascony Association Expense	\$0	\$0	\$0	E-43	\$340	\$340	100.00%	\$0	\$340	\$0	\$340
44	0.000	Bank Fees	\$0	\$0	\$0	E-44	\$178	\$178	100.00%	\$0	\$178	\$0	\$178
45	0.000	Uncollectible Accounts Expense	\$0	\$0	\$0	E-45	\$217	\$217	100.00%	\$0	\$217	\$0	\$217
46		<b>TOTAL ADMIN. &amp; GENERAL EXPENSES</b>	<b>\$39,695</b>	<b>\$11,700</b>	<b>\$27,995</b>		<b>-\$16,457</b>	<b>\$23,238</b>		<b>\$0</b>	<b>\$23,238</b>	<b>\$16,656</b>	<b>\$6,582</b>
47		<b>DEPRECIATION EXPENSE</b>											
48	0.000	Depreciation Expense, Dep. Exp.	\$2,313	See note (1)	See note (1)	E-48	See note (1)	\$2,313	100.00%	\$993	\$3,306	See note (1)	See note (1)
49		<b>TOTAL DEPRECIATION EXPENSE</b>	<b>\$2,313</b>	<b>\$0</b>	<b>\$0</b>		<b>\$0</b>	<b>\$2,313</b>		<b>\$993</b>	<b>\$3,306</b>	<b>\$0</b>	<b>\$0</b>
50		<b>AMORTIZATION EXPENSE</b>											
51		<b>TOTAL AMORTIZATION EXPENSE</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$0</b>	<b>\$0</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
52		<b>OTHER OPERATING EXPENSES</b>											
53	408.000	Property Taxes	\$435	\$0	\$435	E-53	-\$365	\$70	100.00%	\$0	\$70	\$0	\$70
54	408.000	Missouri Franchise Taxes	\$0	\$0	\$0	E-54	\$0	\$0	100.00%	\$0	\$0	\$0	\$0
55		<b>TOTAL OTHER OPERATING EXPENSE</b>	<b>\$435</b>	<b>\$0</b>	<b>\$435</b>		<b>-\$365</b>	<b>\$70</b>		<b>\$0</b>	<b>\$70</b>	<b>\$0</b>	<b>\$70</b>
56		<b>TOTAL OPERATING EXPENSE</b>	<b>\$43,572</b>	<b>\$11,700</b>	<b>\$29,559</b>		<b>-\$10,774</b>	<b>\$32,798</b>		<b>\$993</b>	<b>\$33,791</b>	<b>\$16,656</b>	<b>\$13,829</b>
57		<b>NET INCOME BEFORE TAXES</b>	<b>-\$7,071</b>					<b>\$3,703</b>		<b>-\$2,083</b>	<b>\$1,620</b>		
58		<b>INCOME TAXES</b>											
59	0.000	Current Income Taxes	\$0	See note (1)	See note (1)	E-59	See note (1)	\$0	100.00%	\$323	\$323	See note (1)	See note (1)
60		<b>TOTAL INCOME TAXES</b>	<b>\$0</b>					<b>\$0</b>		<b>\$323</b>	<b>\$323</b>		
61		<b>DEFERRED INCOME TAXES</b>											
62	0.000	Deferred Income Taxes - Def. Inc. Tax.	\$0	See note (1)	See note (1)	E-62	See note (1)	\$0	100.00%	\$0	\$0	See note (1)	See note (1)
63	0.000	Amortization of Deferred ITC	\$0			E-63		\$0	100.00%	\$0	\$0		
64	0.000	Deferred Income Tax - Test Line	\$0			E-64		\$0	100.00%	\$0	\$0		
65		<b>TOTAL DEFERRED INCOME TAXES</b>	<b>\$0</b>					<b>\$0</b>		<b>\$0</b>	<b>\$0</b>		
66		<b>NET OPERATING INCOME</b>	<b>-\$7,071</b>					<b>\$3,703</b>		<b>-\$2,406</b>	<b>\$1,297</b>		

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

Gascony Water Company  
 Case No. WR-2017-0343  
 Test Year Ended December 31, 2016  
 Update Period June 30, 2017  
 Adjustments to Income Statement Detail

A Income Adj. Number	B Income Adjustment Description	C Account Number	D Company Adjustment Labor	E Company Adjustment Non Labor	F Company Adjustments Total	G Jurisdictional Adjustment Labor	H Jurisdictional Adjustment Non Labor	I Jurisdictional Adjustments Total
Rev-2	Residential	480.000	\$0	\$0	\$0	\$0	-\$258	-\$258
	1. To Annualize Residential Revenue		\$0	\$0		\$0	-\$258	
Rev-9	Other Water Revenue - Oper. Rev.	493.000	\$0	\$0	\$0	\$0	-\$832	-\$832
	1. To Annualize Other Water Revenue - Oper. Rev.		\$0	\$0		\$0	-\$832	
	2. No Adjustment		\$0	\$0		\$0	\$0	
E-2	Casual Labor - Contracted	600.000	\$0	-\$220	-\$220	\$0	\$0	\$0
	1. To Normalize Casual Labor		\$0	-\$220		\$0	\$0	
E-3	Maint. Of Misc. Water Source Plant	617.000	\$0	\$212	\$212	\$0	\$0	\$0
	1. To Normalize Rock Expense		\$0	\$212		\$0	\$0	
E-7	Electric Expenses		\$0	\$1,628	\$1,628	\$0	\$0	\$0
	1. To Annualize Electric Expense		\$0	\$1,628		\$0	\$0	
E-15	Travel Expense	660.000	\$0	\$4,184	\$4,184	\$0	\$0	\$0
	1. To normalize Travel Expense		\$0	\$4,184		\$0	\$0	
E-16	Maint. of Miscellaneous Plant - TDE	678.000	\$0	\$244	\$244	\$0	\$0	\$0
	1. To Normalize Maint of Miscellaneous Plant		\$0	\$244		\$0	\$0	
E-26	Purchased Water - C&M Water Company		\$0	-\$12,363	-\$12,363	\$0	\$0	\$0
	1. To Annualize Purchased Water - C&M Water Company		\$0	-\$12,363		\$0	\$0	
E-27	Clerical Salaries	920.100	-\$44	\$0	-\$44	\$0	\$0	\$0
	1. To Annualize Clerical Salaries		-\$44	\$0		\$0	\$0	
E-28	Management Salaries	920.200	\$5,000	\$0	\$5,000	\$0	\$0	\$0
	1. To Annualize Management Salaries		\$5,000	\$0		\$0	\$0	
E-29	Communication Expense	921.100	\$0	\$1,181	\$1,181	\$0	\$0	\$0
	1. To Normalize Communication Expense		\$0	\$1,181		\$0	\$0	
E-30	Billing Materials	921.200	\$0	\$534	\$534	\$0	\$0	\$0
	1. To normalize Billing Materials		\$0	\$534		\$0	\$0	
E-31	I.T. Expense	921.300	\$0	-\$873	-\$873	\$0	\$0	\$0
	1. To Normalize IT Expense		\$0	-\$873		\$0	\$0	
E-32	Outside Services Employed	923.000	\$0	\$602	\$602	\$0	\$0	\$0

Gascony Water Company  
 Case No. WR-2017-0343  
 Test Year Ended December 31, 2016  
 Update Period June 30, 2017  
 Adjustments to Income Statement Detail

A Income Adj. Number	B Income Adjustment Description	C Account Number	D Company Adjustment Labor	E Company Adjustment Non Labor	F Company Adjustments Total	G Jurisdictional Adjustment Labor	H Jurisdictional Adjustment Non Labor	I Jurisdictional Adjustments Total
	1. To Annualize Accounting		\$0	\$450		\$0	\$0	
	2. To Normalize Attorney Expense		\$0	\$152		\$0	\$0	
E-33	MO PSC Assessment	928.100	\$0	\$271	\$271	\$0	\$0	\$0
	1. To Annualize MO PSC Assessment		\$0	\$271		\$0	\$0	
E-34	Other Regulatory Expense	928.200	\$0	\$200	\$200	\$0	\$0	\$0
	1. To annualize Other Regulatory Expense		\$0	\$200		\$0	\$0	
E-35	Other Expenses		\$0	-\$6,304	-\$6,304	\$0	\$0	\$0
	1. To Remove Other Expenses		\$0	-\$6,304		\$0	\$0	
E-36	Interest Expense		\$0	-\$2,070	-\$2,070	\$0	\$0	\$0
	1. To Annualize Interest Expense		\$0	-\$2,070		\$0	\$0	
E-37	Supplies and Expenses	930.200	\$0	-\$1,231	-\$1,231	\$0	\$0	\$0
	1. To normalize Supplies and Expenses		\$0	-\$1,231		\$0	\$0	
E-38	Rents - Storage of Equipment		\$0	-\$1,200	-\$1,200	\$0	\$0	\$0
	1. To Annualize Rent - Storage of Equipment		\$0	-\$1,200		\$0	\$0	
E-40	Fuel Expense		\$0	\$506	\$506	\$0	\$0	\$0
	1. To Normalize Fuel Expense		\$0	\$506		\$0	\$0	
E-41	Maint. of General Plant - AGE	932.000	\$0	-\$1,501	-\$1,501	\$0	\$0	\$0
	1. To Normalize Maintenance Expense		\$0	-\$1,501		\$0	\$0	
E-42	Rate Case Expense		\$0	\$100	\$100	\$0	\$0	\$0
	1. To Normalize Rate Case Expense		\$0	\$100		\$0	\$0	
E-43	Gascony Association Expense		\$0	\$340	\$340	\$0	\$0	\$0
	1. To Annualize Gascony Association Expense		\$0	\$340		\$0	\$0	
E-44	Bank Fees		\$0	\$178	\$178	\$0	\$0	\$0
	1. To Normalize Bank Fees		\$0	\$178		\$0	\$0	
E-45	Uncollectible Accounts Expense		\$0	\$217	\$217	\$0	\$0	\$0
	1. To Normalize Uncollectibles Expense		\$0	\$217		\$0	\$0	
E-48	Depreciation Expense, Dep. Exp.		\$0	\$0	\$0	\$0	\$993	\$993
	To Annualize Depreciation Expense		\$0	\$0		\$0	\$993	
	1. No Adjustment		\$0	\$0		\$0	\$0	

**Gascony Water Company**  
**Case No. WR-2017-0343**  
**Test Year Ended December 31, 2016**  
**Update Period June 30, 2017**  
**Adjustments to Income Statement Detail**

A Income Adj. Number	B Income Adjustment Description	C Account Number	D Company Adjustment Labor	E Company Adjustment Non Labor	F Company Adjustments Total	G Jurisdictional Adjustment Labor	H Jurisdictional Adjustment Non Labor	I Jurisdictional Adjustments Total
E-53	Property Taxes	408.000	\$0	-\$365	-\$365	\$0	\$0	\$0
	1. To Annualize Property Taxes		\$0	-\$365		\$0	\$0	
E-59	Current Income Taxes		\$0	\$0	\$0	\$0	\$323	\$323
	1. To Annualize Current Income Taxes		\$0	\$0		\$0	\$323	
<b>Total Operating Revenues</b>			<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>-\$1,090</b>	<b>-\$1,090</b>
<b>Total Operating &amp; Maint. Expense</b>			<b>\$4,956</b>	<b>-\$15,730</b>	<b>-\$10,774</b>	<b>\$0</b>	<b>\$1,316</b>	<b>\$1,316</b>



**Gascony Water Company**  
**Case No. WR-2017-0343**  
**Test Year Ended December 31, 2016**  
**Update Period June 30, 2017**  
**Income Tax Calculation**

Line Number	A Description	B Percentage Rate	C Test Year	D 8.02% Return	E 8.02% Return	F 8.02% Return
1	TOTAL NET INCOME BEFORE TAXES		\$1,620	\$2,868	\$2,868	\$2,868
2	ADD TO NET INCOME BEFORE TAXES					
3	Book Depreciation Expense		\$3,306	\$3,306	\$3,306	\$3,306
4	Test		\$0	\$0	\$0	\$0
5	TOTAL ADD TO NET INCOME BEFORE TAXES		\$3,306	\$3,306	\$3,306	\$3,306
6	SUBT. FROM NET INC. BEFORE TAXES					
7	Interest Expense calculated at the Rate of	0.0000%	\$0	\$0	\$0	\$0
8	Tax Straight-Line Depreciation		\$3,306	\$3,306	\$3,306	\$3,306
9	Excess Tax Depreciation		\$0	\$0	\$0	\$0
10	TOTAL SUBT. FROM NET INC. BEFORE TAXES		\$3,306	\$3,306	\$3,306	\$3,306
11	NET TAXABLE INCOME		\$1,620	\$2,868	\$2,868	\$2,868
12	PROVISION FOR FED. INCOME TAX					
13	Net Taxable Inc. - Fed. Inc. Tax		\$1,620	\$2,868	\$2,868	\$2,868
14	Deduct Missouri Income Tax at the Rate of	100.000%	\$94	\$167	\$167	\$167
15	Deduct City Inc Tax - Fed. Inc. Tax		\$0	\$0	\$0	\$0
16	Federal Taxable Income - Fed. Inc. Tax		\$1,526	\$2,701	\$2,701	\$2,701
17	Federal Income Tax at the Rate of	See Tax Table	\$229	\$405	\$405	\$405
18	Subtract Federal Income Tax Credits					
19	Credits - Solar		\$0	\$0	\$0	\$0
20	Net Federal Income Tax		\$229	\$405	\$405	\$405
21	PROVISION FOR MO. INCOME TAX					
22	Net Taxable Income - MO. Inc. Tax		\$1,620	\$2,868	\$2,868	\$2,868
23	Deduct Federal Income Tax at the Rate of	50.000%	\$115	\$203	\$203	\$203
24	Deduct City Income Tax - MO. Inc. Tax		\$0	\$0	\$0	\$0
25	Missouri Taxable Income - MO. Inc. Tax		\$1,505	\$2,665	\$2,665	\$2,665
26	Missouri Income Tax at the Rate of	6.250%	\$94	\$167	\$167	\$167
27	PROVISION FOR CITY INCOME TAX					
28	Net Taxable Income - City Inc. Tax		\$1,620	\$2,868	\$2,868	\$2,868
29	Deduct Federal Income Tax - City Inc. Tax		\$229	\$405	\$405	\$405
30	Deduct Missouri Income Tax - City Inc. Tax		\$94	\$167	\$167	\$167
31	City Taxable Income		\$1,297	\$2,296	\$2,296	\$2,296
32	City Income Tax at the Rate of	0.000%	\$0	\$0	\$0	\$0
33	SUMMARY OF CURRENT INCOME TAX					
34	Federal Income Tax		\$229	\$405	\$405	\$405
35	State Income Tax		\$94	\$167	\$167	\$167
36	City Income Tax		\$0	\$0	\$0	\$0
37	TOTAL SUMMARY OF CURRENT INCOME TAX		\$323	\$572	\$572	\$572
38	DEFERRED INCOME TAXES					
39	Deferred Income Taxes - Def. Inc. Tax.		\$0	\$0	\$0	\$0
40	Amortization of Deferred ITC		\$0	\$0	\$0	\$0
41	Deferred Income Tax - Test Line		\$0	\$0	\$0	\$0
42	TOTAL DEFERRED INCOME TAXES		\$0	\$0	\$0	\$0
43	TOTAL INCOME TAX		\$323	\$572	\$572	\$572

**Gascony Water Company**  
**Case No. WR-2017-0343**  
**Test Year Ended December 31, 2016**  
**Update Period June 30, 2017**  
**Income Tax Calculation**

Line Number	<u>A</u> Description	<u>B</u> Percentage Rate	<u>C</u> Test Year	<u>D</u> 8.02% Return	<u>E</u> 8.02% Return	<u>F</u> 8.02% Return
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<b>Federal Tax Table</b>					
	Federal Income Taxes	\$1,526	\$2,701	\$2,701	\$2,701
	15% on first \$50,000	\$229	\$405	\$405	\$405
	25% on next \$25,000	\$0	\$0	\$0	\$0
	34% > \$75,000 < \$100,001	\$0	\$0	\$0	\$0
	39% > \$100,000 < \$335,001	\$0	\$0	\$0	\$0
	34% > \$335,000 < \$10,000,001	\$0	\$0	\$0	\$0
	35% > \$10MM < \$15,000,001	\$0	\$0	\$0	\$0
	38% > \$15MM < \$18,333,334	\$0	\$0	\$0	\$0
	35% > \$18,333,333	\$0	\$0	\$0	\$0
	<b>Total Federal Income Taxes</b>	<b>\$229</b>	<b>\$405</b>	<b>\$405</b>	<b>\$405</b>

**Gascony Water Company**  
**Case No. WR-2017-0343**  
**Test Year Ended December 31, 2016**  
**Update Period June 30, 2017**  
**Capital Structure Schedule**

Line Number	A Description	B Dollar Amount	C Percentage of Total Capital Structure	D Embedded Cost of Capital	E Weighted Cost of Capital 8.02%	F Weighted Cost of Capital 8.02%	G Weighted Cost of Capital 8.02%
1	Common Stock	\$1,500	100.00%		8.020%	8.020%	8.020%
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	\$0	0.00%	0.00%	0.000%	0.000%	0.000%
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	<b>TOTAL CAPITALIZATION</b>	<b>\$1,500</b>	<b>100.00%</b>		<b>8.020%</b>	<b>8.020%</b>	<b>8.020%</b>
8	PreTax Cost of Capital				10.017%	10.017%	10.017%

**Gascony Water Company**  
**Case No. WR-2017-0343**  
**Test Year Ended December 31, 2016**  
**Update Period June 30, 2017**  
**Executive Case Summary**

<b>A</b>	<b>B</b>	
<b>Line Number</b>	<b>Description</b>	<b>Amount</b>
1	Annualized Missouri Retail Revenues	\$35,411
2	Annualized Customer Numbers	178
3	Annualized Customer Usage	0
4	Profit (Return on Equity)	\$2,296
5	Interest Expense	\$0
6	Annualized Payroll	\$16,656
7	Utility Employees	0
8	Depreciation	\$3,306
9	Net Investment Plant	\$27,705
10	Pensions	\$0

**Gascony WATER COMPANY**  
**SCHEDULE of DEPRECIATION RATES**  
**(WATER CLASS D)**  
**WR-2017-0343 Attachment D**

NARUC USOA ACCOUNT NUMBER	ACCOUNT DESCRIPTION	DEPRECIATION RATE	AVERAGE SERVICE LIFE (YEARS)	NET SALVAGE
<b>Source of Supply</b>				
311*	Structures & Improvements	2.5%	44	-10%
314	Wells & Springs	2.0%	55	-8%
<b>Pumping Plant</b>				
325	Electric Pumping Equipment	10.0%	12	-20%
<b>Water Treatment Plant</b>				
332	Water Treatment Equipment	2.9%	35	0%
<b>Transmission and Distribution</b>				
342	Distribution Reservoirs & Standpipes	2.5%	42	-5%
343	Transmission & Distribution Mains	2.0%	50	0%
345	Customer Services	2.5%	40	0%
346	Meters, Plastic Chamber	10.0%	10	0%
347	Meter and Meter Pit Installation	2.5%	40	0%
348	Hydrants	2.0%	50	0%
<b>General Plant CLASS D</b>				
371	Structures & Improvements	2.5%	40	0%
372	Office Furniture & Equipment	5.0%	20	0%
372.1	Office Electronic & Computer Equip.	0.0%	0	0%
373	Transportation Equipment	6.7%	15	0%
379	Other General Equipment (tools, shop equip., backhoes, trenchers, etc.)	3.3%	30	0%

\*Utility may apply this rate as needed to Account Numbers 321, 331, and 341.

**PRELIMINARY OBSERVATIONS OF WATER AND SEWER DEPARTMENT**  
**FIELD OPERATIONS AND TARIFF REVIEW**

**Case No. WR-2017-0343**  
**Gascony Village Water Company**  
**David Spratt / Jarrod Robertson**

**Introduction**

Gascony Water Company, Inc. (Company) received its certificate of convenience and necessity from the Missouri Public Service Commission (Commission) on April 1, 1999, in case number WA-97-510. The Company provides service to three commercial customers, approximately 26 full-time customers and 151 part-time customers in a fishing resort area known as Gascony Village, outside of Hermann, MO in Gasconade County. The Commission's Water and Sewer Department Staff (Staff) performed an inspection of the water system on September 11, 2017. Observations and suggested improvements are listed below.

**Facilities**

The Company's source of supply is a deep groundwater well drilled in 1980 to a depth of 630 feet with a steel casing that extends 400 feet deep. According to information Staff has been told or has observed, CMC Water Company, LLC (CMC), a separate legal entity, owns the land where the well is located, and may also own the well. Mr. Hoesch, in a September 14, 2017 phone call, represented that CMC is owned by Christina Ziegler and Matthew Hoesch, the children of Mr. Hoesch. Staff has requested documentation related to CMC's ownership of property and assets and is still investigating this situation. The well pump is a five-horsepower submersible pump capable of producing 35 gallons per minute (gpm). The well pump was most recently replaced in October 2013. The well is on Lot 27, located at the southernmost part of the service area on Warrior Path Road.

The well house is in good condition. The roof on the well house was replaced in 2008. The well house contains the wellhead, piping, a 1,000 gallon hydro pneumatic tank, and all pump controls. These features were in good operating condition at the time of Staff's inspection. The tank and piping had recently been cleaned and painted to protect the integrity of the metal.

A 1,000-gallon hydro pneumatic tank sits inside the well house to maintain pressure in the water distribution system. A hydro pneumatic tank provides system pressure when water is pumped into the closed tank, compressing and pressurizing the air, such that approximately one-third of the total volume of the tank is usable water within a working

pressure range. The Company's hydro pneumatic tank cannot really be called a storage tank since its usable volume would only provide about two gallons of water per customer. The current Missouri Department of Natural Resources (DNR) *Minimum Design Standards for Missouri Community Water Systems*, referred to as the "Design Guide," recommends that a single-well water system should have storage capacity of at least one-day average use. Based on the historical master meter readings and peak day information provided by the Company, 30,000 gallons of usable storage would be required to meet the DNR Design Guide. The current storage volume is a previously identified deficiency that was noted by DNR during its 2014 inspection, although DNR did not take usage by part-time customers into consideration as Staff did in its determination.

DNR recommends water storage tanks should be inspected every two to five years. The Company stated that the interior of the hydro pneumatic tank has never been inspected. Staff recommends that the Company contract with an independent company to inspect the integrity of the interior of the hydro pneumatic tank.

The Company does not have emergency contact information posted at the well house, which is also a deficiency identified previously by DNR. Staff recommends that emergency contact information be posted outside the well house for customers to know whom to notify in case of an emergency, as well as inside the well house in the event a backup operator is visiting the well house and needs to contact the pump company, electrician, or other emergency contact.

The Company has a generator that is connected to the well house electrical system to provide power to the electric well pump in the event of a power outage. With effectively no storage capacity, a system-wide water outage could occur in a matter of minutes after a power failure. The generator ensures that water service will not be disrupted in the event of a power outage. The Company stated that the generator was used for the first time the day after it was bought.

### **Distribution System**

The water distribution system consists of approximately six miles of two-inch and two and a half-inch poly vinyl chloride (PVC) pipe, which was installed in the early 1980's. According to the Company, the distribution system is looped around the service area and has one flush valve, which is operated annually around November to flush sediment out of the system. The system also contains some shut-off valves to isolate parts of the system in the event of a main break. Some areas are not able to be isolated; thus, the well must be turned off to work on the mains in those areas. Staff recommends installing shut-off valves in these areas in such an arrangement that the area can be isolated for repairs but the rest of the service area maintains water service.

## **Operations**

While at the Company's office, Staff reviewed a current copy of the tariff with the owner. The Company reads the master meter and the electric meter generally once a week. The gallons pumped and electric meter readings are recorded in a notebook and are available in the well-house.

## **Tariff Review**

Staff routinely works with regulated water and sewer utilities to update their water and/or sewer tariffs. Most often, companies use a generic tariff that is modified for specific operations of the individual company when they file rate cases with the Commission.

The Company's current water tariff became effective April 1, 1999, after the Commission issued a certificate of convenience and necessity to the Company. Following a review of the current water tariff, the Company needs to replace the current water tariff with a new water tariff that reflects the current rules and regulations of the Commission (including recent changes made to Chapter 13). Without updating the tariff, the Company's tariff will conflict with changes to the rule.

Staff anticipates the Company will file new and updated water tariff for the Company as part of the disposition of this current rate case proceeding. The current PSC MO number 1 water tariff will be canceled and replaced by PSC MO Number 2 water tariff.

On October 17, 2017, Staff was made aware, via a Gascony customer phone inquiry, that the Company may have started charging for each individual "living unit" on a single lot, instead of charging just a single rate for each individual lot; the customer stated this had been occurring at least the last two billing Quarters. Due to the timing of the inquiry coinciding with this Disposition Agreement deadline, it was not possible to address this situation with the Company. Therefore, Staff is bringing this to the attention of all parties.

## **Rate Design**

Staff also reviewed the Company's current rate design in its investigation. The current rate structure consists of a quarterly flat rate based on customer class for water service. Staff has performed a cost of service study for water service, which allocated current annual costs between the five different classes present on this system. The customer classes are: full-time residential; part-time residential; and three (3) individual specific commercial customers: pool/bathhouse; kitchen; and a dump station. In its request letter, the Company asked to re-allocate costs between the full- and part-time customers. Staff is continuing its investigation at this time and has not determined if it will make this



change. Other than this potential allocation change, Staff does not anticipate making further changes to the existing rate structure.

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

## **Consumer and Management Analysis Unit**

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

**Case No. WR-2017-0343**

**Gascony Water Company, Inc.**

**Mark Kiesling and Gary Bangert**

The purpose of the Consumer and Management Analysis Unit (“CMAU”) is to promote and encourage efficient and effective utility management. These objectives contribute to the Commission’s overall mission to ensure that customers receive safe and adequate service at reasonable rates while providing utilities the opportunity to earn a fair return on their investment.

The objectives of this review are to document and analyze the management control processes, procedures, and practices used by Gascony Water Company, Inc. (“Company” or “Gascony Water”) to ensure that its customers’ service needs are met and to make recommendations, where appropriate, by which the Company may improve the quality of services provided to its customers. The findings of this review will also provide the Commission with information regarding the Company’s customer service and business operations.

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

- Overview
- Customer Billing
- Payment Remittance
- Credit and Collections
- Complaints and Inquiries
- Customer Communication

This report contains the results of the CMAU staff’s review.

The CMAU staff of the Missouri Public Service Commission (“Commission”) initiated an informal review in August 2017 of the customer service and business processes, procedures, and practices of Gascony Water. The review was performed in response to the Company’s request for a rate increase in Case No. WR-2017-0343, which was filed on June 19, 2017. The Company’s request is for an increase of \$15,000 in its annual water system operating revenues.

The CMAU staff examined the Company's tariffs, annual reports, Commission complaint and inquiry records, and 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 and performed an on-site interview with Company employees in August 2017. The CMAU staff's review of the Company resulted in the following two recommendations:

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

1. 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 requirement of 4 CSR 240-13.040(3) should be completed within thirty (30) days of the effective date of the Commission order that resolves Case No. WR-2017-0343.
2. Ensure all new customers complete an application for service per the Company's tariff. This requirement should be completed within thirty (30) days of the effective date of the Commission order that resolves Case No. WR-2017-0343.

**History**

Gascony Water was first authorized by the Commission on April 1, 1999, to provide water service and currently operates in an area commonly known as Gascony Village in Gasconade County, near Hermann, Missouri. The Company provides water service to approximately 2623 full-time, 15149 part-time and three commercial customers. There has been minimal change in the number of customers over the past three years and little growth is anticipated. CMAU staff previously performed a customer service review in Case No. WR-2015-0020.

**Overview**

The owner, who is president of Gascony Water, performs all outside operations activities with occasional help from independent contractors and a part-time office manager performs all business office functions. Time associated with Company work activity is tracked with timesheets. A vehicle log is kept by the president to record the miles driven from his home in St. Louis to the Company. The president asserted that he travels to Gascony Water about one time each week and typically spends one to three days at the Company business office.

The Company's business office is located in Gascony Village. There are no established business hours; however, the office manager lives in Gascony Village and is available to conduct

Company business throughout the week. Company personnel are also available 24/7 by telephone. The president's telephone number and the Company telephone number are included on customer bills. Customers may leave a message if no one is available to answer the telephone. Business office functions performed by the office manager include preparing and mailing customer bills, maintaining customer account records, posting customer bill payments, responding to customer complaints and inquiries, and paying bills. Outside operations activities include system checks, routine maintenance of the water system, taking water samples, and recording master water meter readings. The president also responds to emergency customer calls and makes weekly bank deposits.

### **Customer Billing**

Gascony Water's tariff provides the rates for water service. Full-time customers pay a flat fee of \$103.33 per quarter and part-time customers pay a flat fee of \$36.88 per quarter. Gascony Water uses QuickBooks software for all accounting and to maintain customer records. The president asserts that customer account data is backed up to an external hard drive whenever account modifications are made. Company personnel indicate that the quarterly bills are dated the 1st day of the month each quarter, but they are usually mailed sometime the week prior to the 1st day of the month. A sample water bill provided by the Company had a bill date of January 1st and a due date of January 17th. The Company's current tariff does not include a provision for a late fee and Company personnel represented that a late fee is not assessed on accounts remaining unpaid by the due date.

### **Payment Remittance**

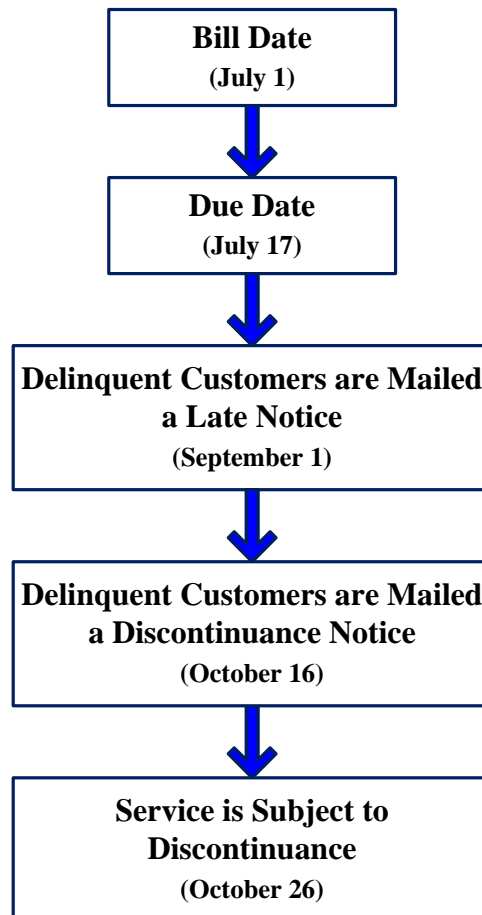
Customer payment options include cash, check, money order, bank bill pay, or cashier's check. Most payments are received in the mail; however Company personnel indicate that a few customers will drop off their payments at the president's home. Company personnel assert that bill payments are processed and recorded on the day they are received. The president makes weekly bank deposits of all receipts.

## **Credit and Collections**

Customers requesting water service do not complete a written application although the Company's tariff requires a written application. A security deposit is not required as a condition for providing service. Company personnel assert that returned checks have not been a problem. The Company's current tariff has no provision for a returned check fee.

Gascony Water has an established procedure for handling delinquent accounts. The following illustration shows the actions that would be taken on delinquent accounts:

### **Delinquent Account Actions**



As shown in the illustration, customers with unpaid accounts are mailed a late notice two months after the bill date. Accounts that remain unpaid three months after the bill date are mailed a discontinuance notice. Accounts that have not been paid within 10 days of the discontinuance notice are subject to discontinuance.

Gascony Water personnel indicated that only a few customers are delinquent each quarter. They also indicated that they have not disconnected any customers for nonpayment, as the Company has indicated there are no delinquent customers beyond 90 days. The Company's tariff includes a provision for a \$40.00 discontinuance fee and a \$425.00 fee to install a meter pit and shut-off valve. The Company does not use a collection agency to pursue the collection of amounts owed to Gascony Water Company. No uncollectible water account has been written off since 2012.

### **Complaints and Inquiries**

Customers with questions or concerns may call Gascony Water using one of two telephone numbers appearing on their bill. A review of Commission complaint/inquiry records since 2014 showed there were no complaints in 2016 and one complaint in 2015 and 2017. Company personnel indicated that they receive very few Customer Complaints or Inquiries.

### **Customer Communication**

Customer bills serve as primary means of communicating with customers. Some information is also conveyed at property association meetings. A Company brochure has not been prepared summarizing rights and responsibilities of the Company and its customers.

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

The following discussion presents a summary of the findings, conclusions, and recommendations pertaining to the Company's customer service operations. 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 issue that requires Company management's attention:

- Customer Brochure
- New Customer Application

### **Customer Brochure**

The Company has not developed a brochure detailing the rights and responsibilities of the Company and its customers. The development of such a brochure and its prominent display and

availability to customers is required by Commission Rule 4 CSR 240- 13.040 (3) which states in part:

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

Specific information to be covered in the brochure is listed in the above referenced rule and includes procedures such as billing, customer verification of billing accuracy, payment requirements, customer deposits, discontinuance of service, inquiries and complaints, and access to the Commission and the Office of Public Counsel.

***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 the Commission order that resolves Case No.WR-2017-0343.*

**New Customer Application**

The Company does not presently require new customers to complete an application for service. Per the Company’s current tariff Rule 4 (a) all new customers require an application:, “A written application for service, signed by the Applicant, stating the type of service required and accompanied by any other pertinent information, will be required from each Applicant before service is provided or continued to any Unit.”

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

*Ensure all new customers complete an application for service per the Company tariff. This recommendation should be completed within thirty (30) days of the effective date of the Commission order that resolves Case No.WR-2017-0343.*

### **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.



***PRELIMINARY AUDITING DEPARTMENT MEMORANDUM***

**FROM: Jason Taylor, Matthew Young**  
**Auditing Department Staff**

**TO: Jarrod Robertson**  
**Water and Sewer Department, Case Coordinator**

**CC: Jacob Westen, Nicole Mers**  
**Staff Counsel Office**

**SUBJECT: Auditing Department's Initial Findings**  
**Gascony Water Company, Inc.**  
**Case No. WR-2017-0343**

**DATE: November 8, 2017**

**Executive Summary**

In response to Gascony Water Company, Inc.'s ("Gascony Water" or "Company") June 19, 2017 request for a rate increase, the Auditing Department Staff of the Missouri Public Service Commission ("Staff") conducted an audit of the Company using a 12-month test year ended December 31, 2016 and updated through the known and measurable period ended June 30, 2017. As further explained throughout this memorandum, Staff's preliminary audit supports an overall revenue requirement increase of \$1,248.

**Procedural Background**

On June 19, 2017, Gascony Water filed a letter dated June 16, 2017 with the Secretary of the Missouri Public Service Commission ("Commission") in accordance with the provisions of Commission Rule 4 CSR 240-3.050, Small Utility Rate Case Procedure ("Small Company Procedure"), requesting a rate increase of \$15,000, or approximately 44% increase over its existing annual water service operating revenues. The Company is proposing that the customer equivalent factors for part-time customers be changed from .35 customer equivalent to a .5

customer equivalent. In its request letter, the Company acknowledged that the design of its customer rates, its service charges, its customer service practices, its general business practices and its general tariff provisions would be reviewed during the Staff's review of the revenue increase request, and could thus be the subject of Staff recommendations. The Company provides service to approximately 26 full-time, 151 part-time, and 3 commercial water customers in the certificated service area in Hermann, Missouri.

### **Ongoing Issues**

The \$1,248 revenue requirement recommended above is exclusive of new information the Company has recently provided to Staff. Staff received from Company, documents for rent and salary on October 31, 2017 and documents on uncollectible accounts, new information on machinery located at the water system, check register for other expenses, rate case expense invoices, and the customer list on November 3, 2017. In response to this information, Staff has submitted data requests to the Company and is working through the documents. Once the Company has responded to the data requests, Staff will be able to complete its analysis and update its recommended revenue requirement accordingly.

### **Background of Gascony Water Company**

Gascony Water serves Gascony Village, which is located in Gasconade County, Missouri, which is approximately 14 miles south-west of Hermann, Missouri. The development area for Gascony Village was purchased by Mr. George Hoesch in 1969 and developed into a vacation area by Mr. Hoesch's development company, Gasc-Osage Realty Company ("Gasc-Osage"). In 1992, the Missouri Department of Natural Resources ("DNR") sought legal enforcement for Gasc-Osage to construct a sewer collection system in Gascony Village. In 1997, Mr. Hoesch filed two Applications for a Certificate of Convenience and Necessity ("CCN") before the Commission in Case Nos. SA-97-357 and WA-97-510. Gascony Water was not legally established until February 1998, during the water CCN. As a result of the water CCN, tariffs establishing water rates became effective on April 1, 1999. However, the sewer CCN was dismissed without

prejudice on March 9, 1999. Gascony Village currently does not contain a PSC-regulated, centralized, sewer collection system.

Gascony Water has not had a change in rates since the establishment of approved water rates in 1999. Gascony filed a Request for a Rate Increase on July 21, 2014, Case No. WR-2015-0020, but the case was ultimately withdrawn December 16, 2014.

### **Affiliated Entities**

The owner of Gascony Water Company, Mr. Hoesch, also owns Gasc-Osage Realty Company. Mr. Hoesch's Gasc-Osage is the entity that installed the water system during the development of Gascony Village. While Gasc-Osage is listed on the Missouri Secretary of State's website as a company in good standing, Gasc-Osage's activity (real estate development and lot sales) at Gascony Village has been dormant for several years.

Gascony Village has a home association named Gascony Village Association. Staff understands that the president of the Association is Ms. Gail Stephens. Gascony Water Company retains Ms. Stephens to perform the billing functions of Gascony Water Company.

Lastly, Lot 27 of Gascony Village contains the well and the well house that provides water service to the customers of Gascony Water. However, the land defined by Lot 27 is owned by CMC Water Company, LLC ("CMC"). In a September 14, 2017 phone call with Staff, Mr. Hoesch represented that CMC is a Limited Liability Company owned by Christina Ziegler and Matthew Hoesch, children of Mr. Hoesch.

### **Capital Structure**

Robert Bickel of the Commission's Financial Analysis Unit provided a weighted cost of capital and rate of return calculation to the Audit Staff for inclusion in the cost of service calculation. The initial rate of return is based on a capital structure consisting of 100% common equity. The initial return on equity ("ROE") and rate of return is 8.02%. This level was used in the revenue

requirement calculation determined through a model referred to as the Exhibit Modelling System (“EMS”).

## **Rate Base**

### **Plant in Service**

During the water CCN, the parties signed a Stipulation and Agreement that defined \$21,000 of plant-in-service. The original rate base consisted of \$20,000 of intangible plant, \$150 of meters, and \$850 of meter installations.

During the audit, Staff learned that the only meters installed on Gascony Water’s water system were at the site of the community pool. However, Gascony Water’s tariffs do not contain a volumetric rate and the meter was never used to measure water usage. Since the pool meter is not used and useful, Staff retired the \$150 in the meter account after it was fully depreciated. Similarly, Staff retired the \$20,000 intangible plant after the account was fully amortized.

Since 1999, the most recent time the Commission has approved a Rate Base, Gascony Water has invested several thousand dollars in improvements to the water system. Improvements include the installation of several meter pits, an upgrade of the electrical system at the well, replacement of the well pump, installation of a water-level monitoring system, installation of a back-up generator for the well, and the construction of a shed to house supplies and large equipment. In addition to the referenced upgrades and structures added to the system over the years, the Company also transferred two pieces of equipment from its affiliated company, a trenching machine and a John Deere Gator.

To value the trencher, Staff found evidence of Gasc-Osage’s original cost in the Direct Testimony of Earnest Harwig, Gascony’s Witness in the water CCN case. Schedule 1 of that testimony shows the trencher was purchased in 1995 at a cost of \$10,800. Staff calculated the undepreciated value of the trencher at June 30, 2017, the cut-off date in this case, assuming the

trencher has a 30 year useful life. Staff then included the undepreciated value in Gascony Water's rate base in 2017, the year of the trencher's transfer.

Similarly, the Gator's undepreciated value was calculated at June 30, 2017 and included in rate base. Staff relied on Gascony's 2007 annual report filed with the Commission for the original cost of this equipment, which is reported at \$4,200. Staff used a total useful life of 15 years to value the Gator.

### **Contributions in Aid of Construction**

Contributions in Aid of Construction ("CIAC") are an offset to plant-in-service. CIAC represents a portion of rate base that the customers of a utility have already paid for, making the investment in the utility system fully recovered. Utility systems like electric, natural gas, telecommunications, and water and sewer services—in this case a water system—are typically constructed during the early stages of an area's development to make the lots within the development more attractive to potential buyers. In addition to utility systems, the developer many times makes improvements to the lots of land with roadways and bridges, sidewalks and curbing, and amenities such as greenspaces, tennis and basketball courts, clubhouses, etc. After the area is developed, it is assumed that the developer prices the lots for sale at a level that allows for the recovery of the total development costs, including the construction of the utility system. All the improvements make the selling of the lots more attractive to the buyers of the lots, adding value to the land purchased.

During Gascony's water CCN case, Staff's Direct Testimony describes the records and documents that were reviewed to determine rate base. Those documents were reviewed for the cost of the land, expenditures for the time period September 1, 1982 to December 31, 1996, and the 1979 and 1980 federal tax returns. In that testimony, Staff recommended a \$0 rate base based upon the lack of supporting documentation.

Later in the case, Staff filed "Testimony in Support of Stipulation and Agreement", which described the amount of rate base ultimately supported by Staff. Of the rate base that was

included in rates, \$1,000 was the only tangible plant and was related to meters and meter installations. The testimony also makes it clear that Gascony had not installed any meters as of the Stipulation, but would install the plant immediately. In other words, as of the Stipulation and Agreement in the Gascony's water CCN, there was \$0 of plant "in-service." Because there was not a value for used and useful plant-in-service, there was not a CIAC offset to water plant in the CCN case. Instead, Plant, Reserve, and CIAC were all set at \$0, with the exception of meters that were to be installed in the future.

### **Utility Property**

As part of this rate case, Gascony Water informed Staff that it requests the transfer of several assets in transactions with companies also owned by Mr. Hoesch or that Mr. Hoesch has represented are owned by his children. These proposed transactions affect the utility's rate base and expenses. Gascony's proposals are to include in Gascony Water's rates equipment and property from other entities owned by Mr. Hoesch or an entity that Mr. Hoesch has represented his children legally own.

Gasc-Osage proposes to transfer a trenching machine and John Deere Gator to Gascony Water in 2017. These assets were used by Gasc-Osage for its development of Gascony Village and the operation of Gascony Water. To compensate Gasc-Osage for the machinery, Gascony Water agreed to pay Gasc-Osage \$8,000 for the trencher and \$3,300 for the Gator. These amounts are what Mr. Hoesch deemed to be reasonable market values for the assets. To determine the asset values to include in Gascony's rate base, Staff compared the undepreciated book value of the assets, as described above, to the values set forth by Gascony Water when the equipment was originally purchased. For both pieces of machinery, the net book value was included in Gascony's rate base.

Also, Gascony Water does not have legal ownership of the land associated with the water well because, as stated by the owner of Gascony Water, he transferred the land to what is now known as CMC. From Staff's initial investigation, it appears as of 2016, Mr. Hoesch created an arrangement with CMC to purchase water for distribution of water to the utility customers. For Staff's initial audit, Mr. Hoesch has produced one invoice from CMC for purchased water in

2016 but has not produced any other invoices regarding purchased water to show Gascony has been historically purchasing water from CMC. Mr. Hoesch also has not produced a contract detailing any purchased water arrangement with CMC. Finally, the issue of purchased water was not raised in either the CCN case or the 2014 Rate Increase Request. In 2017, Gascony Water, through Mr. Hoesch, agreed to purchase the well's land from CMC, which Mr. Hoesch represented is owned by his children, for \$10,000. Staff evaluated this transaction, and has not included any cost of this land in Gascony Water's rate base for the following reasons.

- Staff's testimony filed in the 1997 water CCN states that the documentation of the development area's original cost was audited and that land should not be included in rate base. While it is unclear if Staff did not support including land because the cost was undocumented or the cost was recovered through lot sales, all parties agreed on a rate base that did not include the cost of any land. In this case, Staff cannot find good cause to deviate from the position taken by Staff in the 1997 water CCN.
- Gascony's witness in the 1997 water CCN case, Earnest Harwig, recommended a rate base to include in rates. In the CCN case, Mr. Harwig did not include the cost of land in his rate base schedule. Staff assumes that a witness for Gascony Water would have included any costs, including the cost of the land that a well was drilled on, that would be eligible for rate base.
- The Commission approved the CCN case in 1999, which established the original rate base for Gascony Water did not include any amount for land.
- The well was drilled on the land in 1980. According to Gascony Water, the land was transferred to what is now known as CMC in 1989 for \$0 of consideration. This transfer of utility property was not approved by the Commission and the utility requires ownership or access to the land on which the well was drilled (for access to the well) to provide safe and adequate service. Since this transfer was not presented to, nor approved by the Commission pursuant to § 393.170 RSMo, and was a result of an imprudent decision of Gascony Water (transferring away ownership of the land with the well—the water company's only water source), the costs incurred to recover ownership of the land should not be a burden of the ratepayers.

In addition to the land containing the utility's well, Gascony Water has agreed to purchase an adjacent lot of land and an existing structure (a shed) for \$35,000. This land is not owned by CMC but by another affiliate, Gasc-Osage. Staff applied the same rationale to this transaction, and found that the original cost of the land is \$0, as it was recovered by Gasc-Osage through the original lot sales. However, unlike the well, the shed on this land was constructed after the 1997 water CCN case and was paid for through Gascony Water's checking account. To ensure the utility's checking account had sufficient funds, Mr. Hoesch invested \$10,000 into Gascony Water for the construction, making the cost of the shed appropriate for inclusion in rate base. Staff has included the shed in rate base on a cost basis. The cost was derived from Gascony Water's checkbook and invoices.

### **Depreciation and Depreciation Rate Overview**

In this case, Engineering Analysis Unit Staff expert Stephen Moilanen reviewed existing depreciation rates, existing plant-in-service, and accumulated depreciation reserve balances. Because of additions made since the previous rate case, Staff suggests implementing a revised depreciation schedule as shown in Attachment D. The rule followed by Staff as a basis for applying depreciation to Gascony Water's plant accounts is 4 CSR 240-50.030-1, which specifies the use of the USOA issued by the NARUC in 1976 for water utilities.

### **Revenues**

Gascony Water's current tariffs have a flat rate of \$103.33 per quarter for full-time customers, \$36.88 per quarter for part-time customers, and \$597.29 per quarter for commercial customers. Staff annualized revenues based on customer levels of 26 full-time customers, 151 part-time customers, and 3 commercial customers. Staff has requested additional documentation from Gascony and intends to verify the customer count at June 30, 2017 prior to the conclusion of this case.

### **Expenses**



Staff reviewed Gascony Water's checking account from calendar year 2011 through June 30, 2017. Staff classified each check (payroll, maintenance, capital, etc.) and totaled to find annual expenditures. Staff then examined the yearly fluctuation of expenses for trends and normalized or annualized as appropriate using most current information or averaging results of several periods.

Staff audited Gascony's ongoing expense for Century Link's services and found that Century Link provided internet, a landline telephone, and cable television as a bundled service. Because the service is bundled, it is difficult to quantify the portion of the bill that is attributable to cable television, a service that is not necessary to provide safe and adequate water service, so Staff reduced the Century Link expense by one-third.

Gascony Water also incurs ongoing expenses for a cellular phone. Staff reduced the annualized cell phone bill by 50% to recognize that the phone is also used for personal reasons.

During the on-site visit with Gascony Water, Staff collected the time sheets kept by the employees of the Company to determine the appropriate payroll costs to include in rates. These time sheets identified the hours worked on specific tasks and amount paid to each employee. The time sheets were used to determine if the wages earned by Gascony Water's personnel were comparable to a market value of wages for similar services. To compare Gascony Water's salary expense to the job market, Staff obtained Occupational Employment and Wages data from Missouri Economic and Information Center online (MERIC) for the year 2016, the most recent data available. 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 as a resource for evaluating salaries. According to MERIC webpage:

MERIC conducts a semiannual survey of businesses; survey responses are used to produce employment and wage estimates for Missouri, nine different metropolitan statistical areas (MSA) within Missouri, and four geographic regions that include Missouri counties not in MSA's.

Included in the cost of service is an annual amount of compensation for the owner-operator of Gascony Water, Mr. Hoesch. Staff evaluated the time recorded by Mr. Hoesch performing “water system operator” duties and considered the unrecorded time performing management duties for the utility. Staff found that Mr. Hoesch’s current level of annual compensation is reasonable. Additionally, Mr. Hoesch does not reside in Gascony Village and must travel to the utility’s service area once per week to meet DNR’s requirements imposed upon water certified operators. Staff annualized the travel expense associated with this DNR requirement by applying the 2017 IRS mileage reimbursement rate of \$0.535 per mile to the annualized miles driven by Mr. Hoesch.

Mr. Hoesch relies on a Gascony Village resident to perform the billing function for Gascony Water at an \$18/hour rate. Staff found \$18/hour to be reasonable and applied the hourly wage to an average number of hours recorded by the billing clerk. Mr. Hoesch recently increased the billing function wage to \$18 per hour. The \$18 per hour level was included in the recommended rate level, provided that this amount continues to be paid for this operational function. Also, Mr. Hoesch employs other local residents to perform labor on an “as-needed” basis. Staff averaged the amount paid for this labor during the last six years to normalize this cost.

To process this case, Gascony Water obtained a consultant. Staff classified the consultant’s costs as rate case expense, and normalized the total cost over a five year period. Staff will continue to collect and evaluate rate case expenses as this case continues.

In 2015, Gascony Water made a payment to CMC Water for the cost of water pumped by the well that is located on CMC Water’s land. Staff views that Gascony Water should have obtained ownership of this land from the start of the water company’s history and as such, Staff has not included purchased water as a going-forward expense to set into rates. For discussion of the ownership of the land the well was drilled on and Staff’s initial findings in regards to the purchased water see the Utility Property section above.

In 2016, Gascony Water paid Gasc-Osage \$1,200 for the storage space provided by the shed. Since Staff has included the full cost of the shed in Gascony Water's rate base, Staff did not include any storage fees related to the shed in the cost of service.

The remainder of Gascony Water's expenses, including electricity, DNR fees, postage, office supplies, outside services, materials, fuel, PSC assessment, maintenance, property taxes, and association dues were annualized or normalized as necessary.

### **Preliminary Findings**

1. Gascony Water should continue to maintain timesheets and travel logs to support compensation paid to individuals performing services for Gascony Water. These individuals include certified operators, billing clerks, and "as needed" casual labor.
2. Gascony Water, as a Class D Water Company, is required by Commission regulations 4 CSR 240-50.020 and 50.030 to maintain documentation of costs that relate to improvements to the utility's water system. This documentation should be able to support additions to plant-in-service in future cases.
3. Gascony Water should obtain ownership of land that is being used in Gascony Water's utility operations. This ownership should be filed with Gasconade County's recorder of deeds. Any costs incurred in conjunction with obtaining this ownership shall not be borne by the customers in this, or future cases. Additionally, should it prove impossible for Gascony Water to obtain ownership of the property, ratepayers shall be held harmless (from a cost of service perspective) for any subsequent costs incurred to maintain water service.
4. The Commission should approve Staff's recommended depreciation rates, as set forth in Attachment D.

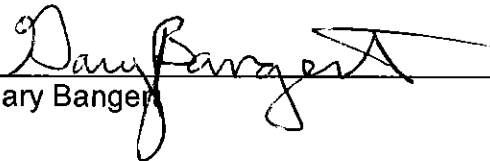
**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

In the Matter of the Request for an Increase in                    )  
Annual Water System Operating Revenues for                    )  
Gascony Water Company, Inc.    )        Case No. WR-2017-0343

**AFFIDAVIT OF GARY BANGERT**

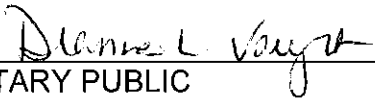
State of Missouri    )  
                                  ) ss.  
County of Cole        )

Gary Bangert, of lawful age, on his oath states: (1) that he is a Utility Management Analyst III, of the Consumer and Management Analysis Unit, of the Missouri Public Service Commission; (2) that he participated in the preparation of the foregoing *Partial Disposition Agreement*; (3) that information in this *Partial Disposition Agreement* was provided by him; (4) that he has knowledge of matters set forth in the *Partial Disposition Agreement*; and (5) that such matters set forth in the *Partial Disposition Agreement* are true and correct to the best of his knowledge, information and belief.

  
\_\_\_\_\_  
Gary Bangert

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 16th day of November, 2017.

  
\_\_\_\_\_  
NOTARY PUBLIC

My commission expires: June 28, 2019.

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 the Request for an Increase in                 )  
Annual Water System Operating Revenues for                 )  
Gascony Water Company, Inc.                                     )         Case No. WR-2017-0343

**AFFIDAVIT OF CARY G. FEATHERSTONE**

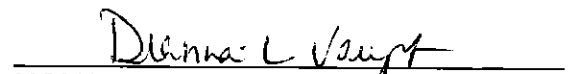
State of Missouri     )  
                                   ) ss.  
County of Cole         )

Cary G. Featherstone, of lawful age, on his oath states: (1) that he is a Utility Regulatory Auditor V, of the Auditing Department – Kansas City, of the Missouri Public Service Commission; (2) that he participated in the preparation of the foregoing *Partial Disposition Agreement*; (3) that information in this *Partial Disposition Agreement* was provided by him; (4) that he has knowledge of matters set forth in the *Partial Disposition Agreement*; and (5) that such matters set forth in the *Partial Disposition Agreement* are true and correct to the best of his knowledge, information and belief.

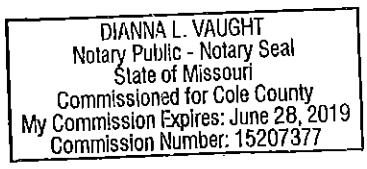
  
\_\_\_\_\_  
Cary G. Featherstone

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 16th day of November, 2017.

  
\_\_\_\_\_  
NOTARY PUBLIC

My commission expires: June 28, 2019.



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

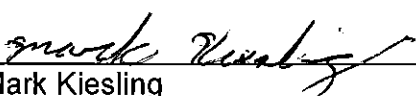
In the Matter of the Request for an Increase in )  
Annual Water System Operating Revenues for )  
Gascony Water Company, Inc. )

**Case No. WR-2017-0343**

**AFFIDAVIT OF MARK KIESLING**

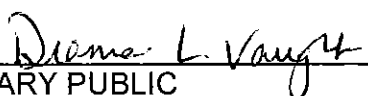
State of Missouri )  
) ss.  
County of Cole )

Mark Kiesling, of lawful age, on his oath states: (1) that he is a Utility Management Analyst II, of the Consumer and Management Analysis Unit, of the Missouri Public Service Commission; (2) that he participated in the preparation of the foregoing *Partial Disposition Agreement*; (3) that information in this *Partial Disposition Agreement* was provided by him; (4) that he has knowledge of matters set forth in the *Partial Disposition Agreement*; and (5) that such matters set forth in the *Partial Disposition Agreement* are true and correct to the best of his knowledge, information and belief.

  
\_\_\_\_\_  
Mark Kiesling

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 16<sup>th</sup> day of November, 2017.

  
\_\_\_\_\_  
NOTARY PUBLIC

My commission expires: June 28, 2019.

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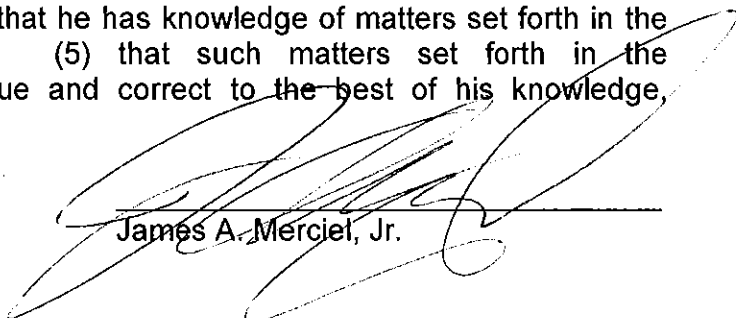
**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

In the Matter of the Request for an Increase in            )  
Annual Water System Operating Revenues for            )  
Gascony Water Company, Inc.                                )        Case No. WR-2017-0343

**AFFIDAVIT OF JAMES A. MERCIEL, JR.**

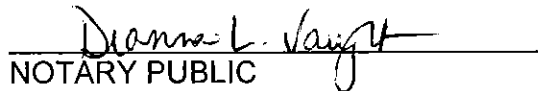
State of Missouri    )  
                              ) ss.  
County of Cole        )

James A. Merciel, Jr., of lawful age, on his oath states: (1) that he is a Utility Engineering Supervisor, of the Water and Sewer Department, of the Missouri Public Service Commission; (2) that he participated in the preparation of the foregoing *Partial Disposition Agreement*; (3) that information in this *Partial Disposition Agreement* was provided by him; (4) that he has knowledge of matters set forth in the *Partial Disposition Agreement*; and (5) that such matters set forth in the *Partial Disposition Agreement* are true and correct to the best of his knowledge, information and belief.

  
James A. Merciel, Jr.

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 16<sup>th</sup> day of November, 2017.

  
NOTARY PUBLIC

My commission expires: June 28, 2019.

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

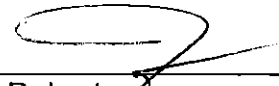
In the Matter of the Request for an Increase in            )  
Annual Water System Operating Revenues for            )  
Gascony Water Company, Inc.                                )

**Case No. WR-2017-0343**

**AFFIDAVIT OF JARROD ROBERTSON**

State of Missouri    )  
                                  ) ss.  
County of Cole        )

Jarrold Robertson, of lawful age, on his oath states: (1) that he is a Utility Policy Analyst I, of the Water and Sewer Department, of the Missouri Public Service Commission; (2) that he participated in the preparation of the foregoing *Partial Disposition Agreement*; (3) that information in this *Partial Disposition Agreement* was provided by him; (4) that he has knowledge of matters set forth in the *Partial Disposition Agreement*; and (5) that such matters set forth in the *Partial Disposition Agreement* are true and correct to the best of his knowledge, information and belief.

  
\_\_\_\_\_  
Jarrod Robertson

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 16th day of November, 2017.

\_\_\_\_\_  
NOTARY PUBLIC

My commission expires: June 28, 2019.

DIANNA L. VAUGHT Notary Public - Notary Seal State of Missouri Commissioned for Cole County Commission Expires: June 28, 2019 Commission Number: 15207377
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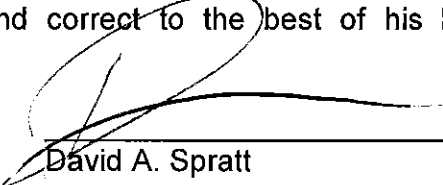
**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

In the Matter of the Request for an Increase in             )  
Annual Water System Operating Revenues for                 )  
Gascony Water Company, Inc.                                     )             Case No. WR-2017-0343

**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, of the Water and Sewer Department, of the Missouri Public Service Commission; (2) that he participated in the preparation of the foregoing *Partial Disposition Agreement*; (3) that information in this *Partial Disposition Agreement* was provided by him; (4) that he has knowledge of matters set forth in the *Partial Disposition Agreement*; and (5) that such matters set forth in the *Partial Disposition Agreement* are true and correct to the best of his knowledge, information and belief.

  
\_\_\_\_\_  
David A. Spratt

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 16th day of November, 2017.

  
\_\_\_\_\_  
NOTARY PUBLIC

My commission expires: June 28, 2019.

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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