

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

In the Matter of the Application of Peaceful     )  
Valley Service Company for a Small             )  
Company Rate Increase                             )

**Case No. WR-2009-0145**

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

COMES NOW the Staff of the Missouri Public Service Commission (Staff), by and through counsel, and for its *Notice of Company/Staff Agreement Regarding Disposition of Small Water Company Revenue Increase Request* (Agreement Notice) states the following:

1. On October 21, 2008, the Missouri Public Service Commission (the Commission) received a Rate Increase Request Letter (Request Letter) from Peaceful Valley Service Company (Peaceful Valley or the Company).
2. In its Request Letter, the Company requests the Commission allow an increase of \$6,154 in its annual water system operating revenues pursuant to Commission Rule 4 CSR 240-3.050.
3. Upon completion of its investigation of the Company's request, Staff provided Peaceful Valley and the Office of the Public Counsel (OPC) with various information, as well as Staff's initial recommendations for the resolution of the revenue increase request.
4. Pursuant to negotiations conducted after the receipt by the Company and OPC of the above-referenced information and recommendations, Staff and Peaceful Valley were able to reach an agreement (Disposition Agreement) regarding the resolution of the Company's revenue increase request.

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

6. The Disposition Agreement reflects an agreed-upon annualized operating revenue decrease in the amount of \$3,454.

7. Pursuant to Rule 4 CSR 240-3.050, governing disposition agreements executed between Staff and small utility companies utilizing the small utility rate case procedure, Peaceful Valley will file tariff sheets seeking to implement the terms of the Disposition Agreement. The tariff sheets will be filed on March 23, 2009, and as required will bear the minimum 45-day effective date of May 7, 2009.

8. Peaceful Valley Service Company is current on its payment of Commission assessments and on its filings of annual report and statements of revenue. Peaceful Valley has no other cases pending before the Commission at this time.

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

Respectfully submitted,

/s/ Sam Ritchie

Sam Ritchie  
Legal Counsel  
Missouri Bar No. 61167

Attorney for the Staff of the  
Missouri Public Service Commission  
P. O. Box 360  
Jefferson City, MO 65102  
(573) 751-4140 (Telephone)  
(573) 751-9285 (Fax)  
[samuel.ritchie@psc.mo.gov](mailto:samuel.ritchie@psc.mo.gov)

**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of this Agreement Notice and the attached Appendix A has been provided, either by first-class mail, by electronic mail, by facsimile transmission or by hand-delivery, to each attorney and/or party of record for this case on this 20th day of March, 2009.

/s/ Sam Ritchie

# APPENDIX A

## STAFF PARTICIPANT AFFIDAVITS AND DISPOSITION AGREEMENT & ATTACHMENTS

CASE NO. WR-2009-0145

Note: To browse through this document by item, click on the "Bookmark" tab at the top of the menu bar to the left of the screen and then click on the item that you want to see.

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## Staff Participant Affidavits

James M. Russo – Water & Sewer Department

Lisa Ferguson – Auditing Department

Arthur W. Rice – Engineering & Management Services Department

Randall Cole, III – Engineering & Management Services Department

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

**AFFIDAVIT OF JAMES M. RUSSO**

STATE OF MISSOURI     )

) SS

CASE NO. WR-2009-0145

COUNTY OF COLE     )

COMES NOW James M. Russo, being of lawful age, and on his oath states the following: (1) that he is the Rate and Tariff Examination Supervisor of the Missouri Public Service Commission's Water & Sewer Department; (2) that he participated in the Staff's investigation of the small company rate increase request that is the subject of the instant case; (3) that he was responsible for the preparation of the following *Company/Staff Agreement Regarding Disposition of Small Water Company Revenue Increase Request* ("Disposition Agreement"); (4) that he was responsible for the preparation of Attachments A, B, D, E and H to the Disposition Agreement; (5) that he has knowledge of the matters set forth in the Disposition Agreement and the above-referenced attachments thereto; and (6) that the matters set forth in the Disposition Agreement and the above-referenced attachments thereto are true and correct to the best of his knowledge, information and belief.



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

Subscribed and sworn to before me this 16th day of March, 2009.



Notary Public



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



**BEFORE THE PUBLIC SERVICE COMMISSION**

**OF THE STATE OF MISSOURI**

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

STATE OF MISSOURI

ss.

COUNTY OF COLE

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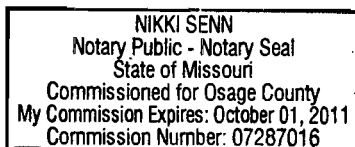
Case No. WR-2009-0145

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



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

Subscribed and sworn to before me this 12<sup>th</sup> day of March, 2009.



Notary Public



**BEFORE THE PUBLIC SERVICE COMMISSION**

**OF THE STATE OF MISSOURI**

**AFFIDAVIT OF RANDALL COLE, III**

STATE OF MISSOURI

ss.

COUNTY OF COLE

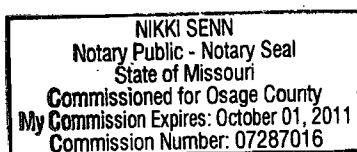
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Case No. WR-2009-0145

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



Randall Cole, III  
Utility Management Analyst  
Engineering & Management  
Services Department

Subscribed and sworn to before me this 16<sup>th</sup> day of March, 2009.



Notary Public

# Company/Staff Disposition Agreement

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

**PEACEFUL VALLEY SERVICE COMPANY**

**MO PSC CASE NO. WR-2009-0145**

**BACKGROUND**

Peaceful Valley Service Company (Peaceful Valley or Company) initiated the small company revenue increase request (Request) for water service that is the subject of the above-referenced Missouri Public Service Commission (Commission) case number. The Request letter initiating the case was submitted 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, the Company set forth its Request for an increase of \$6,154 in its total annual water service operating revenues for the affected service areas. Also 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 Commission Staff's (Staff) review of the revenue increase request, and could thus be the subject of Staff recommendations. The Company provides service to approximately 170 customers in the affected service areas, the vast majority of which are residential customers.

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

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

## **RESOLUTION OF THE COMPANY'S RATE INCREASE REQUEST**

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

- (1) That for the purpose of implementing the agreements set out herein, the Company will file proposed tariff revisions with the Commission containing the rates, charges and language set out in the example tariff sheets attached hereto as Attachment A, with those proposed tariff revisions bearing an effective date of May 7, 2009.
- (2) That except as otherwise noted in the agreements below, the ratemaking income statement attached hereto as Attachment B accurately reflects the Company's annualized revenues generated by its current customer rates, the agreed-upon total annualized cost of service for the Company, and the resulting agreed-upon annualized operating revenue decrease of \$3,454 needed to recover the Company's cost of service.
- (3) That the audit workpapers attached hereto as Attachment C, which include consideration of a capital structure of 100.0% equity for the Company and a return on equity of 9.50%, accurately reflect the agreed-upon total annualized cost of service for the Company and provide the basis for the ratemaking income statement referenced in item (2) above.
- (4) That the rates set out in the attached example tariff sheets, the development of which is shown on the rate design worksheet attached hereto as Attachment D, are designed to generate revenues sufficient to recover the agreed-upon total annualized cost of service for the Company.
- (5) That the rates included in the attached example tariff sheets will result in the residential customer impacts shown on the billing comparison worksheet attached hereto as Attachment E.
- (6) That the rates included in the attached example tariff sheets are just and reasonable, and that the provisions of the attached example tariff sheets also properly reflect all other agreements set out herein, where necessary.
- (7) That the schedule of depreciation rates attached hereto as Attachment F, which includes the depreciation rates used by the Staff in its revenue requirement analysis, will be the prescribed schedule of water plant depreciation rates for the Company.
- (8) That the Company will maintain all of its financial records, including monthly financial records, in accordance with the Commission's approved 1973 Uniform System of Accounts (USOA), as revised July 1976.

(9) That the Company will develop and maintain time sheets, separating the time spent between the water and sewer operations. Staff will review these time sheets by June 30, 2009.

(10) That the Company will maintain and retain proper plant and CIAC records. The Auditing Department will meet with the Company to assist in the development of these records by June 30, 2009.

(11) The Company will implement cost-effective disconnect procedures as stated in Commission rule 4 CSR 240-13.050(5) as recommended in the Engineering & Management Services Department (EMSD) Report by the effective date of the tariff(s) within the case.

(12) The Company will develop a customer disconnect notice as stated in Commission Rule 4 CSR 240-13.050(4) as recommended in the Engineering & Management Services Department (EMSD) Report by the effective date of the tariff(s) within the case.

(13) Within three (3) months of the effective date of an order approving this Disposition Agreement, The Company shall implement the recommendations contained in the Engineering & Management Services Department (EMSD) Report. These recommendations include the following:

a. The Company shall review 4 CSR 240-13 governing water utilities.

b. The Company will analyze automated billing software and initiate use of a cost-effective automated system that would more efficiently and accurately handle the calculation and preparation of customer bills.

c. The Company will increase collection timelines for delinquent water availability customers and implement policies determined to be effective and efficient.

d. The Company will ensure all customer complaints received by Company personnel are documented according to Commission Rule 4 CSR 240-13.040(5). These records will be kept on file for at least (2) years.

e. The Company will develop in written form, the information that summarizes the rights and responsibilities of the utility and its customers and make such documentation available to customers as stated in Commission Rule 4 CSR 240-13.040(3).

f. The Company will store all critical paper files in a fire proof container, implement cost-effective billing software with adequate storage capability, and develop back-up data storage and recovery procedures for electronic files.

(14) The Company will mail its customers a written notice of the rates and charges included in its proposed tariff revisions within 15 days of entry of the Commission approved Order. The notice will include a summary of the impact of the proposed

rates on an average residential customer's bill. When the Company mails the notice to its customers, it will also send a copy to the Staff and the Staff will file a copy in the subject case file.

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

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

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

#### **ADDITIONAL MATTERS**

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

Staff has completed a Summary of Case Events and has included the summary as Attachment H to this disposition Agreement.

The Company acknowledges that the Staff will be filing this Disposition Agreement and the attachments hereto, in the case that will be opened when the Company files the proposed tariff revisions called for in the agreement. The Company also acknowledges that the Staff may make other filings in that case.

#### **EFFECTIVE DATE AND SIGNATURES**

MAR-18-2009 10:04 From:MO PSC

573 751 1847

To:5734372605

P.5/7

Small Company Revenue Increase Disposition Agreement  
MO PSC Case No. WR-2009-0145  
Peaceful Valley Service Company -- Page 5 of 5 Pages


**EFFECTIVE DATE AND SIGNATURES**

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

Agreement Signed and Dated:

  
August Hoernschmeyer  
Secretary of the Board  
Peaceful Valley Service Company.

3/20/09  
Date

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

3/20/09  
Date

**List of Attachments**

- Attachment A - Example Tariff Sheets
- Attachment B - Rate-making Income Statement
- Attachment C - Audit Workpapers
- Attachment D - Rate Design Worksheet
- Attachment E - Billing Comparison Worksheet
- Attachment F - Schedule of Depreciation Rates
- Attachment G - EMSD Report
- Attachment H - Summary of Case Events

## Agreement Attachment A

### Example Tariff Sheets



Peaceful Valley Service Company	For	Peaceful Valley Lake Estates
Name Of Issuing Corporation		Community, Town, or City
		Gasconade County, Missouri

Rules and Regulations Governing Rendering of Water Service											
<p style="text-align: center;"><u>SCHEDULE OF RATES</u></p> <p>Availability: The Company holds itself out to provide water for distribution at retail only and no sales of water for re-distribution shall be made. Otherwise, service is available to any customer adjacent to the Company's water distribution mains using standard water service.</p> <p style="text-align: center;"><u>General Rates</u></p> <table><tr><td>Residential or Domestic Use:</td><td>\$29.24 per quarter</td></tr><tr><td>Commercial:</td><td>\$29.24 per quarter</td></tr><tr><td>Commercial with Restaurant:</td><td>\$55.58 per quarter</td></tr><tr><td>Yard Hydrants in Parks-Beaches-Camping Areas:</td><td>\$14.64 per quarter</td></tr><tr><td>Availability Charge:</td><td>\$ 8.16 per quarter</td></tr></table> <p>The availability charge is applicable where the Company has a water main located adjacent to a lot or lots in Peaceful Valley Late Estates Subdivision and the owner of said property is subject to a contract agreement with or an assignment to the Company, wherein it is agreed that the property owner will pay to the Company an availability charge until a water service line is connected to the property. At the time a service line is connected, the other rates in this tariff will apply.</p> <p>As a condition of service, a property owner will be required to pay any availability charge owed since the effective date of this provision (July 1, 1985), before the Company is required to provide water service.</p> <p>* Indicates new rate or text + Indicates change</p>		Residential or Domestic Use:	\$29.24 per quarter	Commercial:	\$29.24 per quarter	Commercial with Restaurant:	\$55.58 per quarter	Yard Hydrants in Parks-Beaches-Camping Areas:	\$14.64 per quarter	Availability Charge:	\$ 8.16 per quarter
Residential or Domestic Use:	\$29.24 per quarter										
Commercial:	\$29.24 per quarter										
Commercial with Restaurant:	\$55.58 per quarter										
Yard Hydrants in Parks-Beaches-Camping Areas:	\$14.64 per quarter										
Availability Charge:	\$ 8.16 per quarter										

DATE OF ISSUE March 23, 2009 DATE EFFECTIVE May 7, 2009  
ISSUE BY President, 3408B Lakeshore Drive, Owensville, MO 65066

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

1<sup>st</sup> Revised Sheet No. 7  
Original SHEET No. 7

Peaceful Valley Service Company	For	Peaceful Valley Lake Estates
Name Of Issuing Corporation		Community, Town, or City
		Gasconade County, Missouri

Rules and Regulations Governing Rendering of Water Service	
<b><u>SCHEDULE OF SERVICE CHARGES</u></b>	
<b><u>Discontinuance of Service for Non-payment of Bill</u></b>	
Re-connect turn-off/turn-on charge:	\$10.00
<b><u>Disconnection at Customer's Request</u></b>	
Turn-off Charge:	\$5.00
Turn-on Charge:	\$5.00
<b><u>Connection Fee</u> +</b>	
At the time the Customer is connected to the mains of the system, he shall pay as a connection charge or tap on fee the sum of \$875.00. This charge shall not be refundable.	
<b><u>Late Fee</u></b>	
Late Fee on delinquent bill:	\$ 5.00 *
<b><u>Returned Check Fee</u></b>	
Returned Check Fee	\$ 25.00 *
* Indicates new rate or text + Indicates change	

DATE OF ISSUE <u>March 23, 2009</u>	DATE EFFECTIVE <u>May 7, 2009</u>
ISSUE BY <u>President,</u>	<u>3408B Lakeshore Drive, Owensville, MO 65066</u>

## Agreement Attachment B

### Ratemaking Income Statement

# PEACEFUL VALLEY SERVICE COMPANY

## Rate Making Income Statement-Water

### Operating Revenues at Current Rates

1	Tariffed Rate Revenues *	\$	37,039
2	Other Operating Revenues *	\$	1,221
3	<b>Total Operating Revenues</b>	<b>\$</b>	<b>38,260</b>
4	* See "Revenues - Current Rates" for Details		

### Cost of Service

Item	Amount
1 Pumping Equipment-Purchased Power	\$ 2,851
2 Water Treatment Expense-Chemicals	\$ 34
3 Water Treatment -Testing/Laboratory Fees	\$ 200
4 Operators Salary/Contract Services	\$ 4,895
5 Maintenance Expense-Equipment	\$ 2,135
6 Maintenance Expense-Supplies	\$ 347
7 Permit Fees	\$ -
8 Administration & General - Salaries	\$ 3,642
9 Office Supplies	\$ 242
10 Accounting Fees	\$ 858
11 Postage Expense	\$ 401
12 Dues & Memberships	\$ 197
13 Telephone & Pagers	\$ 281
14 Transportation Mileage	\$ 1,681
15 Property & Liability Insurance	\$ 1,260
16 Regulatory Commission Expense	\$ 298
17 MO DNR Fees	\$ -
18 Licenses and Permits	\$ 45
19 Corporate Registration	\$ 10
20 Miscellaneous General Expenses	\$ 131
21 <b>Sub-Total Operating Expenses</b>	<b>\$ 19,508</b>
22 Property Taxes	\$ -
23 MO Franchise Taxes	\$ -
24 Employer FICA Taxes	\$ 724
25 Federal Unemployment Taxes	\$ -
26 State Unemployment Taxes	\$ -
27 State & Federal Income Taxes	\$ 2,208
28 <b>Sub-Total Taxes</b>	<b>\$ 2,932</b>
29 Depreciation Expense	\$ 3,499
30 Amortization of Utility Plant (computer system)	\$ -
31 <b>Sub-Total Depreciation/Amortization</b>	<b>\$ 3,499</b>
32 <b>Return on Rate Base</b>	<b>\$ 8,867</b>
33 <b>Total Cost of Service</b>	<b>\$ 34,806</b>
34 <b>Overall Revenue Increase Needed</b>	<b>\$ (3,454)</b>

# Agreement Attachment C

## Audit Workpapers

**Exhibit No.:** 12345667  
**Issue:** Accounting Schedules  
**Witness:** MO PSC Auditors  
**Sponsoring Party:** MO PSC Staff  
**Case No:** WR-2009-0145  
**Date Prepared:** January 5, 2009



**MISSOURI PUBLIC SERVICE COMMISSION**

**UTILITY SERVICES DIVISION**

**REVISED**

**STAFF ACCOUNTING SCHEDULES**

**PEACEFUL VALLEY SERVICE CO.**

**CASE NO. WR-2009-0145**

**St. Louis, MO**

**January 2009**

Peaceful Valley Service Co.  
Informal Rate/Certificate Case  
Tracking Number WR-2009-0145  
Test Year Ending 09/30/08 update to 12/31/08  
Rate Design Schedule - Water

Line Number	Description	Account Number (Optional)	Staff Annualized	Customer Charge	Commodity	Percentage Rate
Rev-1	ANNUALIZED REVENUES					
Rev-2	Annualized Rate Revenues	(1)	\$37,039			
Rev-3	Miscellaneous Revenues	(1)	\$1,221			
Rev-4	TOTAL ANNUALIZED REVENUES		\$38,260			
1	OPERATIONS EXPENSES	(2)				
2	Operators Salary/Contract Services (1)		\$4,895	\$0	\$4,895	0.00%
3	Electricity-(Pumping)		\$2,851	\$0	\$2,851	0.00%
4	Chemicals-(Chlorine)		\$34	\$0	\$34	0.00%
5	Testing		\$200	\$0	\$200	0.00%
6	TOTAL OPERATIONS EXPENSE		\$7,980	\$0	\$7,980	
7	MAINTENANCE EXPENSES					
8	Outside Services Employed (1)		\$0	\$0	\$0	0.00%
9	System Repairs and Maintenance		\$2,135	\$0	\$2,135	0.00%
10	Supplies Expense		\$347	\$0	\$347	0.00%
11	TOTAL MAINTENANCE EXPENSE		\$2,482	\$0	\$2,482	
12	CUSTOMER ACCOUNT EXPENSE					
13	Accounting Fees		\$858	\$0	\$858	0.00%
14	Office Supplies		\$242	\$0	\$242	0.00%
15	Postage		\$401	\$0	\$401	0.00%
16	TOTAL CUSTOMER ACCOUNT EXPENSE		\$1,501	\$0	\$1,501	
17	ADMINISTRATIVE & GENERAL EXPENSES					
18	Administration & General Salary (1)		\$3,642	\$0	\$3,642	0.00%
19	Dues and Memberships		\$197	\$0	\$197	0.00%
20	Employee Bonus		\$0	\$0	\$0	0.00%
21	Telephone & Pagers		\$281	\$0	\$281	0.00%
22	Transportation Mileage		\$1,681	\$0	\$1,681	0.00%
23	Property & Liability Insurance		\$1,260	\$0	\$1,260	0.00%
24	Late Fees		\$0	\$0	\$0	0.00%
25	Other Misc. Expenses		\$131	\$0	\$131	0.00%
26	TOTAL ADMINISTRATIVE AND GENERAL		\$7,192	\$0	\$7,192	
27	OTHER OPERATING EXPENSES					
28	MO DNR Fees		\$0	\$0	\$0	0.00%
29	Licensing and Permits		\$45	\$0	\$45	0.00%
30	PSC Assessment		\$298	\$0	\$298	0.00%
31	Corporate Registration		\$10	\$0	\$10	0.00%
32	Depreciation		\$3,499	\$0	\$3,499	0.00%
33	TOTAL OTHER OPERATING EXPENSES		\$3,852	\$0	\$3,852	
34	TAXES OTHER THAN INCOME					
35	Real Estate Taxes		\$0	\$0	\$0	0.00%
36	Payroll Taxes		\$724	\$0	\$724	0.00%
37	TOTAL TAXES OTHER THAN INCOME		\$724	\$0	\$724	
38	TOTAL OPERATING EXPENSES		\$23,731	\$0	\$23,731	
39	Interest Expense	(3)	\$0	\$0	\$0	0.00%
40	Return on Equity	(3)	\$8,867	\$0	\$8,867	0.00%
41	Income Taxes	(3)	\$2,208	\$0	\$2,208	0.00%
42	TOTAL INTEREST RETURN & TAXES		\$11,075	\$0	\$11,075	
43	TOTAL COST OF SERVICE		\$34,806	\$0	\$34,806	
44	Less: Miscellaneous Revenues		\$1,221	\$0	\$1,221	0.00%
45	COST TO RECOVER IN RATES		\$33,585	\$0	\$33,585	

Peaceful Valley Service Co.  
 Informal Rate/Certificate Case  
 Tracking Number WR-2009-0145  
 Test Year Ending 09/30/08 update to 12/31/08  
 Rate Design Schedule - Water

Line Number	Description	Account Number (Optional)	C Staff Annualized	D Customer Charge	E Commodity	F Percentage Rate
46	INCREMENTAL INCREASE IN RATE REVENUES			<u>\$3,454</u>		
47	PERCENTAGE OF INCREASE			<u>-9.03%</u>		
48	REQUESTED INCREASE IN REVENUES			\$6,154		

- (1) From Revenue Schedule
- (2) From Expense Schedule
- (3) From PreTax Rate of Return Schedule, Rate Base & Return Schedule



Peaceful Valley Service Co.  
 Informal Rate/Certificate Case  
 Tracking Number WR-2009-0145  
 Test Year Ending 09/30/08 update to 12/31/08  
 Rate Base Required Return on Investment Schedule - Water

Line Number	A Rate Base Description	B Dollar Amount	
1	Plant In Service	\$114,449	From Plant Schedule
2	Less Accumulated Depreciation Reserve	\$21,768	From Depreciation Reserve Schedule
3	Net Plant In Service	\$92,681	
4	Other Rate Base Items:	\$0	
	Materials and Supplies - Inventory	\$5,095	
	Contribution in Aid of Construction	-\$6,008	
	CIAC Depreciation	\$1,566	
5	Total Rate Base	\$93,334	
6	Total Weighted Rate of Return Including Income Tax	11.87%	From PreTax Return & Taxes Schedule
7	Required Return & Income Tax	\$11,075	

Peaceful Valley Service Co.  
Informal Rate/Certificate Case  
Tracking Number WR-2009-0145  
Test Year Ending 09/30/08 update to 12/31/08  
Rate of Return Including Income Tax - Water

	A	B	formulas
1 State Income Tax Rate Statutory / Effective	6.25% (2)	5.81%	$(1 - (B2 \times .5)) \times A1$
2 Federal Income Tax Rate Statutory / Effective	15.00% (1) & (2)	14.13%	$(1 - B1) \times A2$
3 Composite Effective Income Tax Rate		19.94%	$B1 + B2$
4 Equity Tax Factor		1.2490	$1 / (1 - B3)$
5 Recommended Weighted Rate of Return on Equity - Common and Preferred		9.50%	From Capital Structure Schedule
6 Weighted Rate of Return on Equity Including Income Tax		11.87%	$B4 \times B5$
7 Recommended Weighted Rate of Return on Debt - Long-Term and Short-Term		0.00%	From Capital Structure Schedule
8 Total Weighted Rate of Return Including Income Tax		11.87%	$B6 + B7$

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

N

To Rate Base Schedule

Equity Income Required \$10,432  
& Preliminary Federal Tax

Tax Rate Table

Net Income Range				
Start	End	Tax Rate	Amount in Range	Tax on Range
\$0	\$50,000	15.00%	\$10,432	\$1,565
\$50,001	\$75,000	25.00%	\$0	\$0
\$75,001	\$100,000	34.00%	\$0	\$0
\$100,001	\$335,000	39.00%	\$0	\$0
\$335,001	\$9,999,999,999	34.00%	\$0	\$0
			\$10,432	\$1,565
			Consolidated Tax Rate:	
			Average Tax Rate:	0.15

Peaceful Valley Service Co.  
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Capital Structure Schedule - Water

Line Number	Description	Dollar Amount	C Percentage of Total Capital Structure	D Embedded Cost of Capital	E Weighted Cost of Capital
1	Common Stock	\$100,145	100.00%	9.50%	9.500%
2	Other Security-Non Tax Deductible	\$0	0.00%	0.00%	0.000%
3	Preferred Stock	\$0	0.00%	0.00%	0.000%
4	Long Term Debt	\$0	0.00%	0.00%	0.000%
5	Short Term Debt	\$0	0.00%	0.00%	0.000%
6	Other Security-Tax Deductible	\$0	0.00%	0.00%	0.000%
7	TOTAL CAPITALIZATION	\$100,145	100.00%		9.500%

To PreTax Return Rate Schedule

Peaceful Valley Service Co.  
Informal Rate/Certificate Case  
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Plant In Service - Water

Line Number	A Account # (Optional)	B Plant Account Description	C Total Plant	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
1		INTANGIBLE PLANT					
2	301.000	Organization	\$0			100.00%	\$0
3	302.000	Franchises	\$0			100.00%	\$0
4		TOTAL INTANGIBLE PLANT	\$0		\$0		\$0
5		SOURCE OF SUPPLY PLANT					
6	310.000	Land & Land Rights SP	\$0			100.00%	\$0
7	311.000	Structures & Improvements - SSP	\$55			100.00%	\$55
8	312.000	Collection & Impounding Reservoirs	\$0			100.00%	\$0
9	313.000	Lake, River & Other Intakes	\$0			100.00%	\$0
10	314.000	Wells & Springs	\$14,030			100.00%	\$14,030
11	315.000	Infiltration Galleries & Tunnels	\$0			100.00%	\$0
12	316.000	Supply Mains	\$0			100.00%	\$0
13		TOTAL SOURCE OF SUPPLY PLANT	\$14,085		\$0		\$14,085
14		PUMPING PLANT					
15	321.000	Structures & Improvements - PP	\$20,980			100.00%	\$20,980
16	325.200	Electric Pumping Equipment	\$15,685			100.00%	\$15,685
17	326.000	Diesel Pumping Equipment	\$0			100.00%	\$0
18	328.000	Other Pumping Equipment	\$0			100.00%	\$0
19		TOTAL PUMPING PLANT	\$36,665		\$0		\$36,665
20		WATER TREATMENT PLANT					
21	330.000	Land & Land Rights-WTP	\$0			100.00%	\$0
22	331.000	Structures & Improvements - WTP	\$0			100.00%	\$0
23	332.000	Water Treatment Equipment	\$0			100.00%	\$0
24		TOTAL WATER TREATMENT PLANT	\$0		\$0		\$0
25		TRANSMISSION & DISTRIBUTION PLANT					
26	340.000	Land & Land Rights-T&D	\$0			100.00%	\$0
27	341.000	Structures & Improvements - T&D	\$0			100.00%	\$0
28	342.000	Distribution Reservoirs & Standpipes	\$52,633			100.00%	\$52,633
29	343.000	T&D Mains	\$8,470			100.00%	\$8,470
30	344.000	Fire Mains	\$0			100.00%	\$0
31	345.000	Services	\$0			100.00%	\$0
32	343.000	Transmission & Distribution Mains	\$0			100.00%	\$0
33	346.000	Meters- Bronze Chamber	\$0			100.00%	\$0
34	346.000	Meters- Plastic Chamber	\$0			100.00%	\$0
35	347.000	Meter Installations- Bronze	\$0			100.00%	\$0
36	347.000	Meter Installations- Plastic	\$0			100.00%	\$0
37	348.000	Other Transmission & Distribution Plant	\$0			100.00%	\$0
38	349.000	Hydrants	\$0			100.00%	\$0
39		TOTAL TRANS. & DISTRIBUTION PLANT	\$61,103		\$0		\$61,103
40		GENERAL PLANT					
41	370.000	Land & Land Rights-GP	\$0			100.00%	\$0
42	371.000	Structures & Improvements - GP	\$0			100.00%	\$0
43	391.000	Office Furniture & Equipment	\$384			100.00%	\$384
44	391.100	Office Computer Equipment	\$822			100.00%	\$822
45	395.000	Laboratory Equipment	\$495			100.00%	\$495
46	396.000	Power Operated Equipment	\$787			100.00%	\$787
47	397.000	Communication Equipment	\$108			100.00%	\$108
48		TOTAL GENERAL PLANT	\$2,596		\$0		\$2,596
49		TOTAL PLANT IN SERVICE	\$114,449		\$0		\$114,449

To Rate Base & Depreciation Schedules

Peaceful Valley Service Co.  
Informal Rate/Certificate Case  
Tracking Number WR-2009-0145  
Test Year Ending 09/30/08 update to 12/31/08  
Schedule of Adjustments for Plant in Service - Water

A	B	C	D	E
Plant Adjustment Number	Plant In Service Adjustment Description	Account Number	Adjustment Amount	Total Adjustment

Total Plant Adjustments	\$0
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Peaceful Valley Service Co.  
Informal Rate/Certificate Case  
Tracking Number WR-2009-0145  
Test Year Ending 09/30/08 update to 12/31/08  
Depreciation Expense - Water

Line Number	A Account Number	B Plant Account Description	C Adjusted Jurisdictional	D Depreciation Rate	E Depreciation Expense
1		INTANGIBLE PLANT			
2	301.000	Organization	\$0	0.00%	\$0
3	302.000	Franchises	\$0	0.00%	\$0
4		TOTAL INTANGIBLE PLANT	\$0		\$0
5		SOURCE OF SUPPLY PLANT			
6	310.000	Land & Land Rights SP	\$0	0.00%	\$0
7	311.000	Structures & Improvements - SSP	\$55	2.50%	\$1
8	312.000	Collection & Impounding Reservoirs	\$0	0.00%	\$0
9	313.000	Lake, River & Other Intakes	\$0	0.00%	\$0
10	314.000	Wells & Springs	\$14,030	2.00%	\$281
11	315.000	Infiltration Galleries & Tunnels	\$0	0.00%	\$0
12	316.000	Supply Mains	\$0	2.00%	\$0
13		TOTAL SOURCE OF SUPPLY PLANT	\$14,085		\$282
14		PUMPING PLANT			
15	321.000	Structures & Improvements - PP	\$20,980	2.50%	\$525
16	325.200	Electric Pumping Equipment	\$15,685	6.70%	\$1,051
17	326.000	Diesel Pumping Equipment	\$0	0.00%	\$0
18	328.000	Other Pumping Equipment	\$0	0.00%	\$0
19		TOTAL PUMPING PLANT	\$36,665		\$1,576
20		WATER TREATMENT PLANT			
21	330.000	Land & Land Rights-WTP	\$0	0.00%	\$0
22	331.000	Structures & Improvements - WTP	\$0	0.00%	\$0
23	332.000	Water Treatment Equipment	\$0	0.00%	\$0
24		TOTAL WATER TREATMENT PLANT	\$0		\$0
25		TRANSMISSION & DISTRIBUTION PLANT			
26	340.000	Land & Land Rights-T&D	\$0	0.00%	\$0
27	341.000	Structures & Improvements - T&D	\$0	0.00%	\$0
28	342.000	Distribution Reservoirs & Standpipes	\$52,633	2.50%	\$1,316
29	343.000	T&D Mains	\$8,470	2.00%	\$169
30	344.000	Fire Mains	\$0	0.00%	\$0
31	345.000	Services	\$0	0.00%	\$0
32	343.000	Transmission & Distribution Mains	\$0	0.00%	\$0
33	346.000	Meters- Bronze Chamber	\$0	0.00%	\$0
34	346.000	Meters- Plastic Chamber	\$0	0.00%	\$0
35	347.000	Meter Installations- Bronze	\$0	0.00%	\$0
36	347.000	Meter Installations- Plastic	\$0	0.00%	\$0
37	348.000	Other Transmission & Distribution Plant	\$0	0.00%	\$0
38	349.000	Hydrants	\$0	0.00%	\$0
39		TOTAL TRANS. & DISTRIBUTION PLANT	\$61,103		\$1,485

Peaceful Valley Service Co.  
 Informal Rate/Certificate Case  
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 Depreciation Expense - Water

Line Number	A Account Number	B Plant Account Description	C Adjusted Jurisdictional	D Depreciation Rate	E Depreciation Expense
40		GENERAL PLANT			
41	370.000	Land & Land Rights-GP	\$0	0.00%	\$0
42	371.000	Structures & Improvements - GP	\$0	0.00%	\$0
43	391.000	Office Furniture & Equipment	\$384	5.00%	\$19
44	391.100	Office Computer Equipment	\$822	20.00%	\$164
45	395.000	Laboratory Equipment	\$495	5.00%	\$25
46	396.000	Power Operated Equipment	\$787	6.70%	\$53
47	397.000	Communication Equipment	\$108	6.70%	\$7
48		TOTAL GENERAL PLANT	\$2,596		\$268
49		Total Depreciation	\$114,449		\$3,611

Peaceful Valley Service Co.  
Informal Rate/Certificate Case  
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Test Year Ending 09/30/08 update to 12/31/08  
Accumulated Depreciation Reserve - Water

Line Number	A Account Number	B Depreciation Reserve Description	C Total Reserve	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
1		INTANGIBLE PLANT					
2	301.000	Organization	\$0			100.00%	\$0
3	302.000	Franchises	\$0			100.00%	\$0
4		TOTAL INTANGIBLE PLANT	\$0		\$0		\$0
5		SOURCE OF SUPPLY PLANT					
6	310.000	Land & Land Rights SP	\$0			100.00%	\$0
7	311.000	Structures & Improvements - SSP	\$2			100.00%	\$2
8	312.000	Collection & Impounding Reservoirs	\$0			100.00%	\$0
9	313.000	Lake, River & Other Intakes	\$0			100.00%	\$0
10	314.000	Wells & Springs	\$2,537			100.00%	\$2,537
11	315.000	Infiltration Galleries & Tunnels	\$0			100.00%	\$0
12	316.000	Supply Mains	\$0			100.00%	\$0
13		TOTAL SOURCE OF SUPPLY PLANT	\$2,539		\$0		\$2,539
14		PUMPING PLANT					
15	321.000	Structures & Improvements - PP	\$5,190			100.00%	\$5,190
16	325.200	Electric Pumping Equipment	\$2,934			100.00%	\$2,934
17	326.000	Diesel Pumping Equipment	\$0			100.00%	\$0
18	328.000	Other Pumping Equipment	\$0			100.00%	\$0
19		TOTAL PUMPING PLANT	\$8,124		\$0		\$8,124
20		WATER TREATMENT PLANT					
21	330.000	Land & Land Rights-WTP	\$0			100.00%	\$0
22	331.000	Structures & Improvements - WTP	\$0			100.00%	\$0
23	332.000	Water Treatment Equipment	\$0			100.00%	\$0
24		TOTAL WATER TREATMENT PLANT	\$0		\$0		\$0
25		TRANSMISSION & DISTRIBUTION PLANT					
26	340.000	Land & Land Rights-T&D	\$0			100.00%	\$0
27	341.000	Structures & Improvements - T&D	\$0			100.00%	\$0
28	342.000	Distribution Reservoirs & Standpipes	\$8,279			100.00%	\$8,279
29	343.000	T&D Mains	\$1,931			100.00%	\$1,931
30	344.000	Fire Mains	\$0			100.00%	\$0
31	345.000	Services	\$0			100.00%	\$0
32	343.000	Transmission & Distribution Mains	\$0			100.00%	\$0
33	346.000	Meters- Bronze Chamber	\$0			100.00%	\$0
34	346.000	Meters- Plastic Chamber	\$0			100.00%	\$0
35	347.000	Meter Installations- Bronze	\$0			100.00%	\$0
36	347.000	Meter Installations- Plastic	\$0			100.00%	\$0
37	348.000	Other Transmission & Distribution Plant	\$0			100.00%	\$0
38	349.000	Hydrants	\$0			100.00%	\$0
39		TOTAL TRANS. & DISTRIBUTION PLANT	\$10,210		\$0		\$10,210
40		GENERAL PLANT					
41	370.000	Land & Land Rights-GP	\$0			100.00%	\$0
42	371.000	Structures & Improvements - GP	\$0			100.00%	\$0
43	391.000	Office Furniture & Equipment	\$107			100.00%	\$107
44	391.100	Office Computer Equipment	\$744			100.00%	\$744
45	395.000	Laboratory Equipment	\$15			100.00%	\$15
46	396.000	Power Operated Equipment	\$24			100.00%	\$24
47	397.000	Communication Equipment	\$5			100.00%	\$5
48		TOTAL GENERAL PLANT	\$895		\$0		\$895
49		TOTAL DEPRECIATION RESERVE	\$21,768		\$0		\$21,768



Peaceful Valley Service Co.  
 Informal Rate/Certificate Case  
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 Accumulated Depreciation Reserve - Water

Line Number	A Account Number	B Depreciation Reserve Description	C Total Reserve	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
To Rate Base Schedule							

Peaceful Valley Service Co.  
 Informal Rate/Certificate Case  
 Tracking Number WR-2009-0145  
 Test Year Ending 09/30/08 update to 12/31/08  
 Schedule of Adjustments for Accumulated Depreciation Reserve - Water

<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>
Reserve Adjustment Number	Accumulated Depreciation Reserve Adjustments Description	Account Number	Adjustment Amount	Total Adjustment Amount
Total Reserve Adjustments				\$0

Peaceful Valley Service Co.  
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 Rate Revenue Feeder Schedule - Water

Line Number	A Description	Residential 5/8"		Availability Charge 5/8"	
		B Amount	C Amount	D Amount	E Amount
1	<u>Customer Charge Revenues:</u>				
2	Customer Number	170		391	
3	Bills Per Year	4		4	
4	Customer Bills Per year	680		1,564	
5	Current Customer Charge	\$32.25		\$9.00	
6	Annualized Customer Charge Revenues		\$21,930		\$14,076
7	<u>Commodity Charge Revenues:</u>				
8	Total Gallons Sold	0		0	
9	Less: Base Gallons Included In Customer Charge	0		0	
10	Commodity Gallons	0		0	
11	Block 1, Commodity Gallons per Block	0		0	
12	Block 1, Number of Commodity Gallons per Unit	0		0	
13	Block 1, Commodity Billing Units	0.00		0.00	
14	Block 1, Existing Commodity Charge	\$0.00		\$0.00	
15	Block 1, Annualized Commodity Charge Rev.		\$0		\$0
16	<b>Total Annualized Water Rate Revenues</b>		<b>\$21,930</b>		<b>\$14,076</b>

Commodity Billing Units are based on the number of commodity gallons applicable to each block, divided by the tariff usage rate gallons (e.g. for tariff rate of \$2.50 per 1,000 gallons of usage, the commodity gallons for that rate would be divided by 1,000 to arrive at the number of commodity billing units.

Peaceful Valley Service Co.  
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Rate Revenue Feeder Schedule - Water

Line Number	Description	Public Yard Hydrants 5/8"		Commercial 2"	
		F Amount	G Amount	H Amount	I Amount
1	<u>Customer Charge Revenues:</u>				
2	Customer Number	8		4	
3	Bills Per Year	4		4	
4	Customer Bills Per year	32		16	
5	Current Customer Charge	\$16.15		\$32.25	
6	Annualized Customer Charge Revenues		\$517		\$516
7	<u>Commodity Charge Revenues:</u>				
8	Total Gallons Sold	0		0	
9	Less: Base Gallons Included In Customer Charge	0		0	
10	Commodity Gallons	0		0	
11	Block 1, Commodity Gallons per Block	0		0	
12	Block 1, Number of Commodity Gallons per Unit	0		0	
13	Block 1, Commodity Billing Units	0.00		0.00	
14	Block 1, Existing Commodity Charge	\$0.00		\$0.00	
15	Block 1, Annualized Commodity Charge Rev.		\$0		\$0
16	<b>Total Annualized Water Rate Revenues</b>		<b>\$517</b>		<b>\$516</b>

Commodity Billing Units are based on the number of commodity gallons applicable to each block, divided by the tariff usage rate gallons (e.g. for tariff rate of \$2.50 per 1,000 gallons of usage, the commodity gallons for that rate would be divided by 1,000 to arrive at the number of commodity billing units).

Peaceful Valley Service Co.  
Informal Rate/Certificate Case  
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Rate Revenue Feeder Schedule - Water

Line Number	Description	Total	
		J Amount	K Amount
1	<u>Customer Charge Revenues:</u>		
2	Customer Number	573	
3	Bills Per Year		
4	Customer Bills Per year	2,292	
5	Current Customer Charge		
6	Annualized Customer Charge Revenues		\$37,039
7	<u>Commodity Charge Revenues:</u>		
8	Total Gallons Sold	0	
9	Less: Base Gallons Included In Customer Charge	0	
10	Commodity Gallons	0	
11	Block 1, Commodity Gallons per Block		
12	Block 1, Number of Commodity Gallons per Unit		
13	Block 1, Commodity Billing Units		
14	Block 1, Existing Commodity Charge		
15	Block 1, Annualized Commodity Charge Rev.		\$0
16	<b>Total Annualized Water Rate Revenues</b>		<b>\$37,039</b>

Commodity Billing Units are based on the number of commodity gallons applicable to each block, divided by the tariff usage rate gallons (e.g. for tariff rate of \$2.50 per 1,000 gallons of usage, the commodity gallons for that rate would be divided by 1,000 to arrive at the number of commodity billing units.

Peaceful Valley Service Co.  
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Expense Schedule - Water

Line Number	A Account Number (Optional)	B Expense Description	C Company/ Test Year Amount	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
1		OPERATIONS EXPENSES					
2		Operators Salary/Contract Services (1)	\$4,843	W-2	\$52	100.00%	\$4,895
3		Electricity-(Pumping)	\$2,774	W-3	\$77	100.00%	\$2,851
4		Chemicals-(Chlorine)	\$34			100.00%	\$34
5		Testing	\$100	W-5	\$100	100.00%	\$200
6		TOTAL OPERATIONS EXPENSE	\$7,751		\$229		\$7,980
7		MAINTENANCE EXPENSES					
8		Outside Services Employed (1)	\$0			100.00%	\$0
9		System Repairs and Maintenance	\$5,662	W-9	-\$3,527	100.00%	\$2,135
10		Supplies Expense	\$380	W-10	-\$33	100.00%	\$347
11		TOTAL MAINTENANCE EXPENSE	\$6,042		-\$3,560		\$2,482
12		CUSTOMER ACCOUNT EXPENSE					
13		Accounting Fees	\$1,058	W-13	-\$200	100.00%	\$858
14		Office Supplies	\$217	W-14	\$25	100.00%	\$242
15		Postage	\$469	W-15	-\$68	100.00%	\$401
16		TOTAL CUSTOMER ACCOUNT EXPENSE	\$1,744		-\$243		\$1,501
17		ADMINISTRATIVE & GENERAL EXPENSES					
18		Administration & General Salary (1)	\$3,560	W-18	\$82	100.00%	\$3,642
19		Dues and Memberships	\$199	W-19	-\$2	100.00%	\$197
20		Employee Bonus	\$114	W-20	-\$114	100.00%	\$0
21		Telephone & Pagers	\$257	W-21	\$24	100.00%	\$281
22		Transportation Mileage	\$1,496	W-22	\$185	100.00%	\$1,681
23		Property & Liability Insurance	\$1,260			100.00%	\$1,260
24		Late Fees	\$10	W-24	-\$10	100.00%	\$0
25		Other Misc. Expenses	\$161	W-25	-\$30	100.00%	\$131
26		TOTAL ADMINISTRATIVE AND GENERAL	\$7,057		\$135		\$7,192
27		OTHER OPERATING EXPENSES					
28		MO DNR Fees	\$3,000	W-28	-\$3,000	100.00%	\$0
29		Licensing and Permits	\$23	W-29	\$22	100.00%	\$45
30		PSC Assessment	\$298			100.00%	\$298
31		Corporate Registration	\$10			100.00%	\$10
32		Depreciation	\$2,439	W-32	\$1,060	100.00%	\$3,499
33		TOTAL OTHER OPERATING EXPENSES	\$5,770		-\$1,918		\$3,852
34		TAXES OTHER THAN INCOME					
35		Real Estate Taxes	\$0			100.00%	\$0
36		Payroll Taxes	\$712	W-36	\$12	100.00%	\$724
37		TOTAL TAXES OTHER THAN INCOME	\$712		\$12		\$724
38		TOTAL OPERATING EXPENSES	\$29,076		-\$5,845		\$23,231

Peaceful Valley Service Co.  
 Informal Rate/Certificate Case  
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 Expense Adjustment Schedule - Water

A Expense Adj Number	B Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment
W-2	Operators Salary/Contract Services (1)			\$52
	1. To annualize to the current on-going level of payroll.		\$52	
W-3	Electricity-(Pumping)			\$77
	1. To properly categorize between water and sewer.		\$77	
W-5	Testing			\$100
	1. To correctly categorize water testing.		\$100	
W-9	System Repairs and Maintenance			-\$3,527
	1. To recategorize repairs expense properly to CIAC and plant.		-\$2,230	
	2. To normalize the expense and properly categorize between water and sewer.		-\$1,297	
W-10	Supplies Expense			-\$33
	1. To properly categorize between water and sewer.		-\$33	
W-13	Accounting Fees			-\$200
	1. To remove accounting fees.		-\$200	
W-14	Office Supplies			\$25
	1. To annualize office supplies expense.		\$25	
W-15	Postage			-\$68
	1. To annualize postage.		-\$68	

Peaceful Valley Service Co.  
 Informal Rate/Certificate Case  
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 Expense Adjustment Schedule - Water

<u>A</u> Expense Adj Number	<u>B</u> Adjustment Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment
W-18	Administration & General Salary (1)			\$82
	1. To annualize to the current on-going level of payroll.		\$82	
W-19	Dues and Memberships			-\$2
	1. To remove contributions.		-\$2	
W-20	Employee Bonus			-\$114
	1. To remove bonuses		-\$114	
W-21	Telephone & Pagers			\$24
	1. To annualize telephone expense.		\$24	
W-22	Transportation Mileage			\$185
	1. To annualize to the current mileage rate		\$185	
W-24	Late Fees			-\$10
	1. To remove late fees.		-\$10	
W-25	Other Misc. Expenses			-\$30
	1. To disallow gifts.		-\$30	
W-28	MO DNR Fees			-\$3,000
	1. Company incorrectly booked fee to water instead of sewer.		-\$3,000	
W-29	Licensing and Permits			\$22
	1. To annualize operator's license fees.		\$22	



Peaceful Valley Service Co.  
 Informal Rate/Certificate Case  
 Tracking Number WR-2009-0145  
 Test Year Ending 09/30/08 update to 12/31/08  
 Expense Adjustment Schedule - Water

A	B	C	D	E
Expense Adj		Account	Adjustment	Total
Number	Adjustment Description	Number	Amount	Adjustment
W-32	Depreciation			\$1,060
	1. To Annualize Depreciation		\$1,172	
	2. To adjust for CIAC Amortization		-\$112	
W-36	Payroll Taxes			\$12
	1. To annualize Payroll Taxes.		\$12	
Total Expense Adjustments				-\$5,345

Peaceful Valley Service Co.  
 Informal Rate/Certificate Case  
 Tracking Number WR-2009-0145  
 Test Year Ending 09/30/08 update to 12/31/08  
 Revenue Schedule - Water

Line Number	A Account Number (Optional)	B Revenue Description	C Company/ Test Year Amount	D Adjustment Number	E Jurisdictional Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
Rev-1		ANNUALIZED REVENUES					
Rev-2		Annualized Rate Revenues	\$38,095	Rev-2	-\$1,056	100.00%	\$37,039
Rev-3		Miscellaneous Revenues	\$1,368	Rev-3	-\$147	100.00%	\$1,221
Rev-4		TOTAL ANNUALIZED REVENUES	\$39,463		-\$1,203		\$38,260

Peaceful Valley Service Co.  
 Informal Rate/Certificate Case  
 Tracking Number WR-2009-0145  
 Test Year Ending 09/30/08 update to 12/31/08  
 Revenue Adjustment Schedule - Water

<u>A</u> Revenue Adj Number	<u>B</u> Adjustment Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment
Rev-2	Annualized Rate Revenues			-\$1,056
	1. To Annualize Rate Revenues		-\$1,056	
Rev-3	Miscellaneous Revenues			-\$147
	1. To Annualize Miscellaneous Revenues		\$53	
	2. To place connection fees into CIAC		-\$200	
	Description		\$0	
Total Revenue Adjustments				-\$1,203

Peaceful Valley Service Co.  
Informal Rate/Certificate Case  
Tracking Number WR-2009-0145  
Test Year Ending 09/30/08 update to 12/31/08  
Miscellaneous Revenues Feeder - Water

	<u>A</u>	<u>B</u>
Line Number	Description	Amount
3	Total Miscellaneous Revenues	<u>\$1,221</u>

Agreement Attachment D

Rate Design Worksheet

# PEACEFUL VALLEY SERVICE COMPANY

## Development of Tariffed Rates-Water

Agreement is to increase currently tariffed rates by a percentage equal to the agreed-upon overall revenue increase divided by the revenues generated by the currently tariffed rates.

Revenues Generated by Current Tariffed Rates	\$ 37,039
Agreed-Upon Overall Revenue Increase	\$ (3,454)
Percentage Increase Needed	-9.325%

### Customer Rates

Customer Class	Current Service Charge	Proposed Service Charge
Residential	\$ 32.25	\$ 29.24
Private Hydrants	\$ 32.25	\$ 29.24
Commercial	\$ 32.25	\$ 29.24
Private Hydrants	\$ 16.15	\$ 14.64
Availability Charge	\$ 9.00	\$ 8.16

Agreement Attachment E

Billing Comparison Worksheet

# PEACEFUL VALLEY SERVICE COMPANY

## Residential Customer Bill Comparison-Water

### Rates for Residential Customer

<u>Current Base</u>	<u>Proposed Base</u>
<u>Customer Charge</u>	<u>Customer Charge</u>
<b>\$32.25</b>	<b>\$29.24</b>

current service charge is monthly charge

### MONTHLY BILL COMPARISON

6,000 gallons/month usage

#### Current Rates

Customer Charge	\$ 32.25
Usage Charge	\$ -
Total Bill	\$ 32.25

#### Proposed Rates

Customer Charge	\$ 29.24
Usage Charge	\$ -
Total Bill	\$ 29.24

#### INCREASES

#### Customer Charge

<b>\$ Increase</b>	<b>(\$3.01)</b>
<b>% Increase</b>	<b>-9.32%</b>

#### Total Bill

<b>\$ Increase</b>	<b>(\$3.01)</b>
<b>% Increase</b>	<b>-9.32%</b>



## Agreement Attachment F

### Schedule of Depreciation Rates

# Peaceful Valley Service Company

## DEPRECIATION RATES

(WATER)

WR-2009-0145

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	DEPRECIATION RATE	AVERAGE SERVICE LIFE (YEARS)	NET SALVAGE
311	Structures & Improvements	2.5%	40	0%
314	Wells & Springs	2.0%	50	0%
316	Supply Mains	2.0%	50	0%
325	Electric Pumping Equipment	10.0%	10	0%
325.1	Submersible Pumping Equipment	10.0%	10	0%
325.2	High Service or Booster Pumping Equip.	6.7%	15	0%
332	Water Treatment Equipment	2.9%	35	0%
342	Distribution Reservoirs & Standpipes	2.5%	40	0%
343	Transmission & Distribution Mains	2.0%	50	0%
345	Services	2.5%	40	0%
346	Meters	5.0%	20	0%
347	Meter Installations	2.5%	40	0%
391	Office Furniture & Equipment	5.0%	20	0%
391.1	Office Computer Equipment	20.0%	5	0%
394	Tools, Shop, Garage Equipment	5.0%	20	0%

# Agreement Attachment G

## EMSD Report

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

## **Engineering and Management Services Department**

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

#### **Tracking File Nos: WR-2009-0145 & SR-2009-0146**

#### **Peaceful Valley Service Company**

The Engineering and Management Services Department (EMSD) staff initiated a review of the customer service processes, procedures, and practices of Peaceful Valley Service Company (Peaceful Valley or Company) on November 17, 2008. The review was performed in conjunction with a small company rate increase request submitted by the Company on October 14, 2008, and given case numbers WR-2009-0145 and SR-2009-0146. The EMSD staff examined Company tariffs, annual reports, Commission complaint and inquiry records, and information provided by the Company in relation to its customer service operations.

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

The objectives of the EMSD staff's review were to document and analyze the management control processes, procedures, and practices used by the Company to ensure adequate customer service is provided. The findings of this review provide the Commission with information regarding the Company's customer service operations. This review also includes recommendations, when appropriate, to improve the quality of service Peaceful Valley Service Company provides to its customers.

The scope of this review focused on Company policy, procedure and practices related to:

- Customer Billing
- Payment Remittance
- Credit and Collections
- Complaint and Inquiry Handling and Recording
- Customer Communications and Information

- Record Storage and Security

## **Overview**

Peaceful Valley was purchased by the home owner's association in the mid 70's. The current Operations Manager and Office Manager have been working for the Company since 2000. The system was built by area developers in the mid-60s and experienced bankruptcy in the mid 70's before the Peaceful Valley Home Owners Association purchased the water and sewer company. Peaceful Valley has not experienced significant growth in the past 5-10 years and the Company expects to see growth of about three new properties per year.

Peaceful Valley has three part-time employees, including an Operations Manager, Office Manager, and Assistant Operations Manager. The Operations Manager and the Assistant Operations Manager are responsible for field work and normal maintenance associated with the Company. The Company utilizes a local contractor for lagoon testing and repairs requiring excavation. The Operations Manager is licensed through the Department of Natural Resources and the Assistant Operations Manager is working towards obtaining a license. The Office Manager is responsible for billing, payment remittance, credit and collections and all other office functions of the Company. Employee hours are tracked on time sheets and logged electronically.

The Company stated that there are currently no short-term or long-term plans for major improvements to the system. There may be a necessity for future upgrades to the systems due to pending EPA requirements. The Company recently installed a new water tower in 2002 and pump house in 2005.

The Company was unaware of PSC Rules pertaining to water and sewer Companies. Staff provided the Company copies of PSC Rules Chapter 13, Chapter 60 and Chapter 61.

The Company serves approximately 536 customers. There are 369 water customers, and 167 water and sewer customers. The Companies business office is centrally located in the development and holds office hours from 9am to 1pm every Monday, Wednesday and Friday.

### **Customer Billing**

All functions of the Company's billing are performed by the Office Manager. The Company collects applications for new customers on new construction properties, but does not collect applications from new customers at existing properties.

Peaceful Valley customers are charged a flat quarterly rate in advance of the following quarter. The Company has a master meter that is read daily and monitored for long term trends in flow for possible leaks.

Peaceful Valley has a computerized billing program that was installed prior to the current operators. The Company stated that they are unsatisfied with the performance of the billing program and that records often have to be recreated. The Company stated that extra time is continually needed to check for billing records that are dropped from the database and recreate these records. The Company's billing system has been responsible for incorrect billing of customers in several instances.

Posting of bills is completed typically around the 25<sup>th</sup> of the month before the following quarter. Bills are then printed and mailed to customers by the first of the month. Customers are provided 18 days to make payment before they are considered delinquent.

The Company's growth is minimal and the Company personnel are in close contact with the home owners association with regards to new development. This assists the Company in being aware of any customers receiving unbilled service. When property changes ownership, the Company does not prorate bills or reimburse the customer for charges that were paid in advance. The new customer will begin payment on the following billing period. Peaceful Valley does not estimate bills, due to customer charges being based on a flat quarterly fee.

### **Payment Remittance**

Peaceful Valley payment options include cash, or check. Payments may be dropped off at the Company office, or mailed; payments are not collected in the field. Customers on new properties are informed of payment options through an informational sheet mailed by the Company, however new customers on properties that change ownership do not receive an informational sheet describing payment options.

A majority of payments are checks submitted through the mail. The Company has seen an increase in electronic bank checks and now receives about 5% of payments through this option. The Company stated that electronic bank checks have caused some confusion when account numbers are not included on the check. The Company has plans to mail customers a notice reminding them to include their customer account number when paying with an electronic bank check.

Payments are entered into the Company billing system and deposited daily, as payments are received throughout the beginning of the month. As the amount of payments received per day slows, payments are processed and deposited once per week. The Office Manager balances the amount deposited with the amount entered each time a deposit is prepared.

### **Credit and Collections**

The Company collects signed applications from new customers according to their tariff. Peaceful Valley does not charge deposits for all accounts; however the Company charges a deposit for the cost of a line extension to a new property when this event occurs. The Company stated that this is done to ensure costs of a new line extension will be covered and that the Company can determine the contractor that performs the excavation.

The Company's current tariffs do not contain provisions for returned check and late payment penalty fees. Staff from the Commission's Water and Sewer Department reviewed miscellaneous charges included in the Company's tariff as part of the small company informal rate case process and will be recommending appropriate changes. Peaceful Valley has received only one returned check within the past eight years. The Company's bank did not charge a fee for the returned check and sufficient funds were collected from the customers.

The Company charges a water availability fee to customers that are not connected to the water system. A majority of Peaceful Valley customers are not permanent residents and use their property for recreation. Several customers do not see it as cost effective to have water hooked up to their vacation residence. These customers have water lines running adjacent to their property and are charged a water availability fee of

nine dollars per quarter. The Company has experienced a significant amount of non-payment and late-payment by water availability customers.

Customers are considered delinquent if payment is not received by the 18<sup>th</sup> of the month that a bill is rendered. For customers not making payment of their bill, the amount is added to the next quarterly billing statement. If payment is not received by the 18<sup>th</sup> of the first month in the following billing cycle, the customer is then notified by phone, provided a 24 notice on the customer's door and service is discontinued by the 20<sup>th</sup> of that month.

Water availability customers are considered delinquent if payment is not received by the 18<sup>th</sup> of the month that the bill is rendered. Water availability customers are then sent notices of past due charges in the next two quarters or billing cycles. If payment is not received by the 4<sup>th</sup> quarter of non-payment, water availability customer accounts are sent to a collection agency. The Company utilizes Martin, Bova, Thomas and Associates for a collection agency, which charges Peaceful Valley a 30% commission on what has been collected.

Peaceful Valley typically experiences 10 delinquent water and sewer and 40 delinquent water availability customers per billing cycle. The Company has disconnected approximately 4 customers since 2000 and has utilized several collection agencies in recent past. The following chart displays the number of delinquent accounts that Peaceful Valley has experienced in the past three years.

<b>Delinquent Accounts</b>			
	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>Number of Accounts</b>	41	41	30
<b>Percent</b>	7.6%	7.6%	5.5%
<b>Total Amount</b>	\$ 5,928.00	\$ 5,729.95	\$ 4,664.95

The Company currently has 10 water and sewer customers, and 40 water availability customers that have 30 or days worth of arrears. Peaceful Valley has written-off \$2,105.00 for uncollected accounts in 2008.



### **Complaint and Inquiry Handling and Recording**

Customer calls are primarily handled by the Office Manager; however the Operations Manager and Assistant Operations Manager also handle customer calls. The Company currently does not track these calls.

### **Customer Communications and Information**

Customers moving into new construction properties are provided a welcome and informational letter on water and sewer service, however new customers in changed ownership properties do not receive an information sheet from the Company.

Company contact information is provided on customer bills. A phone message also provides the phone numbers that customers may use to contact any of the three employees at their residence. The Company is also exploring its employees' use of cell phones to ensure access to the Company 24 hours per day, seven days a week.

Peaceful Valley has a yearly public meeting in association with the home owner's association meeting. This meeting provides an opportunity for the Company to communicate any necessary information, as well as listen to any concerns that customers may have.

### **Records Storage and Security**

Peaceful Valley currently stores several critical documents in a fire proof storage container; however customer files are not stored in a fireproof container. The Company also stores customer information electronically; however the Company state that this data cannot be backed up due to the inadequate billing program. The Company does not store any electronic or paper back up files off-site.

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

The following discussion contains findings, conclusions and recommendations pertaining to Peaceful Valley customer service operations. This section focuses on the following areas that warrant Company management attention:

- Administrative
- Customer Billing

- Credit and Collections
- Complaint and Inquiry Handling and Recording
- Customer Communications and Information
- Records Storage and Security

### **Administrative**

The Company was unaware of the Missouri Code of State Regulations (CSR) governing water (4 CSR 240-13) and sewer (4 CSR 240-60 and -61) utilities. Company staff was provided a copy of these rules by the EMSD staff. Rules have been put into place to benefit both utility providers and their customers. Regulated utilities, including Peaceful Valley Service Company, Inc., subscribe to and are bound by those rules.

*THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:*

*Review 4 CSR 240-13 governing water utilities, 4 CSR 240-60 and -61 governing sewer utilities.*

### **Customer Billing**

The Company lacks adequate billing software that encourages efficient and accurate billing completion. Acquiring billing software that more effectively meets Company needs would reduce repetitive business office procedures and save the Company time and money with respect to labor costs. Implementation of an effective billing system would greatly enhance the Company's customer record keeping activities. Calculation of the bills, preparation of the billing statements, detection of billing errors, and recording of the payments received could be improved with a more effective billing system.

*THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:*

*Analyze automated billing software and initiate use of a cost-effective automated system that would more efficiently and accurately handle the calculation and preparation of customer bills.*

### **Credit and Collections**

The Company does not actively seek payment until the fourth billing period of non-payment for water availability customers. The Company has experienced a significant amount of uncollected charges from water availability customers.

Delinquent customers increase the cost of service to the Company with extra administrative costs.

*THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:*

*Increase Company collection timelines for delinquent water availability customers and implement policies determined to be effective and efficient.*

The Company does not provide adequate notification before discontinuing service to a delinquent customer. If payment is not received by the 18<sup>th</sup> of the first month in the following billing cycle of the delinquency, the customer is notified by phone and service is discontinued by the 20<sup>th</sup> of that month. This is a violation of Commission Rules. According to 4 CSR 240-13.050(4):

The notice of discontinuance shall contain the following information: (A) The name and address of the customer and the address, if different, where service is rendered; (B) A statement of the reason for the proposed discontinuance of service and the cost for reconnection; (C) The date on or after which service will be discontinued unless appropriate action is taken; (D) How a customer may avoid the discontinuance; (E) The possibility of a settlement agreement if the claim is for a charge not in dispute and the customer is unable to pay the charge in full at one (1) time; and (F) A telephone number the customer may call from the service location without incurring toll charges and the address of the utility prominently displayed where the customer may make an inquiry. Charges for measured local service are not toll charges for purposes of this rule.

According to 4 CSR 240-13.050(5):

A utility shall not discontinue residential service pursuant to section (1) unless written notice by first class mail is sent to the customer at least ten (10) days prior to the date of the proposed discontinuance. Service of notice by mail is complete upon mailing. As an alternative, a utility may deliver a written notice in hand to the customer at least ninety-six (96) hours prior to discontinuance. . . .

*THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:*

*Immediately implement cost-effective disconnect procedures that ensure customers shall be provided written notice at least ten days prior to the date of proposed discontinuance as stated in Commission Rule 4 CSR 240-13.050(5).*

*Immediately begin providing a disconnect notice with proper customer information and steps a customer may take to avoid disconnection as stated in Commission Rule 4 CSR 240-13.050(4).*

### **Complaint and Inquiry Handling and Recording**

The Company cannot demonstrate that documentation of complaints received by the Company is being performed, which is a violation of Commission Rule 4 CSR 240-60.010(4), which states:

“The utility shall maintain a file of customer complaints received on the service it provides. The file shall include the name and address, as well as the nature of the complaint and date of occurrence. A detailed explanation of what the utility did to correct the trouble which originated the complaint shall be recorded.”

Commission Rule 4 CSR 240-13.040(5) also states:

“A utility shall maintain records on its customers for at least two (2) years which contain information concerning: (B) The number and general description of complaints registered with the utility;”

The lack of a comprehensive complaint log makes it difficult for Company management to evaluate the reasons for customer contacts and to determine if any measures could be taken to improve customer satisfaction.

*THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:*

*Ensure all customer complaints received by Company personnel are documented. Documentation shall include customer name, address, the nature of the complaint, date of occurrence, as well as an explanation of what the Company has done to address the complaint as explained in Commission Rule 4 CSR 240-60.010(4) and 4 CSR 240-13.040(5). Records shall be kept on file for 2 years.*

### **Customer Communications and Information**

The Company lacks an informational brochure, summarizing the rights and responsibilities of the customer, to provide to customers. The Company is in violation of Commission Rule 4 CSR 240-13.040(3) which states:

A utility shall prepare, in written form, information which in layman’s terms summarizes the rights and responsibilities of the utility and its customers in accordance with this chapter. The form shall be submitted to the consumer services department of the Missouri Public Service Commission, and to the Office of the Public Counsel. This written information shall be displayed prominently, and shall be available at all utility office locations open to the general public, and shall be mailed or otherwise delivered to each residential customer of the utility if requested by the customer. The information shall be delivered or mailed to each new customer of the utility upon the commencement of service and shall be available at all times upon request. The written information shall indicate conspicuously that it is being provided in accordance with the

rules of the commission, and shall contain information concerning, but not limited to: (A) – (L).

The EMSD staff provided the Company with a sample of this document.

*THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:*

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

### **Record Storage and Security**

The Company cannot ensure that critical paper and electronic files are adequately stored and backed up. It is good business practice to have procedures in place to recover data in the event of a disaster.

*THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:*

*Store all critical paper files in a fire proof container, implement cost-effective billing software with adequate storage capability, and develop back-up data storage and recovery procedures for electronic files.*

## Agreement Attachment H

### Summary of Case Events

Peaceful Valley Service Company  
Summary of Case Events  
WR-2009-0145

Date Filed	10/21/08
Day 150	3/20/09
Extension?	No
If yes, why?	N/A
Amount Requested	\$6,154
Amount Agreed Upon	(\$3,454)
Number of Customers	182
Rate of Return	9.50%
Return on Equity	9.50%
Assessments Current	Yes
Annual Reports Filed	Yes
Statement of Revenue Filed	Yes
Other Open Cases before Commission	No
Status with Secretary of State	Good Standing
DNR Violations	No
Significant Service/Quality Issues	No