

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

In the Matter of Midland Water Company)
Requesting a Rate Increase) **Case No. WR-2012-0031**

**NOTICE OF UNANIMOUS 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 Unanimous Agreement Regarding Disposition of Small Water Company Revenue Increase Request* states:

1. On July 26, 2011, the Missouri Public Service Commission (“Commission”) received a Rate Increase Request Letter from Midland Water Company (“Midland” or “Company”), asking the Commission to allow an increase of \$9,200.00 in its annual operating revenues pursuant to Commission Rule 4 CSR 240-3.050 (Small Utility Rate Case Procedure).

2. After Staff’s investigation and pursuant to negotiations between the Company, Staff, and the Office of the Public Counsel, all parties reached a *Unanimous Agreement Regarding Disposition of Small Water Company Revenue Increase Request* (“Unanimous Agreement”).

3. A copy of the Unanimous Agreement is attached hereto as Appendix A and incorporated by reference, along with various attachments related to the Unanimous Agreement and affidavits from Staff members who participated in the investigation of this matter.

4. As agreed upon by the parties to this case, the Unanimous Agreement provides for an increase of \$5,633.00 in Midland’s annual operating revenues.

5. Pursuant to 4 CSR 240-3.050(13) (Small Utility Rate Case Procedure), “[i]f the disposition agreement filed by the staff provides for a full resolution of the utility’s request and is

executed by the utility, the staff and the public counsel, the utility shall file new and/or revised tariff sheets, bearing an effective date that is not fewer than thirty (30) days after they are filed, to implement the agreement.” Midland will file a new tariff seeking to implement the terms of the Unanimous Agreement. This tariff will be filed no later than December 28, 2011, and, as required, will bear the minimum 30-day effective date of January 27, 2012.

6. Midland is current on its payment of Commission assessments and on its filing of annual reports and statements of revenue. Midland has no other cases pending before the Commission at this time.

WHEREFORE, Staff respectfully submits this Unanimous 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, the Company, and Public Counsel.

Respectfully Submitted,

/s/ John D. Borgmeyer
John D. Borgmeyer
Legal Counsel
Missouri Bar No. 61992

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

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to counsel of record on this 23rd day of December, 2011.

/s/ John D. Borgmeyer

APPENDIX A

STAFF PARTICIPANT AFFIDAVITS AND DISPOSITION AGREEMENT & ATTACHMENTS

CASE NO. WR-2012-0031

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Staff Participant Affidavits

James M. Russo – Water & Sewer Unit

David A. Spratt – Water & Sewer Unit

Paula Mapeka-Auditing Unit

John Robinett – Engineering & Management Services Unit

Gary Bangert – Engineering & Management Services Unit

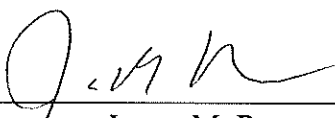
BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

AFFIDAVIT OF JAMES M. RUSSO

In the Matter of Midland Water)
Company Requesting a Rate Increase) Case No. WR-2012-0031


STATE OF MISSOURI)
) SS CASE NO. WR-2012-0031
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 has knowledge of *Unanimous Agreement Regarding Disposition of Small Water Revenue Increase Request* ("Disposition Agreement"); (4) that he was responsible for the preparation of Attachments A, B, D, and J to the Disposition Agreement; (5) that he has knowledge of the matters set forth in Attachments A, B, D and J to the Disposition Agreement; and (6) that the matters set forth in Attachments A, B, D and J to the Disposition Agreement 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 21st day of December, 2011.



Notary Public

LAURA HOLSMAN
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: June 21, 2015
Commission Number: 11203914

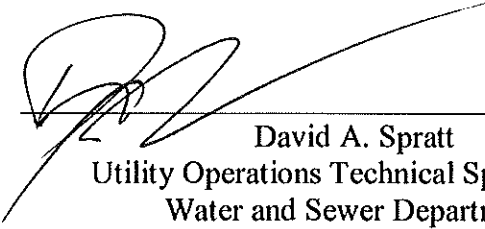
BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

AFFIDAVIT OF DAVID A. SPRATT

In the Matter of Midland Water)
Company Requesting a Rate Increase) Case No. WR-2012-0031

STATE OF MISSOURI)
) SS CASE NO. WR-2012-0031
COUNTY OF COLE)

COMES NOW David A. Spratt, being of lawful age, and on his oath states the following: (1) that he is a(n) Utility Operations Technical Specialist II 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 has knowledge of *Unanimous Agreement Regarding Disposition of Small Water Revenue Increase Request* (“Disposition Agreement”); (4) that he was responsible for the preparation of Attachment I to the Disposition Agreement; (5) that he has knowledge of the matters set forth in Attachment I to the Disposition Agreement; and (6) that the matters set forth in Attachment I to the Disposition Agreement are true and correct to the best of his knowledge, information, and belief.



David A. Spratt
Utility Operations Technical Specialist II
Water and Sewer Department

Subscribed and sworn to before me this 21st day of December, 2011.



Notary Public

LAURA HOLSMAN
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: June 21, 2015
Commission Number: 11203914

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

AFFIDAVIT OF PAULA MAPEKA

In the Matter of Midland Water Company)
Requesting a Rate Increase) Case No. WR-2012-0031

STATE OF MISSOURI)
)
COUNTY OF COLE) ss.

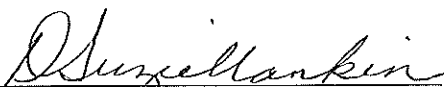
COMES NOW Paula Mapeka, being of lawful age, and on her oath states the following: (1) that she is a(n) Utility Regulatory Auditor III in the Missouri Public Service Commission's Auditing Unit; (2) that she participated in the Staff's investigation of the small company rate increase request that is the subject of the instant case; (3) that she has knowledge of the foregoing *Unanimous Agreement Regarding Disposition of Small Water Revenue Increase Request* ("Disposition Agreement"); (4) that she was responsible for the preparation of Attachment C, E & G to the Disposition Agreement; (5) that she has knowledge of the matters set forth in Attachment C, E & G to the Disposition Agreement; and (6) that the matters set forth in Attachment C, E & G to the Disposition Agreement are true and correct to the best of her knowledge, information, and belief.



Paula Mapeka
Utility Regulatory Auditor III
Auditing Unit

Subscribed and sworn to before me this 20th day of December, 2011.

D. SUZIE MANKIN
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: December 08, 2012
Commission Number: 08412071



Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

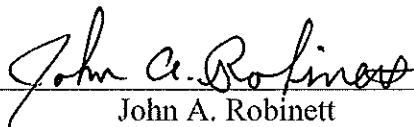
AFFIDAVIT OF JOHN A. ROBINETT

In the Matter of Midland Water Company)
Requesting a Rate Increase)

Case No. WR-2012-0031

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

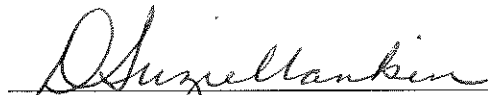
COMES NOW John A. Robinett, being of lawful age, and on his oath states the following: (1) that he is a(n) Utility Engineering Specialist II in the Missouri Public Service Commission's Engineering & Management Services Unit; (2) that he participated in the Staff's investigation of the small company rate increase request that is the subject of the instant case; (3) that he has knowledge of the foregoing *Unanimous Agreement Regarding Disposition of Small Water 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.



John A. Robinett
Utility Engineering Specialist II
Engineering & Management
Services Unit

Subscribed and sworn to before me this 20th day of December, 2011.

D. SUZIE MANKIN
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: December 08, 2012
Commission Number: 08412071


Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION


OF THE STATE OF MISSOURI

AFFIDAVIT OF GARY R. BANGERT

In the Matter of Midland Water Company)
Requesting a Rate Increase) Case No. WR-2012-0031

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

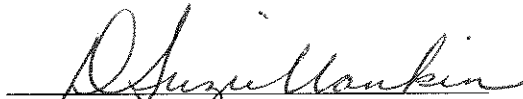
COMES NOW Gary R. Bangert, being of lawful age, and on his oath states the following: (1) that he is a(n) Utility Management Analyst III in the Missouri Public Service Commission's Engineering & Management Services Unit; (2) that he participated in the Staff's investigation of the small company rate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



Gary R. Bangert
Utility Management Analyst III
Engineering & Management
Services Unit

Subscribed and sworn to before me this 20th day of December, 2011.

D. SUZIE MANKIN
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: December 08, 2012
Commission Number: 08412071



Notary Public

Unanimous Agreement

**UNANIMOUS AGREEMENT REGARDING DISPOSITION
OF SMALL WATER COMPANY REVENUE INCREASE REQUEST**

MIDLAND WATER COMPANY, INC.

MO PSC FILE NO. WR-2012-0031

BACKGROUND

Midland Water Company, Inc. ("Midland" 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") 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 July 26, 2011, the Company set forth its request for an increase of \$9,200 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 approximately 96 residential customers receiving service in Christian County, Missouri.

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

Upon completion of Staff's investigation of the Company's Request, Staff provided the Company and the Office of the Public Counsel ("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.

RESOLUTION OF THE COMPANY'S RATE INCREASE REQUEST

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

- (1) For the purpose of implementing the agreements set out herein, the Company will file with the Commission proposed tariff revisions containing the rates, charges and language set out in the example tariff sheets attached hereto as Attachment A and incorporated by reference herein, with those proposed tariff revisions bearing an effective date of Lcpwry 49, 2012;
- (2) The current PSC MO Number 1 tariff will be cancelled and replaced by PSC MO Number 2 tariff and is included in the example tariff, Attachment A;
- (3) The rates included in the example tariff, specifically on tariff sheets 4, 5 and 6, attached hereto and included in Attachment A and incorporated by reference herein, are just and reasonable, and the provisions of the attached example tariff also properly reflect all other agreements set out herein, where necessary;
- (4) The rates set out in the attached example tariff, specifically on tariff sheet 4, included in Attachment A, are designed to generate revenues sufficient to recover the annualized cost of service for the Company, and equates to a 22.03% increase in operating revenues, as shown in Attachment C and incorporated by reference herein;
- (5) The rates included in the attached example tariff, specifically on tariff sheet 4, will result in the residential customer impacts shown on the billing comparison worksheet attached hereto as Attachment B and incorporated by reference herein;
- (6) Except as otherwise noted in the agreements below, both the Exhibit Modeling System ("EMS"), attached hereto as Attachment C and incorporated by reference herein, and the ratemaking income statement attached hereto as Attachment D and incorporated by reference herein, 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 increase of \$5,633 is just and reasonable and designed to recover the Company's cost of service;
- (7) The audit work papers attached hereto as Attachment C and incorporated by reference herein, which include consideration of a capital structure of 100% equity for the Company and a return on that equity of 8.84%, 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 (4) above;
- (8) The agreed-upon net rate base is \$34,208, the development of which is shown on the rate base worksheet attached hereto as Attachment E and incorporated by reference herein;

(9) The schedule of depreciation rates attached hereto as Attachment F and incorporated by reference herein, which includes the depreciation rates used by Staff in its revenue requirement analysis, shall be the prescribed schedule of water plant depreciation rates for the Company;

(10) The Commission's Auditing Unit conducted an audit of the Company's books and records using the 12-month period ending December 31, 2010, updated to September 30, 2011, as the basis for the revenue requirement calculation. All revenues, expenses, and rate base investment were reviewed through this period. The audit findings are identified herein as Attachment G and incorporated by reference herein.

Staff provided the Company and Public Counsel its initial recommendations of the revenue increase for the resolution of the Company's request and Staff's EMS run. The work papers supporting the revenue requirement calculation were also provided to the Company and Public Counsel with the results of its investigation regarding the proposed rate increase;

(11) Within thirty (30) days of the effective date of an order approving this Unanimous Disposition Agreement, the Company shall implement the recommendations contained in the Engineering and Management Services Unit ("EMSU") Report attached hereto as Attachment H and incorporated by reference herein:

- a) Use the credit evaluation criteria included in Commission Rule 4 CSR 240-13.030(1) (C) in order to determine which customers must remit a deposit prior to establishing service;

(12) Within ninety (90) days of the effective date of an order approving this Unanimous Disposition Agreement, the Company shall implement the recommendations contained in the EMSU Report attached hereto as Attachment H and incorporated by reference herein;

- a) Ensure that all Company employees complete and maintain time sheets to record work assignments and the time associated with each work assignment;
- b) Perform a monthly evaluation of the payment history on all accounts where customers have paid a deposit when applying for service. Refund the deposits plus accrued interest on all accounts with a satisfactory payment history as defined in Commission Rule 4 CSR 240-13.030(4) (D);
- c) Read inactive meters on a regular basis; and
- d) Complete a review of all vendor fees associated with providing a credit card payment option to customers. Evaluate other vendors who could administer credit card payments and select a vendor that can provide this service in the most cost-effective manner;

(13) Within ninety (90) days of the effective date of an order approving this Unanimous Disposition Agreement, the Company shall implement the following recommendations from the Engineering Staff in EMSU:

- a) The Company adjusts its general ledger used for regulatory ratemaking purposes to agree with the plant and reserve account balances that are shown in the Unanimous Disposition Agreement for this case; and
- b) The Company adjusts the Contributions in Aid of Construction (“CIAC”), and the amortized CIAC to agree with the balances that are shown in the Unanimous Disposition Agreement for this case;

(14) Within ninety (90) days of the effective date of an order approving this Unanimous Disposition Agreement, the Company shall implement the following recommendations from the Commission’s Auditing Unit Memorandum, attached hereto as Attachment G and incorporated by reference herein:

- a) The Company implement the use of timesheets;
- b) The Company implement the use of a vehicle log;
- c) The Company maintain a monthly report of the actual gallons pumped, gallons used, actual customer meter reads or actual customer gallon usage; and
- d) The Company refund customer deposits when a customer is in compliance with tariff requirements in order to avoid excessive interest accumulation;

(15) Within one hundred eighty (180) days of the effective date of an order approving this Unanimous Disposition Agreement, the Company shall implement the following recommendations from the Engineering Staff in EMSU:

- a) The Company implement a work order system to track material cost, labor cost, overhead cost, and record cost of removal and gross salvage for all new, replaced or retired plant; and
- b) The Company follow NARUC Uniform System of Accounts guidelines for the recording of cost of removal and gross salvage in the Company ledger as adjustments to plant and reserves;

(16) Within one hundred eighty (180) days of the effective date of an order approving this Unanimous Disposition Agreement, the Company shall implement the following recommendations from the Water & Sewer Unit:

- a) The Company prepares a financial analysis that compares the costs of a new well house to the costs to repair the current well house and make the well pump more accessible and to submit a report to the Manager of the Water and Sewer Unit;

- b) The Company prepare a financial analysis comparing the costs of a new storage tank versus the costs of the work recommended by Hydro-Spec and submit such analysis to the Manager of the Water and Sewer Unit; and
 - c) The Company identify the system valves and develop a flushing program and submit such information to the Manager of the Water and Sewer Unit;
- (17) Within two hundred seventy (270) days of the effective date of an order approving this Unanimous Disposition Agreement, the Company shall implement the following recommendations from the Water & Sewer Unit:
- a) The Company prepare a financial analysis comparing the costs of a new storage tank versus the costs of the work recommended by Hydro-Spec and submit such analysis to the Manager of the Water and Sewer Unit;
- (18) The Company shall mail its customers a final written notice of the rates and charges included in its proposed tariff revisions prior to or with its next billing cycle after issuance of the Commission order approving the terms of this Unanimous Disposition Agreement. The notice shall include a summary of the impact of the proposed rates on an average residential customer's bill. When the Company mails the notice to its customers, it shall also send a copy to Staff Case Coordinator who will file a copy in this case;
- (19) Staff or Public Counsel may conduct follow-up reviews of the Company's operations to ensure that the Company has complied with the provisions of this Unanimous Disposition Agreement;
- (20) Staff or Public Counsel may file a formal complaint against the Company, if the Company does not comply with the provisions of this Unanimous Disposition Agreement;
- (21) The Company, Staff and Public Counsel agree that it has read the foregoing Unanimous Agreement Regarding Disposition of Small Water Company Revenue Increase Request; that facts stated therein are true and accurate to the best of the Company's, Staff's and Public Counsel's knowledge and belief; that the foregoing conditions accurately reflect the agreement reached between the Company, Staff and Public Counsel; and that the Company freely and voluntarily enters into this agreement; and
- (22) The above agreements satisfactorily resolve all issues identified by Staff, Public Counsel and the Company regarding the Company's Request, except as otherwise specifically stated herein.

ADDITIONAL MATTERS

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

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

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

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

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


SIGNATURES

Agreement Signed and Dated:



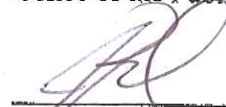
Hollis H. Brower
President
Midland Water Company, Inc.

12/21/11
Date



Christina Baker
Senior Public Counsel
Office of the Public Counsel

12-21-11
Date



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

12/21/11
Date

List of Attachments

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

Agreement Attachment A

Example Tariff Sheets

Name of Utility: Midland Water Company, Inc.
Service Area: Unincorporated Area in Christian County, MO

Rules & Regulations Governing Rendering of
Water Service

INDEX

Sheet No.

- 1 Index
- 2 Map of Service Area
- 3 Legal Description of Service Area
- 4 Schedule of Rates
- 5 Schedule of Service Charges

	Rule No.	Rule Title
7	.....1.	Definitions
10	.....2.	General Rules and Regulations
11	.....3.	Company Employees and Customer Relations
12	.....4.	Applications for Service
13	.....5.	Inside Piping and Water Service Lines
15	.....6.	Improper or Excessive Use
16	.....7.	Discontinuance of Service by Company
19	.....8.	Termination of Water Service at Customer's Request
20	.....9.	Interruptions in Service
21	.....10.	Bills for Service
25	.....11.	Meters and Meter Installations
28	.....12.	Meter Tests and Test Fees
29	.....13.	Bill Adjustments Based on Meter Tests
30	.....14.	Extension of Water Mains

* Indicates new rate or text

+ Indicates change

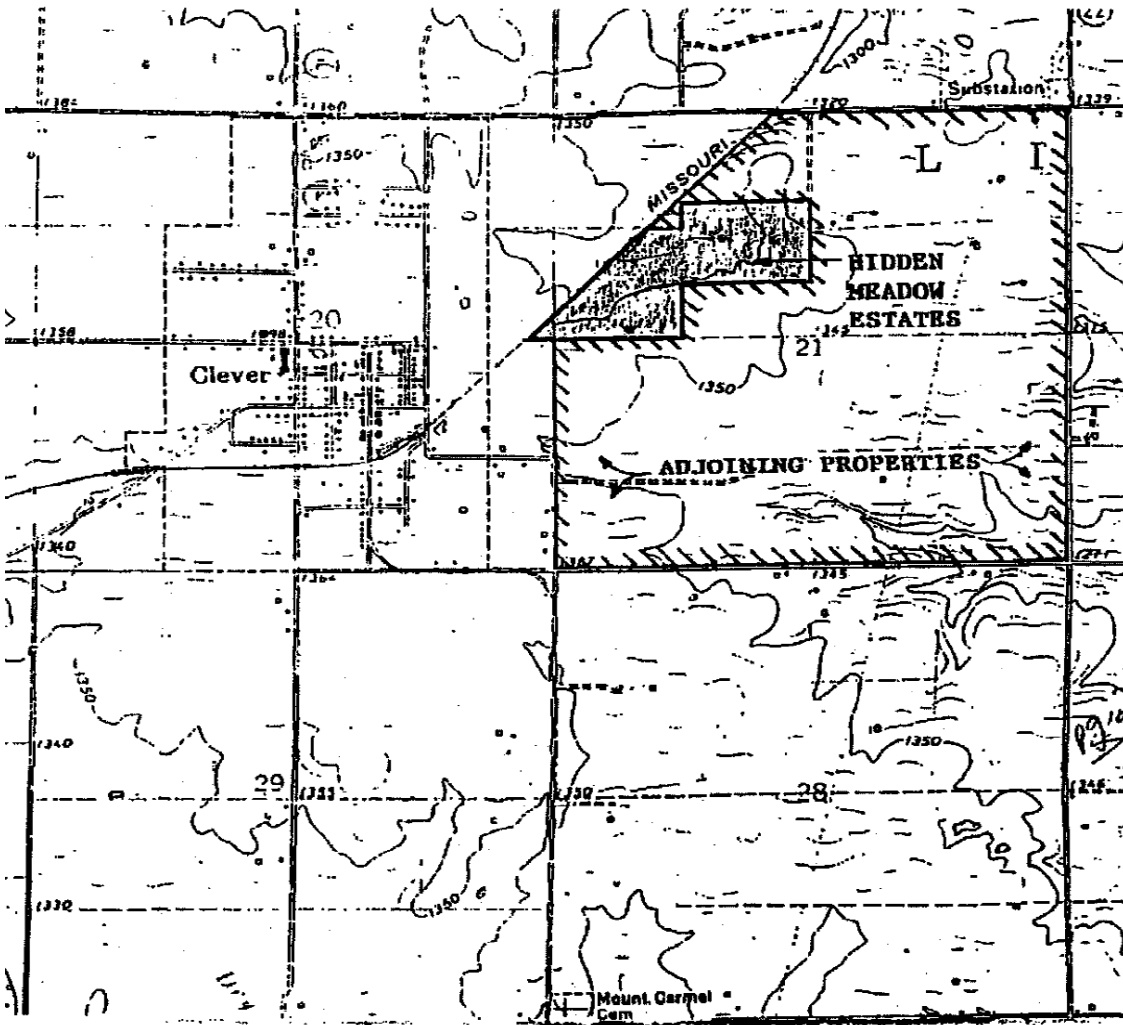
DATE OF ISSUE December 28, 2011 DATE EFFECTIVE January 27, 2012
Month Day Year Month Day Year

ISSUED BY Hollis Brower President PO BOX 1080 Nixa, MO 65714-1080
name of officer title address

Name of Utility: Midland Water Company, Inc.
Service Area: Unincorporated Area in Christian County, MO

Rules & Regulations Governing Rendering of
Water Service

Map of Service Area



- * Indicates new rate or text
- + Indicates change

DATE OF ISSUE December 28, 2011 DATE EFFECTIVE January 27, 2012
Month Day Year Month Day Year

ISSUED BY Hollis Brower President PO BOX 1080 Nixa, MO 65714-1080
name of officer title address

Name of Utility: Midland Water Company, Inc.
Service Area: Unincorporated Area in Christian County, MO

Rules & Regulations Governing Rendering of
Water Service

Legal Description of Service Area

Hidden Meadow Estates, a subdivision in Christian County, Missouri; and all that part of the remainder of Section 21, Township 27, Range 23 lying south and east of the old Missouri Pacific Railroad right-of-way, in Christian County, Missouri.

Boundary Description

From the Southwest corner of Section 21, Township 27, Range 23, Christian County, Missouri, then east along the section line to the southeast corner of said section, thence north along the section line to the northeast corner of said section, thence west along the section line to the eastern boundary of the old Missouri Pacific Railroad right-of-way, thence southwesterly along said boundary line to the most southwest corner of Hidden Meadow Estates, a subdivisions in Christian County, Missouri, thence due east to the western section line of said section, thence south along the section line to the point of beginning.

- * Indicates new rate or text
- + Indicates change

DATE OF ISSUE December 28, 2011 DATE EFFECTIVE January 27, 2012
Month Day Year Month Day Year

ISSUED BY Hollis Brower President PO BOX 1080 Nixa, MO 65714-1080
name of officer title address

Name of Utility: Midland Water Company, Inc.
Service Area: Unincorporated Area in Christian County, MO

Rules & Regulations Governing Rendering of
Water Service

Schedule of Rates

Applicable to any metered Customer adjacent to the Company's distribution mains using standard water service.

Price Schedule

Customer Charge	\$9.35
Commodity Charge	\$4.64 per 1,000 gallons

Taxes

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

- * Indicates new rate or text
- + Indicates change

DATE OF ISSUE December 28, 2011 DATE EFFECTIVE January 27, 2012
Month Day Year Month Day Year

ISSUED BY Hollis Brower President PO BOX 1080 Nixa, MO 65714-1080
name of officer title address

Name of Utility: Midland Water Company, Inc.
Service Area: Unincorporated Area in Christian County, MO

Rules & Regulations Governing Rendering of
Water Service

Schedule of Service Charges

New Connection:

The cost to each new Customer for the installation of a service connection and a water meter in accordance with Rule 5 and Rule 11 hereafter shall be the actual cost of installation.

Water service lines, installed in accordance with Rule 5, shall be subject to a Connection Inspection Fee of \$25.

Meter Test Fee:

The cost to each Customer for a meter test requested by said Customer not in accordance with Rule 12 shall be \$25.

Late Charges:

Billings will be made and distributed at monthly intervals. Bills will bear the last date, which shall be 21 days after rendition, after which payment will be considered delinquent. The payment will then be considered delinquent beginning 22 days after rendition of the bill. A charge of \$5 or 3% per month times the unpaid balance, whichever is more, will be added to delinquent amounts.

Returned Check Charges:

A returned check charge of \$25 per check will be charged on all checks returned from the bank unpaid.

* Indicates new rate or text

+ Indicates change

DATE OF ISSUE December 28, 2011 DATE EFFECTIVE January 27, 2012
Month Day Year Month Day Year

ISSUED BY Hollis Brower President PO BOX 1080 Nixa, MO 65714-1080
name of officer title address

Name of Utility: Midland Water Company, Inc.
Service Area: Unincorporated Area in Christian County, MO

Rules & Regulations Governing Rendering of
Water Service

Schedule of Service Charges (Continued)

Credit Card Charges:

The Company may collect the actual cost of service charges associated with credit and debit card transactions. However, the amount collected shall not exceed \$3 per approved transaction.

Service Calls:

Repairs or maintenance made by the Company as a result of damage or misuse of Company property, or Customer property, when requested by the Customer, shall be paid by the Customer based upon the actual cost of labor and materials for said repairs or maintenance but in no event shall be less than \$25.

Turn-On and Turn-Off Charges after service discontinuance by Company for violation of the Company's Rules and Regulations (see Rule 7) shall be \$30 per occurrence.

Turn-On and Turn-Off Charges Applicable to termination at the Customer's request (see Rule 8) shall be \$30 per occurrence.

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DATE OF ISSUE December 28, 2011 DATE EFFECTIVE January 27, 2012
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ISSUED BY Hollis Brower President PO BOX 1080 Nixa, MO 65714-1080
name of officer title address

Name of Utility: Midland Water Company, Inc.
Service Area: Unincorporated Area in Christian County, MO

Rules & Regulations Governing Rendering of
Water Service

Rule 1 DEFINITIONS

- A. An "APPLICANT" is a person, firm, corporation, governmental body, or other entity which has applied for service; two or more APPLICANTS may make one application for a main extension.
- B. The "COMPANY" is Midland Water Company, Inc., acting through its officers, managers, or other duly authorized employees or agents.
- C. The "CURB STOP" is a valve on the Service Connection, located at or near the Customer's property line, and used to shut off water service to the premises. The Curb Stop is owned and maintained by the Company.
- D. A "CUSTOMER" is any person, firm, corporation or governmental body which has contracted with the Company for water service or is receiving service from Company, or whose facilities are connected for utilizing such service.
- E. The "DATE OF CONNECTION" shall be the date of the permit for installation and connection issued by the Company. In the event no permit is taken and a connection is made, the date of connection may be the date of commencement of construction of the building upon the property.
- F. A "DEVELOPER" is any person, firm, corporation, partnership or any entity that, directly or indirectly, holds title to, or sells or leases, or offers to sell or lease, or advertises for sale or lease, any lots in a subdivision.
- G. "DISCONTINUANCE OF SERVICE" is the intentional cessation of service by the Company not requested by the Customer.
- H. The "MAIN" is a pipeline which is owned and maintained by the Company, located on public property or private easements, and used to transport water throughout the Company's service area.

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Rules & Regulations Governing Rendering of
Water Service

Rule 1 continued

- I. The "METER" is a device used to measure and record the quantity of water that flows through the service line, and is installed in the outdoor meter setting, or inside the Customer's building where the water service line enters through a foundation wall.
- J. The "METER SETTING" is a place either in the service connection or building plumbing for a water meter to be installed. An outdoor meter setting is located at or near the property line, and includes the meter box, meter yoke, lid, and appurtenances, all of which shall be owned and maintained by the Company. Indoor meter settings are located inside the Customer's premises where the water service line enters the foundation wall either installed directly in the piping or in a meter yoke.
- K. The "SERVICE CONNECTION" is the pipeline connecting the main to the Customer's water service line, curb stop, or outdoor meter setting including all necessary appurtenances. This service connection will be installed, owned, and maintained by the Company. If the property line is in a street, the said service connection shall be deemed to end at the edge of the street abutting the Customer's property.
- L. A "SUBDIVISION" is any land in the state of Missouri which is divided or proposed to be divided into two or more lots or other divisions of land, whether contiguous or not, or uniform in size or not, for the purpose of sale or lease, and includes resubdivision thereof.
- M. "TERMINATION OF SERVICE" is cessation of service requested by the Customer.
- N. The word "UNIT" or "LIVING UNIT" shall be used herein to define the premises or property of a single water consumer, whether or not that consumer is the Customer. It shall pertain to any building whether multi-tenant or single occupancy, residential or commercial, or owned or leased. Each mobile home in

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Rules & Regulations Governing Rendering of
Water Service

Rule 1 continued

a mobile home park and each rental unit of a multi-tenant rental property are considered as separate units for each single family or firm occupying same as a residence or place of business.

- O. The "WATER SERVICE LINE" is a pipe with appurtenances installed, owned and maintained by the Customer, used to conduct water to the Customer's unit from the property line, curb stop or outdoor meter setting, including the connection to the curb stop or meter setting. If the property line is in a street, then the water service line shall be deemed to begin at the edge of the street abutting the Customer's property.

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Rules & Regulations Governing Rendering of
Water Service

Rule 2 GENERAL RULES & REGULATIONS

- A. Every applicant, upon signing an application for any water service rendered by the Company, or any Customer upon taking of water service, shall be considered to have expressed consent to be bound by these Rates, Rules and Regulations.
- B. The Company's Rules and Regulations governing rendering of service are set forth in these numbered sheets. The rates applicable to appropriate water service or service in particular service areas are set forth in rate schedules and constitute a part of these Rules and Regulations.
- C. The Company reserves the right, subject to authority of the Missouri Public Service Commission, to prescribe additional Rates, Rules or Regulations or to alter existing Rates, Rules or Regulations as it may from time to time deem necessary and proper.
- D. After the effective date of these Rules and Regulations, all new facilities, construction contracts, and written agreements shall conform to these Rules and Regulations, and in accordance with the statutes of the state of Missouri and the Rules and Regulations of the Missouri Public Service Commission. Pre-existing facilities that do not comply with applicable Rules and Regulations may remain, provided that their existence does not constitute a service problem or improper use, and reconstruction is not practical.

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Rules & Regulations Governing Rendering of
Water Service

Rule 3 COMPANY EMPLOYEES AND CUSTOMER RELATIONS

- A. Employees or agents of the Company are expressly forbidden to demand or accept any compensation for any services rendered to its Customers except as covered in the Company's Rules and Regulations.
- B. No employee or agent of the Company shall have the right or authority to bind it by any promise, agreement or representation contrary to the intent of these Rules and Regulations.

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Rules & Regulations Governing Rendering of
Water Service

Rule 4 APPLICATIONS FOR SERVICE

- A. A written application for service, signed by the Customer, stating the type of service required and accompanied by any other pertinent information, will be required from each Customer before service is provided to any unit. Every Customer, upon signing an application for any service rendered by the Company, or upon taking of service, shall be considered to have expressed consent to the Company's Rates, Rules and Regulations.
- B. If service is requested at a point not already served by a main of adequate capacity, a main of adequate size shall be extended as may be necessary in accordance with Rule 14.
- C. When, in order to provide the service requested, a main extension or other construction or equipment expense is required, the Company may require a written contract. Said contract may include, but not be limited to, the obligations upon the Company and the applicant, and shall specify a reasonable period of time necessary to provide such service.

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Rules & Regulations Governing Rendering of
Water Service

Rule 5 INSIDE PIPING AND WATER SERVICE LINES

- A. The Company will provide water service at the outdoor meter, or if an indoor meter setting is utilized at the curb stop, or at the property line if a curb stop does not exist. Separate buildings shall be served through separate water service lines.
- B. The service connection from the water main to the Customer's property line, or the outdoor meter setting or curb stop, shall be constructed, owned and maintained by the Company. Water service line construction and maintenance from the property line, curb stop or meter setting, including the connection to the curb stop or meter setting, to the building shall be the responsibility of the Customer, and is subject to inspection by the Company. The Customer shall be responsible for any applicable fees as listed in the Schedule of Service Charges. Customers shall be responsible for the cost of repairing any damage to the Company's mains, curb stops, valve boxes, meters, and meter installations caused by the Customer, Customer's agent, or tenant.
- C. Existing water service lines and service connections may be used in connecting with new buildings only when they are found by examination and testing not to constitute a hazard to the health and safety of any Customer or the Company's facilities.
- D. The water service line shall be brought to the unit at a depth of not less than thirty-six (36) inches and have a minimum inside diameter of three-quarters (3/4) inch. The Customer is responsible for the determination of whether or not a larger size is needed to provide adequate flow to the unit. A valve must be installed in the service line where it enters the unit. This valve must be kept in good repair in order to shut off the water supply and drain the inside plumbing, if necessary.
- E. Water service lines and inside piping shall be of material conforming to recognized standards for potable water service and shall have a pressure rating of at least one hundred sixty (160) psi working pressure.

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Rules & Regulations Governing Rendering of
Water Service

Rule 5 continued

- F. The Company will not install a service connection to a vacant lot.
- G. Any change in the location of an existing service connection requested by the Customer shall be made by the Company or with the Company's approval, at the Customer's expense.
- H. The Company shall have the right to enter the Customer's premises for the purposes of inspection to ensure compliance with these Rules and Regulations. Company personnel shall identify themselves and make these inspections only at reasonable hours.
- I. Neither water service lines nor service connections may be extended along public streets or roadways or through property of others in connecting with the Company's mains. The service connection may, however, extend through the water main easement and roadway easement as necessary in order to be connected to a main located across and adjacent to a street in front of the Customer's living unit. The service connection and service line must be laid in a straight line and at right angles to the main and the face of the structure or as nearly so as possible. Any deviation from this because of physical obstruction will be at the discretion of the Company.
- J. Any Customer having a plumbing arrangement, or a water-using device that could allow backsiphonage of any chemical, petroleum, process water, water from a questionable supply, or other substance that could create a health hazard or damage to the water system; or, any Customer's plumbing classified as an actual or potential backflow hazard in the Regulations of the Missouri Department of Natural Resources shall be required to install and maintain a backflow prevention device. This rule may also apply to Customers on whose premises it is impossible or impractical for the Company to perform a cross connection survey. The device, installation, location and maintenance program shall be approved by the Company.

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Rules & Regulations Governing Rendering of
Water Service

Rule 6 IMPROPER OR EXCESSIVE USE

- A. No Customer shall be wasteful of the water supplied to the unit by his willful action or inaction. It shall be the responsibility and duty of each Customer to maintain all piping and fixtures at the unit in a good and efficient state of repair at all times.
- B. No Customer shall make or cause to be made a cross connection between the potable water supply and any source of chemical or bacterial contamination or any other water supply. The Company shall deny or discontinue service where Customer's water service line or inside piping may, in the opinion of the Company, cause a cross-connection with non-potable water or otherwise jeopardize the health and safety of other Customer's or the Company's facilities.
- C. The Customer shall not make or cause to be made a connection to a device that will result in excessive water demand or excessive shock, such as water-hammer, to the Company's mains.
- D. The Customer shall not tamper with, remove, or willfully damage a water meter or attempt to operate the shutoff cock on the meter yoke, or allow any such action.
- E. The Customer shall not attempt to take unmetered water from the Company mains either by an unauthorized tap or direct connection to service connection nor by connection to a fire hydrant
- F. Customers will not be permitted to supply water in any way to premises other than the service address, nor to permit others to use their hose or attachments, nor leave them exposed to use by others without permission from the Company.

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Rules & Regulations Governing Rendering of
Water Service

Rule 7 DISCONTINUANCE OF SERVICE BY COMPANY

- A. The Company may discontinue service for any of the following reasons:
1. Non-payment of a delinquent account not in dispute.
 2. Failure to post a security deposit or guarantee acceptable to the utility.
 3. Unauthorized interference, diversion or use of the utility service situated or delivered on or about the Customer's premises.
 4. Enclosing or obstructing any meter so as to make reading or repairs unreasonably difficult.
 5. Failure to comply with the terms and conditions of a settlement agreement.
 6. Refusal to grant access at reasonable times to equipment installed upon the premises of the Customer for the purpose of inspection, meter reading, maintenance or replacement.
 7. Violation of any of these Rules and Regulations on file with and approved by the Missouri Public Service Commission, or for any condition which adversely affects the safety of the Customer or other persons, or the integrity of the utility's delivery system.
 8. Non-payment of a sewer bill issued by the Company or by a sewer utility requesting discontinuance of water service by an agreement between the Company and such sewer utility. When water service is discontinued for non-payment of a sewer bill and if the sewer bill is not issued by the Company, any service charges for turn on/off or disconnection/reconnection within these Rules and Regulations shall not apply, and notice to the

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Rules & Regulations Governing Rendering of
Water Service

Rule 7 continued

Customer shall be provided by rules and procedure applicable to the Customer's sewer service in lieu of notification required by these Rules and Regulations.

- B. The Company may discontinue service after 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. If written notice is hand delivered to the Customer, it shall be done at least ninety-six (96) hours prior to discontinuance. If the Company intends to discontinue service to a multi-tenant dwelling, a notice shall also be conspicuously posted in the building ten (10) days prior to the proposed discontinuance. Discontinuance shall not occur more than eleven (11) business days after the date given as the discontinuance date.
- C. The Company shall make reasonable efforts to contact the Customer, at least twenty-four (24) hours prior to any discontinuance, regarding the reasons(s) for discontinuance of service, and the resolution. If discontinuance of service would affect an occupant who is not the Company's Customer, or is not responsible for payment of the bill, then the Company shall make reasonable efforts to inform such occupant(s).
- D. The Company shall postpone the discontinuance if personnel will not be available to restore service the same day, or if personnel will not be available to restore service the following day. The Company also shall postpone discontinuance if a medical emergency exists on the premises, however the postponement may be limited to twenty-one (21) days, and the Company may require proof of a medical emergency.
- E. The Company shall have the right to enter the Customer's premises for purposes of discontinuance of service in compliance with these Rules and Regulations. Discontinuance of service will be made during reasonable hours. Company personnel shall identify themselves and announce the intention to discontinue service, or leave a conspicuous notice of the discontinuance.

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Rules & Regulations Governing Rendering of
Water Service

Rule 7 continued

- F. The provisions of paragraphs C. and E. above may be waived if safety of Company personnel while at the premises is a consideration.
- G. Discontinuance of service to a unit for any reason shall not prevent the Company from pursuing any lawful remedy by action at law or otherwise for the collection of monies due from the Customer.
- H. In case the Company discontinues its service for any violation of these Rules and Regulations, then any monies due the Company shall become immediately due and payable.
- I. The Company has the right to refuse or to discontinue service to any unit to protect itself against fraud or abuse.
- J. The Company shall deal with Customers and handle Customer accounts in accordance with the Missouri Public Service Commission's Utility Billing Practices.
- K. Turn-off and turn-on charges are specified in the Schedule of Service Charges.

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Rules & Regulations Governing Rendering of
Water Service

Rule 8 TERMINATION OF WATER SERVICE AT CUSTOMER'S REQUEST

- A. Service will be terminated at the Customer's request, by giving not less than twenty-four (24) hours notice to the Company during its regular office hours. The Company shall, on the requested day, read the Customer's meter and charges for water service rendered up to and including the time of termination shall be computed and will become due and payable immediately.
- B. A Customer may request temporary termination of service for any length of time for his own convenience; however, the Customer shall still be charged for service at the appropriate rate during the time the service is turned off.
- C. Turn-off and turn-on charges are specified in the Schedule of Service Charges.

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Rules & Regulations Governing Rendering of
Water Service

Rule 9 INTERRUPTIONS IN SERVICE

- A. The Company reserves the right to discontinue water in its mains at any time, without notice, for making emergency repairs to the water system. Notice will be provided when it is practicable.
- B. Whenever service is interrupted for repairs, all Customers affected by such interruptions will be notified in advance whenever it is possible to do so. Every effort will be made to minimize interruption of service.
- C. No refunds of charges for water service will be made for interruptions of service unless due to willful misconduct of the Company.
- D. In order to avoid service problems when extraordinary conditions exist, the Company reserves the right, at all times, to determine the limit of and regulate water usage in a reasonable and non-discriminatory manner.

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Rules & Regulations Governing Rendering of
Water Service

Rule 10 BILLS FOR SERVICE

- A. The charges for water service shall be at the rates specified in the Schedule of Rates on file with the Missouri Public Service Commission. Other service charges, such as for turn-off or turn-on, are set forth in the Schedule of Service Charges in these Rules and Regulations.
- B. A Customer who has made application for water service to a unit shall be responsible for payment for all water service provided to the Customer at said unit from the date of connection until the date requested by the Customer by proper notification to the Company to terminate service.
- C. Each Customer is responsible for furnishing the Company with the correct address. Failure to receive bills will not be considered an excuse for non-payment nor reason to permit an extension of the date when the account would be considered delinquent. Bills and notices relating to the Company or its business will be mailed or delivered to the mailing address entered in the Customer's application unless the Company is notified in writing by the Customer of a change of address.
- D. Payments shall be made at the office of the Company or at such other places conveniently located as may be designated by the Company or by ordinary mail. However, payment must be received by the close of business on the date due.
- E. Neither the Company nor the Customer will be bound by bills rendered under mistake of fact as to the quantity of service rendered or as a result of clerical error. Customers will be held responsible for charges based on service provided.
- F. A separate bill shall be rendered for each Customer with itemization of all water service charges. All bills for service shall state the due date. The Company shall render bills monthly.

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Rules & Regulations Governing Rendering of
Water Service

Rule 10 continued

- G. Bills shall be due twenty-one (21) calendar days from the date of rendition, unless such due date falls on a Sunday, a legal holiday, or other day when the office is closed, in which case the due date shall be extended to the next business day. Bills unpaid after the stated due date will be delinquent and the Company shall have the right to discontinue service in accordance with Rule 7. The Company shall not be required to restore or connect any new service for such delinquent Customers until the unpaid account due the Company under these Rules and Regulations has been paid in full or arrangements satisfactory to the Company have been made to pay said account.
- H. When bills are rendered for a period of less than a complete billing period due to the connection or termination of service, the billing shall be the monthly minimum plus an amount based on the water used at the commodity (water usage) rate or one-half (1/2) of the flat rate if applicable.
- I. The Company may require a security deposit or other guarantee as a condition of new service if the Customer:
1. Still has an unpaid account with a utility providing the same type of service accrued within the last five (5) years;
 2. Has diverted or interfered with the same type of service in an unauthorized manner within the last five (5) years; or,
 3. Is unable to establish a credit rating with the Company. Adequate credit rating for a residential Customer shall be established if the Customer:
 - a. Owns or is purchasing a home;
 - b. Is and has been regularly employed full time for at least one (1) year;
 - c. Has an adequate and regular source of income; or

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Rules & Regulations Governing Rendering of
Water Service

Rule 10 continued

- d. Can provide credit references from a commercial credit source.
- J. The Company may require a security deposit or other guarantee of payment as a condition of continued service if:
 - 1. The water service of the Customer has been discontinued for non-payment of a delinquent account not in dispute;
 - 2. The utility service to the unit has been diverted or interfered with in an unauthorized manner;
 - 3. The Customer has failed to pay undisputed bills before the delinquency date for five (5) billing periods out of twelve (12) consecutive monthly billing periods.
- K. The amount of a security deposit shall not exceed utility charges applicable to one (1) billing period plus thirty (30) days, computed on estimated or actual annual usage.
- L. Interest shall be payable annually on all deposits, but shall not accrue after the utility has made reasonable effort to return the deposit. Interest will be paid at a per annum rate equal to the prime bank lending rate, as published in the *Wall Street Journal* for the last business day of the preceding calendar year, plus one (1) percentage point. Interest may be credited to the Customer's account.
- M. After a Customer has paid proper and undisputed utility bills by the due dates, for a period not to exceed one (1) year, credit shall be established or re-established, and the deposit and any interest due shall be refunded. The utility may withhold full refund of the deposit pending resolution of a disputed matter.

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Rules & Regulations Governing Rendering of
Water Service

Rule 10 continued

- N. The utility shall give a receipt for deposits received, but shall also keep accurate records of deposits, including Customer name, service address, amounts, interest, attempts to refund and dates of every activity regarding the deposit.
- O. All billing matters shall be handled in accordance with the Missouri Public Service Commission's Rules and Regulations regarding Utility Billing Practices.

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Rules & Regulations Governing Rendering of
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Rule 11 METERS AND METER INSTALLATIONS

- A. All permanent service connections shall be metered. The Company shall furnish and install a suitable meter for each Customer, and the Company's installed meter shall be the standard for measuring water used to determine the bill.
- B. All meters and meter installations shall be furnished, installed, maintained and removed by the Company and shall remain its property.
- C. The Company shall have the right to determine on the basis of the Customer's flow requirements the type and size of meter to be installed and location of same. If flow requirements increase or decrease subsequent to installation and a larger or smaller meter is requested by the Customer, the cost of installing such meter shall be paid by the Customer.
- D. Domestic water service to any one Customer at a single premises shall be furnished through a single service connection. Individual units of a multi-unit building may have separate connections and meter installations only if each unit has separate plumbing, ground-level space, an individual service connection and meter installation location, and frontage to a Company-owned main. For multi-unit buildings with one service connection and meter installation, the inside piping may be rearranged at the Customer's own expense so as to separate the units and meter tenants, then divide the bill accordingly.
- E. The owners of premises wherein meters are located shall be held responsible for the safekeeping of the Company's meters and metering appurtenances, and are required to keep meters located within their property accessible to the Company for reading and for meter changeouts. If a Customer limits accessibility, or fails to protect a meter against damage, the Company may discontinue service and/or refuse to supply water until accessibility is restored and the Company is paid for any such damage. The amount of the charge shall be the cost of the necessary replacement parts and the labor cost necessary to make the repair.

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Rules & Regulations Governing Rendering of
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Rule 11 continued

- F. If the Company determines that no suitable outdoor location is available, then the meter may be installed inside the Customer's premises where the water service line enters the building and just downstream of the inside shutoff valve. The Company shall install a curb stop within the service connection at or near the property line as practical. When the meter is installed inside the Customer's premises, the Customer will either provide a meter yoke to accept installation of the Company's meter, or provide proper fittings for the house plumbing pipe to allow for direct installation of the Company's meter, along with a proper grounding strap, installed around the meter to prevent electric charge build-up on either side of the meter or while a meter is removed. If installation in a special setting is necessary, the excess cost of installation shall be paid by the Customer.
- G. If an existing basement meter location is determined inadequate or inaccessible by the Company, the Customer must provide for the installation of a meter to be located at or near the Customer's property line. The Customer shall obtain from the Company, or furnish the necessary meter installation appurtenances conforming to the Company's specifications, and said appurtenances and labor shall be paid by the Customer.
- H. Approved meter installation locations in dry basements, sufficiently heated to keep the meter from freezing, may remain provided the meter is readily accessible, at the Company's and Customer's convenience as determined by the Company, for servicing and reading and the meter space provided is located where the service line enters the building. The Company may, at its discretion, require the Customer to install a remote reading device at an approved location, for the purpose of reading the meter. It is the responsibility of the Customer and/or the owner of the premises to provide a location for the water meter which, in the event of water discharge as a result of leakage from the meter or couplings, will not result in damage. The Company's liability for damages to any and all property caused by such leakage shall in no event exceed the price of water service to the affected premises for one average billing period in the preceding year. Where damage is caused by the negligence of Company personnel at the

* Indicates new rate or text

+ Indicates change

DATE OF ISSUE December 28, 2011 DATE EFFECTIVE January 27, 2012
Month Day Year Month Day Year

ISSUED BY Hollis Brower President PO BOX 1080 Nixa, MO 65714-1080
name of officer title address

Name of Utility: Midland Water Company, Inc.
Service Area: Unincorporated Area in Christian County, MO

Rules & Regulations Governing Rendering of
Water Service

Rule 11 continued

premises, this limitation will not apply. If a Customer refuses to provide an accessible location for a meter as determined by the Company, the Company will notify the Staff of the Water and Sewer Unit of the Missouri Public Service Commission before ultimately refusing service or proceeding to discontinue service.

- I. The Customer shall promptly notify the Company of any defect in, or damage to, the meter setting.
- J. Any change in the location of any existing meter or meter setting at the request of the Customer shall be made at the expense of the Customer, and with the approval of the Company.

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Rules & Regulations Governing Rendering of
Water Service

Rule 12 METER TESTS AND TEST FEES

- A. Any Customer may request the Company to make a special test of the accuracy of the meter through which water is supplied to the Customer. This test will be made in accordance with water industry test procedures, and to check for accuracy as required by Regulations of the Missouri Public Service Commission.
- B. The Company reserves the right to remove and test a meter at any time and to substitute another in its place. In case of a dispute involving a question as to the accuracy of the meter, a test will be made by the Company upon the request of the Customer without charge if the meter has not been tested within twelve (12) months preceding the requested test; otherwise, an approved charge will be made if the test indicates meter accuracy within five percent (5%).
- C. A meter test requested by the Customer may be witnessed by the Customer or the Customer's duly authorized representative, except for tests of meters larger than two inch (2") inlet, which will be conducted by the water manufacturer. A certified copy of the test report will be provided to the Customer.
- D. If a test shows an average error of more than five percent (5%), billings shall be adjusted in accordance with Rule 13.

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Rules & Regulations Governing Rendering of
Water Service

Rule 13 BILL ADJUSTMENTS BASED ON METER TESTS

- A. Whenever any test by the Company of a meter while in service or upon its removal from service shall show such meter to have an average error of more than five percent (5%) on the test streams prescribed by the Missouri Public Service Commission, the Company shall adjust the Customer's bills by the amount of the actual average error of the meter and not the difference between the allowable error and the error as found. The period of adjustment on account of the under-registration or over-registration shall be determined as follows:
1. Where the period of error can be shown, the adjustment shall be made for such period.
 2. Where the period of error cannot be shown, the error found shall be considered to have existed for three (3) months preceding the test.
- B. If the meter is found on any such test to under-register, the Company may render a bill to the Customer for the estimated consumption not covered by bills previously rendered during the period of inaccuracy as above outlined. Such action shall be taken only when the Company was not at fault for allowing the inaccurate meter to remain in service.
- C. If the meter is found on any such test to over-register, the Company shall refund to the Customer any overcharge caused during the period of inaccuracy as above defined. The refund shall be paid within a reasonable time and may be in the form of a bill credit.

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Rules & Regulations Governing Rendering of
Water Service

Rule 14 EXTENSION OF WATER MAINS

- A. This rule shall govern the extension of mains by the Company within its certified area where there are no water mains.
- B. Upon receipt of a written application for a main extension, the Company will provide the applicant(s) an itemized estimate of the cost of the proposed extension. Said estimate shall include the cost of all labor and materials required, including valves, fire hydrants, booster stations, storage facilities, reconstruction of existing mains (if necessary), and the direct costs associated with supervision, engineering, permits, and bookkeeping.
- C. Applicant(s) shall enter into a contract with the Company for the installation of said extension and shall tender to the Company a contribution in aid of construction equal to the amount determined in paragraph B. above, plus any applicable Customer connection fee. The contract may allow the Customer to contract with an independent contractor for the installation and supply of material, except that mains of twelve inches (12") or greater diameter must be installed by the Company, and the reconstruction of existing facilities must be done by the Company.
- D. The cost to single-family residential applicant(s) connecting to a main extension contributed by other applicant(s) shall be as follows:
 - 1. For single-family residential applicant(s) applying for service in a platted subdivision, the Company shall divide the actual cost of the extension by the number of lots abutting said extension to determine the per lot extension cost. When counting lots, corner lots which abut existing mains shall be excluded.

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Rules & Regulations Governing Rendering of
Water Service

Rule 14 continued

2. For single-family residential applicant(s) applying for service in areas that are unplatted in subdivision lots, an applicant(s) cost shall be equal to the total cost of the main extension divided by the total length of the main extension in feet times one hundred (100) feet.
3. For industrial, commercial, or multifamily residential applicants, the cost will be equal to the amount calculated for a single-family residence in paragraphs D.1. or D.2. above, multiplied by the flow factors of the applicants' meter. The flow factors of the various sizes of meters are as follows:

<u>Meter Size</u>	<u>Flow Factor</u>
5/8"	1
1"	2.5
1 1/2"	5
2"	8
3"	15
4"	25

- E. Refunds of contributions shall be made to applicant(s) as follows:
1. Should the actual cost of the extension be less than the estimated cost, the Company shall refund the difference to the applicant(s) as soon as the actual cost has been ascertained.
 2. During the first ten (10) years after the main extension is completed, the Company will refund to the applicant(s) who paid for the extension the money collected from applicant(s) in accordance with paragraph D. above. The refund shall be paid within a reasonable time after the money is collected.

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Rules & Regulations Governing Rendering of
Water Service

Rule 14 continued

3. The sum of all refunds to any applicant shall not exceed the total contribution which the applicant(s) has paid.
- F. Extensions made under this rule shall be and remain the property of the Company.
- G. The Company reserves the right to further extend the main and to connect mains on intersecting streets and easements. Connecting new Customers to such further extensions shall not entitle the applicant(s) paying for the original extension to a refund for the connection of such Customers.
- H. Extensions made under this rule shall be of Company-approved pipe sized to meet water service requirements. If the Company chooses to size the extension larger in order to meet the Company's overall system requirements, the additional cost caused by the larger size of pipe shall be borne by the Company.
- I. No interest will be paid by the Company of payments for the extension made by the applicant(s).
- J. If extensions are required on private roads, streets, through private property, or on private property adjacent to public right-of-way, a proper deed of easement must be furnished to the Company without cost to the Company, before the extension will be made.

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Agreement Attachment B

Billing Comparison Worksheet

MIDLAND WATER COMPANY, INC.

Residential Customer Bill Comparison-Water

Rates for 5/8" Meter

<u>Current Base Customer Charge</u>	<u>Proposed Base Customer Charge</u>	<u>Current Usage Rate</u>	<u>Proposed Usage Rate</u>
\$15.00	\$9.35	\$3.71	\$4.64

current service charge is monthly charge

usage rate is per 1,000 gallons used

MONTHLY BILL COMPARISON

3,900 gallons/month usage

Current Rates

Customer Charge	\$ 15.00
Usage Charge	\$ 7.05
Total Bill	\$ 22.05

Proposed Rates

Customer Charge	\$ 9.35
Usage Charge	\$ 18.10
Total Bill	\$ 27.45

INCREASES

Customer Charge

\$ Increase	(\$5.65)
% Increase	-37.70%

Usage Charge

\$ Increase	\$11.05
% Increase	156.81%

Total Bill

\$ Increase	\$5.40
% Increase	24.49%

Agreement Attachment C

EMS Run

Exhibit No.: 12345667
Issue: Accounting Schedules
Witness: MO PSC Auditors
Sponsoring Party: MO PSC Staff
Case No: WR-2012-0031
Date Prepared: 10/16/2011



MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

Revised

STAFF ACCOUNTING SCHEDULES

MIDLAND WATER COMPANY

CASE NO. WR-2012-0031

Jefferson City, Missouri

Dec-11

Midland Water Company
Small Company Rate Case
File Number WR-2012-0031
Test Year Ending 12-31-2010 Updated thru 9/30/2011
Rate Base Required Return on Investment Schedule - Water

Line Number	A Rate Base Description	B Dollar Amount	
1	Plant In Service	\$114,247	From Plant Schedule
2	Less Accumulated Depreciation Reserve	\$28,791	From Depreciation Reserve Schedule
3	Net Plant In Service	\$85,456	
4	Other Rate Base Items:	\$0	
	Materials & Supplies	\$0	
	Customer Deposits	-\$2,571	
	Customer Credit Balance	\$0	
	CIAC Depreciation Offset	\$51,916	
	Contribution In Aid of Construction	-\$100,593	
	Accumulated Deferred Income Taxes	\$0	
5	Total Rate Base	\$34,208	
6	Total Weighted Rate of Return Including Income Tax	11.04%	From PreTax Return & Taxes Schedule
7	Required Return & Income Tax	\$3,777	

Midland Water Company
Small Company Rate Case
File Number WR-2012-0031
Test Year Ending 12-31-2010 Updated thru 9/30/2011
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	15.01%	(1) & (2)	14.14%	$(1 - B1) \times A2$
3 Composite Effective Income Tax Rate			19.95%	$B1 + B2$
4 Equity Tax Factor			1.2492	$1 / (1 - B3)$
5 Recommended Weighted Rate of Return on Equity - Common and Preferred			8.84%	From Capital Structure Schedule
6 Weighted Rate of Return on Equity Including Income Tax			11.04%	$B4 \times B5$
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			11.04%	$B6 + B7$

To Rate Base Schedule

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

Equity Income Required \$3,558
 & Preliminary Federal Tax

Tax Rate Table

Net Income Range				
Start	End	Tax Rate	Amount In Range	Tax on Range
\$0	\$50,000	15.00%	\$3,558	\$534
\$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
			\$3,558	\$534
			Consolidated Tax Rate:	
			Average Tax Rate: 0.1501	

Midland Water Company
Small Company Rate Case
File Number WR-2012-0031
Test Year Ending 12-31-2010 Updated thru 9/30/2011
Rate Design Schedule - Water

A	B	C	D	E	F	
Line Number	Description	Account Number (Optional)	Staff Annualized	Customer Charge	Commodity	Percentage Rate
Rev-1	ANNUALIZED REVENUES					
Rev-2	Annualized Rate Revenues		(1) \$25,567			
Rev-3	Miscellaneous Revenues		(1) \$6			
Rev-4	TOTAL ANNUALIZED REVENUES		<u>\$25,573</u>			
1	OPERATIONS EXPENSES		(2)			
2	Operation Labor & Expenses	601.000	\$7,813	\$0	\$7,813	0.00%
3	Salaries/Wages - Admin & General - 96 USOA	601.200	\$1,160	\$0	\$1,160	0.00%
4	Unemployment compensation	601.300	\$0	\$0	\$0	0.00%
5	Salaries/Wages - Off. & Directors - 96 USOA	603.000	\$0	\$0	\$0	0.00%
6	Employee Pension and Benefits - 96 USOA	604.000	\$0	\$0	\$0	0.00%
7	Purchased Power - 96 USOA	615.000	\$0	\$0	\$0	0.00%
8	Chemicals - 96 USOA	618.000	\$227	\$0	\$227	0.00%
9	Materials & Supplies (small tools) - 96 USOA	620.000	\$0	\$0	\$0	0.00%
10	Water Testing Expense - 96 USOA	619.000	\$0	\$0	\$0	0.00%
11	Purchased Water	602.000	\$0	\$0	\$0	0.00%
12	Fuel or Power Purchased - Electricity	623.000	\$2,526	\$0	\$2,526	0.00%
13	Chemicals	641.000	\$0	\$0	\$0	0.00%
14	Misc. Expense - Water Testing	643.000	\$0	\$0	\$0	0.00%
15	Storage Facilities Expenses	661.000	\$0	\$0	\$0	0.00%
16	Meter Expenses	663.000	\$0	\$0	\$0	0.00%
17	Customer Installations Expenses	664.000	\$0	\$0	\$0	0.00%
18	Misc Exp - Bank Service Charges	665.000	\$184	\$0	\$184	0.00%
19	Misc Exp - Credit Card Fees	665.100	\$281	\$0	\$281	0.00%
20	TOTAL OPERATIONS EXPENSE		<u>\$12,191</u>	\$0	\$12,191	
21	MAINTENANCE EXPENSES					
22	Maintenance Pumping Plant - 96 USOA	625.000	\$0	\$0	\$0	0.00%
23	Maint. Super Engine (Trans & Distr) - 96 USOA	672.100	\$0	\$0	\$0	0.00%
24	Maint. of Services (Trans. & Distr) - 96 USOA	672.200	\$0	\$0	\$0	0.00%
25	Maint. of Meters (Trans. & Distr) - 96 USOA	672.300	\$0	\$0	\$0	0.00%
26	Other Trans. & Distr Expenses - 96 USOA	672.900	\$0	\$0	\$0	0.00%
27	Maintenance of General Plant - 96 USOA	675.500	\$911	\$0	\$911	0.00%
28	Maintenance of Structures & Improvements	671.000	\$0	\$0	\$0	0.00%
29	Maintenance of Distribution Reservoirs	672.000	\$0	\$0	\$0	0.00%
30	Maintenance of Trans. & Distribution Mains	673.000	\$0	\$0	\$0	0.00%
31	Maintenance of Fire Mains	674.000	\$0	\$0	\$0	0.00%
32	Maintenance of Services	675.000	\$0	\$0	\$0	0.00%
33	Maintenance of Meters	676.000	\$0	\$0	\$0	0.00%
34	Maintenance of Hydrants	677.000	\$0	\$0	\$0	0.00%
35	Maintenance of Misc. Plant	678.000	\$0	\$0	\$0	0.00%
36	TOTAL MAINTENANCE EXPENSE		<u>\$911</u>	\$0	\$911	
37	CUSTOMER ACCOUNT EXPENSE					
38	Meter Read	902.000	\$0	\$0	\$0	0.00%
39	Customer Records & Collections	903.000	\$0	\$0	\$0	0.00%
40	Postage	903.100	\$507	\$0	\$507	0.00%
41	Uncollectible Accounts	904.000	\$267	\$0	\$267	0.00%
42	Misc. Customer Accounts Expenses	905.000	\$0	\$0	\$0	0.00%
43	TOTAL CUSTOMER ACCOUNT EXPENSE		<u>\$774</u>	\$0	\$774	
44	ADMINISTRATIVE & GENERAL EXPENSES					
45	Contractual Services (Engineer) - 96 USOA	631.000	\$0	\$0	\$0	0.00%
46	Contractual Services (Accounting) - 96 USOA	632.000	\$0	\$0	\$0	0.00%
47	Contractual Services (Legal) - 96 USOA	633.000	\$0	\$0	\$0	0.00%
48	Contractual Services (Mgmt Fees) - 96 USOA	634.000	\$1,200	\$0	\$1,200	0.00%
49	Contractual Services (Other) - 96 USOA	636.000	\$0	\$0	\$0	0.00%
50	Rental of Building (Real Prop.) - 96 USOA	641.000	\$0	\$0	\$0	0.00%
51	Transportation Expenses - 96 USOA	850.000	\$1,830	\$0	\$1,830	0.00%
52	Insurance - Vehicle - 96 USOA	656.000	\$0	\$0	\$0	0.00%

Midland Water Company
 Small Company Rate Case
 File Number WR-2012-0031
 Test Year Ending 12-31-2010 Updated thru 9/30/2011
 Rate Design Schedule - Water

Line Number	A Description	B Account Number (Optional)	C Staff Annualized	D Customer Charge	E Commodity	F Percentage Rate
53	Insurance General Liability - 96 USOA	657.000	\$0	\$0	\$0	0.00%
54	Insurance (Workman's Comp) - 96 USOA	658.000	\$0	\$0	\$0	0.00%
55	Insurance - Life	659.100	\$0	\$0	\$0	0.00%
56	Insurance - Property - 96 USOA	659.200	\$0	\$0	\$0	0.00%
57	Bad Debt Expense - 96 USOA	670.000	\$0	\$0	\$0	0.00%
58	Misc. Expenses - Other Rents - 96 USOA	675.100	\$0	\$0	\$0	0.00%
59	Misc. Expense Uniforms 96- USOA	675.300	\$0	\$0	\$0	0.00%
60	Misc. Travel Expenses - 96 USOA	675.600	\$0	\$0	\$0	0.00%
61	Misc. Expense - Sales Tax Short/Long	675.625	\$0	\$0	\$0	0.00%
62	Misc. Expense - Payroll Taxes	675.650	\$699	\$0	\$699	0.00%
63	Misc. Expenses Other - 96 USOA	675.950	\$0	\$0	\$0	0.00%
64	Misc. Expense Telephone - 96 USOA	930.100	\$0	\$0	\$0	0.00%
65	Misc. Expense Penalties - 96 USOA	930.200	\$0	\$0	\$0	0.00%
66	Misc. Expense Office Expenses - 96 USOA	930.300	\$199	\$0	\$199	0.00%
67	Misc. Expense - Sec. of State Fees - 96 USOA	930.500	\$0	\$0	\$0	0.00%
68	Misc. Expense - Other A&G - 96 USOA	930.900	\$0	\$0	\$0	0.00%
69	Misc. General Expense - 96 USOA	930.950	\$0	\$0	\$0	0.00%
70	Adminstration & General Salary - Officers & Directors	920.000	\$0	\$0	\$0	0.00%
71	Adminstration & General Salary	920.100	\$0	\$0	\$0	0.00%
72	Office Supplies and Other Expenses	921.000	\$0	\$0	\$0	0.00%
73	Office Utilities	921.100	\$0	\$0	\$0	0.00%
74	Outside Services - Bookkeeping & Accounting	923.000	\$5,313	\$0	\$5,313	0.00%
75	Outside Service - PSC Assessment	923.100	\$284	\$0	\$284	0.00%
76	Outside Services - Legal	923.200	\$0	\$0	\$0	0.00%
77	Outside Service - Other	923.300	\$0	\$0	\$0	0.00%
78	Insurance - General Liability	924.000	\$0	\$0	\$0	0.00%
79	Insurance - Property	924.100	\$961	\$0	\$961	0.00%
80	Insurance - Vehicle	924.200	\$0	\$0	\$0	0.00%
81	Insurance (Workman's Comp)	925.000	\$0	\$0	\$0	0.00%
82	Life Insurance Expense	925.100	\$0	\$0	\$0	0.00%
83	Employee Medical, Dental & Vision	926.000	\$0	\$0	\$0	0.00%
84	Regulatory Commission Exp PSC Assmt	928.000	\$232	\$0	\$232	0.00%
85	Regulatory Commission Expenses - DNR Fees	928.100	\$200	\$0	\$200	0.00%
86	Regulatory Expenses	928.200	\$328	\$0	\$328	0.00%
87	Rate Case Expenses	928.300	\$42	\$0	\$42	0.00%
88	Advertising Expense	930.100	\$0	\$0	\$0	0.00%
89	Misc. General Expenses	930.200	\$0	\$0	\$0	0.00%
90	Misc. Lunch & Meals	930.400	\$0	\$0	\$0	0.00%
91	Officer & Director Travel Expenses	930.500	\$0	\$0	\$0	0.00%
92	Telephone Expense	930.600	\$625	\$0	\$625	0.00%
93	Dues & Subscriptions	930.560	\$0	\$0	\$0	0.00%
94	Rents	931.000	\$518	\$0	\$518	0.00%
95	Rents - Equipment	931.100	\$0	\$0	\$0	0.00%
96	Transportation Expenses	933.000	\$0	\$0	\$0	0.00%
97	TOTAL ADMINISTRATIVE AND GENERAL		\$12,431	\$0	\$12,431	
98	OTHER OPERATING EXPENSES					
99	Interest on Customer Deposits	431.100	\$0	\$0	\$0	0.00%
100	Depreciation - CIAC Offset	251.000	-\$3,429	\$0	-\$3,429	0.00%
101	Corporate Registration		\$0	\$0	\$0	0.00%
102	Other Operating Expense		\$0	\$0	\$0	0.00%
103	Amortization Expense		\$324	\$0	\$324	0.00%
104	Depreciation		\$3,963	\$0	\$3,963	0.00%
105	TOTAL OTHER OPERATING EXPENSES		\$858	\$0	\$858	
106	TAXES OTHER THAN INCOME					
107	Misc. Expense (Other Taxes) - 96 USOA	675.675	\$0	\$0	\$0	0.00%
108	Misc. Expense (Property Tax) - 96 USOA	930.600	\$0	\$0	\$0	0.00%
109	Payroll Taxes	408.000	\$0	\$0	\$0	0.00%
110	Property Taxes	408.100	\$264	\$0	\$264	0.00%
111	Other Taxes	408.200	\$0	\$0	\$0	0.00%
112	TOTAL TAXES OTHER THAN INCOME		\$264	\$0	\$264	

Midland Water Company
 Small Company Rate Case
 File Number WR-2012-0031
 Test Year Ending 12-31-2010 Updated thru 9/30/2011
 Rate Design Schedule - Water

A	B	C	D	E	F	
Line Number	Description	Account Number (Optional)	Staff Annualized	Customer Charge	Commodity	Percentage Rate
113	TOTAL OPERATING EXPENSES		\$27,429	\$0	\$27,429	
114	Interest Expense	(3)	\$0	\$0	\$0	0.00%
115	Return on Equity	(3)	\$3,024	\$0	\$3,024	0.00%
116	Income Taxes	(3)	\$753	\$0	\$753	0.00%
117	TOTAL INTEREST RETURN & TAXES		\$3,777	\$0	\$3,777	
118	TOTAL COST OF SERVICE		\$31,206	\$0	\$31,206	
119	Less: Miscellaneous Revenues		\$6	\$0	\$6	0.00%
120	COST TO RECOVER IN RATES		\$31,200	\$0	\$31,200	
121	INCREMENTAL INCREASE IN RATE REVENUES		<u>\$5,833</u>			
122	PERCENTAGE OF INCREASE		<u>22.03%</u>			
123	REQUESTED INCREASE IN REVENUES		\$0			

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

Midland Water Company
Small Company Rate Case
File Number WR-2012-0031
Test Year Ending 12-31-2010 Updated thru 9/30/2011
Capital Structure Schedule - Water

A	B	C	D	E	
Line Number	Description	Dollar Amount	Percentage of Total Capital Structure	Embedded Cost of Capital	Weighted Cost of Capital
1	Common Stock	\$41,630	100.00%	8.84%	8.840%
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%	8.84%	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	<u>\$41,630</u>	<u>100.00%</u>		<u>8.840%</u>

To PreTax Return Rate Schedule

Note: column C: is 6 positions with 4 that are displayed (if not totaled correctly, due to rounding)

Midland Water Company
Small Company Rate Case
File Number WR-2012-0031
Test Year Ending 12-31-2010 Updated thru 9/30/2011
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	Franchisees and Consents	\$0			100.00%	\$0
4	303.000	Misc. Intangible Plant	\$0			100.00%	\$0
5		TOTAL INTANGIBLE PLANT	\$0		\$0		\$0
6		SOURCE OF SUPPLY PLANT					
7	310.000	Land & Land Rights	\$4,106	P-7	-\$2,000	100.00%	\$2,106
8	311.000	Structures & Improvements	\$2,311			100.00%	\$2,311
9	312.000	Collection & Impounding Reservoirs	\$0			100.00%	\$0
10	313.000	Lake, River & Other Intakes	\$0			100.00%	\$0
11	314.000	Wells & Springs	\$12,072			100.00%	\$12,072
12	316.000	Supply Mains	\$0			100.00%	\$0
13	317.000	Other Water Source Plant	\$0			100.00%	\$0
14		TOTAL SOURCE OF SUPPLY PLANT	\$18,489		-\$2,000		\$16,489
15		PUMPING PLANT					
16	321.000	Structures & Improvements - PP	\$0			100.00%	\$0
17	325.000	Electric Pumping Equipment	\$10,236			100.00%	\$10,236
18	325.200	Booster Pump Equipment	\$3,219			100.00%	\$3,219
19	325.300	Shaft Driven Pump Equipment	\$0			100.00%	\$0
20	326.000	Diesel Pumping Equipment	\$0			100.00%	\$0
21	327.000	Hydraulic Pumping Equipment	\$0			100.00%	\$0
22	328.000	Other Pumping Equipment	\$0			100.00%	\$0
23		TOTAL PUMPING PLANT	\$13,455		\$0		\$13,455
24		WATER TREATMENT PLANT					
25	330.000	Land & Land Rights-WTP	\$0			100.00%	\$0
26	331.000	Structures & Improvements - WTP	\$0			100.00%	\$0
27	332.000	Water Treatment Equipment	\$793			100.00%	\$793
28		TOTAL WATER TREATMENT PLANT	\$793		\$0		\$793
29		TRANSMISSION & DISTRIBUTION PLANT					
30	340.000	Land & Land Rights-T&D	\$0			100.00%	\$0
31	341.000	Structures & Improvements - T&D	\$0			100.00%	\$0
32	342.000	Distribution Reservoirs & Standpipes	\$7,075			100.00%	\$7,075
33	343.000	Transmission and Distribution Mains	\$60,030			100.00%	\$60,030
34	344.000	Fire Mains	\$0			100.00%	\$0
35	345.000	Services	\$770			100.00%	\$770
36	346.000	Meters- Bronze Chamber	\$0			100.00%	\$0
37	346.000	Meters	\$2,877			100.00%	\$2,877
38	347.000	Meter Installations	\$6,560			100.00%	\$6,560
39	347.000	Meter Installations- Plastic	\$0			100.00%	\$0
40	348.000	Hydrants	\$0			100.00%	\$0
41	349.000	Other Transmission and Distribution Plant	\$0			100.00%	\$0
42		TOTAL TRANS. & DISTRIBUTION PLANT	\$77,312		\$0		\$77,312
43		GENERAL PLANT					
44	389.000	Land & Land Rights-GP	\$0			100.00%	\$0
45	390.000	Structures & Improvements - GP	\$0			100.00%	\$0
46	391.000	Office Furniture & Equipment	\$0			100.00%	\$0
47		Office Computer Equipment	\$0			100.00%	\$0
48	392.000	Transportation Equipment - GP	\$0			100.00%	\$0
49	393.000	Stores Equipment	\$0			100.00%	\$0
50	394.000	Tools, Shop and Garage Equip	\$0			100.00%	\$0
51	395.000	Laboratory Equipment	\$0			100.00%	\$0
52	396.000	Power-Operated Equip	\$6,222	P-52	-\$3,111	100.00%	\$3,111

Midland Water Company
Small Company Rate Case
File Number WR-2012-0031
Test Year Ending 12-31-2010 Updated thru 9/30/2011
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
53	397.000	Communication Equipment	\$3,087			100.00%	\$3,087
54	398.000	Misc. Equipment	\$0			100.00%	\$0
55	399.000	Other Tangible Property	\$0			100.00%	\$0
56		TOTAL GENERAL PLANT	<u>\$9,309</u>		<u>-\$3,111</u>		<u>\$6,198</u>
57		TOTAL PLANT IN SERVICE	<u><u>\$119,368</u></u>		<u><u>-\$5,111</u></u>		<u><u>\$114,247</u></u>

To Rate Base & Depreciation Schedules

Midland Water Company
Small Company Rate Case
File Number WR-2012-0031
Test Year Ending 12-31-2010 Updated thru 9/30/2011
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
P-7	Land & Land Rights	310.000		-\$2,000
	Adjustment to retire/remove Acre of land with trailer		-\$2,000	
P-52	Power-Operated Equip	396.000		-\$3,111
	Adjustment to remove half of the mower cost for trailer land.		-\$3,111	
	Total Plant Adjustments			<u><u>-\$5,111</u></u>

Midland Water Company
Small Company Rate Case
File Number WR-2012-0031
Test Year Ending 12-31-2010 Updated thru 9/30/2011
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 and Consents	\$0	0.00%	\$0
4	303.000	Misc. Intangible Plant	\$0	0.00%	\$0
5		TOTAL INTANGIBLE PLANT	\$0		\$0
6		SOURCE OF SUPPLY PLANT			
7	310.000	Land & Land Rights	\$2,106	0.00%	\$0
8	311.000	Structures & Improvements	\$2,311	2.50%	\$58
9	312.000	Collection & Impounding Reservoirs	\$0	2.00%	\$0
10	313.000	Lake, River & Other Intakes	\$0	0.00%	\$0
11	314.000	Wells & Springs	\$12,072	2.00%	\$241
12	316.000	Supply Mains	\$0	2.00%	\$0
13	317.000	Other Water Source Plant	\$0	2.00%	\$0
14		TOTAL SOURCE OF SUPPLY PLANT	\$16,489		\$299
15		PUMPING PLANT			
16	321.000	Structures & Improvements - PP	\$0	2.50%	\$0
17	325.000	Electric Pumping Equipment	\$10,236	10.00%	\$1,024
18	325.200	Booster Pump Equipment	\$3,219	25.00%	\$805
19	325.300	Shaft Driven Pump Equipment	\$0	0.00%	\$0
20	326.000	Diesel Pumping Equipment	\$0	0.00%	\$0
21	327.000	Hydraulic Pumping Equipment	\$0	0.00%	\$0
22	328.000	Other Pumping Equipment	\$0	4.00%	\$0
23		TOTAL PUMPING PLANT	\$13,455		\$1,829
24		WATER TREATMENT PLANT			
25	330.000	Land & Land Rights-WTP	\$0	0.00%	\$0
26	331.000	Structures & Improvements - WTP	\$0	2.50%	\$0
27	332.000	Water Treatment Equipment	\$793	2.90%	\$23
28		TOTAL WATER TREATMENT PLANT	\$793		\$23
29		TRANSMISSION & DISTRIBUTION PLANT			
30	340.000	Land & Land Rights-T&D	\$0	0.00%	\$0
31	341.000	Structures & Improvements - T&D	\$0	2.50%	\$0
32	342.000	Distribution Reservoirs & Standpipes	\$7,075	2.50%	\$177
33	343.000	Transmission and Distribution Mains	\$60,030	2.00%	\$1,201
34	344.000	Fire Mains	\$0	0.00%	\$0
35	345.000	Services	\$770	2.50%	\$19
36	346.000	Meters- Bronze Chamber	\$0	10.00%	\$0
37	346.000	Meters	\$2,877	0.00%	\$0
38	347.000	Meter Installations	\$6,560	0.00%	\$0
39	347.000	Meter Installations- Plastic	\$0	0.00%	\$0
40	348.000	Hydrants	\$0	2.00%	\$0
41	349.000	Other Transmission and Distribution Plant	\$0	2.00%	\$0

Midland Water Company
Small Company Rate Case
File Number WR-2012-0031
Test Year Ending 12-31-2010 Updated thru 9/30/2011
Depreciation Expense - Water

Line Number	A Account Number	B Plant Account Description	C Adjusted Jurisdictional	D Depreciation Rate	E Depreciation Expense
42		TOTAL TRANS. & DISTRIBUTION PLANT	\$77,312		\$1,397
43		GENERAL PLANT			
44	389.000	Land & Land Rights-GP	\$0	0.00%	\$0
45	390.000	Structures & Improvements - GP	\$0	2.50%	\$0
46	391.000	Office Furniture & Equipment	\$0	5.00%	\$0
47		Office Computer Equipment	\$0	14.30%	\$0
48	392.000	Transportation Equipment - GP	\$0	13.00%	\$0
49	393.000	Stores Equipment	\$0	0.00%	\$0
50	394.000	Tools, Shop and Garage Equip	\$0	5.00%	\$0
51	395.000	Laboratory Equipment	\$0	0.00%	\$0
52	396.000	Power-Operated Equip	\$3,111	6.70%	\$208
53	397.000	Communication Equipment	\$3,087	6.70%	\$207
54	398.000	Misc. Equipment	\$0	0.00%	\$0
55	399.000	Other Tangible Property	\$0	5.00%	\$0
56		TOTAL GENERAL PLANT	<u>\$6,198</u>		<u>\$415</u>
57		Total Depreciation	<u><u>\$114,247</u></u>		<u><u>\$3,963</u></u>

Midland Water Company
Small Company Rate Case
File Number WR-2012-0031
Test Year Ending 12-31-2010 Updated thru 9/30/2011
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 and Consents	\$0			100.00%	\$0
4	303.000	Misc. Intangible Plant	\$0			100.00%	\$0
5		TOTAL INTANGIBLE PLANT	\$0		\$0		\$0
6		SOURCE OF SUPPLY PLANT					
7	310.000	Land & Land Rights	\$0			100.00%	\$0
8	311.000	Structures & Improvements	\$786			100.00%	\$786
9	312.000	Collection & Impounding Reservoirs	\$0			100.00%	\$0
10	313.000	Lake, River & Other Intakes	\$0			100.00%	\$0
11	314.000	Wells & Springs	\$4,768			100.00%	\$4,768
12	316.000	Supply Mains	\$0			100.00%	\$0
13	317.000	Other Water Source Plant	\$0			100.00%	\$0
14		TOTAL SOURCE OF SUPPLY PLANT	\$5,554		\$0		\$5,554
15		PUMPING PLANT					
16	321.000	Structures & Improvements - PP	\$0			100.00%	\$0
17	325.000	Electric Pumping Equipment	\$1,039			100.00%	\$1,039
18	325.200	Booster Pump Equipment	-\$6,433			100.00%	-\$6,433
19	325.300	Shaft Driven Pump Equipment	\$0			100.00%	\$0
20	326.000	Diesel Pumping Equipment	\$0			100.00%	\$0
21	327.000	Hydraulic Pumping Equipment	\$0			100.00%	\$0
22	328.000	Other Pumping Equipment	\$0			100.00%	\$0
23		TOTAL PUMPING PLANT	-\$5,394		\$0		-\$5,394
24		WATER TREATMENT PLANT					
25	330.000	Land & Land Rights-WTP	\$0			100.00%	\$0
26	331.000	Structures & Improvements - WTP	\$0			100.00%	\$0
27	332.000	Water Treatment Equipment	\$310			100.00%	\$310
28		TOTAL WATER TREATMENT PLANT	\$310		\$0		\$310
29		TRANSMISSION & DISTRIBUTION PLANT					
30	340.000	Land & Land Rights-T&D	\$0			100.00%	\$0
31	341.000	Structures & Improvements - T&D	\$0			100.00%	\$0
32	342.000	Distribution Reservoirs & Standpipes	\$3,493			100.00%	\$3,493
33	343.000	Transmission and Distribution Mains	\$19,076			100.00%	\$19,076
34	344.000	Fire Mains	\$0			100.00%	\$0
35	345.000	Services	\$433			100.00%	\$433
36	346.000	Meters- Bronze Chamber	\$0			100.00%	\$0
37	346.000	Meters	\$1,909			100.00%	\$1,909
38	347.000	Meter Installations	\$3,071			100.00%	\$3,071
39	347.000	Meter Installations- Plastic	\$0			100.00%	\$0
40	348.000	Hydrants	\$0			100.00%	\$0
41	349.000	Other Transmission and Distribution Plant	\$0			100.00%	\$0
42		TOTAL TRANS. & DISTRIBUTION PLANT	\$27,982		\$0		\$27,982
43		GENERAL PLANT					
44	389.000	Land & Land Rights-GP	\$0			100.00%	\$0
45	390.000	Structures & Improvements - GP	\$0			100.00%	\$0
46	391.000	Office Furniture & Equipment	\$0			100.00%	\$0
47		Office Computer Equipment	\$0			100.00%	\$0
48	392.000	Transportation Equipment - GP	\$0			100.00%	\$0
49	393.000	Stores Equipment	\$0			100.00%	\$0

Midland Water Company
Small Company Rate Case
File Number WR-2012-0031
Test Year Ending 12-31-2010 Updated thru 9/30/2011
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
50	394.000	Tools, Shop and Garage Equip	\$0			100.00%	\$0
51	395.000	Laboratory Equipment	\$0			100.00%	\$0
52	396.000	Power-Operated Equip	\$261			100.00%	\$261
53	397.000	Communication Equipment	\$78			100.00%	\$78
54	398.000	Misc. Equipment	\$0			100.00%	\$0
55	399.000	Other Tangible Property	\$0			100.00%	\$0
56		TOTAL GENERAL PLANT	\$339		\$0		\$339
57		TOTAL DEPRECIATION RESERVE	\$28,791		\$0		\$28,791

To Rate Base Schedule

Midland Water Company
Small Company Rate Case
File Number WR-2012-0031
Test Year Ending 12-31-2010 Updated thru 9/30/2011
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	

Midland Water Company
Small Company Rate Case
File Number WR-2012-0031
Test Year Ending 12-31-2010 Updated thru 9/30/2011
Rate Revenue Feeder Schedule - Water

Line Number	A Description	Residential 5/8"		Residential 3/4"	
		B Amount	C Amount	D Amount	E Amount
1	<u>Customer Charge Revenues:</u>				
2	Customer Number	96		0	
3	Bills Per Year	12		12	
4	Customer Bills Per year	1,152		0	
5	Current Customer Charge	<u>\$15.00</u>		<u>\$0.00</u>	
6	Annualized Customer Charge Revenues		\$17,280		\$0
7	<u>Commodity Charge Revenues:</u>				
8	Total Gallons Sold	4,537,700		0	
9	Less: Base Gallons Included In Customer Charge	<u>2,304,000</u>		<u>0</u>	
10	Commodity Gallons	2,233,700		0	
11	Block 1, Commodity Gallons per Block	2,233,700		0	
12	Block 1, Number of Commodity Gallons per Unit	<u>1,000</u>		<u>1,000</u>	
13	Block 1, Commodity Billing Units	2,233.70		0.00	
14	Block 1, Existing Commodity Charge	<u>\$3.71</u>		<u>\$0.00</u>	
15	Block 1, Annualized Commodity Charge Rev.		\$8,287		\$0
16	Summer, Commodity Gallons per Block	0		0	
17	Summer, Number of Commodity Gallons per Unit	<u>1,000</u>		<u>1,000</u>	
18	Summer, Commodity Billing Units	0.00		0.00	
19	Summer, Existing Commodity Charge	<u>\$0.00</u>		<u>\$0.00</u>	
20	Summer, Annualized Commodity Charge Rev.		\$0		\$0
21	Total Annualized Water Rate Revenues		<u>\$25,567</u>		<u>\$0</u>

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

Midland Water Company
Small Company Rate Case
File Number WR-2012-0031
Test Year Ending 12-31-2010 Updated thru 9/30/2011
Rate Revenue Feeder Schedule - Water

Line Number	A Description	Residential 1"		Residential 2"	
		E Amount	@ Amount	H Amount	I Amount
1	<u>Customer Charge Revenues:</u>				
2	Customer Number	0		0	
3	Bills Per Year	12		12	
4	Customer Bills Per year	0		0	
5	Current Customer Charge	<u>\$0.00</u>		<u>\$0.00</u>	
6	Annualized Customer Charge Revenues		\$0		\$0
7	<u>Commodity Charge Revenues:</u>				
8	Total Gallons Sold	0		0	
9	Less: Base Gallons Included In Customer Charge	<u>0</u>		<u>0</u>	
10	Commodity Gallons	0		0	
11	Block 1, Commodity Gallons per Block	0		0	
12	Block 1, Number of Commodity Gallons per Unit	<u>1,000</u>		<u>1,000</u>	
13	Block 1, Commodity Billing Units	0.00		0.00	
14	Block 1, Existing Commodity Charge	<u>\$0.00</u>		<u>\$0.00</u>	
15	Block 1, Annualized Commodity Charge Rev.		\$0		\$0
16	Summer, Commodity Gallons per Block	0		0	
17	Summer, Number of Commodity Gallons per Unit	<u>1,000</u>		<u>1,000</u>	
18	Summer, Commodity Billing Units	0.00		0.00	
19	Summer, Existing Commodity Charge	<u>\$0.00</u>		<u>\$0.00</u>	
20	Summer, Annualized Commodity Charge Rev.		\$0		\$0
21	Total Annualized Water Rate Revenues		<u>\$0</u>		<u>\$0</u>

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

Midland Water Company
Small Company Rate Case
File Number WR-2012-0031
Test Year Ending 12-31-2010 Updated thru 9/30/2011
Rate Revenue Feeder Schedule - Water

Line Number	A Description	Commercial 6/8"		Commercial 3/4"	
		J Amount	K Amount	L Amount	M Amount
1	<u>Customer Charge Revenues:</u>				
2	Customer Number	0		0	
3	Bills Per Year	12		12	
4	Customer Bills Per year	0		0	
5	Current Customer Charge	<u>\$0.00</u>		<u>\$0.00</u>	
6	Annualized Customer Charge Revenues		\$0		\$0
7	<u>Commodity Charge Revenues:</u>				
8	Total Gallons Sold	0		0	
9	Less: Base Gallons Included in Customer Charge	<u>0</u>		<u>0</u>	
10	Commodity Gallons	0		0	
11	Block 1, Commodity Gallons per Block	0		0	
12	Block 1, Number of Commodity Gallons per Unit	<u>1,000</u>		<u>1,000</u>	
13	Block 1, Commodity Billing Units	0.00		0.00	
14	Block 1, Existing Commodity Charge	<u>\$0.00</u>		<u>\$0.00</u>	
15	Block 1, Annualized Commodity Charge Rev.		\$0		\$0
16	Summer, Commodity Gallons per Block	0		0	
17	Summer, Number of Commodity Gallons per Unit	<u>1,000</u>		<u>1,000</u>	
18	Summer, Commodity Billing Units	0.00		0.00	
19	Summer, Existing Commodity Charge	<u>\$0.00</u>		<u>\$0.00</u>	
20	Summer, Annualized Commodity Charge Rev.		\$0		\$0
21	Total Annualized Water Rate Revenues		<u>\$0</u>		<u>\$0</u>

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

Midland Water Company
Small Company Rate Case
File Number WR-2012-0031
Test Year Ending 12-31-2010 Updated thru 9/30/2011
Rate Revenue Feeder Schedule - Water

Line Number	A Description	Commercial 1"		Commercial 2"	
		N Amount	O Amount	P Amount	Q Amount
1	<u>Customer Charge Revenues:</u>				
2	Customer Number	0		0	
3	Bills Per Year	12		12	
4	Customer Bills Per year	0		0	
5	Current Customer Charge	<u>\$0.00</u>		<u>\$0.00</u>	
6	Annualized Customer Charge Revenues		\$0		\$0
7	<u>Commodity Charge Revenues:</u>				
8	Total Gallons Sold	0		0	
9	Less: Base Gallons Included in Customer Charge	<u>0</u>		<u>0</u>	
10	Commodity Gallons	0		0	
11	Block 1, Commodity Gallons per Block	0		0	
12	Block 1, Number of Commodity Gallons per Unit	<u>1,000</u>		<u>1,000</u>	
13	Block 1, Commodity Billing Units	0.00		0.00	
14	Block 1, Existing Commodity Charge	<u>\$0.00</u>		<u>\$0.00</u>	
15	Block 1, Annualized Commodity Charge Rev.		\$0		\$0
16	Summer, Commodity Gallons per Block	0		0	
17	Summer, Number of Commodity Gallons per Unit	<u>1,000</u>		<u>1,000</u>	
18	Summer, Commodity Billing Units	0.00		0.00	
19	Summer, Existing Commodity Charge	<u>\$0.00</u>		<u>\$0.00</u>	
20	Summer, Annualized Commodity Charge Rev.		\$0		\$0
21	Total Annualized Water Rate Revenues		<u>\$0</u>		<u>\$0</u>

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

Midland Water Company
 Small Company Rate Case
 File Number WR-2012-0031
 Test Year Ending 12-31-2010 Updated thru 9/30/2011
 Rate Revenue Feeder Schedule - Water

Line Number	A Description	Commercial 3"		Commercial 4"	
		R Amount	S Amount	I Amount	U Amount
1	<u>Customer Charge Revenues:</u>				
2	Customer Number	0		0	
3	Bills Per Year	12		12	
4	Customer Bills Per year	0		0	
5	Current Customer Charge	<u>\$0.00</u>		<u>\$125.24</u>	
6	Annualized Customer Charge Revenues		\$0		\$0
7	<u>Commodity Charge Revenues:</u>				
8	Total Gallons Sold	0		0	
9	Less: Base Gallons Included In Customer Charge	<u>0</u>		<u>0</u>	
10	Commodity Gallons	0		0	
11	Block 1, Commodity Gallons per Block	0		0	
12	Block 1, Number of Commodity Gallons per Unit	<u>1,000</u>		<u>1,000</u>	
13	Block 1, Commodity Billing Units	0.00		0.00	
14	Block 1, Existing Commodity Charge	<u>\$0.00</u>		<u>\$0.00</u>	
15	Block 1, Annualized Commodity Charge Rev.		\$0		\$0
16	Summer, Commodity Gallons per Block	0		0	
17	Summer, Number of Commodity Gallons per Unit	<u>1,000</u>		<u>1,000</u>	
18	Summer, Commodity Billing Units	0.00		0.00	
19	Summer, Existing Commodity Charge	<u>\$0.00</u>		<u>\$0.00</u>	
20	Summer, Annualized Commodity Charge Rev.		\$0		\$0
21	Total Annualized Water Rate Revenues		<u>\$0</u>		<u>\$0</u>

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

Midland Water Company
Small Company Rate Case
File Number WR-2012-0031
Test Year Ending 12-31-2010 Updated thru 9/30/2011
Rate Revenue Feeder Schedule - Water

Line Number	A Description	Commercial 8"		Commercial 8"	
		V Amount	W Amount	X Amount	Y Amount
1	<u>Customer Charge Revenues:</u>				
2	Customer Number	0		0	
3	Bills Per Year	12		12	
4	Customer Bills Per year	0		0	
5	Current Customer Charge	\$0.00		\$0.00	
6	Annualized Customer Charge Revenues		\$0		\$0
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	1,000		1,000	
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	Summer, Commodity Gallons per Block	0		0	
17	Summer, Number of Commodity Gallons per Unit	1,000		1,000	
18	Summer, Commodity Billing Units	0.00		0.00	
19	Summer, Existing Commodity Charge	\$0.00		\$0.00	
20	Summer, Annualized Commodity Charge Rev.		\$0		\$0
21	Total Annualized Water Rate Revenues		\$0		\$0

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.

Midland Water Company
Small Company Rate Case
File Number WR-2012-0031
Test Year Ending 12-31-2010 Updated thru 9/30/2011
Rate Revenue Feeder Schedule - Water

Line Number	A Description	Irrigational 5/8"		Irrigational 3/4"	
		Z Amount	AA Amount	AB Amount	AC Amount
1	<u>Customer Charge Revenues:</u>				
2	Customer Number	0		0	
3	Bills Per Year	12		12	
4	Customer Bills Per year	0		0	
5	Current Customer Charge	\$0.00		\$0.00	
6	Annualized Customer Charge Revenues		\$0		\$0
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	1,000		1,000	
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	Summer, Commodity Gallons per Block	0		0	
17	Summer, Number of Commodity Gallons per Unit	1,000		1,000	
18	Summer, Commodity Billing Units	0.00		0.00	
19	Summer, Existing Commodity Charge	\$0.00		\$0.00	
20	Summer, Annualized Commodity Charge Rev.		\$0		\$0
21	Total Annualized Water Rate Revenues		\$0		\$0

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.

Midland Water Company
Small Company Rate Case
File Number WR-2012-0031
Test Year Ending 12-31-2010 Updated thru 9/30/2011
Rate Revenue Feeder Schedule - Water

Line Number	A Description	Irrigational 1"		Irrigational 2"	
		AD Amount	AE Amount	AF Amount	AG Amount
1	<u>Customer Charge Revenues:</u>				
2	Customer Number	0		0	
3	Bills Per Year	12		12	
4	Customer Bills Per year	0		0	
5	Current Customer Charge	\$0.00		\$0.00	
6	Annualized Customer Charge Revenues		\$0		\$0
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	1,000		1,000	
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	Summer, Commodity Gallons per Block	0		0	
17	Summer, Number of Commodity Gallons per Unit	1,000		1,000	
18	Summer, Commodity Billing Units	0.00		0.00	
19	Summer, Existing Commodity Charge	\$0.00		\$0.00	
20	Summer, Annualized Commodity Charge Rev.		\$0		\$0
21	Total Annualized Water Rate Revenues		\$0		\$0

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.

Midland Water Company
 Small Company Rate Case
 File Number WR-2012-0031
 Test Year Ending 12-31-2010 Updated thru 9/30/2011
 Rate Revenue Feeder Schedule - Water

Line Number	Description	Total	
		A Amount	B Amount
1	<u>Customer Charge Revenues:</u>		
2	Customer Number	96	
3	Bills Per Year		
4	Customer Bills Per year	1,162	
5	Current Customer Charge		
6	Annualized Customer Charge Revenues		\$17,280
7	<u>Commodity Charge Revenues:</u>		
8	Total Gallons Sold	4,537,700	
9	Less: Base Gallons Included in Customer Charge	2,304,000	
10	Commodity Gallons	2,233,700	
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.		\$8,287
16	Summer, Commodity Gallons per Block		
17	Summer, Number of Commodity Gallons per Unit		
18	Summer, Commodity Billing Units		
19	Summer, Existing Commodity Charge		
20	Summer, Annualized Commodity Charge Rev.		\$0
21	Total Annualized Water Rate Revenues		\$25,567

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.

Midland Water Company
Small Company Rate Case
File Number WR-2012-0031
Test Year Ending 12-31-2010 Updated thru 9/30/2011
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	601.000	Operation Labor & Expenses	\$6,050	W-2	\$1,763	100.00%	\$7,813
3	601.200	Salaries/Wages - Admin & General - 96 USOA	\$1,160			100.00%	\$1,160
4	601.300	Unemployment compensation	\$61	W-4	-\$61	100.00%	\$0
5	603.000	Salaries/Wages - Off. & Directors - 96 USOA	\$0			100.00%	\$0
6	604.000	Employee Pension and Benefits - 96 USOA	\$0			100.00%	\$0
7	615.000	Purchased Power - 96 USOA	\$0			100.00%	\$0
8	618.000	Chemicals - 96 USOA	\$0	W-8	\$227	100.00%	\$227
9	620.000	Materials & Supplies (small tools) - 96 USOA	\$0			100.00%	\$0
10	619.000	Water Testing Expense - 96 USOA	\$0			100.00%	\$0
11	602.000	Purchased Water	\$0			100.00%	\$0
12	623.000	Fuel or Power Purchased - Electricity	\$4,715	W-12	-\$2,189	100.00%	\$2,526
13	641.000	Chemicals	\$0			100.00%	\$0
14	643.000	Misc. Expense - Water Testing	\$0			100.00%	\$0
15	661.000	Storage Facilities Expenses	\$0			100.00%	\$0
16	663.000	Meter Expenses	\$0			100.00%	\$0
17	664.000	Customer Installations Expenses	\$0			100.00%	\$0
18	665.000	Misc Exp - Bank Service Charges	\$173	W-18	\$11	100.00%	\$184
19	665.100	Misc Exp - Credit Card Fees	\$286	W-19	-\$5	100.00%	\$281
20		TOTAL OPERATIONS EXPENSE	\$12,445		-\$254		\$12,191
21		MAINTENANCE EXPENSES					
22	625.000	Maintenance Pumping Plant - 96 USOA	\$0			100.00%	\$0
23	672.100	Maint. Super Engine (Trans & Distr) - 96 USOA	\$0			100.00%	\$0
24	672.200	Maint. of Services (Trans. & Distr) - 96 USOA	\$0			100.00%	\$0
25	672.300	Maint. of Meters (Trans. & Distr) - 96 USOA	\$0			100.00%	\$0
26	672.900	Other Trans. & Distr Expenses - 96 USOA	\$0			100.00%	\$0
27	675.500	Maintenance of General Plant - 96 USOA	\$2,642	W-27	-\$1,731	100.00%	\$911
28	671.000	Maintenance of Structures & Improvements	\$0			100.00%	\$0
29	672.000	Maintenance of Distribution Reservoirs	\$0			100.00%	\$0
30	673.000	Maintenance of Trans. & Distribution Mains	\$0			100.00%	\$0
31	674.000	Maintenance of Fire Mains	\$0			100.00%	\$0
32	675.000	Maintenance of Services	\$0			100.00%	\$0
33	676.000	Maintenance of Meters	\$0			100.00%	\$0
34	677.000	Maintenance of Hydrants	\$0			100.00%	\$0
35	678.000	Maintenance of Misc. Plant	\$0			100.00%	\$0
36		TOTAL MAINTENANCE EXPENSE	\$2,642		-\$1,731		\$911
37		CUSTOMER ACCOUNT EXPENSE					
38	902.000	Meter Read	\$0			100.00%	\$0
39	903.000	Customer Records & Collections	\$0			100.00%	\$0
40	903.100	Postage	\$40	W-40	\$467	100.00%	\$507
41	904.000	Uncollectible Accounts	\$0	W-41	\$267	100.00%	\$267
42	905.000	Misc. Customer Accounts Expenses	\$0			100.00%	\$0
43		TOTAL CUSTOMER ACCOUNT EXPENSE	\$40		\$734		\$774
44		ADMINISTRATIVE & GENERAL EXPENSES					
45	631.000	Contractual Services (Engineer) - 96 USOA	\$0			100.00%	\$0
46	632.000	Contractual Services (Accounting) - 96 USOA	\$0			100.00%	\$0
47	633.000	Contractual Services (Legal) - 96 USOA	\$0			100.00%	\$0
48	634.000	Contractual Services (Mgmt Fees) - 96 USOA	\$0	W-48	\$1,200	100.00%	\$1,200
49	636.000	Contractual Services (Other) - 96 USOA	\$0			100.00%	\$0
50	641.000	Rental of Building (Real Prop.) - 96 USOA	\$0			100.00%	\$0
51	650.000	Transportation Expenses - 96 USOA	\$0	W-51	\$1,830	100.00%	\$1,830
52	656.000	Insurance - Vehicle - 96 USOA	\$0			100.00%	\$0
53	657.000	Insurance General Liability - 96 USOA	\$0			100.00%	\$0
54	658.000	Insurance (Workman's Comp) - 96 USOA	\$0			100.00%	\$0
55	659.100	Insurance - Life	\$0			100.00%	\$0
56	659.200	Insurance - Property - 96 USOA	\$0			100.00%	\$0
57	670.000	Bad Debt Expense - 96 USOA	\$0			100.00%	\$0

Midland Water Company
Small Company Rate Case
File Number WR-2012-0031
Test Year Ending 12-31-2010 Updated thru 9/30/2011
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
58	675.100	Misc. Expenses - Other Rents - 96 USOA	\$0			100.00%	\$0
59	675.300	Misc. Expense Uniforms 96- USOA	\$0			100.00%	\$0
60	675.600	Misc. Travel Expenses - 96 USOA	\$0			100.00%	\$0
61	675.625	Misc. Expense - Sales Tax Short/Long	\$0			100.00%	\$0
62	675.650	Misc. Expense - Payroll Taxes	\$552	W-62	\$147	100.00%	\$699
63	675.950	Misc. Expenses Other - 96 USOA	\$0			100.00%	\$0
64	930.100	Misc. Expense Telephone - 96 USOA	\$0			100.00%	\$0
65	930.200	Misc. Expense Penalties - 96 USOA	\$0			100.00%	\$0
66	930.300	Misc. Expense Office Expenses - 96 USOA	\$199			100.00%	\$199
67	930.500	Misc. Expense - Sec. of State Fees - 96 USOA	\$0			100.00%	\$0
68	930.900	Misc. Expense - Other A&G - 96 USOA	\$0			100.00%	\$0
69	930.950	Misc. General Expense - 96 USOA	\$0			100.00%	\$0
70	920.000	Administration & General Salary - Officers & Directors	\$0			100.00%	\$0
71	920.100	Administration & General Salary	\$0			100.00%	\$0
72	921.000	Office Supplies and Other Expenses	\$0			100.00%	\$0
73	921.100	Office Utilities	\$0			100.00%	\$0
74	923.000	Outside Services - Bookkeeping & Accounting	\$5,313			100.00%	\$5,313
75	923.100	Outside Service - PSC Assessment	\$0	W-75	\$284	100.00%	\$284
76	923.200	Outside Services - Legal	\$0			100.00%	\$0
77	923.300	Outside Service - Other	\$0			100.00%	\$0
78	924.000	Insurance - General Liability	\$0			100.00%	\$0
79	924.100	Insurance - Property	\$906	W-79	\$55	100.00%	\$961
80	924.200	Insurance - Vehicle	\$0			100.00%	\$0
81	925.000	Insurance (Workman's Comp)	\$0			100.00%	\$0
82	925.100	Life Insurance Expense	\$0			100.00%	\$0
83	926.000	Employee Medical, Dental & Vision	\$0			100.00%	\$0
84	928.000	Regulatory Commission Exp PSC Assmt	\$190	W-84	\$42	100.00%	\$232
85	928.100	Regulatory Commission Expenses - DNR Fees	\$200			100.00%	\$200
86	928.200	Regulatory Expenses	\$610	W-86	-\$282	100.00%	\$328
87	928.300	Rate Case Expenses	\$0	W-87	\$42	100.00%	\$42
88	930.100	Advertising Expense	\$0			100.00%	\$0
89	930.200	Misc. General Expenses	\$0			100.00%	\$0
90	930.400	Misc. Lunch & Meals	\$0			100.00%	\$0
91	930.500	Officer & Director Travel Expenses	\$0			100.00%	\$0
92	930.600	Telephone Expense	\$49	W-92	\$576	100.00%	\$625
93	930.560	Dues & Subscriptions	\$0			100.00%	\$0
94	931.000	Rents	\$5,520	W-94	-\$5,002	100.00%	\$518
95	931.100	Rents - Equipment	\$0			100.00%	\$0
96	933.000	Transportation Expenses	\$0			100.00%	\$0
97		TOTAL ADMINISTRATIVE AND GENERAL	\$13,539		-\$1,108		\$12,431
98		OTHER OPERATING EXPENSES					
99	431.100	Interest on Customer Deposits	\$0			100.00%	\$0
100	251.000	Depreciation - CIAC Offset	\$0	W-100	-\$3,429	100.00%	-\$3,429
101		Corporate Registration	\$0			100.00%	\$0
102		Other Operating Expense	\$0			100.00%	\$0
103		Amortization Expense	\$0	W-103	\$324	100.00%	\$324
104		Depreciation	\$0	W-104	\$3,963	100.00%	\$3,963
105		TOTAL OTHER OPERATING EXPENSES	\$0		\$858		\$858
106		TAXES OTHER THAN INCOME					
107	675.675	Misc. Expense (Other Taxes) - 96 USOA	\$0			100.00%	\$0
108	930.600	Misc. Expense (Property Tax) - 96 USOA	\$0			100.00%	\$0
109	408.000	Payroll Taxes	\$0			100.00%	\$0
110	408.100	Property Taxes	\$264			100.00%	\$264
111	408.200	Other Taxes	\$0			100.00%	\$0
112		TOTAL TAXES OTHER THAN INCOME	\$264		\$0		\$264
113		TOTAL OPERATING EXPENSES	\$28,930		-\$1,501		\$27,429

Midland Water Company
Small Company Rate Case
File Number WR-2012-0031
Test Year Ending 12-31-2010 Updated thru 9/30/2011
Expense Adjustment Schedule - Water

A	B	C	D	E
Expense Adj Number	Adjustment Description	Account Number	Adjustment Amount	Total Adjustment
W-2	Operation Labor & Expenses	601.000		\$1,763
	Adjustment to annualize Operating salary		\$1,763	
W-4	Unemployment compensation	601.300		-\$61
	Adjustment to remove Unemployment Compensation		-\$61	
W-8	Chemicals - 96 USOA	618.000		\$227
	Adjustment to include Chemical Expenses		\$266	
	Adjustment to disallow unaccounted water loss rate applied to chemicals		-\$39	
W-12	Fuel or Power Purchased - Electricity	623.000		-\$2,189
	Adjustment to disallow Electricity for Trailer		-\$1,758	
	Adjustment to disallow unaccounted water loss rate applied to electricity		-\$431	
W-18	Misc Exp - Bank Service Charges	665.000		\$11
	Adjustment to include bank check allocation		\$11	
W-19	Misc Exp - Credit Card Fees	665.100		-\$5
	Adjustment to annualize Credit card fees		-\$5	
W-27	Maintenance of General Plant - 96 USOA	675.500		-\$1,731
	Adjustment to remove pumps - rate base item		-\$1,731	
W-40	Postage	903.100		\$467
	Adjustment to annualize Postage expenses		\$467	

Midland Water Company
Small Company Rate Case
File Number WR-2012-0031
Test Year Ending 12-31-2010 Updated thru 9/30/2011
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-41	Uncollectible Accounts	904.000		\$267
	Adjustment to annualize uncollectibles		\$267	
W-48	Contractual Services (Mgmt Fees) - 96 USOA	634.000		\$1,200
	Adjustment to include managerial consulting fees		\$1,200	
W-51	Transportation Expenses - 96 USOA	650.000		\$1,830
	Adjustment to annualized Transportation expenses		\$1,830	
W-62	Misc. Expense - Payroll Taxes	675.650		\$147
	Adjustment to annualize payroll taxes		\$147	
W-75	Outside Service - PSC Assessment	923.100		\$284
	Adjustment to include PSC Assessment preparation fees		\$284	
W-79	Insurance - Property	924.100		\$55
	Adjustment to annualize property insurance		\$55	
W-84	Regulatory Commission Exp PSC Assmt	928.000		\$42
	Adjustment to annualize PSC Assessment		\$42	
W-86	Regulatory Expenses	928.200		-\$282
	Adjustment to annualize Primacy Fees		-\$302	
	Adjustment to Include Secretary of State fees		\$20	
W-87	Rate Case Expenses	928.300		\$42

Midland Water Company
Small Company Rate Case
File Number WR-2012-0031
Test Year Ending 12-31-2010 Updated thru 9/30/2011
Expense Adjustment Schedule - Water

A Expense Adj Number	B Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment
	Adjustment to include 3 year amortization of rate case expenses		\$42	
W-92	Telephone Expense	930.600		\$576
	Adjustment to include wellhouse telephone expenses		\$576	
W-94	Rents	931.000		-\$5,002
	Adjustment to disallow Trailer Rent		-\$5,002	
W-100	Depreciation - CIAC Offset	251.000		-\$3,429
	Adjustment to reflect CIAC offset		-\$3,429	
W-103	Amortization Expense			\$324
	Adjustment to reflect inclusion of wellhouse phone equipment costs		\$60	
	Adjustment to include 3yr amortization of utility billing software		\$121	
	Adjustment to include 5yr amortization of Water Standpipe inspection		\$143	
W-104	Depreciation			\$3,963
	1. To Annualize Depreciatlon		\$3,963	
	Total Expense Adjustments			<u><u>-\$1,501</u></u>

Midland Water Company
 Small Company Rate Case
 File Number WR-2012-0031
 Test Year Ending 12-31-2010 Updated thru 9/30/2011
 Revenue Schedule - Water

A	B	C	D	E	F	G	
Line Number	Account Number (Optional)	Revenue Description	Company/ Test Year Amount	Adjustment Number	Jurisdictional Adjustments	Jurisdictional Allocation	Adjusted Jurisdictional
Rev-1		ANNUALIZED REVENUES					
Rev-2		Annualized Rate Revenues	\$0	Rev-2	\$25,567	100.00%	\$25,567
Rev-3		Miscellaneous Revenues	\$0	Rev-3	\$6	100.00%	\$6
Rev-4		TOTAL ANNUALIZED REVENUES	<u>\$0</u>		<u>\$25,673</u>		<u>\$25,673</u>

Midland Water Company
Small Company Rate Case
File Number WR-2012-0031
Test Year Ending 12-31-2010 Updated thru 9/30/2011
Revenue Adjustment Schedule - Water

<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>
Revenue Adj Number	Adjustment Description	Account Number	Adjustment Amount	Total Adjustment
Rev-2	Annualized Rate Revenues			\$25,567
	1. To Annualize Rate Revenues		\$25,567	
Rev-3	Miscellaneous Revenues			\$6
	1. To Annualize Miscellaneous Revenues		\$6	
Total Revenue Adjustments				\$25,573

Midland Water Company
Small Company Rate Case
File Number WR-2012-0031
Test Year Ending 12-31-2010 Updated thru 9/30/2011
Miscellaneous Revenues Feeder - Water

Line Number	A Description	B Amount
13	Total Miscellaneous Revenues	<u>\$6</u>

Agreement Attachment D
Ratemaking Income Statement

MIDLAND WATER COMPANY, INC.

Rate Making Income Statement-Water

Operating Revenues at Current Rates

1	Tariffed Rate Revenues *	\$	25,567
2	Other Operating Revenues *	\$	6
3	Total Operating Revenues	\$	25,573
4	* See "Revenues - Current Rates" for Details		

Cost of Service

Item	Amount		
1	Operation Labor & Expense	\$	7,813
2	Salaries/Wages-Admin & General	\$	1,160
3	Water Treatment Expense-Chemicals	\$	227
4	Electricity-Pumping	\$	2,526
5	Maintenance of General Plant	\$	911
6	Postage	\$	507
7	Uncollectible Accounts	\$	267
8	Contractual Services	\$	1,200
9	Transportation Expenses	\$	1,830
10	Office Expenses	\$	199
11	Outside Services-Bookkeeping & Accounting	\$	5,313
12	Outside Services-PSC Assessment	\$	284
13	Insurance-Property	\$	961
14	Telephone Expense	\$	625
15	Rent Expense	\$	518
16	Interest on Customer Deposits	\$	-
17	Rate Case Expense	\$	42
18	MO DNR Fees	\$	200
19	Regulatory Expenses	\$	328
20	Miscellaneous Expenses-Bank Service Charges	\$	184
21	Miscellaneous Expenses-Credit Card Fees	\$	281
22	Regulatory Commission Expense	\$	232
23	Sub-Total Operating Expenses	\$	25,608
24	Property Taxes	\$	264
25	MO Franchise Taxes	\$	-
26	Employer FICA Taxes	\$	699
27	Federal Unemployment Taxes	\$	-
28	State Unemployment Taxes	\$	-
29	State & Federal Income Taxes	\$	753
30	Sub-Total Taxes	\$	1,716
31	Depreciation Expense	\$	3,963
32	Depreciation-CIAC Offset	\$	(3,429)
33	Amortization of Utility Plant	\$	324
34	Sub-Total Depreciation/Amortization	\$	858
35	Return on Rate Base	\$	3,024
36	Total Cost of Service	\$	31,206
37	Overall Revenue Increase Needed	\$	5,633

Agreement Attachment E

Rate Base Worksheet

Midland Water Company
Small Company Rate Case
File Number WR-2012-0031
Test Year Ending 12-31-2010 Updated thru 9/30/2011
Rate Base

Line Number	Rate Base Description	Dollar Amount
1	Plant In Service	\$114,247
2	Less Accumulated Depreciation Reserve	<u>\$28,791</u>
3	Net Plant In Service	\$85,456
4	Other Rate Base Items:	\$0
	Materials & Supplies	\$0
	Customer Deposits	-\$2,571
	Customer Credit Balance	\$0
	CIAC Depreciation Offset	\$51,916
	Contribution in Aid of Construction	-\$100,593
	Accumulated Deferred Income Taxes	\$0
5	Total Rate Base	<u><u>\$34,208</u></u>

Agreement Attachment F

Schedule of Depreciation Rates

MIDLAND WATER CO.
SCHEDULE of DEPRECIATION RATES
(WATER)

WR-2012-0031 Attachment F

<u>ACCOUNT NUMBER</u>	<u>ACCOUNT</u>	<u>DEPRECIATION RATE %</u>	<u>AVERAGE SERVICE LIFE (YEARS)</u>
311	Structures & Improvements	2.5%	40
314	Wells & Springs	2.0%	50
325.1	Electric Submersible Pumping Equipment	10.0%	10
325.2	Booster Pumping Equipment	25.0%	4
332	Water Treatment Equipment	2.9%	35
342	Distribution Reservoirs & Standpipes	2.5%	40
343	Transmission & Distribution Mains	2.0%	50
345	Services	2.5%	40
346.1	Meters	10.0%	10
347	Meter Installations	2.5%	40
348	Hydrants	2.0%	50
391.1	Office Computer Equipment	20.0%	5

Agreement Attachment G

Auditing Unit Recommendation Memorandum

AUDITING UNIT RECOMMENDATION MEMORANDUM

FROM: Paula Mapeka/John Robinett

THROUGH: Mark Oligschlaeger
Kim Bolin

TO: James Russo - Water and Sewer Unit

CC: Rachel Lewis - Staff Counsel's Office
John Borgmeyer – Staff Counsel's Office

SUBJECT: Auditing Unit & Depreciation Staff Findings - Recommended Cost of Service for
Midland Water Company Inc.
File No. WR-2012-0031

DATE: December 13, 2011

Midland Water Company Inc. (Midland) was issued a certificate of convenience and necessity by the Missouri Public Service Commission (Commission) in September 1992 in order to provide water service in Christian County, Missouri.

On July 26, 2011, Midland filed a request with the Commission to increase rates by \$9,200 to its approximately 96 water customers. Midland has not changed its rates since its last rate increase application in File Nos. QW-2008-0012 and WR-2009-0167. The new rates resulting from that case became effective December 19, 2008.

In the current rate increase application, Staff conducted an investigation of Midland's books and records and determined an increase of \$5,633 in operating revenue is appropriate. Staff utilized a test year of the 12 months ending December 31, 2010, updated through September 30, 2013. This Memorandum includes Staff's recommendations from the Commission's Auditing, Depreciation Staff and Water and Sewer Unit, specifically, Staff members Paula Mapeka, John Robinett and Jim Russo from the respective Units. Each has denoted the contributions by including a name reference at the end of each section of this Memorandum.

Midland is an affiliate of Ozark International Inc. (Ozark International), which is based in Nixa, Missouri. Ozark International is comprised of the following affiliates:

1. Water Technology of the Ozarks, which provides residential and commercial water treatment equipment sales and services.
2. Missouri Valley Environmental, which provides industrial water treatment products, manufacturing, sales and service.
3. Lakeland Laboratories, which provides analytical services to the water and wastewater systems market.
4. Riverfork Water Company, which provides water services in Stone County to approximately 145 customers.
5. Midland Water Company.
6. Taney County Water Company. The Commission approved the application to purchase Taney County Utilities by Taney County Water Company effective August 20, 2011.

Plant, Depreciation Reserve and Depreciation Expense

Midland Water has one well and a 10,000 gallon above-ground storage tank. The system is chlorinated with a diluted bleach additive. In August 2011, a new remote monitoring system was placed into service. For a more complete explanation of the operations of the system, please review the Memorandum prepared by the Water and Sewer Unit.

Staff reviewed National Association of Regulatory Commissioners (NARUC) Uniform System of Accounts (USOA) account 325, Submersible Pumping Equipment. This account contains the main submersible well pump and two booster pumps. Currently, the account has a depreciation rate of ten percent (10%). This implies a service life of ten (10) years with zero net salvage. Staff's review of this account shows that the Company is seeing only three to five years of service from these booster pumps. Staff also discovered that the Company has not been retiring the pumps on its books when they were replaced. Therefore, Staff reviewed plant and the associated reserves starting with the 1991 annual report. (Robinett)

Staff reviewed records and annual reports from 1991 to calculate corrected plant, reserve, and CIAC balances through September 30, 2011. Staff placed the two booster pumps into account 325.2 to separate them from account 325.1 (booster pumping equipment) and calculated the plant and reserve balances forward using historical Commission-approved depreciation rates from Commission File Numbers WM-96-327, WR-97-558, and WR-2009-0167. Staff also

estimated retirement values for the pumps that were replaced. This correction of the records indicates a negative reserve of \$6,433 as of September 30, 2011, for account 325.2. Going forward, Staff is proposing a 25% depreciation rate for booster pumping equipment based on the life data for the booster pumps seen in the operating history of Midland. (Robinett)

Accumulated depreciation reserves have been calculated as a running total of the annual depreciation expense for each of the plant accounts, computed by updating records back to 1991 for each water plant account. These values are then added to determine total Company reserves. The reserve to total plant in service is approximately 24% of plant. The percentages accumulated are based on values through September 30, 2011. (Robinett)

Staff made an adjustment to disallow \$3,111 from the Power Operate Equipment Account 396. Midland owns two acres of land, with the well house sitting on one acre and a trailer sitting on the other acre. An employee of Ozark International who is also an Operator for Midland Water resides in the trailer. As part of his compensation from Ozark International, this employee does not pay any utility bills. Staff has calculated an annual salary for such employee as an Operator for Midland to include in its revenue requirement recommendation, which was based on the approximate number of his work hours allocated to Midland. Staff did not include the trailer or trailer utilities expense as part of its salary recommendation. Also, Staff is only allowing half the value of the lawn mower which is used to mow the two acres. Staff also made an adjustment to Plant in Service to disallow the acre of land the trailer sits on. (Mapeka)

Customer Deposits

Staff included a negative amount of \$2,571 in rate base. This amount reflects customer deposits which are paid by rate payers in advance. The negative amount comprises of the total deposits paid by the rate payers plus the compounded interest rate accrued.

Revenues

Staff determined a normalized and annualized level of revenues by computing the gallons used in excess of the gallons included in the monthly fix charge (2,000 gallons), multiplied by

the current usage rate, and by multiplying the number of customers against the current monthly customer charge.

During the test year, the Company did not read the master meter or some of the customer's individual meters every month, which prevented Staff from using complete monthly customer usage data in its revenue calculations. Thus, Staff used the meter readings from May 2010 to September 2010, and meter readings from May 2011 to August 2011, to determine customer usage for a 12-month period. Staff calculated an annualized revenue level of \$25,567. (Mapeka)

PRIMACY FEES

Staff made an adjustment to remove \$302 to reflect an annualized amount of \$308 for primacy fees. The money collected by Midland is passed on to the Missouri Department of Natural Resources. Midland, however, keeps 2% of the amount collected, and this amount is reflected under the miscellaneous revenues in the EMS run. (Mapeka)

PAYROLL AND PAYROLL TAXES

Midland employs a Plant Operator and a Meter Reader. In the previous rate case for Midland, File No. QW-2008-0012 and WR-2009-0167, Staff determined a salary of \$7,150 each for the Plant Operator and Meter Reader was appropriate. In this case, Staff included a yearly cost of living adjustment through 2011, to arrive at a combined annualized salary level of \$7,813 each for the Plant Operator and Meter Reader.

Midland also employs personnel for billing and customer services. Due to the lack of time sheets showing the amount of time spent performing duties during the test year, Staff did not make an adjustment to the test year amount for her salary.

Staff made an adjustment of \$1,200 to reflect managerial and consulting services provided by the owner and president of Midland, Hollis H. Brower, Jr.

Payroll taxes have been adjusted to reflect an annualized amount of \$699. (Mapeka)

OUTSIDE SERVICES

Staff included an annualized level of \$284 to reflect the cost incurred to prepare the PSC Annual Report. (Mapeka)

ELECTRICITY EXPENSES

As indicated earlier in this memorandum, Staff made an adjustment to utility expenses to remove the electricity expenses incurred by Midland's Operator for the utilities for the trailer. Staff made an adjustment to electricity expense to disallow a proportionate amount of this cost associated with the Staff's adjustment for unaccounted water loss. (Mapeka)

RENT EXPENSES

Staff made an adjustment to disallow the rent expense included in the test year, which reflects the loan payment for the trailer located on Midland's land. Staff's adjustment will reduce the rent expense to an annualized level of \$518. (Mapeka)

REPAIRS AND MAINTENANCE

Staff made an adjustment to remove \$1,731 of maintenance expense from the test year. This amount is already capitalized in plant in service accounts included in rate base. (Mapeka)

CHEMICALS

Staff made an adjustment to reflect an annualized amount of chemical expense of \$266. Staff also made an adjustment to disallow a proportionate amount of chemical expense associated with Staff's adjustment for unaccounted water loss. (Mapeka)

AMORTIZATION EXPENSES

As part of the Disposition Agreement in File No. WR-2009-0167, the PSC Water and Sewer Department recommended that Midland hire a specialist to carry out an inspection and provide a report regarding the condition of the storage tank and estimates for any needed repairs. Midland was to provide the report to the Water and Sewer Department Manager by April 30, 2009, but instead, Midland complied around July 27, 2009. Therefore, instead of allowing a recovery on the amount of \$750, Staff has disallowed three months of the five-year amortization and will allow Midland to recover \$713 over a five-year amortization period. (Russo)

Staff allowed a three-year amortization for the utility billing software purchased on August 31, 2009 for \$1,090. Staff allocated \$363 to Midland after splitting the costs with Riverfork Water Company. Staff included in the EMS runs a yearly recovery of \$121 until August 31, 2012 for this cost. (Mapeka)

Staff allowed a three-year amortization for the recovery of the costs Midland incurred for the installation of the telephone equipment in the well house. The telephone line is to provide services to the well house monitoring system. (Mapeka)

BANKING SERVICE AND MERCHANT CREDIT CARD FEES

Staff made an adjustment to the test year to include an allocated amount for the cost of ordering checks in the amount of \$11. Midland also incurs merchant service charges for customers to pay their bills by credit card. Staff made an adjustment to annualize the merchant service charges of \$281. (Mapeka)

OTHER EXPENSES

Staff made adjustments to annualize the following expenses: Property Insurance \$961; PSC Assessment \$149; Secretary of State \$20; Transportation Expenses \$1,830; Well house Telephone Expenses \$576; Bad Debt (uncollectible) Expenses \$267. (Mapeka)

DEPRECIATION STAFF RECOMMENDATIONS

1. The Commission order the depreciation rates shown in Attachment F;
2. The Commission order the Company to adjust its general ledger used for regulatory ratemaking purposes to agree with the plant and reserve account balances that are shown in the Staff/Company Disposition Agreement for this rate case, ninety (90) days after the effective Report and Order date for this case;
3. The Commission order the Company to adjust the Contributions in Aid Of Construction (CIAC), and the amortized CIAC to agree with the balances that are shown in the Staff/Company Disposition Agreement for this rate case, File No. WR-2012-0031, ninety (90) days after the effective Report and Order date for this case;
4. The Commission order the Company to implement a work order system to track material cost, labor cost, overhead cost, and record cost of removal and gross salvage for all new,

replaced, or retired plant, one hundred and eighty (180) days after the effective Report and Order date for this case;

5. The Commission order the Company to follow NARUC Uniform System of Accounts (USOA) guidelines for the recording of cost of removal and gross salvage in the Company ledger as adjustments to plant and reserves.

AUDITING DEPARTMENT RECOMMENDATIONS

1. The Commission order Midland to implement the use of timesheets ninety (90) days after the effective date of this Report and Order date.
2. The Commission order Midland to implement the use of a vehicle log ninety (90) days after the effective date of this Report and Order date.
3. Staff recommends Midland to maintain a monthly report of the actual pump gallons used and actual customer meter reads or actual customer gallon usage.
4. Staff recommends Midland to refund customer deposits when customer is in compliance with tariff requirements, in order to avoid excessive interest expense accumulation.

Agreement Attachment H

EMSU Report

REPORT OF CUSTOMER SERVICE AND BUSINESS OPERATIONS REVIEW

Engineering and Management Services Unit

Small Company Rate Increase Request

File No. WR-2012-0031

Midland Water Company

Gary Bangert

The Engineering and Management Services Unit (EMSU) staff initiated an informal review of the customer service and business processes, procedures, and practices at Midland Water Company (Midland or Company) in Nixa, Missouri, in August 2011. This review was performed in conjunction with the Company's rate increase request filed on July 26, 2011, and assigned File No. WR-2012-0031. The Company is requesting an increase of \$9,200 in its annual water system operating revenues.

The EMSU staff examined the Company's tariffs, annual reports, Missouri Public Service Commission (Commission) complaint and inquiry records, and other documentation related to the Company's customer service and business operations. The EMSU staff submitted informal data requests and conducted interviews with Company personnel on September 22, 2011, in preparation of this report. The EMSU staff's review of the Company resulted in the following recommendations for Company management:

THE EMSU STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

1. Ensure that all Company employees complete and maintain time sheets to record work assignments and the time associated with each work assignment. This recommendation should be completed within ninety (90) days of the Commission's order approving the Disposition Agreement in File No. WR-2012-0031.
2. Use the credit evaluation criteria included in Commission Rule 4 CSR 240-13.030(1)(C) in order to determine which customers must remit a deposit prior to establishing service. This recommendation should be completed within thirty (30) days of the Commission's order approving the Disposition Agreement in File No. WR-2012-0031.
3. Perform a monthly evaluation of the payment history on all accounts where customers have paid a deposit when applying for service. Refund the deposits plus accrued interest on all accounts with a satisfactory payment history as defined in Commission Rule 4 CSR 240-13.030(4)(D). This recommendation should be completed within ninety (90) days of the Commission's order approving the Disposition Agreement in File No. WR-2012-0031.

4. Read inactive meters on a regular basis. This recommendation should be completed within ninety (90) days of the Commission's order approving the Disposition Agreement in File No. WR-2012-0031.
5. Complete a review of all vendor fees associated with providing a credit card payment option to customers. Evaluate other vendors that could administer credit card payments and select a vendor that can provide this service in the most cost-effective manner. This recommendation should be completed within ninety (90) days of the Commission's order approving the Disposition Agreement in File No. WR-2012-0031.

The purpose of the Engineering and Management Services Unit 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 reasonable rates, while providing utilities the opportunity to earn a fair return on their investment.

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

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

- Meter Reading
- Customer Billing
- Payment Remittance
- Credit and Collections
- Complaints and Inquiries
- Customer Communication

This report contains the results of the EMSU staff's review.

Overview

Midland Water Company was certificated to provide water service in Missouri on September 2, 1992. The Company was purchased by the current owners in 2004. The Company provides water service to approximately ninety-six (96) customers within its authorized service

area. Midland's business office is located in Nixa, Missouri. Local business office hours are 9:00 a.m. – 1:00 p.m., Monday through Friday. A phone number is also provided on customer bills which gives customers 24-hour, 7-day access to Company personnel in case of the need for an emergency contact.

Midland staffing includes the president, a general manager, a bookkeeper, a customer service assistant, and an operations assistant. Most outside plant functions are performed by the general manager and operations assistant with help from the president. Outside contractors are used occasionally for construction activity involving digging or electrical work. Monthly water tests are performed by Water Technology of the Ozarks in addition to some testing by the Missouri Department of Natural Resources. The president is also involved in policy development and general problem solving. The president stated that he is testing a vehicle tracking system for recording and monitoring the use of Company vehicles and plans on immediate Company-wide implementation. The general manager's and operations assistant's primary responsibilities include daily system checks, chlorination, reading meters, routine maintenance, and responding to customer emergency calls. The bookkeeper and customer service assistant are responsible for business office functions including receiving new service applications, downloading meter readings, preparing and mailing customer bills, maintaining customer account records, and posting customer bill payments. The bookkeeper also responds to customer inquiries and complaints received by telephone or from customers who walk into the business office. Company employees also have responsibility for work activity outside of Midland; however, time records are not kept by Company employees.

Company management anticipates minimal future growth in the number of customers it serves. An informational brochure is available to all customers including contact information and the rights and responsibilities of the Company and its customers.

Meter Reading

The operations assistant reads all of the water meters during the fourth week of the month. Meter readings are entered into a handheld meter reading device and downloaded into the Company's computer. The bookkeeper reviews the readings for reasonableness prior to preparation of the bills. Any accounts with unusual readings are reread. Company management stated that meter readings are seldom estimated. Bill estimations may occur one time a year due to inclement weather. Company personnel stated that inactive meters are locked when customers

move, but only active meters are read. A master meter is located on the system and water usage and pressure are monitored daily. A monthly report is produced enabling Company personnel to compare the quantity of water that is pumped with the amount that is billed to customers. Company management considered drive-by meter reading systems but determined that an upgraded system is not economically feasible given the small size of the water system.

Customer Billing

The Company uses American Business software to calculate and print customers' bills. All bills are printed on the last day of each month and mailed on the first day of each month. Bills are due on the 21st day of the month and considered delinquent on the 22st day of each month.

Currently, customers' water bills are based on a price schedule of \$15.00 for up to 2,000 gallons of usage. Over 2,000 gallons of usage, customers are charged \$3.71 per 1,000 gallons of usage.

Payment Remittance

Customers may pay their bills using any of four payment options including mail, electronic payment, business office payment, or credit/debit card. Bill payments are never collected from customers in the field. Company personnel estimate that about seventy-five percent (75%) of customer payments are received by check through the mail or from walk-in customers. Company personnel stated they receive approximately six insufficient funds checks each year. There is no provision for a returned check fee in the Company's tariff. The Company does not charge a returned check fee; however, it mails letters to customers who have remitted checks with insufficient funds giving them ten days to make a valid payment. A small portion of the mailed payments are received through outside electronic payment providers where customers initiate payment transactions from their home computers. Company personnel indicated that approximately twenty-five percent (25%) of the customers pay with a credit card. There is no additional customer charge for using a credit card. The Company pays a 2.39% fee on the amounts remitted by credit card. The Company paid its credit card vendor a total of \$173.43 in 2009 and \$285.98 in 2010. Company personnel said approximately five or six credit card payments are denied each month, and they are not sure whether the Company pays a fee to the

credit card vendor in these situations. Bill payments are processed and recorded daily into the billing system. Company personnel make daily bank deposits.

Credit and Collections

Customers requesting service are required to complete a written application. Most applications for new service are from customers in existing homes. The bookkeeper requests the information from new customers that is necessary to set up the account in the billing system. All prospective customers are required to pay a \$75 deposit prior to establishing service. Company personnel stated that deposits are maintained in a separate account and, on an annual basis, customers with a satisfactory 12-month payment history receive a refund of their deposit plus 6% interest. Customer account records are maintained on the computer and backed up daily. A fireproof safe is used to store critical customer account records.

The Company has an established procedure for handling delinquent accounts. Customer bills are considered delinquent 22 days after rendition. There is no provision for a late payment charge in the Company's tariff. A past due notice is mailed to delinquent customers on the 25th day. After 10 days, a door hang tag notice is presented allowing 24 hours for payment before the water service is discontinued. Company management stated that delinquent discontinuances of service are only performed mid-week and customers are immediately reconnected after paying the past due amount plus a \$15 reconnection charge.

Few delinquent customers have their service discontinued because of nonpayment. Although 20-25 customers typically do not pay their bill until after the due date each month, the Company rarely discontinues service because delinquent customers usually pay their bills prior to the discontinuance date. Five customers have had their service discontinued during January to September 2011 due to nonpayment. The Company does occasionally write off uncollectible accounts when someone moves and Company personnel are unable to communicate and obtain payment. There were five customer accounts written off in 2010 with account balances totaling \$266.73. The Company does not use an outside collection agency.

Complaints and Inquiries

Customers with questions or concerns may call the Company contact number appearing on the bill. Company personnel in the business office respond to customer calls and forward them to the appropriate individuals, as required. An emergency contact cell phone number is provided when customers call outside of business hours. Emergency calls are usually handled by

the general manager or the president. Company personnel document the nature of complaints and inquiries on a complaint log.

A review of Commission complaint/inquiry records since 2009 showed one complaint and one inquiry in 2010. The complaint was related to rules and regulations concerning discontinuance of service and the inquiry was about a billing question. There have been no Commission complaints and inquiries in 2011.

Customer Communication

Customer bills are the primary means of communicating with customers. Company personnel occasionally incorporate short messages on bills to provide specific information. For example, a note is included on bills when meters are estimated due to inclement weather. The Company uses letters to notify customers about rate case activity.

Findings, Conclusions, and Recommendations

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

- Time Records
- Customer Deposit Requirement
- Customer Deposit Refunds
- Inactive Meter Reading
- Credit Card Vendor Evaluation

Time Records

Midland employees do not complete time sheets. Company personnel time allocated to Company activity is estimated.

Maintaining accurate time records can serve and support several purposes, such as planning, budgeting, and human resources.

- Time records assist in tracking the amount of time employees expend on all projects, enabling the president to more accurately schedule required work to increase operational efficiencies.

- Time sheets create a record, serving as visual feedback to the president and the employees of the work and projects they have accomplished.
- Data contained in the time records should be linked to accounting records and provide the necessary support for financial reporting and allocation of costs. Employee time records are useful in the regulatory process to support the pay and benefits that regulated utilities will receive in customer rates.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Ensure that all Company employees complete and maintain time sheets to record work assignments and the time associated with each work assignment. This recommendation should be completed within ninety (90) days of the Commission's order approving the Disposition Agreement in File No. WR-2012-0031.

Customer Deposit Requirement

The Company does not determine whether new customers applying for service meet specific credit history criteria before charging a deposit. The Company collects a \$75 deposit from every new customer that applies for service. The Company's tariff and Commission Rule 4 CSR 240-13.030(1)C allow for a deposit, but only if the customer is unable to establish an acceptable credit rating. Commission Rule 4 CSR 240-13.030(1)(C) states that a customer has established an acceptable credit rating if they meet any of the following criteria:

1. Owns or is purchasing a home;
2. Is and has been regularly employed on a full-time basis for at least one (1) year;
3. Has an adequate regular source of income; or
4. Can provide adequate credit references from a commercial credit source.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Use the credit evaluation criteria included in Commission Rule 4 CSR 240-13.030(1)(C) in order to determine which customers must remit a deposit prior to establishing service. This recommendation should be completed within thirty (30) days of the Commission's Order approving the Disposition Agreement in File No. WR-2012-0031.

Customer Deposit Refunds

The Company does not do a monthly evaluation in order to determine whether customers qualify to receive a refund of their deposit plus interest. Company personnel stated that they perform an annual review of customer accounts with deposits in order to evaluate which deposits

may be returned with accrued interest. Commission Rule 4 CSR 240-13.030(4)(D) provides the following direction, in part, on when customer deposits must be refunded:

Upon satisfactory payment of all undisputed utility charges during the last twelve (12) billing months, it shall be promptly refunded or credited, with accrued interest, against charges stated on subsequent bills. Payment of a charge is satisfactory if received prior to the date upon which the charge becomes delinquent provided it is not in dispute.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Perform a monthly evaluation of the payment history on all accounts where customers have paid a deposit when applying for service. Refund the deposits plus accrued interest on all accounts with a satisfactory payment history as defined in Commission Rule 4 CSR 240-13.030(4)(D). This recommendation should be completed within ninety (90) days of the Commission's order approving the Disposition Agreement in File No. WR-2012-0031.

Inactive Meter Reading

The Company does not obtain meter readings on inactive meters. Company personnel stated that inactive meters are locked, but the Company does not have a policy of reading meters associated with inactive accounts.

There are at least two major issues associated with not reading inactive meters. If a meter reader is not regularly looking at all meters, there is the possibility that the theft of water could go undetected. A regular visual inspection also enables the Company to identify water leaks that could occur in the system. Both situations result in lost water and revenue to the Company.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Read inactive meters on a regular basis. This recommendation should be completed within ninety (90) days of the Commission's order approving the Disposition Agreement in File No. WR-2012-0031.

Credit Card Vendor Evaluation

Company management has not completed an evaluation of its credit card vendor costs. Company personnel stated that customer credit card usage has increased significantly. The associated credit card administrative fees have increased approximately 65% from \$173.43 in 2009 to \$285.98 in 2010. Company personnel stated they are unaware of all the current fees composing the credit card vendor costs, and they do not know whether the Company is charged a fee when a customer's credit card transaction is denied. Company personnel commented that

credit card transactions are denied an average of five or six times a month, and there has been an increasing trend.

Company personnel stated they have started reviewing credit card fees from the vendor, but the review is not complete. Given that credit card usage is increasing and there is the possibility that unnecessary costs could be included in the credit card fees, the Company may be paying more than is required to offer the credit card option to customers. A comprehensive review of current credit card administration costs could enable Company management to choose a credit card vendor that may offer this service more cost-effectively.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Complete a review of all vendor fees associated with providing a credit card payment option to customers. Evaluate other vendors that could administer credit card payments and select a vendor that can provide this service in the most cost-effective manner. This recommendation should be completed within ninety (90) days of the Commission's order approving the Disposition Agreement in File No. WR-2012-0031.

Implementation Review

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

Agreement Attachment I

Water & Sewer Unit Memorandum

REPORT OF WATER AND SEWER UNIT
FIELD OPERATIONS AND TARIFF REVIEW

Water and Sewer Unit
File No. WR-2012-0031
Midland Water Company
David Spratt/James Russo

Introduction

Midland Water Company (Midland or Company) received a certificate of public convenience and necessity from the Missouri Public Service Commission (Commission) in September 1992. Midland Water was purchased by the current owners in 2005. The President is Mr. Hollis “Bert” Brower, Jr. The Company provides water service to approximately ninety-six (96) customers in the Hidden Meadows subdivision in Clever, Missouri, in Christian County. The Company last filed for and received a rate increase in Case No. WR-2009-0167. On July 26, 2011, the Company filed a *Request for Increase in Annual Water System Operation Revenues* with the Commission seeking a \$9,200 rate increase. This matter was assigned File No. WR-2012-0031.

The Commission’s Water and Sewer Unit Staff’s (Staff) investigation included two visits to Midland to review the Company’s field operations, tariff language, miscellaneous service charges, and to examine upgrades the Company has made to the water system. Staff also reviewed paperwork with the Company to ensure proper regulatory reporting. The system is currently operating adequately. Staff has not received any customer complaints about the quality of the water since the purchase of the system in 2005. Likewise, Staff has not received any customer complaints related to water pressure. This Report was prepared jointly by Staff members David Spratt and James Russo, and the Staff member responsible for each section is denoted at the end of each section.

Distribution System

Staff performed Midland’s annual inspection on June 8, 2011. During the inspection, the layout of the neighborhood and distribution system were examined. The area is relatively flat and the distribution system consists of 12,860 feet of four inch (4”) PVC main. The Company has repaired two leaks in the past two years, which has reduced lost and unaccounted-for water to approximately five percent (5%). Staff tested the water pressure and found that the pressure in the well house and at two homes on the system was 52 psi and 40 psi, respectively. Both of these readings exceed the 20 psi minimum required by Missouri Department of Natural Resources (DNR). (Spratt)

Facilities

The Company has a well house on the edge of its property that covers the well pump and contains the chlorinator, well head, and the control panel, among other things. If the well pump were to fail, Midland would need to pull the pump which is most easily accessible from the rear. Since the well house is at the edge of the Company's property, Midland is required to get permission from the owner of the adjacent property in order to cross the land. The owner of the adjacent property has been reluctant to give an easement for access. If the pump were to fail and permission to cross the neighboring property was denied, then excessive damage could be caused to the existing well house in an effort to remove the pump. Staff is concerned with this possibility because it could cause a detriment to the water service being provided to the customers. If an agreement cannot be reached to guarantee access to the well pump then it would be in the best interest of the Company and the customers to have a new well house built on property that will allow universal access by Company personnel.

Besides the problems with the current location of the well house, it is also in need of repairs. Staff observed that the Company made some repairs to its well house, but the repairs were mostly cosmetic. The roof and walls of the well house have holes and need to be repaired or replaced. Staff heard an animal in the ceiling during one of the inspections. Repairs or a complete replacement of the well house will prevent further intrusion from animals and other damage caused by exposure to outside elements

The current well house consists of only one room and does not have a separate location for the chlorination of the pumped water to take place. The chlorine solution should be kept in a separate room from the well, piping, and electrical equipment as chlorine evaporates into the air and is highly corrosive.

Staff discussed with the Company the possibility of building a new, larger well house. A new, larger well house would allow the Company to store some lab equipment and some spare parts on site. This facility would free up space in the Nixa, Missouri office, about 20 miles away, and reduce time driving back to the office. If the old well house is removed, then an insulated cover could be placed over the current well pump and the water pumped into the new well house where it could be chemically treated. If the Company builds a new well house, it should be designed with a separate room for the chlorinator to keep it separate from the rest of the equipment as recommended by DNR in its Design Guide. (Spratt)

Operations

While at the well house, Staff observed the standard practices of the Operator and examined the parts of the system inside the well house. Readings were taken from the master water meter to determine the amount of water that had been pumped since the

inspection conducted during the previous year. A reading was also taken from the electric meter to determine how much electricity had been used to pump and treat the water from the well since the previous inspection. Serial numbers were checked on both meters to ensure that the meters had not been changed in the past twelve months.

The pump to the well was turned on so Staff could make its own observation of the number of gallons pumped in one minute. While the well is pumping water, the chlorinator can also be examined to ensure it is working properly. The well head was inspected to make sure it was sealed and the vent is screened to prevent any infiltration points at the well. The piping of the system located inside the well house was checked for corrosion, leaks, and other possible concerns.

Staff reviewed records for system improvements, leak repairs, customer complaints, chlorine level measurement records, meter testing, safety programs, and annual report data. Staff also reviewed the Company's Consumer Confidence Reports (CCR). A CCR is a report that companies create to fulfill a DNR requirement, and discloses the results of tests submitted to DNR to ensure the safety of the water the residents of the area are consuming and to show any violations that DNR may have submitted to the Company as a result of poor samples. Midland needs to improve on its flushing program and safety program. A new chlorine monitor installed in the well house will provide more detailed information on chlorine than what is currently provided. The Commission requires that all regulated companies test all of the meters in their system every ten years. Midland has established a meter test program which corresponds with this requirement. (Spratt)

Treatment

Midland chemically treats the water from its well with liquid chlorine. DNR requires monitoring of the chlorine levels in wells seven (7) days a week. Mr. Brower has developed a device approved by DNR that can monitor chlorine and pressure levels remotely. If there is a problem at the well, then the remote device will notify the system's Operator and president. This remote monitoring allows the Company to monitor the system without requiring the Operator to visit the system daily to check on the well. This will also allow the Operator to become aware of any problems when they occur. The Operator will continue to inspect the system on a regular basis to fill chlorine tanks, as needed, but the remote monitoring will prevent daily trips to monitor chlorine levels. Additionally, alleviating the need for daily trips to monitor chlorine levels enables the Operator to focus on the other tasks that need to be performed on a regular basis such as filling chlorine tanks, taking meter readings, sampling, checking for leaks, and making repairs as needed. (Spratt)

Storage Tank

The Company was required in the Disposition Agreement approved by the Commission in its previous rate request, WR-2009-0167, to have the ground storage tank inspected by a professional company. As part of the Disposition Agreement in that case, the Water and Sewer Department, now Unit, recommended that Midland hire a specialist to perform an inspection and provide a report regarding the condition of the storage tank and estimates for any needed repairs. Midland hired Hydro-Spec to perform the inspection. Hydro-Spec provided a summary of its inspection of the ground storage tank and noted that the “existing interior coating has completely failed”. Hydro-Spec’s summary estimated that the work suggested to be performed to the existing tank may range from \$50,000 to \$80,000. Current water usage indicates that, without any means of water conservation during a power outage or water emergency, the existing 10,000 gallon tank may be undersized to provide a full day’s storage as DNR recommends for water systems. Midland was to provide the report to the Water and Sewer Department Manager by April 30, 2009, but instead, Midland complied around July 27, 2009. Therefore, Staff disallowed a portion of the recovery. (Russo)

Other defects noted in the report by Hydro-Spec were: rusted roof entry hatch, undersized and poorly screened roof vent, no manway entry hatches as required by DNR, chlorine should be kept in a separate room from wellhead, and there is not a handrail around the top of the tank. The Company has addressed some of these defects since the Hydro-Spec inspection, including clearing brush, removing trees nearby the ground storage tank, power-washing the outside of the storage tank, and screening of the overflow pipe. The other defects noted above have been delayed as the Company seeks bids for the costs of remodeling the well house and storage tank versus buying new. (Spratt)

Tariff Review

Staff has begun the process of updating water and sewer tariffs using a tariff template that is modified for specific operations of the individual companies as they file rate cases with the Commission. Midland’s current tariff, with the exception of the rate schedule and miscellaneous tariff sheets 5 and 6, was originally filed and became effective when the Company was certificated in 1992. In the process of updating the current tariff, additional language was included in the tariff to allow the Company to collect late payment charges and credit/debit card processing fees. Staff also included new charges for returned check charges and updated certain miscellaneous service charges to reflect actual costs to the Company. These changes will allow the Company to recover the costs related to these items used in its operation. The new and updated tariff for Midland will be filed by the Company as part of this current rate case proceeding. The current PSC MO Number 1 tariff will be cancelled and replaced by PSC MO Number 2 tariff. (Russo)

Rate Design

Staff also reviewed the current rate design. Staff recommends the elimination of the 2,000 gallons currently included in the monthly customer charge. The elimination of gallons being included in the monthly customer charge encourages water conservation and charges customers for their actual usage. This is the only change Staff recommends that relates to the design of the Company's rates. (Russo)

Conclusion

Staff recognizes that Midland has made improvements to the system since the last rate case. However, Staff found several items that raise concerns regarding the ability to continue providing safe and adequate service. The existing well house also is in need of repair and the pump is not easily accessible. A new well house would also allow for parts to be stored on site for Midland which would reduce travel time if a part is needed from the office in Nixa. The current ground storage tank is in need of repair and may be undersized in the event that a full day of storage is needed as recommended by DNR. A new ground storage tank may be a less expensive alternative than the maintenance on the existing tank.

A valve exercising program and flushing program have been discussed in the past. Midland has said it has not been able to locate all of the valves in the system. Staff recommends that Midland locate the remaining valves in the distribution system so it can be flushed to scour the lines. Current records show that there are only two flush valves on the system, so it may be necessary for the Company to install flush valves on the system dead ends to properly clean the grit out of the lines. Staff would be willing to help design the flushing program and calculate the amount of time needed to properly flush the system.

Midland's current tariff will be updated in this rate case proceeding. In addition, rate design will be changed eliminating the minimum water included in the existing Customer charge.

WATER AND SEWER UNIT STAFF RECOMMENDATIONS:

- 1) The Commission order Midland to prepare a financial analysis that compares the costs of a new well house to the costs to repair the current well house and to make the well pump more accessible; and to submit a report to the Manager of the Water and Sewer Unit of the Commission 180 days after the effective date of the order approving the Disposition Agreement in this proceeding to demonstrate compliance with this recommendation.

- 2) The Commission order Midland to prepare and submit to the Manager of the Water and Sewer Unit of the Commission its plan for repairing or replacing its current well house and make the well pump more accessible within 270 days after the effective date of the order approving the Disposition Agreement in this proceeding.
- 3) The Commission order Midland to prepare a financial analysis comparing the costs of a new storage tank versus the costs of the work recommended by Hydro-Spec and submit such analysis to the Manager of the Water and Sewer Unit of the Commission 180 days after the effective date of the order approving the Disposition Agreement in this proceeding. Staff recommends Midland obtain several bids for the work suggested to be performed by Hydro-Spec to ensure that the estimate provided is not excessive.
- 4) The Commission order Midland to identify the system valves and develop a flushing program and submit such information to the Manager of the Water and Sewer Unit of the Commission within 180 days of the effective date of the order approving the Disposition Agreement in this proceeding. Midland will also identify locations on the system where flush valves may need to be installed to aid in flushing the system. Staff will work with Midland to ensure that the system is flushed thoroughly.

Agreement Attachment J

Summary of Events

Midland Water Company, Inc.
Case # WR-2012-0031
Summary of Case Events

Date Filed	July 26, 2011
Day 150	December 23, 2011
Extension?	No
If yes, why?	
Amount Requested	\$9,200
Amount Agreed Upon	\$5,633
Item(s)/Dollar(s) Driving Rate Increase	Increase in operating expenses
Number of Customers	96
Capital Structure	100% Equity
Return on Equity	8.84%
Assessments Current	Yes
Annual Reports Filed	Yes
Statement of Revenue Filed	Yes
Other Open Cases before Commission	None
Status with Secretary of State	Current
DNR Violations	None
Significant Service/Quality Issues	Water storage tank and well house need to be repaired or replaced.