

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

In the Matter of Spokane Highlands Water)
Company Request for an Increase in) **Case No. WR-2015-0104**
Water System Operating Revenue)

STAFF RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission (“Staff”), by and through counsel, and, on behalf of Spokane Highlands Water Company (“Company”), files this *Notice of Staff/Company Agreement Regarding Disposition of Small Company Rate Increase Request*, stating:

1. On October 24, 2014, the Missouri Public Service Commission (“Commission”) received a Rate Increase Request Letter (“Request”) from Raymond Ross, President of the Company, setting forth its request for an increase in its total annual water service operating revenues.

2. In its request letter, the Company set forth its request for an increase of \$5,000 in its total annual water service operating revenues pursuant to Commission Rule 4 CSR 240-3.050 (“Small Utility Rate Case Procedure”). The Company provides service to approximately 49 residential customers, located in Christian County, Missouri.

3. Upon completion of Staff’s investigation of the Company’s Request, Staff provided the Company and the Office of Public Counsel with materials related to Staff’s investigation, as well as Staff’s initial recommendation for the resolution of the Request.

4. Subsequent to Staff’s investigation and pursuant to negotiations between Staff and the Company, Staff and the Company have been able to reach a *Company/Staff Agreement Regarding Disposition of Small Company Revenue Increase*

Request (“*Company/Staff Agreement*”), attached hereto as Appendix A, and incorporated by reference herein.

5. Included in Appendix A is a copy of the above-referenced *Company/Staff Agreement*, as well as a prescribed schedule of depreciation rates, that reflects the Company’s agreement to implement Staff’s recommendations. It also includes various other attachments related to the *Company/Staff Agreement*. Additionally, Appendix A contains affidavits from Staff members that participated in the investigation of this matter.

6. The *Company/Staff Agreement* provides for an increase of 18.48% or \$3,065 in operating revenues for the water system, when added to the level of previous revenues of \$16,833 results in overall annual revenues of \$19,898.

7. In addition, the *Company/Staff Agreement* provides that the agreed-upon net rate base of the Company’s water operating system is \$23,326.

8. Pursuant to Rule 4 CSR 240-3.050 (14), “[i]f the disposition agreement filed by the staff provides for a full resolution of the utility’s request and is executed only by the utility and the staff, the utility shall file new and/or revised tariff sheets, bearing an effective date that is not fewer than forty-five (45) days after they are filed, to implement the agreement.” The Company will file revised tariff sheets seeking to implement the terms of the *Company/Staff Agreement*. The tariff shall bear an effective date of May 1, 2015 in compliance with Rule 4 CSR 240.3050 (14).

9. The Company is current on the filing of its annual report.

10. The Company is current on payment of all of its annual assessments.

WHEREFORE, Staff submits this Notice of Company/Staff Agreement Regarding Disposition of Small Company Rate Increase Request and the attached Appendix A for the Commission's information and consideration in this case and requests that the Commission enter an Order adopting the terms agreed upon by the Company and Staff and contained herein.

Respectfully submitted,

/s/ Cydney D. Mayfield

Cydney D. Mayfield

Missouri Bar Number 57569

Senior Counsel

Attorney for Staff of the

Missouri Public Service Commission

P.O. Box 360

Jefferson City, MO 65102

573-751-4227 (Voice)

573-526-6969 (Fax)

cydney.mayfield@psc.mo.gov

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served, either electronically or by First Class United States Mail, postage prepaid, on this 12th day of March, 2015, to the parties of record as set out on the official Service List maintained by the Data Center of the Missouri Public Service Commission for this case.

/s/ Cydney D. Mayfield

APPENDIX A

CASE No. WR-2015-0104

STAFF/COMPANY DISPOSITION AGREEMENT WITH ATTACHMENTS AND STAFF AFFIDAVITS

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Company/Staff Disposition Agreement

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

SPOKANE HIGHLANDS WATER COMPANY

MO PSC FILE NO. WR-2015-0104

BACKGROUND

Spokane Highlands Water Company ("Company") initiated the small company revenue increase request ("Request") for water service, which is the subject of the above-referenced Missouri Public Service Commission ("Commission") File Number by submitting a letter to the Secretary of the Commission in accordance with the provisions of Commission Rule 4 CSR 240-3.050, Small Utility Rate Case Procedure ("Small Company Procedure"). In its request letter, received by the Commission on October 24, 2014, the Company set forth its request for an increase of \$5,000 in its total annual water service operating revenues. The Company also acknowledged that the design of its customer rates, service charges, customer service practices, general business practices and general tariff provisions would be reviewed during the Commission Staff's ("Staff") review of the revenue increase request, and could thus be the subject of Staff's recommendations. The Company provides service to approximately 49 residential customers, located 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" or "Staff's investigation.")

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

RESOLUTION OF THE COMPANY'S RATE INCREASE REQUEST

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

- (1) The agreed upon revenue requirement increase of \$3,065 (18.48% increase) added to the level of previous revenues of \$16,833 results in overall annual revenues of \$19,898. This revenue requirement is just and reasonable and designed to recover the Company's cost of service. These amounts are shown on the ratemaking income statement found in Attachment A, incorporated by reference herein;
- (2) The Auditing Unit conducted a full and complete audit of the Company's books and records using the 12-month period ended December 31, 2013, updated to December 31, 2014, as the basis for the revenue requirement determined above. The audit findings can be found in Attachment B, incorporated by reference herein;
- (3) The agreed upon net rate base is \$23,326. The development of this amount is shown on the rate base worksheet that is found in Attachment C, incorporated by reference herein. This amount is included in the audit work papers in the ultimate determination of the revenue requirement shown in (1) above;
- (4) Included in Attachment B is the agreed upon capital structure which includes 100.00 % equity for the Company and a return on that equity of 8.01%;
- (5) The schedule of depreciation rates in Attachment D, incorporated by reference herein, includes the depreciation rates used by Staff in its revenue requirement analysis and shall be the prescribed schedule of water plant depreciation rates for the Company;
- (6) To allow the Company the opportunity to collect the revenue requirement agreed to in (1) above, the rates as shown on Attachment E, incorporated by reference herein, are just and reasonable rates that the Company will be allowed to charge its customers. The impact of these rates will be as shown on Attachment F, also attached and incorporated by reference herein;
- (7) For the purposes of implementing the agreements set out in this disposition agreement, the Company will file with the Commission, proposed tariff revisions containing the rates, charges, and language set out in the example tariff sheet(s) attached as Attachment E. The proposed tariff revisions will bear an effective date of May 1, 2015;
- (8) The current PSC MO Number 1 tariff will be cancelled and replaced by PSC MO Number 2, which is included in the example tariff described above;
- (9) Within thirty (30) days of the effective date of an order approving this Company/Staff Disposition Agreement, the Company shall implement the

recommendation contained in the Auditing Unit Report, attached hereto as Attachment H and incorporated by reference herein, and provide proof of implementing the recommendations to the Manager of the Commission's Auditing Unit:

(a) The Company will maintain sufficient records, including invoices and receipts, to support future additions and retirements of plant in service;

(10) Within thirty (30) days of the effective date of an order approving this Company/Staff Disposition Agreement, the Company shall implement the recommendations contained in the Engineering & Management Services Unit ("EMSU") Report, attached hereto as Attachment I and incorporated by reference herein, and provide proof of implementing the recommendation to the Manager of the Commission's EMSU Unit:

(a) The Company will develop written information specifying the rights and responsibilities of the Company and its customers. This document should be mailed or delivered to each customer upon request and delivered or mailed to each new customer of the utility upon the commencement of service. This recommendation should adhere to Commission Rule 4 CSR 240-13.040(3); and

(b) The Company will develop and implement a process to ensure all customer complaints received by Company personnel are documented and maintained for at least two (2) years. Documentation shall adhere to Commission Rules 4 CSR 240-13.040 and 4 CSR 240-60.010(4) and include the customer name, address, nature of the complaint, date of occurrence, as well as an explanation of what the Company has done to address the complaint;

(11) Within sixty (60) days of the effective date of an order approving this Company/Staff Disposition Agreement, the Company shall implement the recommendations contained in the Water & Sewer Unit Memorandum, attached hereto as Attachment G and incorporated by reference herein, and provide proof of implementing the recommendation to the Manager of the Commission's Water & Sewer Unit:

(a) The Company will post Company contact information on the outside of the well house; and

(b) The Company will place a copy of an emergency plan inside of the well house including procedures and contact information;

(12) Within ninety (90) days of the effective date of an order approving this Company/Staff Disposition Agreement, the Company shall implement the recommendations contained in the EMSU Report attached hereto as Attachment I and incorporated by reference herein, and provide proof of implementing the recommendations to the Manager of the Commission's EMSU Unit:

- (a) The Company will develop and execute signed written contracts with contractors/technicians who provide outside services;
 - (b) The Company will develop and utilize time sheets to record the time associated with work assignments; and
 - (c) The Company will store all customer payments and other important business documents in a locked, fireproof cabinet;
- (13) Within ninety (90) days of the effective date of an order approving this Company/Staff Disposition Agreement, the Company shall implement the recommendations contained in the Auditing Unit Report attached hereto as Attachment H and incorporated by reference herein and provide proof of implementing the recommendations to the Manager of the Commission's Auditing Unit:
- (a) The Company will develop detailed time sheets to record work assignments and the actual time needed to complete each utility related work assignment. This reporting should be detailed enough to provide sufficient opportunity to audit this information for accuracy of actual time spent on each activity being performed by Spokane employees. The reporting should provide a break down between expenses and costs that should be capitalized for construction related activities. This information should be sufficient to support the salaries and wages included in establishing rates;
 - (b) The Company will develop a transportation log to record mileage accumulated in conjunction with day-to-day operations of the water system. The log should include travel dates, actual miles traveled and purpose of the travel for each travel entry;
 - (c) The Company will correct its books and records to reflect the adjusted plant, depreciation reserve, and contributions in aid of construction balances reflected in Staff Accounting Schedules, Appendix B attached herein; and
 - (d) The Company will maintain its books and records in accordance with the Uniform System of Accounts (USOA) issued by the National Association of Regulatory Utility Commissioners (NARUC) in 1973, as revised in 1976 for water utilities;
- (14) Within one hundred twenty (120) days of the effective date of an order approving this Company/Staff Disposition Agreement, the Company shall implement the recommendations contained in the Water & Sewer Unit Memorandum, attached hereto as Attachment G and incorporated by reference herein, and provide proof of implementing the recommendation to the Manager of the Commission's Water & Sewer Unit:
- (a) The Company will replace the door frame and install a dead bolt lock on the door for security purposes; and

- (b) The Company will lock the doghouse lid to protect the wellhead;
- (15) The Company shall mail its customers a final written notice of the rates and charges included in its proposed tariff revisions prior to or with its next billing cycle after issuance of the Commission order approving the terms of this Company/Staff Disposition Agreement. The notice shall include a summary of the impact of the proposed rates on an average residential customer's bill. When the Company mails the notice to its customers, it shall also send a copy to Staff Case Coordinator who will file a copy in this case;
- (16) Staff or Public Counsel may conduct follow-up reviews of the Company's operations to ensure that the Company has complied with the provisions of this Company/Staff Disposition Agreement;
- (17) Staff or Public Counsel may file a formal complaint against the Company if the Company does not comply with the provisions of this Company/Staff Disposition Agreement;
- (18) The Company, Staff and Public Counsel agree that they have read the foregoing Company/Staff Disposition Agreement, that facts stated therein are true and accurate to the best of the Company's knowledge and belief, that the foregoing conditions accurately reflect the agreement reached between the Company and Staff; and that the Company freely and voluntarily enters into this Disposition Agreement; and
- (19) 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 Company/Staff Disposition Agreement reflect compromises between Staff and the Company. In arriving at the amount of the annual operating revenue increase specified herein, neither party has agreed to any particular ratemaking principle.

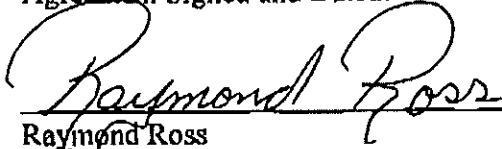
Staff has completed a Summary of Case Events and has included that summary as Attachment J to this Company/Staff Disposition Agreement.

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

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

SIGNATURES

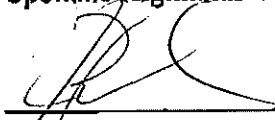
Agreement Signed and Dated:



Raymond Ross

President
Spokane Highlands Water Company

March 10, 2015
Date



James Busch

Manager
Water & Sewer Unit
Missouri Public Service Commission Staff

3/10/15
Date

List of Attachments

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

Agreement Attachment A
Ratemaking Income Statement

SPOKANE HIGHLANDS WATER COMPANY

Rate Making Income Statement-Water

Operating Revenues at Current Rates

1	Tariffed Rate Revenues *	\$	16,585
2	Other Operating Revenues *	\$	248
3	Total Operating Revenues	\$	16,833
4	* See "Revenues - Current Rates" for Details		

Cost of Service

Item	Amount
1 Operators Salary	\$ 2,400
2 Electricity-Pumping	\$ 2,927
3 System Repairs Maintenance	\$ 615
4 Transportation Expense	\$ 696
5 Administration & General - Salaries	\$ 5,905
6 Postage	\$ 209
7 Office Supplies	\$ 54
8 Property & Liability Insurance	\$ 110
9 Regulatory Commission Expense	\$ 136
10 MO DNR Fees	\$ 200
11 Rate Case Expense	\$ 259
12 Telephone & Internet Expense	\$ 944
13 Rent Expense-Building	\$ 801
14 Fuel Expense-Mower	\$ 7
15 Uncollectible Expense	\$ 254
16 Sub-Total Operating Expenses	\$ 15,517
17 Property Taxes	\$ 69
18 MO Franchise Taxes	\$ -
19 Employer FICA Taxes	\$ 694
20 Federal Unemployment Taxes	\$ -
21 State Unemployment Taxes	\$ -
22 State & Federal Income Taxes	\$ 466
23 Sub-Total Taxes	\$ 1,229
24 Depreciation Expense	\$ 2,093
25 CIAC Depreciation Expense	\$ (809)
26 Sub-Total Depreciation/Interest/Amortization	\$ 1,284
27 Return on Rate Base	\$ 1,868
28 Total Cost of Service	\$ 19,898
29 Overall Revenue Increase Needed	\$ 3,065

Agreement Attachment B

EMS Run

Exhibit No.: 12345667
Issue: Accounting Schedules
Witness: MO PSC Auditors
Sponsoring Party: MO PSC Staff
Case No: WR-2015-0020
Date Prepared: January 2, 2015



MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

Revised

STAFF ACCOUNTING SCHEDULES

SPOKANE HIGHLANDS WATER COMPANY

CASE NO. WR-2015-0020

Jefferson City, Missouri

December 2014

Spokane Highlands Water Company
Case No. WR-2015-0104
Spokane Highlands Water Company
Test Year Ended December 31, 2013
Revenue Requirement

Line Number	A Description	B 8.01% Return	C 8.01% Return	D 8.01% Return
1	Net Orig Cost Rate Base	\$23,326	\$23,326	\$23,326
2	Rate of Return	8.01%	8.01%	8.01%
3	Net Operating Income Requirement	\$1,868	\$1,868	\$1,868
4	Net Income Available	-\$731	-\$731	-\$731
5	Additional Net Income Required	\$2,599	\$2,599	\$2,599
6	Income Tax Requirement			
7	Required Current Income Tax	\$466	\$466	\$466
8	Current Income Tax Available	\$0	\$0	\$0
9	Additional Current Tax Required	\$466	\$466	\$466
10	Revenue Requirement	\$3,065	\$3,065	\$3,065
11	Allowance for Known and Measureable Changes/True-Up Estimate	\$0	\$0	\$0
12	Gross Revenue Requirement	\$3,065	\$3,065	\$3,065

Spokane Highlands Water Company
Case No. WR-2015-0104
Spokane Highlands Water Company
Test Year Ended December 31, 2013
RATE BASE SCHEDULE

Line Number	A Rate Base Description	B Percentage Rate	C Dollar Amount
1	Plant In Service		\$80,364
2	Less Accumulated Depreciation Reserve		\$49,922
3	Net Plant In Service		\$30,442
4	ADD TO NET PLANT IN SERVICE		
5	Cash Working Capital		\$0
6	Materials & Supplies (Two Meters)		\$104
7	TOTAL ADD TO NET PLANT IN SERVICE		\$104
8	SUBTRACT FROM NET PLANT		
9	Federal Tax Offset	0.0000%	\$0
10	State Tax Offset	0.0000%	\$0
11	City Tax Offset	0.0000%	\$0
12	Interest Expense Offset	0.0000%	\$0
13	CIAC Balance		\$29,466
14	CIAC Depreciation Reserve		-\$22,246
15	Deferred Income Taxes		\$0
16	Deferred Income Taxes		\$0
17	Accrued Pension Liability		\$0
18	TOTAL SUBTRACT FROM NET PLANT		\$7,220
19	Total Rate Base		\$23,326

Spokane Highlands Water Company
Case No. WR-2015-0104
Spokane Highlands Water Company
Test Year Ended December 31, 2013
Plant In Service

Line Number	A Account # (Optional)	B Plant Account Description	C Total Plant	D Adjust. Number	E Adjustments	F As Adjusted Plant	G Jurisdictional Allocations	H Jurisdictional Adjustments	I MO Adjusted Jurisdictional
1		INTANGIBLE PLANT							
2	301.000	Organization	\$3,137	P-2	\$0	\$3,137	100.00%	\$0	\$3,137
3		TOTAL PLANT INTANGIBLE	\$3,137		\$0	\$3,137		\$0	\$3,137
4		SOURCE OF SUPPLY PLANT							
5	310.000	Land and Land Rights - SSP	\$1,000	P-5	\$0	\$1,000	100.00%	\$0	\$1,000
6	311.000	Structures and Improvements - SSP	\$5,517	P-6	\$0	\$5,517	100.00%	\$0	\$5,517
7	314.000	Wells and Springs	\$16,179	P-7	\$0	\$16,179	100.00%	\$0	\$16,179
8		TOTAL SOURCE OF SUPPLY PLANT	\$22,696		\$0	\$22,696		\$0	\$22,696
9		PUMPING PLANT							
10	325.000	Electric Pumping Equipment	\$0	P-10	\$0	\$0	100.00%	\$0	\$0
11	325.100	Submersible (Well Pump) Equipment	\$5,186	P-11	\$0	\$5,186	100.00%	\$0	\$5,186
12	325.200	High Service or Booster Pumps	\$8,946	P-12	\$0	\$8,946	100.00%	\$0	\$8,946
13		TOTAL PUMPING PLANT	\$14,132		\$0	\$14,132		\$0	\$14,132
14		WATER TREATMENT PLANT							
15		TOTAL WATER TREATMENT PLANT	\$0		\$0	\$0		\$0	\$0
16		TRANSMISSION & DIST. PLANT							
17	342.000	Distribution Reservoirs & Standpipes	\$9,752	P-17	\$0	\$9,752	100.00%	\$0	\$9,752
18	343.000	Transmission & Distribution Mains	\$15,875	P-18	\$0	\$15,875	100.00%	\$0	\$15,875
19	345.000	Services	\$916	P-19	\$0	\$916	100.00%	\$0	\$916
20	346.000	Meters (a)	\$0	P-20	\$0	\$0	100.00%	\$0	\$0
21		Meters (b)	\$5,637	P-21	\$0	\$5,637	100.00%	\$0	\$5,637
22		Meter Installations (b) (s/b AC 347)	\$6,080	P-22	-\$6,080	\$0	100.00%	\$0	\$0
23	347.000	Meter Installations	\$0	P-23	\$6,080	\$6,080	100.00%	\$0	\$6,080
24	348.000	Hydrants	\$1,104	P-24	\$0	\$1,104	100.00%	\$0	\$1,104
25		TOTAL TRANSMISSION & DIST. PLANT	\$39,364		\$0	\$39,364		\$0	\$39,364
26		GENERAL PLANT							
27	379.000	Other General Equipment	\$211	P-27	\$0	\$211	100.00%	\$0	\$211
28	391.000	Office Furniture and Equipment	\$242	P-28	-\$242	\$0	100.00%	\$0	\$0
29	372.000	Office Furniture and Equipment	\$0	P-29	\$242	\$242	100.00%	\$0	\$242
30	372.100	Office Computer & Electronic Equipment	\$582	P-30	\$0	\$582	100.00%	\$0	\$582
31		TOTAL GENERAL PLANT	\$1,035		\$0	\$1,035		\$0	\$1,035
32		TOTAL PLANT IN SERVICE	\$80,364		\$0	\$80,364		\$0	\$80,364

Spokane Highlands Water Company
Case No. WR-2015-0104
Spokane Highlands Water Company
Test Year Ended December 31, 2013
Adjustments to Plant in Service

A Plant Adj. Number	B Plant In Service Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment Amount	F Jurisdictional Adjustments	G Total Jurisdictional Adjustments
P-22	Meter Installations (b) (s/b AC 347)			-\$6,080		\$0
	1. Meter Installations recorded in USOA A/C 347		-\$6,080		\$0	
P-23	Meter Installations	347.000		\$6,080		\$0
	1. Meter Installations recorded in USOA A/C 347		\$6,080		\$0	
P-28	Office Furniture and Equipment	391.000		-\$242		\$0
	1. To transfer account balance to the proper Class D Water Account		-\$242		\$0	
P-29	Office Furniture and Equipment	372.000		\$242		\$0
	1. To transfer account balance from the account currently used.		\$242		\$0	
Total Plant Adjustments				\$0		\$0

Spokane Highlands Water Company
Case No. WR-2015-0104
Spokane Highlands Water Company
Test Year Ended December 31, 2013
Depreciation Expense

Line Number	A Account Number	B Plant Account Description	C MO Adjusted Jurisdictional	D Depreciation Rate	E Depreciation Expense
1		INTANGIBLE PLANT			
2	301.000	Organization	\$3,137	0.00%	\$0
3		TOTAL PLANT INTANGIBLE	\$3,137		\$0
4		SOURCE OF SUPPLY PLANT			
5	310.000	Land and Land Rights - SSP	\$1,000	0.00%	\$0
6	311.000	Structures and Improvements - SSP	\$5,517	2.50%	\$138
7	314.000	Wells and Springs	\$16,179	2.00%	\$324
8		TOTAL SOURCE OF SUPPLY PLANT	\$22,696		\$462
9		PUMPING PLANT			
10	325.000	Electric Pumping Equipment	\$0	0.00%	\$0
11	325.100	Submersible (Well Pump) Equipment	\$5,186	10.00%	\$519
12	325.200	High Service or Booster Pumps	\$8,946	2.00%	\$179
13		TOTAL PUMPING PLANT	\$14,132		\$698
14		WATER TREATMENT PLANT			
15		TOTAL WATER TREATMENT PLANT	\$0		\$0
16		TRANSMISSION & DIST. PLANT			
17	342.000	Distribution Reservoirs & Standpipes	\$9,752	2.50%	\$244
18	343.000	Transmission & Distribution Mains	\$15,875	2.00%	\$318
19	345.000	Services	\$916	2.90%	\$27
20	346.000	Meters (a)	\$0	2.00%	\$0
21		Meters (b)	\$5,637	2.00%	\$113
22		Meter Installations (b) (s/b AC 347)	\$0	0.00%	\$0
23	347.000	Meter Installations	\$6,080	1.00%	\$61
24	348.000	Hydrants	\$1,104	2.50%	\$28
25		TOTAL TRANSMISSION & DIST. PLANT	\$39,364		\$791
26		GENERAL PLANT			
27	379.000	Other General Equipment	\$211	6.70%	\$14
28	391.000	Office Furniture and Equipment	\$0	0.00%	\$0
29	372.000	Office Furniture and Equipment	\$242	5.00%	\$12
30	372.100	Office Computer & Electronic Equipment	\$582	20.00%	\$116
31		TOTAL GENERAL PLANT	\$1,035		\$142
32		Total Depreciation	\$80,364		\$2,093

Spokane Highlands Water Company
Case No. WR-2016-0104
Spokane Highlands Water Company
Test Year Ended December 31, 2013
Accumulated Depreciation Reserve

Line Number	A Account Number	B Depreciation Reserve Description	C Total Reserve	D Adjust. Number	E Adjustments	F As Adjusted Reserve	G Jurisdictional Allocations	H Jurisdictional Adjustments	I MO Adjusted Jurisdictional
1		INTANGIBLE PLANT							
2	301.000	Organization	\$0	R-2	\$0	\$0	100.00%	\$0	\$0
3		TOTAL PLANT INTANGIBLE	\$0		\$0	\$0		\$0	\$0
4		SOURCE OF SUPPLY PLANT							
5	310.000	Land and Land Rights - SSP	\$0	R-5	\$0	\$0	100.00%	\$0	\$0
6	311.000	Structures and Improvements - SSP	\$2,483	R-6	\$0	\$2,483	100.00%	\$0	\$2,483
7	314.000	Wells and Springs	\$6,829	R-7	\$6,800	\$12,629	100.00%	\$0	\$12,629
8		TOTAL SOURCE OF SUPPLY PLANT	\$8,312		\$6,800	\$15,112		\$0	\$16,112
9		PUMPING PLANT							
10	325.000	Electric Pumping Equipment	\$0	R-10	\$0	\$0	100.00%	\$0	\$0
11	325.100	Submersible (Well Pump) Equipment	\$2,002	R-11	\$0	\$2,002	100.00%	\$0	\$2,002
12	325.200	High Service or Booster Pumps	\$13,117	R-12	-\$5,000	\$8,117	100.00%	\$0	\$8,117
13		TOTAL PUMPING PLANT	\$16,119		-\$5,000	\$10,119		\$0	\$10,119
14		WATER TREATMENT PLANT							
15		TOTAL WATER TREATMENT PLANT	\$0		\$0	\$0		\$0	\$0
16		TRANSMISSION & DIST. PLANT							
17	342.000	Distribution Reservoirs & Standpipes	\$4,082	R-17	\$0	\$4,082	100.00%	\$0	\$4,082
18	343.000	Transmission & Distribution Mains	\$5,720	R-18	\$5,000	\$10,720	100.00%	\$0	\$10,720
19	345.000	Services	\$483	R-19	\$0	\$483	100.00%	\$0	\$483
20	346.000	Meters (a)	\$0	R-20	\$0	\$0	100.00%	\$0	\$0
21		Meters (b)	\$8,367	R-21	-\$4,125	\$4,242	100.00%	\$0	\$4,242
22		Meter Installations (b) (s/b AC 347)	\$8,977	R-22	-\$8,977	\$0	100.00%	\$0	\$0
23	347.000	Meter Installations	\$0	R-23	\$4,652	\$4,652	100.00%	\$0	\$4,652
24	348.000	Hydrants	\$501	R-24	\$0	\$501	100.00%	\$0	\$501
25		TOTAL TRANSMISSION & DIST. PLANT	\$28,130		-\$3,450	\$24,680		\$0	\$24,680
26		GENERAL PLANT							
27	379.000	Other General Equipment	\$0	R-27	\$0	\$0	100.00%	\$0	\$0
28	391.000	Office Furniture and Equipment	-\$1,639	R-28	\$1,639	\$0	100.00%	\$0	\$0
29	372.000	Office Furniture and Equipment	\$0	R-29	\$11	\$11	100.00%	\$0	\$11
30	372.100	Office Computer & Electronic Equipment	\$0	R-30	\$0	\$0	100.00%	\$0	\$0
31		TOTAL GENERAL PLANT	-\$1,639		\$1,650	\$11		\$0	\$11
32		TOTAL DEPRECIATION RESERVE	\$49,922		\$0	\$49,922		\$0	\$49,922

Spokane Highlands Water Company
Case No. WR-2015-0104
Spokane Highlands Water Company
Test Year Ended December 31, 2013
Adjustments for Depreciation Reserve

A Reserve Adjustment Number	B Accumulated Depreciation Reserve Adjustments Description	C Account Number	D Adjustment Amount	E Total Adjustment Amount	F Jurisdictional Adjustments	G Total Jurisdictional Adjustments
R-7	Wells and Springs	314.000		\$6,800		\$0
	1. Transferred \$3,300 from Acct. 346 - Meters and \$3,500 from Acct. 347 - Meter Installations to rebalance reserves. - (Miles)		\$6,800		\$0	
R-12	High Service or Booster Pumps	325.200		-\$5,000		\$0
	1. Transferred \$5,000 to Account 343 - Transmission & Distribution Mains to rebalance reserves. (Miles)		-\$5,000		\$0	
R-18	Transmission & Distribution Mains	343.000		\$5,000		\$0
	1. Transferred \$5,000 from Account 325.2 - Booster Pumps to rebalance reserves. (Miles)		\$5,000		\$0	
R-21	Meters (b)			-\$4,125		\$0
	1. Transferred \$3,300 to Account 314 - Wells & Springs to rebalance reserves. (Miles)		-\$3,300		\$0	
	2. Transferred \$825 to Account 391 - Office Furniture and Equipment to rebalance reserves. (Miles)		-\$825		\$0	
	No Adjustment		\$0		\$0	
R-22	Meter Installations (b) (s/b AC 347)			-\$8,977		\$0
	1. To reclassify improperly recorded Meter Installations to Account 347.000		-\$8,977		\$0	
R-23	Meter Installations	347.000		\$4,652		\$0
	1. To reclassify improperly recorded Meter Installations from Account 346.000		\$8,977		\$0	
	2. Transferred \$3,500 to Account 314 - Wells & Springs to rebalance reserves. (Miles)		-\$3,500		\$0	
	3. Transferred \$825 to Account 391 - Office Furniture and Equipment to rebalance reserves. (Miles)		-\$825		\$0	
R-28	Office Furniture and Equipment	391.000		\$1,639		\$0

Spokane Highlands Water Company
Case No. WR-2015-0104
Spokane Highlands Water Company
Test Year Ended December 31, 2013
Adjustments for Depreciation Reserve

A Reserve Adjustment Number	B Accumulated Depreciation Reserve Adjustments Description	C Account Number	D Adjustment Amount	E Total Adjustment Amount	F Jurisdictional Adjustments	G Total Jurisdictional Adjustments
	1. To transfer account balance to the proper Class D Water Account		\$1,639		\$0	
R-29	Office Furniture and Equipment	372.000		\$11		\$0
	1. To transfer account balance from the account currently used.		-\$1,639		\$0	
	1. Transferred \$825 from Account 346 - Meters (b) to rebalance reserve. (Miles)		\$825		\$0	
	2. Transferred \$825 from Account 347 - Meter Installations to rebalance reserve. (Miles)		\$825		\$0	
Total Reserve Adjustments				<u>\$0</u>		<u>\$0</u>

Spokane Highlands Water Company
Case No. WR-2015-0104
Spokane Highlands Water Company
Test Year Ended December 31, 2013
Cash Working Capital

Line Number	A Description	B Test Year Adj. Expenses	C Revenue Lag	D Expense Lag	E Net Lag C - D	F Factor (Col E / 365)	G CWC Req B x F
1	OPERATION AND MAINT. EXPENSE						
2	Base Payroll	\$0	0.00	0.00	0.00	0.000000	\$0
3	Tax Withholding	\$0	0.00	0.00	0.00	0.000000	\$0
4	Pensions and Employee Benefits	\$0	0.00	0.00	0.00	0.000000	\$0
5	Electric	\$0	0.00	0.00	0.00	0.000000	\$0
6	Telephone	\$0	0.00	0.00	0.00	0.000000	\$0
7	Office Rents	\$0	0.00	0.00	0.00	0.000000	\$0
8	Intercompany Billing	\$0	0.00	0.00	0.00	0.000000	\$0
9	Uncollectible Accounts	\$0	0.00	0.00	0.00	0.000000	\$0
10	PSC Assessment	\$0	0.00	0.00	0.00	0.000000	\$0
11	Cash Vouchers	\$0	0.00	0.00	0.00	0.000000	\$0
12	TOTAL OPERATION AND MAINT. EXPENSE	<u>\$15,517</u>	0.00	0.00	0.00	0.000000	<u>\$0</u>
13	TAXES						
14	FICA - Employer Portion	\$0	0.00	0.00	0.00	0.000000	\$0
15	Unemployment	\$0	0.00	0.00	0.00	0.000000	\$0
16	Property Tax	\$0	0.00	0.00	0.00	0.000000	\$0
17	Gross Receipts Tax	\$0	0.00	0.00	0.00	0.000000	\$0
18	Corporate Franchise	\$0	0.00	0.00	0.00	0.000000	\$0
19	Sales Tax	\$0	0.00	0.00	0.00	0.000000	\$0
20	Test Line	\$0	0.00	0.00	0.00	0.000000	\$0
21	TOTAL TAXES	<u>\$0</u>					<u>\$0</u>
22	CWC REQ'D BEFORE RATE BASE OFFSETS						<u>\$0</u>
23	TAX OFFSET FROM RATE BASE						
24	Federal Tax Offset	\$330	0.00	0.00	0.00	0.000000	\$0
25	State Tax Offset	\$136	0.00	0.00	0.00	0.000000	\$0
26	City Tax Offset	\$0	0.00	0.00	0.00	0.000000	\$0
27	Interest Expense Offset	\$0	0.00	0.00	0.00	0.000000	\$0
28	TOTAL OFFSET FROM RATE BASE	<u>\$466</u>					<u>\$0</u>
29	TOTAL CASH WORKING CAPITAL REQUIRED						<u>\$0</u>

Spokane Highlands Water Company
Case No. WR-2015-0104
Spokane Highlands Water Company
Test Year Ended December 31, 2013
Income Statement

Line Number	A Category Description	B		C		D		E		H		J	
		Total Test Year	Test Year Labor	Test Year Labor	Test Year Non Labor	Adjustments	Total Company Adjusted	Jurisdictional Adjustments	MO Final Adj Jurisdictional	MO Juris. Labor	MO Juris. Non Labor		
1	TOTAL OPERATING REVENUES	\$14,667	See Note (1)	See Note (1)	See Note (1)	See Note (1)	\$14,667	\$2,166	\$16,833	See Note (1)	See Note (1)	See Note (1)	See Note (1)
2	TOTAL SOURCE OF SUPPLY EXPENSES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	TOTAL PUMPING EXPENSES	\$5,552	\$0	\$5,552	\$0	-\$225	\$5,327	\$0	\$5,327	\$0	\$0	\$5,327	\$0
4	TOTAL WATER TREATMENT EXPENSES	\$1,938	\$0	\$1,938	\$0	-\$1,323	\$615	\$0	\$615	\$0	\$0	\$615	\$0
5	TOTAL TRANSMISSION & DIST. EXPENSES	\$501	\$0	\$501	\$0	\$195	\$696	\$0	\$696	\$0	\$0	\$696	\$0
6	TOTAL CUSTOMER ACCOUNTS EXPENSE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7	TOTAL CUSTOMER SERVICE EXPENSES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	TOTAL SALES PROMOTION EXPENSES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9	TOTAL ADMIN. & GENERAL EXPENSES	\$2,609	\$0	\$2,609	\$0	\$6,270	\$8,879	\$0	\$8,879	\$5,905	\$0	\$2,974	\$0
10	TOTAL DEPRECIATION EXPENSE	\$2,254	See Note (1)	See Note (1)	See Note (1)	See Note (1)	\$2,254	-\$970	\$1,284	See Note (1)	See Note (1)	See Note (1)	See Note (1)
11	TOTAL AMORTIZATION EXPENSE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
12	TOTAL OTHER OPERATING EXPENSE	\$117	\$0	\$117	\$0	\$646	\$763	\$0	\$763	\$0	\$0	\$763	\$0
13	TOTAL OPERATING EXPENSE	\$12,971	\$0	\$10,717	\$0	\$5,563	\$18,534	-\$970	\$17,564	\$5,905	\$0	\$10,375	\$0
14	NET INCOME BEFORE TAXES	\$1,696	\$0	\$0	\$0	\$0	-\$3,867	\$3,136	-\$731	\$0	\$0	\$0	\$0
15	TOTAL INCOME TAXES	\$0	See Note (1)	See Note (1)	See Note (1)	See Note (1)	\$0	\$0	\$0	See Note (1)	See Note (1)	See Note (1)	See Note (1)
16	TOTAL DEFERRED INCOME TAXES	\$0	See Note (1)	See Note (1)	See Note (1)	See Note (1)	\$0	\$0	\$0	See Note (1)	See Note (1)	See Note (1)	See Note (1)
17	NET OPERATING INCOME	\$1,696	\$0	\$0	\$0	\$0	-\$3,867	\$3,136	-\$731	\$0	\$0	\$0	\$0

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

Spokane Highlands Water Company
Case No. WR-2015-0104
Spokane Highlands Water Company
Test Year Ended December 31, 2013
Income Statement Detail

Line Number	Account Number	Income Description	C Test Year Total (D+E)	D Test Year Labor	E Test Year Non Labor	E Adjust. Number	G Total Company Adjustments (From Adj. Sch.)	H Total Company Adjusted (C+G)	I Jurisdictional Allocations	J Jurisdictional Adjustments (From Adj. Sch.)	K MO Final Adj Jurisdictional (H+I)+J	L MO Adj. Juris. Adj.	M MO Adj. Non Labor
Rev-1		OPERATING REVENUES											
Rev-2	400.000	Residential	\$14,467	See note (1)	See note (1)	Rev-2		\$14,467	100.00%	\$2,118	\$16,585	See note (1)	See note (1)
Rev-3	0.000	Commercial	\$0	\$0	\$0	Rev-3		\$0	100.00%	\$0	\$0		
Rev-4	0.000	Industrial	\$0	\$0	\$0	Rev-4		\$0	100.00%	\$0	\$0		
Rev-5	0.000	Private Fire Protection	\$0	\$0	\$0	Rev-5		\$0	100.00%	\$0	\$0		
Rev-6	0.000	Public Fire Protection	\$0	\$0	\$0	Rev-6		\$0	100.00%	\$0	\$0		
Rev-7	0.000	Other Public Auth.	\$0	\$0	\$0	Rev-7		\$0	100.00%	\$0	\$0		
Rev-8	0.000	Sales for Resale	\$0	\$0	\$0	Rev-8		\$0	100.00%	\$0	\$0		
Rev-9	400.100	Other Water Revenue - Oper. Rev.	\$200	\$0	\$0	Rev-9		\$200	100.00%	\$48	\$248		
Rev-10		TOTAL OPERATING REVENUES	\$14,667					\$14,667		\$2,166	\$16,833		
1		SOURCE OF SUPPLY EXPENSES											
2		TOTAL SOURCE OF SUPPLY EXPENSES	\$0	\$0	\$0			\$0		\$0	\$0		\$0
3		PUMPING EXPENSES											
4	600.000	Salaries and wages - Operator	\$2,400	\$0	\$2,400	E-4		\$2,400	100.00%	\$0	\$2,400		\$2,400
5	620.000	Power Purchased for Pumping (Elect Well House)	\$3,152	\$0	\$3,152	E-5		\$2,927	100.00%	\$0	\$2,927		\$2,927
6		TOTAL PUMPING EXPENSES	\$5,552	\$0	\$5,552			\$5,327		\$0	\$5,327		\$5,327
7		WATER TREATMENT EXPENSES											
8	650.000	Repair and Maintenance Materials	\$1,938	\$0	\$1,938	E-8		\$615	100.00%	\$0	\$615		\$615
9		TOTAL WATER TREATMENT EXPENSES	\$1,938	\$0	\$1,938			\$615		\$0	\$615		\$615
10		TRANSMISSION & DIST. EXPENSES											
11	660.000	Misc General - Mileage for Business Travel	\$501	\$0	\$501	E-11		\$696	100.00%	\$0	\$696		\$696
12		TOTAL TRANSMISSION & DIST. EXPENSES	\$501	\$0	\$501			\$696		\$0	\$696		\$696
13		CUSTOMER ACCOUNTS EXPENSE											
14		TOTAL CUSTOMER ACCOUNTS EXPENSE	\$0	\$0	\$0			\$0		\$0	\$0		\$0
15		CUSTOMER SERVICE EXPENSES											
16		TOTAL CUSTOMER SERVICE EXPENSES	\$0	\$0	\$0			\$0		\$0	\$0		\$0
17		SALES PROMOTION EXPENSES											
18		TOTAL SALES PROMOTION EXPENSES	\$0	\$0	\$0			\$0		\$0	\$0		\$0
19		ADMIN. & GENERAL EXPENSES											
20	680.000	Salaries	\$0	\$0	\$0	E-20		\$5,905	100.00%	\$0	\$5,905		\$5,905
21	681.000	Supplies and Expenses - Postage, checks	\$209	\$0	\$209	E-21		\$209	100.00%	\$0	\$209		\$209
22	681.700	Supplies and Expenses - Billing Supplies	\$54	\$0	\$54	E-22		\$54	100.00%	\$0	\$54		\$54
23	684.000	Insurance Expense	\$110	\$0	\$110	E-23		\$110	100.00%	\$0	\$110		\$110
24	688.000	MO PSC Assessment	\$87	\$0	\$87	E-24		\$136	100.00%	\$0	\$136		\$136
25	688.100	Other Regulatory Expense	\$352	\$0	\$352	E-25		\$200	100.00%	\$0	\$200		\$200
26	688.200	Rate Case Expense	\$0	\$0	\$0	E-26		\$259	100.00%	\$0	\$259		\$259
27	689.000	Misc General Expense - Telephone, internet	\$1,324	\$0	\$1,324	E-27		\$944	100.00%	\$0	\$944		\$944
28	689.100	Rents - AGE	\$0	\$0	\$0	E-28		\$801	100.00%	\$0	\$801		\$801
29	689.200	Maint of General Plant - Fuel for Mower	\$198	\$0	\$198	E-29		\$7	100.00%	\$0	\$7		\$7
30	690.000	Uncollectible Expense	\$275	\$0	\$275	E-30		\$254	100.00%	\$0	\$254		\$254
31		TOTAL ADMIN. & GENERAL EXPENSES	\$2,608	\$0	\$2,608			\$8,879		\$0	\$8,879		\$8,879

Spokane Highlands Water Company
Case No. WFR-2015-0104
Spokane Highlands Water Company
Test Year Ended December 31, 2013
Income Statement Detail

Line Number	Account Number	B Income Description	C Test Year Total (D+E)	D Test Year Labor	E Test Year Non Labor	E Adjust. Number	G Total Company Adjustments (From Adj. Sch.)	H Total Company Adjusted (C+G)	I Jurisdictional Allocations	J Jurisdictional Adjustments (From Adj. Sch.)	K MO Final Adj Jurisdictional (H x I) x J	L MO Adj. Juris. Labor	M MO Adj. Juris. Non Labor
32	0.000	DEPRECIATION EXPENSE	\$3,674	See note (1)	See note (1)	E-33	See note (1)	\$3,674	100.00%	-\$1,581	\$2,093	See note (1)	See note (1)
33	0.000	Depreciation Expense, Dep. Exp.	-\$1,420	\$0	\$0	E-34	\$0	-\$1,420	100.00%	\$611	-\$809	\$0	\$0
34	0.000	CIAC Depreciation offset	\$2,254	\$0	\$0		\$0	\$2,254		-\$970	\$1,284	\$0	\$0
35		TOTAL DEPRECIATION EXPENSE											
36		AMORTIZATION EXPENSE	\$0	\$0	\$0		\$0	\$0		\$0	\$0	\$0	\$0
37		TOTAL AMORTIZATION EXPENSE											
38		OTHER OPERATING EXPENSES	\$117	\$0	\$117	E-39	-\$48	\$69	100.00%	\$0	\$69	\$0	\$69
39	408.000	Property Taxes	\$0	\$0	\$0	E-40	\$694	\$694	100.00%	\$0	\$694	\$0	\$694
40	408.100	Payroll Taxes	\$117	\$0	\$117		\$646	\$763		\$0	\$763	\$0	\$763
41		TOTAL OTHER OPERATING EXPENSE											
42		TOTAL OPERATING EXPENSE	\$12,971	\$0	\$10,717		\$5,853	\$18,534		-\$970	\$17,564	\$5,905	\$10,375
43		NET INCOME BEFORE TAXES	\$1,696					-\$3,867		\$3,136	-\$731		
44		INCOME TAXES											
45	0.000	Current Income Taxes	\$0	See note (1)	See note (1)	E-45	See note (1)	\$0	100.00%	\$0	\$0	See note (1)	See note (1)
46		TOTAL INCOME TAXES	\$0					\$0		\$0	\$0		
47		DEFERRED INCOME TAXES											
48	0.000	Deferred Income Taxes - Def. Inc. Tax.	\$0	See note (1)	See note (1)	E-48	See note (1)	\$0	100.00%	\$0	\$0	See note (1)	See note (1)
49	0.000	Amortization of Deferred ITC	\$0			E-49	\$0	\$0	100.00%	\$0	\$0	\$0	\$0
50	0.000	Deferred Income Tax - Test Line	\$0			E-50	\$0	\$0	100.00%	\$0	\$0	\$0	\$0
51		TOTAL DEFERRED INCOME TAXES	\$0					\$0		\$0	\$0		
52		NET OPERATING INCOME	\$1,696					-\$3,867		\$3,136	-\$731		

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

Spokane Highlands Water Company
Case No. WR-2015-0104
Spokane Highlands Water Company
Test Year Ended December 31, 2013
Adjustments to Income Statement Detail

A Income Adj. Number	B Income Adjustment Description	C Account Number	D Company Adjustment Labor	E Company Adjustment Non Labor	F Company Adjustments Total	G Jurisdictional Adjustment Labor	H Jurisdictional Adjustment Non Labor	I Jurisdictional Adjustments Total
Rev-2	Residential	400.000	\$0	\$0	\$0	\$0	\$2,118	\$2,118
	1. To Annualize Residential Revenue		\$0	\$0		\$0	\$2,118	
Rev-9	Other Water Revenue - Oper. Rev.	400.100	\$0	\$0	\$0	\$0	\$48	\$48
	1. To Annualize Other Water Revenue - Oper. Rev.		\$0	\$0		\$0	\$48	
E-5	Power Purchased for Pumping (Elect Well House)	620.000	\$0	-\$225	-\$225	\$0	\$0	\$0
	1. To annualize electric expense		\$0	-\$225		\$0	\$0	
E-8	Repair and Maintenance Materials	650.000	\$0	-\$1,323	-\$1,323	\$0	\$0	\$0
	1. To normalize maintenance expense		\$0	-\$1,323		\$0	\$0	
E-11	Misc General - Mileage for Business Travel	660.000	\$0	\$195	\$195	\$0	\$0	\$0
	1. To normalize mileage		\$0	\$195		\$0	\$0	
E-20	Salaries	680.000	\$5,905	\$0	\$5,905	\$0	\$0	\$0
	1. To include salaries		\$5,905	\$0		\$0	\$0	
E-24	MO PSC Assessment	688.000	\$0	\$49	\$49	\$0	\$0	\$0
	1. To update PSC Assessment		\$0	\$49		\$0	\$0	
E-25	Other Regulatory Expense	688.100	\$0	-\$152	-\$152	\$0	\$0	\$0
	1. To remove primacy fees		\$0	-\$152		\$0	\$0	
E-26	Rate Case Expense	688.200	\$0	\$259	\$259	\$0	\$0	\$0
	1. To Include Rate Case Expense Recovery		\$0	\$259		\$0	\$0	
E-27	Misc General Expense - Telephone, Internet	689.000	\$0	-\$380	-\$380	\$0	\$0	\$0
	1. To annualize internet and cell phone expense.		\$0	-\$380		\$0	\$0	
E-28	Rents - AGE	689.100	\$0	\$801	\$801	\$0	\$0	\$0
	1. To include office rental		\$0	\$801		\$0	\$0	
E-29	Maint. of General Plant - Fuel for Mower	689.200	\$0	-\$191	-\$191	\$0	\$0	\$0
	1. To normalize fuel for mower cost		\$0	-\$191		\$0	\$0	
E-30	Uncollectible Expense	690.000	\$0	-\$21	-\$21	\$0	\$0	\$0
	1. To normalize uncollectible expense		\$0	-\$21		\$0	\$0	
E-33	Depreciation Expense, Dep. Exp.		\$0	\$0	\$0	\$0	-\$1,581	-\$1,581
	To Annualize Depreciation Expense		\$0	\$0		\$0	-\$1,581	

Spokane Highlands Water Company
Case No. WR-2015-0104
Spokane Highlands Water Company
Test Year Ended December 31, 2013
Adjustments to Income Statement Detail

A Income Adj. Number	B Income Adjustment Description	C Account Number	D Company Adjustment Labor	E Company Adjustment Non Labor	F Company Adjustments Total	G Jurisdictional Adjustment Labor	H Jurisdictional Adjustment Non Labor	I Jurisdictional Adjustments Total
	1. No Adjustment		\$0	\$0		\$0	\$0	
E-34	CIAC Depreciation offset		\$0	\$0	\$0	\$0	\$611	\$611
	1. To update CIAC amortization to reflect recommended depreciation rates.		\$0	\$0		\$0	\$611	
E-39	Property Taxes	408.000	\$0	-\$48	-\$48	\$0	\$0	\$0
	1. To update Property Tax Expense		\$0	-\$48		\$0	\$0	
E-40	Payroll Taxes	408.100	\$0	\$694	\$694	\$0	\$0	\$0
	1. To include payroll taxes		\$0	\$694		\$0	\$0	
Total Operating Revenues			\$0	\$0	\$0	\$0	\$2,166	\$2,166
Total Operating & Maint. Expense			\$5,905	-\$342	\$5,563	\$0	-\$970	-\$970

Spokane Highlands Water Company
Case No. WR-2015-0104
Spokane Highlands Water Company
Test Year Ended December 31, 2013
Income Tax Calculation

Line Number	A Description	B Percentage Rate	C Test Year	D 8.01% Return	E 8.01% Return	F 8.01% Return
1	TOTAL NET INCOME BEFORE TAXES		-\$731	\$2,334	\$2,334	\$2,334
2	ADD TO NET INCOME BEFORE TAXES					
3	Book Depreciation Expense		\$1,284	\$1,284	\$1,284	\$1,284
4	Test		\$0	\$0	\$0	\$0
5	TOTAL ADD TO NET INCOME BEFORE TAXES		\$1,284	\$1,284	\$1,284	\$1,284
6	SUBT. FROM NET INC. BEFORE TAXES					
7	Interest Expense calculated at the Rate of	0.0000%	\$0	\$0	\$0	\$0
8	Tax Straight-Line Depreciation		\$1,284	\$1,284	\$1,284	\$1,284
9	Excess Tax Depreciation		\$0	\$0	\$0	\$0
10	TOTAL SUBT. FROM NET INC. BEFORE TAXES		\$1,284	\$1,284	\$1,284	\$1,284
11	NET TAXABLE INCOME		-\$731	\$2,334	\$2,334	\$2,334
12	PROVISION FOR FED. INCOME TAX					
13	Net Taxable Inc. - Fed. Inc. Tax		\$0	\$2,334	\$2,334	\$2,334
14	Deduct Missouri Income Tax at the Rate of	100.000%	\$0	\$136	\$136	\$136
15	Deduct City Inc Tax - Fed. Inc. Tax		\$0	\$0	\$0	\$0
16	Federal Taxable Income - Fed. Inc. Tax		\$0	\$2,198	\$2,198	\$2,198
17	Federal Income Tax at the Rate of	See Tax Table	\$0	\$330	\$330	\$330
18	Subtract Federal Income Tax Credits		\$0	\$0	\$0	\$0
19	Credits - Solar		\$0	\$0	\$0	\$0
20	Net Federal Income Tax		\$0	\$330	\$330	\$330
21	PROVISION FOR MO. INCOME TAX					
22	Net Taxable Income - MO. Inc. Tax		\$0	\$2,334	\$2,334	\$2,334
23	Deduct Federal Income Tax at the Rate of	50.000%	\$0	\$165	\$165	\$165
24	Deduct City Income Tax - MO. Inc. Tax		\$0	\$0	\$0	\$0
25	Missouri Taxable Income - MO. Inc. Tax		\$0	\$2,169	\$2,169	\$2,169
26	Missouri Income Tax at the Rate of	6.250%	\$0	\$136	\$136	\$136
27	PROVISION FOR CITY INCOME TAX					
28	Net Taxable Income - City Inc. Tax		\$0	\$2,334	\$2,334	\$2,334
29	Deduct Federal Income Tax - City Inc. Tax		\$0	\$330	\$330	\$330
30	Deduct Missouri Income Tax - City Inc. Tax		\$0	\$136	\$136	\$136
31	City Taxable Income		\$0	\$1,868	\$1,868	\$1,868
32	City Income Tax at the Rate of	0.000%	\$0	\$0	\$0	\$0
33	SUMMARY OF CURRENT INCOME TAX					
34	Federal Income Tax		\$0	\$330	\$330	\$330
35	State Income Tax		\$0	\$136	\$136	\$136
36	City Income Tax		\$0	\$0	\$0	\$0
37	TOTAL SUMMARY OF CURRENT INCOME TAX		\$0	\$466	\$466	\$466
38	DEFERRED INCOME TAXES					
39	Deferred Income Taxes - Def. Inc. Tax.		\$0	\$0	\$0	\$0
40	Amortization of Deferred ITC		\$0	\$0	\$0	\$0
41	Deferred Income Tax - Test Line		\$0	\$0	\$0	\$0
42	TOTAL DEFERRED INCOME TAXES		\$0	\$0	\$0	\$0
43	TOTAL INCOME TAX		\$0	\$466	\$466	\$466

Spokane Highlands Water Company
Case No. WR-2015-0104
Spokane Highlands Water Company
Test Year Ended December 31, 2013
Income Tax Calculation

Line Number	A Description	B Percentage Rate	C Test Year	D 8.01% Return	E 8.01% Return	F 8.01% Return
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Federal Tax Table							
	Federal Income Taxes			\$0	\$2,198	\$2,198	\$2,198
	15% on first \$50,000			\$0	\$330	\$330	\$330
	25% on next \$25,000			\$0	\$0	\$0	\$0
	34% > \$75,000 < \$100,001			\$0	\$0	\$0	\$0
	39% > \$100,000 < \$335,001			\$0	\$0	\$0	\$0
	34% > \$335,000 < \$10,000,001			\$0	\$0	\$0	\$0
	35% > \$10MM < \$15,000,001			\$0	\$0	\$0	\$0
	38% > \$15MM < \$18,333,334			\$0	\$0	\$0	\$0
	35% > \$18,333,333			\$0	\$0	\$0	\$0
	Total Federal Income Taxes			\$0	\$330	\$330	\$330

Spokane Highlands Water Company
Case No. WR-2015-0104
Spokane Highlands Water Company
Test Year Ended December 31, 2013
Capital Structure Schedule

Line Number	A Description	B Dollar Amount	C Percentage of Total Capital Structure	D Embedded Cost of Capital	E Weighted Cost of Capital 8.01%	F Weighted Cost of Capital 8.01%	G Weighted Cost of Capital 8.01%
1	Common Stock	\$1,000	100.00%		8.010%	8.010%	8.010%
2	Other Security Tax Deductible	\$0	0.00%	0.00%	0.000%	0.000%	0.000%
3	Preferred Stock	\$0	0.00%	0.00%	0.000%	0.000%	0.000%
4	Long Term Debt	\$0	0.00%	0.00%	0.000%	0.000%	0.000%
5	Short Term Debt	\$0	0.00%	0.00%	0.000%	0.000%	0.000%
6	Other Security-Non Tax Deductible	\$0	0.00%	0.00%	0.000%	0.000%	0.000%
7	TOTAL CAPITALIZATION	\$1,000	100.00%		8.010%	8.010%	8.010%
8	PreTax Cost of Capital				0.000%	0.000%	0.000%

Spokane Highlands Water Company
Case No. WR-2015-0104
Spokane Highlands Water Company
Test Year Ended December 31, 2013
Executive Case Summary

Line Number	Description	Amount
1	Annualized Missouri Retail Revenues	\$16,833
2	Annualized Customer Numbers	49
3	Annualized Customer Usage	9,305
4	Profit (Return on Equity)	\$1,868
5	Interest Expense	\$0
6	Annualized Payroll	\$5,905
7	Utility Employees	0
8	Depreciation	\$2,093
9	Net Investment Plant	\$30,442
10	Pensions	\$0

Agreement Attachment C

Rate Base Worksheet

Spokane Highlands Water Company
Case No. WR-2015-0104
Spokane Highlands Water Company
Test Year Ended December 31, 2013 Updated Through December 31, 2014
Rate Base Worksheet

Line Number	A Rate Base Description	B Dollar Amount
1	Plant in Service	\$ 80,364
2	Less Accumulated Depreciation Reserve	\$ 49,922
3	Net Plant in Service	\$ 30,442
4	ADD TO NET PLANT IN SERVICE	
5	Materials & Supplies (Two Meters)	\$ 104
6	TOTAL ADD TO NET PLANT IN SERVICE	\$ 104
8	SUBTRACT FROM NET PLANT	
9	CIAC Balance	\$ 29,466
10	CIAC Depreciation Reserve	\$ (22,246)
11	TOTAL SUBTRACT FROM NET PLANT	\$ 7,220
12	TOTAL RATE BASE	\$ 23,326

Agreement Attachment D

Schedule of Depreciation Rates

**SPOKANE HIGHLANDS WATER COMPANY
DEPRECIATION RATES
(WATER)
CASE NO. WR-2015-0104**

<u>ACCOUNT NUMBER</u>	<u>ACCOUNT</u>	<u>DEPRECIATION RATE %</u>	<u>AVERAGE SERVICE LIFE (YEARS)</u>	<u>SALVAGE %</u>
311	Structures & Improvements	2.5%	44	-10%
314	Wells & Springs	2.0%	55	-8%
325	Electric Pumping Equipment			
325.1	Submersible (Well Pump) Equipment	10.0%	12	-20%
325.2	High Service or Booster Pumps	2.0%	7	0%
342	Distribution Reservoirs & Standpipes	2.5%	42	-5%
343	Transmission & Distribution Mains	2.0%	50	0%
345	Services	2.9%	35	0%
346	Meters	2.0%	10	0%
347	Meter Installations	1.0%	50	0%
348	Hydrants	2.5%	40	0%
372	Office Furniture & Equipment	5.0%	20	0%
379	Other General Equipment	6.7%	13	13%

Agreement Attachment E

Example Tariff Sheets

Name of Utility: Spokane Highlands Water Company

Service Area: Spokane Highlands Subdivision

Rules and 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
6	.....1.	Definitions
9	.....2.	General Rules and Regulations
10	.....3.	Company Employees and Customer Relations
11	.....4.	Applications for Service
12	.....5.	Inside Piping and Water Service Lines
16	.....6.	Improper or Excessive Use
17	.....7.	Discontinuance of Service by Company
22	.....8.	Termination of Water Service at Customer's Request
23	.....9.	Interruptions in Service
24	.....10.	Bills for Service
28	.....11.	Meters and Meter Installations
31	.....12.	Meter Tests and Test Fees
32	.....13.	Bill Adjustments Based on Meter Tests
33	.....14.	Extension of Water Mains

* Indicates new rate or text
+ Indicates change

Issue Date: March 16, 2015
Month / Day / Year

Effective Date: May 1, 2015
Month / Day / Year

ISSUED BY Raymond Ross, President
Name and Title of Issuing Officer

290 Highland Dr. Spokane, MO 65754
Mailing Address

Name of Utility: Spokane Highlands Water Company

Service Area: Spokane Highlands Subdivision

Rules and Regulations Governing Rendering of
Water Service

Map of Service Area



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Rules and Regulations Governing Rendering of
Water Service

Legal Description of Service Area

All of a part of the South three quarters of Section 18 and that part of the Northeast Quarter of the Northwest quarter of Section 19, Township 25 North, Range 21 West, Christian County, Missouri being more particularly described as follows:

Beginning at a post at the southwest corner of said Section 18; thence N 01°30'29" E along the West line of said Section 18, 1,323.43 feet to the Northwest corner of the South half of Lot 2 of the Southwest quarter of said Section 18; thence s 89°38'24" E along the North line of said South half of Lot 2 1192.26 feet to the Northeast corner of said South half of Lot 2; thence N 00°56'36" E along the East line of said Lot 2 of the Southwest quarter 759.55 feet; thence N 81°08'06" E 339.55 feet; thence N 20°30'00"E 655.00 feet; thence N 51°45'00" E 430.00 feet; thence, N 75°12'13" E 372.96 feet; thence N 78°47'13" E 562.25 feet; thence S 76°55'03" E 566.26 feet; thence N 66°13'01" E 482.70 feet; thence N 84°20'14" E 484.79 feet; thence N 63°44'59" E 325.00 feet; thence S 69°00'30" E 423.69 feet to the East line of said Section 18; thence s 00°49'04" w along the said East line of Section 18, 1,871.63 feet; thence S 65°23'01" W 493.97 feet; thence S 18°02'41" W 654.08 feet; thence s 44°45'00" w 470.00 feet; thence S 61°30'00" W 350.00 feet; thence s 76°00'00" W 290.00 feet; thence S 77°57'32" W 308.52 feet to the South line of said Section 18; thence N 89°43'09" W along said south line of Section 18, 790.13 feet to the South quarter corner of said Section 18; thence S 01°30'29" W 231.83 feet; thence N 90°00'00" W 443.76 feet; thence N 67°15'00" W 670.00 feet; thence N 89°01'00" W 210.18 feet; thence S 60°31'56" W 49.74 feet to the Southeast corner of Lot 2 of the Southwest quarter; thence N 89°43'09" W along the South line of said Section 18, 1,205.73 feet to the point of beginning and containing 295.17 acres, more or less, and subject to all easements and rights-of-way.

Bearings are based on true North by solar observation.

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Rules and Regulations Governing Rendering of
Water Service

Schedule of Rates

Availability:

These rates are available to any water customer on Company's mains for supplying water service requested

Water Service Rates:

Monthly Customer Charge \$14.67 per month

Commodity Charge \$ 4.22 per thousand gallons of water used

Taxes:

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

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Service Area: Spokane Highlands Subdivision

Rules and Regulations Governing Rendering of
Water Service

Schedule of Service Charges

The following Miscellaneous Charges apply as authorized and Described elsewhere in the Company's filed Rule and Regulations:

New Service Connection Fee	Actual Cost
Consists of the costs incurred by the Company for construction including parts, material, labor and equipment, but excluding the cost of the meter. See Rule 5 B.	
Service Connection Inspection Fee See Rule 5 B.	\$25
Water Service Line Inspection Fee See Rule 5 C.	\$25
Turn-On Fee	\$15
Turn-Off Fee	\$15
On-site Collection Charge This charge will be added to the current bill if the Company personnel is on-site to disconnect the service when the Customer pays the bill. The disconnection fee may not be assessed if the service is not physically disconnected.	\$15
Meter Test Fee See Rule 12 B.	\$25
Late Charges The late charge is calculated monthly with the greater amount above being added to the delinquent bill in accordance with Rule 10 G.	\$5 or 3%

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Rules and Regulations Governing Rendering of
Water Service

Schedule of Service Charges continued

Returned Check Charges	\$25
Service Calls for Damages caused by Customer	Actual cost but not less than \$40

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Rules and 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 water main extension and be considered one APPLICANT.
- B. The "COMPANY" is Spokane Highlands Water Company, 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, and except for a guarantor is responsible for payment for 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 shall be based on available information such as construction/occupancy permits, electric service turn-on date, or 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

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Name of Utility: Spokane Highlands Water Company

Service Area: Spokane Highlands Subdivision

Rules and Regulations Governing Rendering of
Water Service

Rule 1 continued

throughout the Company's service area.

- I. The "METER" is a device, owned by the Company, 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. A "RETURNED CHECK" is a check that is returned to the Company from any bank unpaid for any reason.
- L. A "SEASONAL CUSTOMER" is a Customer who is absent from the premises and may turn off, or request the Company turn off, water service temporarily. All Rates, Rules and Regulations within this tariff continue to apply to "Seasonal Customers" during periods of seasonal absence or turn-off.
- M. The "SERVICE CONNECTION" is the pipeline connecting the main to the Customer's water service line and includes the curb stop, or outdoor meter setting and all necessary appurtenances located at or near the property line, or at the property line if there is no curb stop or outdoor meter setting. If the property line is in a street, and if the curb stop or meter setting is not located near the edge of the street abutting the Customer's property, the service connection shall be deemed to end at the edge of the street abutting the Customer's property. The service connection shall be owned and maintained by the Company.

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Service Area: Spokane Highlands Subdivision

Rules and Regulations Governing Rendering of
Water Service

Rule 1 continued

- N. 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.
- O. "TERMINATION OF SERVICE" is cessation of service requested by the Customer.
- P. "TURN-OFF" is the act of turning water service off by physically turning a valve such that water is unavailable to a Customer's premises.
- Q. "TURN-ON" is the act of turning water service on by physically turning a valve to allow water to be available to a Customer's premises.
- R. 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 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.
- S. 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 and 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.
- E. The point of delivery of water service shall be at the connection of the Customer's service line to the Company's service connection.

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Rules and 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.
- C. The Company shall not be responsible for damages caused by any failure to maintain water pressure or water quality, or for interruption, if such failure or interruption is without willful default or negligence on its part.
- D. The Company shall not be liable for damages due to, or interruptions caused by, defective piping, fittings, fixtures and appliances on the Customer's premises and not owned by the Company.
- E. The Company shall not be liable for damages due to Acts of God, civil disturbances, war, government actions, or other uncontrollable occurrences.

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Rules and 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.
- 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 and 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, at the curb stop if an indoor meter setting is utilized; or at the property line if neither an outdoor meter nor a curb stop exists at or near the property line, or at the edge of the street if such property line is in the street. Separate buildings shall be served through separate water service lines if they are not on one lot that cannot be subdivided.
- B. The service connection from the water main to the Customer's property line shall be owned and maintained by the Company. The Customer may install, or have installed by a professional contractor or plumber, the service connection from the water main to the meter setting, and make the connection to the main, subject to prior approval of the Company. The Customer shall be responsible for payment of a New Service Connection Fee as specified by or provided for in the Schedule of Service Charges.
- C. A service connection installation constructed by the Customer as provided for in paragraph 5 B., above, is subject to inspection by the Company. The Service Connection Inspection Fee as specified in the Schedule of Service Charges shall apply if the Company must make a trip solely to conduct an inspection of a service connection constructed by the Customer, and shall not apply if the inspection of a service connection is accomplished at the same time as a tap is made for the Customer, or the same time as an inspection of the water service line as provided for in paragraph D below.
- D. 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.

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Rules and Regulations Governing Rendering of
Water Service

Rule 5 continued

- E. 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.
- F. The water service line shall be brought to the unit at a depth of not less than thirty-six inches (36") and have a minimum inside diameter of three-quarters inch (3/4"). 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.
- G. 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.
- H. The Company will not install a service connection to a vacant lot if such lot is not intended and recognized by the Company to be for intermittent use such as camping or picnic activity in a recreational subdivision, and the Customer installs a frost-free lockable hydrant at any point of use.
- I. 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.
- J. The Company shall have the right to enter the Customer's premises, after reasonable notice, 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.

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Name and Title of Issuing Officer

290 Highland Dr. Spokane, MO 65754
Mailing Address

Name of Utility: Spokane Highlands Water Company

Service Area: Spokane Highlands Subdivision

Rules and Regulations Governing Rendering of
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Rule 5 continued

- K. 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, landlocked property, or a clear impossibility to construction a future main extension for further subdivision development or additional future customers, will be at the discretion of the Company.

- L. 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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Rule 6 IMPROPER OR EXCESSIVE USE

- A. No Customer shall be wasteful of the water supplied to the unit by the Customer's 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 service connection or meter yoke, or allow any such action. Licensed plumbers may operate such valves in order to work on the Customer's premises and to test their work, but must leave such valves open or closed as found.
- 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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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; or
 2. Failure to post a security deposit or guarantee acceptable to the utility; or
 3. Unauthorized interference, diversion or use of the utility service situated or delivered on or about the Customer's premises; or
 4. Misrepresentation of identity in obtaining utility service; or
 5. Enclosing or obstructing any meter so as to make reading or repairs unreasonably difficult, or
 6. Failure to comply with the terms and conditions of a settlement agreement; or
 7. Refusal after reasonable notice 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; or
 8. 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; or
 9. 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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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. None of the following shall constitute sufficient cause for the Company to discontinue service:

1. The failure of the Customer to pay for merchandise, appliances, or service not subject to Commission jurisdiction as an integral part of the utility service provided by the Company; or
2. The failure of the Customer to pay for service received at a separate metering point, residence, or location. In the event of discontinuance or termination of service at a separate residential metering point, residence, or location in accordance with these Rules and Regulations, the Company may transfer and bill any unpaid balance to any other residential service account of the Customer and may discontinue service after twenty-one (21) days after rendition of the combined bill, for nonpayment, in accordance with this rule; or
3. The failure of the customer to pay for a different class of service received at the same or different location. The placing of more than one (1) meter at the same location for the purpose of billing the usage of specific devices under operational rate schedules or provisions is not construed as a different class of service for the purpose of this rule; or
4. The failure to pay the bill of another customer, unless the customer whose service is sought to be discontinued received substantial benefit and use of the service billed to the other customer; or
5. The failure of a previous owner or occupant of the premises to pay an unpaid

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or delinquent bill except where the previous occupant remains an occupant of the living unit; or

6. The failure to pay a bill correcting a previous underbilling, whenever the customer claims an inability to pay the corrected amount, unless a utility has offered the customer a payment arrangement equal to the period of underbilling.
- C. 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 with occupants who are not customers, a notice shall also be conspicuously posted in the building ten (10) days prior to the proposed discontinuance, along with information pertaining to how one or more of the tenants may apply to become customers. Discontinuance shall occur within thirty (30) calendar days after the date given as the discontinuance date, shall occur between the hours of 8:00 a.m. and 4:00 p.m., and shall not occur on a day when the Company will not be available to reconnect service or on a day immediately preceding such a day.
- D. A discontinuance notice provided to a customer shall include:
 1. The name and address of the Customer, the service address if different than the Customer's address; and
 2. A statement of the reason for the proposed discontinuance of service and the cost for reconnection; and
 3. How the customer may avoid the discontinuance; and

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4. The possibility of a payment agreement if the claim is for a charge not in dispute and the Customer is unable to pay the charge in full at one time; and
 5. A telephone number the Customer may call from the service location without incurring toll charges and the address and any available electronic contact information of the utility prominently displayed where the customer may make an inquiry.
- E. The Company shall make reasonable efforts to contact the Customer, at least twenty-four (24) hours prior to any discontinuance, regarding the reason(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).
- F. 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.
- G. 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. The Company shall have the right to communicate with the owner of the Customer's Unit for purposes of gaining access to the property for discontinuance of service in accordance with the Missouri Public Service Commission's billing practices, but any extra costs for arranging such access shall not be charged to the Customer's account.

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- H. The provisions of paragraphs C. and E. above may be waived if safety of Company personnel while at the premises is a consideration.
- I. 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.
- J. 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.
- K. The Company has the right to refuse or to discontinue service to any unit to protect itself against fraud or abuse.
- L. The Company shall deal with Customers, handle Customer accounts, and manage discontinuance of service procedures in accordance with the Missouri Public Service Commission's Utility Billing Practices.
- M. Applicable Turn-off and turn-on charges are specified in the Schedule of Service Charges.

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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 turn-off by the Company for the Customer's own convenience; however, the Customer shall still be charged for service at the appropriate rate as specified in the Schedule of Rates during the time the service is turned off.
- C. Turn-off and turn-on charges shall apply, and are specified in the Schedule of Service Charges.
- D. A Customer who requests termination of service, but returns to the premises and requests water service within nine (9) months of such termination, at the Company's discretion may be deemed to have been a seasonal customer, and applicable charges incurred during the period of absence may apply.

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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. Whenever service is interrupted for scheduled repairs or maintenance, 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.
- B. No refunds of charges for water service will be made for interruptions of service unless due to willful misconduct of the Company.
- C. 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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Rule 10 BILLS FOR SERVICE

- A. The charges for water service shall be at the rates specified in the Schedule of Rates in these Rules and Regulations. Other applicable service charges are set forth in the Schedule of Service Charges in these Rules and Regulations.
- B. A Customer who has made application for, or is receiving the benefit of, 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, by ordinary mail, or by electronic methods employed by the Company. Payment must be received by the close of business on the date due, unless the date due falls on a non-business day in which case payment must be received by the next business day.
- 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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- G. Monthly 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. Delinquent bills may be subject to a late charge as provided in the Schedule of Service Charges. 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 or quarterly 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; or,
 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; or,
 - b. Is and has been regularly employed full time for at least one (1) year; or,

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- c. Has an adequate and regular source of income; or
- d. Can provide credit references from a commercial credit source.
- J. The Company may require a security deposit or other acceptable written 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; or,
 - 2. The utility service to the unit has been diverted or interfered with in an unauthorized manner; or,
 - 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.
- N. The utility shall give a receipt for deposits received, but shall also keep accurate

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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, 4 CSR 240-13.

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Rule 11 METERS AND METER INSTALLATIONS

- A. When water meters are utilized for billing, 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. All meters shall be furnished, installed, maintained and removed by the Company and shall remain its property.
- B. 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. No meter size selection will be based solely on the size of the Customer's service line. 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 larger or smaller meter shall be paid by the Customer.
- C. 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.
- D. 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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- E. 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.
- F. If an existing basement meter location is determined by the Company to be inadequate or inaccessible, then the Customer must provide for the installation of a meter to be located at or near the Customer's property line. The Customer shall furnish or obtain from the Company, as appropriate, the necessary meter installation appurtenances conforming to the Company's specifications, and the cost of said appurtenances and labor shall be paid by the Customer.
- G. 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 premises, this

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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.

- H. The Customer shall promptly notify the Company of any defect in, or damage to, the meter setting.
- I. 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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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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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; or
 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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Service Area: Spokane Highlands Subdivision

Rules and 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. The estimate will not include unanticipated costs such as rock excavation.
- C. Applicant(s) shall enter into a contract with the Company for the installation of said extension and shall tender to the Company the amount determined in paragraph B. above. Any applicable New Service Connection Fee will become due after the cost incurred by the Company has been ascertained, as per Rule 5 B. 1. or 3., and as specified in the Schedule of Service Charges. 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 for which other applicant(s) paid an amount determined in paragraph B., above, subject to subsequent adjustments for actual cost, 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.
 - 2. For single-family residential applicant(s) applying for service in areas that are

* Indicates new rate or text
+ Indicates change

Issue Date: March 16, 2015
Month / Day / Year

Effective Date: May 1, 2015
Month / Day / Year

ISSUED BY Raymond Ross, President
Name and Title of Issuing Officer

290 Highland Dr. Spokane, MO 65754
Mailing Address

Name of Utility: Spokane Highlands Water Company

Service Area: Spokane Highlands Subdivision

Rules and Regulations Governing Rendering of
Water Service

Rule 14 continued

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 funds paid by applicant(s) for any estimated costs or actual costs of a main extension shall be made to such 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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+ Indicates change

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ISSUED BY Raymond Ross, President
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Service Area: Spokane Highlands Subdivision

Rules and Regulations Governing Rendering of
Water Service

Rule 14 continued

3. The sum of all refunds to any applicant shall not exceed the total amount 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.

* Indicates new rate or text
+ Indicates change

Issue Date: March 16, 2015
Month / Day / Year

Effective Date: May 1, 2015
Month / Day / Year

ISSUED BY Raymond Ross, President
Name and Title of Issuing Officer

290 Highland Dr. Spokane, MO 65754
Mailing Address

Agreement Attachment F

Billing Comparison Worksheet

SPOKANE HIGHLANDS WATER COMPANY

Residential Customer Bill Comparison-Water

Rates for 5/8" Meter

<u>Current Base Customer Charge</u>	<u>Proposed Base Customer Charge</u>	<u>Current Usage Rate</u>	<u>Proposed Usage Rate</u>
\$12.38	\$14.67	\$3.56	\$4.22

current service charge is monthly charge

usage rate is per 1,000 gallons used

MONTHLY BILL COMPARISON

4,500 gallons/month usage

Current Rates

Customer Charge	\$ 12.38
Usage Charge	\$ 16.02
Total Bill	\$ 28.40

Proposed Rates

Customer Charge	\$ 14.67
Usage Charge	\$ 18.98
Total Bill	\$ 33.65

INCREASES

Customer Charge

\$ Increase	\$2.29
% Increase	18.48%

Usage Charge

\$ Increase	\$2.96
% Increase	18.48%

Total Bill

\$ Increase	\$5.25
% Increase	18.48%

Agreement Attachment G

Water & Sewer Unit Memorandum

REPORT OF WATER AND SEWER UNIT
FIELD OPERATIONS AND TARIFF REVIEW

Water and Sewer Unit
Case No. WR-2015-0104
Spokane Highlands Water Company
David Spratt / James Russo

Introduction

The Commission's Water and Sewer Unit Staff's (Staff) investigation of Spokane Highlands Water Company (Spokane Highlands or Company) for this case included an annual inspection on November 12, 2014 to examine the Company's facilities, operations, and any upgrades made to the water system. The Company provides service in a development known as Spokane Highlands. Currently this development has 49 homes, of which all of them are customers of the Company. The Company was issued a Certificate of Convenience and Necessity (CCN) by the Commission in August 1996, Case No. WA-96-246. Raymond and Vona Ross are the owners of the water system. The Rosses purchased the stock of the Company in July of 2009 when they purchased the home at 290 Highlands Drive from Martin and Olivia Turner. Everett Williams, a water specialist with an "A" level water certification and a DS III certification, is contracted by the Company as its licensed operator. Mr. Ross performs the daily operations of the system working under the license of Mr. Williams and Mrs. Ross handles the billing and accounting for the Company.

As part of Staff's investigation, Staff reviewed the Consumer Confidence Report (CCR) which is provided to the customer by the Company as per requirements of DNR. The CCR summarizes the results of water samples submitted by the Company to DNR and discloses to customers levels of various contaminants in the drinking water, and compliance with drinking water regulations. The CCR indicates that the water meets DNR standards for safe drinking water. No customer of Spokane Highlands has made a negative comment about the quality of the water being provided. Staff has determined that there are no compliance issues, and thus no health or safety issues that need to be addressed with respect to existing water quality.

This Water and Sewer Unit report regarding field operations and the Company tariff was prepared jointly by Staff members David Spratt and James Russo. The Staff member responsible for each section is denoted at the end of each section.

Source of Supply

The Company's source of supply is a deep groundwater well drilled 1,001 feet deep, with a 15 horsepower, three-phase, 440 volt submersible pump. The submersible pump

consists of a pump and motor combined as one assembly unit that is located 401 feet deep in the well that produces approximately 75 gallons per minute (gpm) from a six-inch well. The pump was most recently replaced in 2009 prior to the Rosses purchasing the system. The master meter is on the distribution side of the piping after the storage and pressure tanks. This means that well production is being measured based on the amount of water being distributed to the system rather than the amount being pumped into storage. The only issue with this setup is that the well production rate, in gallons per minute, cannot be determined instantly. If there is a problem with the well pump production such as, a leaking foot valve, leaking drop pipe, or deteriorated pump impellers, it will not be noticed quickly. However, any leak between the well pump and the storage tank should normally be detected readily because water would be present in the wellhouse or at ground level near the wellhouse and tank. There is a slight water leak inside the wellhouse that the Company believes can be repaired rather easily. Staff has encouraged the Company to hire a plumber to fix it and review the piping of the wellhouse with the Company.

The Company's well and wellhouse are both located at the northwest part of the service area. A map of the service area is provided in the example tariff sheets located in the Disposition Agreement filing packet as attachment E. Chlorine is used for disinfection. The chlorine tank is inside the wellhouse and is currently not vented to the outside. The tank should be vented to the outside because chlorine vapors are toxic and corrosive. A tube could be inserted in the back cap (much like there is in the front cap that runs through the pump) and could easily be run through the exterior wall next to the tank to vent outside. Chlorine is very corrosive and can reduce the life of the pipe, valves, and electrical components. The piping of the system located inside the wellhouse has some corrosion and needs to be brushed and painted to protect it.

The wellhead is outside of the wellhouse in a smaller enclosed structure referred to as a "doghouse." The doghouse is insulated and covered but the lid is not chained or locked. For safety and security, the roof of the doghouse should be locked. Inside, the doghouse is insulated to protect the pipes from freezing. There is also a light inside the doghouse to provide some heat in the space to prevent the pipes from freezing. At the time of Staff's inspection the light bulb was out. The electrical wires at the wellhead did not have silicone caulk around them to prevent any sort of infiltration of dust, dirt, insects, or contaminated condensation into the well. Staff recommends sealing around the electrical wires with silicone caulk to protect the water source.

Pressure is maintained using two booster pumps and four eighty-six gallon bladder pressure tanks. Each bladder tank contains about 25 gallons of usable water, while the remainder of the tank is filled with pressurized air to force water into the distribution system to maintain a pressure range as the booster pumps cycle on and off. At the time of Staff's visit, one of the bladder tanks was water logged. Staff recommends that the

Company replace the bladder tank. The Company indicated that it intends to replace the bladder tank.

At the time of Staff's visit, booster pump number one was making a loud banging noise when it ceased operation. The Company believes it was the check valve as it reportedly sounded the same as booster pump number two had recently before the check valve was replaced. (Spratt)

Storage

Water is stored in a 15,000 gallon ground storage tank. The current DNR *Design Standards for Missouri Community Water Systems* (effective August 29, 2003) recommends on page 28, Chapter 3.2.1.2 (c) "[P]ublic drinking water systems serving less than 500 people should have more than one well and should be capable of meeting design maximum day demand with the largest producing well out of service." Staff believes this system has adequate water storage. In the event of a well pump failure, the Company would have sufficient water storage for one day of use. If the water system loses electrical power, then the high service pumps would not run and the ground storage tank would not be usable. The bladder tanks are not intended to provide adequate storage volume during such a time. Due to the configuration of the system a generator could be important in the event of a power outage. The Company does not own a generator but could have one delivered by the contract operator or its pump company if needed.

DNR recommends that water utilities have the inside of the water storage tanks inspected every three to five years. While the Company is not required by law or regulation to have the tank inspected and cleaned or painted, this type of maintenance can prolong the life of the storage tank. Staff recommends that the Company contact tank inspection companies and get competitive bids for inspecting and cleaning the tanks as well as maintenance expenses that the Company may incur. (Spratt)

Distribution System

The Company has 5,600 feet of six-inch PVC water mains which runs along Highlands Drive with 3,750 feet of two-inch PVC mains branching off to each of a series of dead end roads to the north and south to serve its 49 homes. There are no commercial customers in this development. Each of the dead end mains have flush valves on the ends so the Company can flush the system at least once a year in order to minimize sediment and risk of bacteriological contamination. (Spratt)

Operations

The Company reads the master meter and the electric meter in conjunction with reading the customers meters to determine water loss. Mr. Ross visits the wellhouse daily to ensure the system is operating properly but does not document the master meter reading each day. Staff recommends that the Company begin to read the master meter daily and document the reading on a calendar available inside the wellhouse. The Company has replaced a few meters since taking over operation of the water company and plans to continue to change meters as needed. Staff has encouraged the Company to continue to replace more to follow the PSC meter change out regulation in 4 CSR 240-10.030 Standards of Quality. (Spratt)

Security

The wellhouse is near the Ross' home so it can be watched or the Company can hear cars driving onto the property; however, there should be some level of deterrent across the driveway entrance at a minimum to keep people from driving on to the property. Staff recommends at a minimum putting a chain across the driveway. The entrance door is locked with a regular key lock, but should probably have a dead bolt lock installed for more protection. The door frame is rotten and needs to be replaced. Staff recommends that the door frame be replaced and reinforced and a deadbolt lock be installed for security purposes. The roof on the doghouse protecting the wellhead is not locked and should be locked to prevent access to the wellhead from people other than the Company. Staff recommends securing the doghouse by locking it. In addition, there is no emergency contact information posted at the wellhouse. The Company should have its number posted on the outside of the wellhouse and should have emergency contact numbers posted inside the wellhouse. (Spratt)

Tariff Review

While at the Company's office, Staff reviewed a current copy of the tariff with the owner. Spokane Highland's Original tariff became effective October 6, 1996 after the Commission issued a CCN to the Company. Revised rates and service charges became effective May 7, 2008 as authorized in Case No. WR-2008-0314. Staff has reviewed the tariff and is recommending the Company replace the entire tariff with a new replacement tariff that is based on Staff's current generic water tariff, but modified for Spokane Highlands. Staff is including a water service connection inspection fee and a water service line inspection fee. These two charges are not included in the current tariff and this change allows the customer to save some of the costs associated with new water service by installing the service connection at the same time the customer water service line is being installed. The Company does not have the equipment to install the service connection and would need to contract that service out which would be an additional cost to the customer. Staff has replaced the language in the previous tariff about late charges from five dollars per month with a maximum of fifteen dollars to the late charge language

Staff has been recommending in other small company rate cases. The recommended language is five dollars or three percent with the greater amount being added to the delinquent bill in accordance with Rule 10 G the proposed tariff P.S.C. MO No. 2. Staff has also updated the tariff to include the recent changes made to Chapter 13. (Russo)

Rate Design

Staff reviewed the current rate design and is not making any recommendations changing the existing rate design. Currently, all of the Company's customers pay a monthly rate plus a commodity charge per one-thousand gallons of water used. (Russo)

Conclusion and Recommendations

Staff of the Water and Sewer Unit finds that the water system is in good physical condition for its age, and is operating properly at this time. The Staff of the Water and Sewer Unit makes the following recommendations: (Spratt)

- The Commission cancel the current PSC MO Number 1 water tariff and approve the PSC MO Number 2 water tariff filed by the Company.
- Within sixty (60) days of the effective date of this tariff, the Company will post Company contact information on the outside of the wellhouse.
- Within sixty (60) days of the effective date of this tariff, the Company will place a copy of an emergency plan inside of the wellhouse including procedures and contact information.
- Within one hundred twenty (120) days the Company will replace the door frame and install a dead bolt lock on the door for security purposes.
- Within one hundred twenty (120) days the Company will lock the doghouse lid to protect the wellhead.

Agreement Attachment H

Auditing Unit Recommendation Memorandum

**AUDITING, DEPRECIATION and FINANCIAL ANALYSIS UNITS' RECOMMENDATION
MEMORANDUM**

FROM: William Harris, Matthew Young and Joel Molina, Staff, Auditing Unit

THROUGH: Cary Featherstone, Co-Case Coordinator, Auditing Unit

TO: Jim Russo, Case Coordinator, Water and Sewer Unit

CC: Kevin Thompson, Lead Attorney, Staff Counsel

SUBJECT: Auditing, Depreciation and Financial Analysis Units' Findings and the Recommended Cost of Service for Spokane Highlands Water Company, Inc. in Case No. WR-2015-0104

DATE: January 22, 2015 (Revised February 3, 2015)

EXECUTIVE SUMMARY

In response to Spokane Highlands Water Company's ("Spokane" or "Company") October 24, 2014 request for a rate increase, the Auditing Unit Staff of the Missouri Public Service Commission ("Staff") conducted an audit of the Company using a 12-month test year ended December 31, 2013 and updated through the known and measurable period ended December 31, 2014. As further explained throughout this memorandum, Staff is recommending an increase of \$3,065, or 18.48%, to the Company's existing annual water system operating revenues.

PROCEDURAL BACKGROUND

On October 24, 2014, Spokane filed a letter with the Secretary of the Missouri Public Service Commission ("Commission") in accordance with the provisions of Commission Rule 4 CSR 240-3.050, Small Utility Rate Case Procedure ("Small Company Procedure"), requesting a rate increase of \$5,000, or approximately 30.14% increase over its existing annual water service operating revenues. In its request letter, the Company acknowledged that the design of its customer rates, its service charges, its customer service practices, its general business practices and its general tariff provisions would be reviewed during the Staff's review of the revenue increase request, and could be the subject of Staff recommendations. The Company provides service to approximately 49 customers in its certificated service area in Christian County, Missouri.

Pursuant to the provisions of the Small Company Procedure and related internal operating procedures, the Staff initiated a rate audit of the Company's books and records, a review of the Company's customer service and

general business practices, a review of the Company's existing tariff, an inspection of the Company's facilities and a review of the Company's operation of its facilities. (Hereafter, these activities are collectively referred to as the Staff's "investigation" of the Company's Request.)

BACKGROUND OF SPOKANE

The Commission granted the Company a Certificate of Convenience and Necessity ("CCN") to provide water service to the residents of Spokane Highlands subdivision in Case No. WA-96-246, with the original tariffs effective on October 6, 1996. In Case No. WR-2008-0314 (the "2008 rate case"), the Commission approved a Unanimous Agreement to increase rates by \$2,807 effective on May 7, 2008. The Company is currently owned and operated by Mr. Raymond Ross and Mrs. Vona Ross who acquired the Company from Mr. Martin Turner and Mrs. Olivia Turner in June, 2009. The Company's current owners purchased 100% of Spokane's stock and assumed management of the water company. The current owners have not requested a rate increase since acquiring the Company in June 2009.

Spokane's current owners are responsible for fulfilling the managerial and operational duties related to owning a water company. Mr. Ross primarily performs all operational duties not requiring a certified plant operator, including weekly well usage readings, customer service, routine maintenance, and other managerial functions relating to the operations of the water company. For operational duties that require a certified operator, the Company contracts with Everett Williams. Ms. Ross primarily oversees all financial matters including the billing and collection function, record keeping, filing of the Commission's annual reports, and maintaining the PSC Assessments.

CAPITAL STRUCTURE

The Company's capital structure consists of 0.00 percent (0.00%) debt and 100.00 percent (100.00%) equity. Staff witness Shana Griffin, of the Commission's Financial Analysis Unit, calculated a return on equity of 8.01 percent (8.01%) and a total overall rate of return of 8.01 percent (8.01%) for Spokane.

RATE BASE

The Unanimous Agreement in Spokane's most recent rate case, Case No. WR-2008-0314, established a rate base value of \$33,198. Since that case, there has not been a significant change in the utility's infrastructure. During Staff's investigation, some plant investments were recognized including water pump replacements, meter replacement, computer and lawn mower purchases, and repairs to the distribution system that extended the system's useful life. With respect to the lawn mower and computer, Staff has allocated a percentage of the

costs of this equipment to the utility operations, since the equipment is partly used for personal use by the owners. Also, Staff recognized retirements of the utility’s plant-in-service since the Company’s last rate case. Using standard rate base accounting methods, Staff calculated rate base as of the known and measurable update period, December 31, 2014, as presented in the following table:

Spokane Highlands Water Company Rate Case No. WR-2015-0104		
Rate Base		
Plant in Service	\$80,364	
Less: Depreciation Reserve	\$49,922	
Net Plant (Add to Rate Base)		<u>\$30,442</u>
Contributions in Aid of Construction (CIAC)	\$29,466	
Less: CIAC Depreciation Offset	\$22,246	
Net CIAC (Subtract from Rate Base)		<u>(\$7,220)</u>
Materials & Supplies – Plant Inventory (Meters) (Add to Rate Base)		<u>\$104</u>
Spokane Highlands Water Company Rate Base as of December 31, 2014		<u>\$23,326</u>

Source: Attachment B-- Exhibit Modeling System—Accounting Schedule 2

Plant in Service and Contributions in Aid of Construction (CIAC)

CIAC is capital contributed by outside entities (generally real estate developers which utility customers ultimately pay through the purchase of lots and houses and amounts actually paid for by customers themselves). Since CIAC is not an investment by the utility, Staff has treated it as an offset to net plant in service. During Staff’s investigation, no evidence was found of recent funds received by the utility or a retirement of plant-in-service that effect CIAC. Therefore, the 2008 rate case CIAC totals were maintained as adjusted for the amortization of CIAC over time.

Depreciation and Depreciation Rate Overview.

Spokane is currently using depreciation rates approved by the Commission in Case No. WR-2008-0314, Spokane’s most recent rate case. Since the 2008 rate case, Spokane has purchased a computer and a lawn mower not properly includable in any of the accounts with approved depreciation rates. Staff also noted that

Spokane's balance in Account 346, Meters, includes meters and meter installations (installations should be accounted for separately). Engineering and Management Services Unit ("EMSU") Staff expert Derick Miles recommended depreciation rates for Spokane's water operations as shown in Attachment D (see attached file) including recommended rates for newly established Account 372.1 - Office Computers and Electronic Equipment, Account 379, Other General Equipment and Account 347, Meter Installations. Staff witness Miles also made adjustments to eliminate reserve over-accruals by rebalancing reserve levels.

The rules followed by Staff as a basis for applying depreciation to Spokane Highlands Water Company plant accounts are the Missouri Code of State Regulations, more explicitly 4 CSR 240-50.030 which specifies the use of the Uniform System of Accounts (USOA) issued by the National Association of Regulatory Utility Commissioners (NARUC) in 1973, as revised in 1976 for water utilities.

For Spokane, the basis for Staff's recommended depreciation rates are the Staff's standard depreciation rates schedules for small water companies. Staff's standard depreciation schedules were created decades ago by engineering experts in the Commission Staff Water and Sewer Unit. Depreciation rates from depreciation studies of large water and sewer companies in St. Louis, Kansas City, and St. Joseph areas were used as a basis and were subsequently modified over years of observations by Staff experienced in the operation and maintenance of small water and sewer companies. Periodic reviews of these schedules are conducted by engineering experts from the Engineering and Management Services Unit and the Water and Sewer Unit. The most recent review of recommended depreciation rates was conducted in March of 2013, with an emphasis on the net salvage component of the standard depreciation rates for each class of small water and sewer companies.

The general USOA definition of depreciation is:

The loss in service value not restored by current maintenance, incurred in connection with the consumption or prospective retirement of utility plant in the course of providing service from causes which are known to be in current operation and against which the utility is not protected by insurance. Among the causes to be given consideration are wear and tear, decay, action of the elements, inadequacy, obsolescence, changes in the art, changes in demand, and requirements of public.

This broad definition does not provide guidance as to the practice of computing a regulatory depreciation rate and applying depreciation expense as a component of customer rates. The basic formula for Missouri regulatory depreciation utilized by Staff was defined by the Commission in a Report and Order issued March

10, 2005, for Empire District Electric Company in rate case No. ER-2004-0570. The Commission-defined depreciation rate equation and component definitions are consistent with the USOA definitions and are represented as follows:

$$\text{Depreciation Expense} = (\text{Depreciation Rate}) * (\text{Total Original Cost of Plant in Service})$$

$$\text{Depreciation Rate \%} = \frac{100 - (\text{Net Salvage \%})}{\text{ASL}} = \frac{100}{\text{ASL}} - \frac{\text{Net Salvage \%}}{\text{ASL}}$$

The average service life (ASL) is the average number of years the dollars in a specific account are expected to remain in service. ASL is determined using past plant retirement history from the utility in question if sufficient history is available from that utility. If sufficient plant retirement history is unavailable, Staff reviews and considers the retirement histories of utilities with similar operations. Net salvage (also referred to as Salvage Value) is gross salvage minus the cost of removal. Cost of removal is the cost of demolishing, dismantling, tearing down or otherwise removing utility plant, including the cost of transportation and handling incidentals thereto. Net salvage is also determined using past retirement history from the utility in question if sufficient history is available from that utility, or if that history is unavailable, from the retirement histories of utilities with similar operations. Net salvage percentage is computed as follows:

$$\text{Net Salvage} = \text{gross salvage} - \text{cost of removal}$$

$$\text{Salvage \%} = \frac{\text{Net Salvage \$}}{\text{Retirement \$}} * 100$$

Gross salvage and cost of removal information is collected whenever plant and equipment is retired. This includes interim net salvage where equipment is replaced in an ongoing “living” utility system or terminal net salvage when an entire facility is removed from service and disposed of.

Under the above traditional depreciation rate equation, the depreciation rate is applied to the total plant account’s original cost. Net salvage is thus applied to the total plant in service in a straight line method over the expected life of the dollars in service. If the expected cost of removal exceeds the expected gross salvage, (producing a negative net salvage), the amount that should be in the accumulated reserves at the end of the ASL will be greater than the original cost. Example: If net salvage is a negative 10%, then at the end of the average service life, the accumulated reserves should exceed the original cost by 10%. As the physical equipment

approaches its average expected service life for an account, that account will contribute a negative rate base component to the computation of customer rates. It is in this manner that customers are compensated for accrued depreciation expense funds being held by the company for future use.

REVENUES

Consistent with other small water and sewer rate cases, Staff annualized revenues through December 31, 2014 using the current customer count of 48 commodity customers (49 fixed) and the monthly customer charge of \$12.38 approved in Case No. WR-2008-0314. Staff normalized the water usage by averaging the usage for each customer by month. The normalized usage was then used to calculate the annualized commodity revenues using the tariff rate approved in Case No. WR-2008-0314 of \$3.56 per 1000 gallons. The annualized customer charge and commodity charge were added to obtain the total annualized revenues.

Late payment fees of \$5.00, per occurrence, were collected by Spokane in accordance with the current authorized tariffs. Staff reviewed the late payment fees collected by the Company for the period of 2011-2014. Staff included a normalized level of late payment fees.

EXPENSES

Staff reviewed the level of expenses by account for Spokane for the calendar years of 2011, 2012, 2013, and updated through December 31, 2014. Each account was individually normalized or annualized and Staff made adjustments to include the most appropriate level of expenses for the revenue requirement calculation. Attached as Appendix A to this Memorandum is a table that identifies the adjustments made to the test year expenses updated through the known and measurable period ended December 31, 2014, by account. These adjustments are reflected in the Staff's revenue requirement calculation.

During the investigation, Staff found that the Company did not maintain records to identify how much time is required for utility related matters. Also, utility management indicated that they were not taking any salary for providing water service. Even though the owners did not take compensation for services they provide, Staff included salary amounts for each of the owners since each owner performs various activities in order to operate the water system. To determine an appropriate level of compensation for utility personnel, Staff interviewed the owners to determine what job duties and responsibilities each performed to meet customers' needs. Once these job duties were identified, Staff compared those job categories to data compiled by Missouri Economic Research and Information Center ("MERIC"), a division for the Missouri Department of Economic

Development, to obtain market wages for jobs similar to the work performed by the utility in the utility's region and the appropriate job classification. The six job titles selected for evaluation are 1) Maintenance and Repair Workers General, 2) Bookkeeping, Accounting, and Auditing Clerks, 3) Landscape and Groundskeeper Worker, 4) Meter Readers Utilities, 5) Billing and Posting Clerk and 6) Customer Service Representatives. During the investigation, Staff interviewed management to obtain an understanding of the time required for utility functions. Using this information, Staff determined the proper amount of time to allow for Mr. Ross was 235 hours annually and 170 hours annually for Mrs. Ross. Staff then combined the time spent with the average MERIC wages to calculate a fair value of compensation for each individual's time and the necessary payroll taxes related to the compensation.

The owners have reserved a room in their residence solely for utility business. As such, Staff allocated several of the home's costs to Spokane using two methods. The first method of allocating costs used a ratio of the square footage of the space dedicated to the water company versus the square footage of the whole home (approximately 5.83% of the space). The costs allocated with this method include the mortgage payment and utility bills. The second method used to allocate costs was a ratio of the square footage of the land dedicated to the water company versus the square footage of the entire lot (approximately 5% of the space). The method was used for expenses related to property taxes and lawn care which is consistent with the treatment of the lawn mower addition in rate base.

Staff has included the labor cost of replacing four (4) meters per year on the basis of recommendation made by the Commission's Water and Sewer Unit of the Operations Division. However, the Company must commit to make these meter replacements if these costs are to remain in the cost of service.

Staff annualized the Commission's annual assessment based on the most current information available.

Staff obtained information on the amount of time the Company spent processing the request for a rate increase. Staff recognized the time spent using MERIC average wages and amortized the expense over a five (5) year period.

AUDITING RECOMMENDATIONS

1. Staff recommends Spokane develop detailed time sheets to record work assignments and the actual time needed to complete each utility related work assignment. This reporting should be detailed enough to provide sufficient opportunity to audit this information for accuracy of actual time spent on each activity being performed by Spokane employees. The reporting should provide a break down between expenses

and costs that should be capitalized for construction related activities. This information should be sufficient to support the salaries and wages included in establishing rates. This recommendation should be completed within ninety (90) days of the effective date of any Commission order issued in this case, Case No. WR-2015-0104.

2. Staff recommends Spokane develop a transportation log to record mileage accumulated in conjunction with day-to-day operations of the water system. The log should include travel dates, actual miles traveled and purpose of the travel for each travel entry.
3. Staff recommends the Company correct its books and records to reflect the adjusted plant, depreciation reserve, and contributions in aid of construction balances reflected in the Staff Accounting Schedules, Attachment B, within ninety (90) days of the effective date of any Commission order issued in this case, Case No WR-2015-0104.
4. Staff recommends the Company maintain sufficient records, including invoices and receipts, to support future additions and retirements of plant in service.
5. Staff recommends the Company maintains its books and records in accordance with the Uniform System of Accounts (USOA) issued by the National Association of Regulatory Utility Commissioners (NARUC) in 1973, as revised in 1976 for water utilities.
6. Staff recommends the Commission approve an increase in the Company's annual operating revenues of \$3,065, or 18.48% rate increase.

Appendix A

Expense Adjustment Table

Account Number	Account Name	Adjustment Number	Dollar Amount	Reason for Adjustment
620.000	Power Purchased for Pumping (Elect Well House)	E-5	(\$225)	To annualize electric expense
650.000	Repair and Maintenance Expense	E-8	(\$1,323)	To normalize maintenance expense.
660.000	Misc General – Mileage for Business Travel	E-11	195	To normalize mileage
681.000	Salaries	E-20	\$5,905	To include payroll expense
688.000	MO PSC Assessment	E-24	\$49	To update PSC Assessment
688.100	Other Regulatory Expense	E-25	(\$152)	To remove primacy fees
688.200	Rate Case Expense	E-26	\$259	To include rate case expense recovery
689.000	Misc General Expense – Telephone, Internet	E-27	(\$380)	To annualize internet and cell phone expense
689.100	Rents	E-28	\$801	To include allocation for office space
689.200	Maint of General Plant – Fuel for Mower	E-29	(\$191)	To allocate expense for lawn mower fuel
690.000	Uncollectible Expense	E-30	(\$21)	To normalize uncollectible expense
408.000	Property Taxes	E-39	(\$48)	To update Property Tax Expense
408.100	Payroll Taxes	E-40	\$694	To include payroll taxes

Agreement Attachment I

EMSU Report

REPORT OF CUSTOMER SERVICE AND BUSINESS OPERATIONS REVIEW

Engineering and Management Services Unit

Small Company Rate Increase Request

Case No. WR-2015-0104

Spokane Highlands Water Company

Patricia Smith and Mark Kiesling

The Engineering and Management Services Unit (EMSU) staff of the Missouri Public Service Commission (“Commission”) initiated an informal review of the customer service and business processes, procedures, and practices of Spokane Highlands Water Company (Spokane Highlands or Company) on November 4, 2014. The review was performed in response to the Company’s request for a rate increase in Case No. WR-2015-0104, which was filed on October 22, 2014. This request includes a request for water tariff revisions to implement interim rates and special surcharges pending resolution of the small utility rate case procedure. The Company is requesting an increase of \$5,000 in its annual water system operating revenues, which request represents an increase of approximately 34.56% to the Company’s annual water 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. In preparation of this report, the EMSU staff submitted data requests to the Company and conducted interviews on December 19, 2014, with Company personnel located in Spokane, Missouri. The EMSU staff’s review of the Company resulted in the following five recommendations for Company management:

THE EMSU STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

1. *Develop and execute signed written contracts with contractors/technicians who provide outside services. This recommendation should be completed within ninety (90) days of the effective date of any Commission order issued in Case No. WR-2015-0104.*
2. *Develop written information specifying the rights and responsibilities of the Company and its customers. This document should be mailed or delivered to each customer upon request and delivered or mailed to each new customer of the utility upon the*

commencement of service. The written information should adhere to Commission Rule 4 CSR 240-13.040(3). This recommendation should be completed within thirty (30) days of the effective date of any Commission order issued in Case No. WR-2015-0104.

3. Develop and implement a process to ensure all customer complaints received by Company personnel are documented and maintained for at least two (2) years. Documentation shall adhere to Commission Rules 4 CSR 240-13.040 and 4 CSR 240-60.010(4) and include the customer name, address, nature of the complaint, date of occurrence, as well as an explanation of what the Company has done to address the complaint. This recommendation should be completed within thirty (30) days of the effective date of any Commission order issued in Case No. WR-2015-0104.
4. Develop and utilize time sheets to record the time associated with work assignments. This recommendation should be completed within ninety (90) days of the effective date of any Commission order issued in Case No. WR-2015-0104.
5. Store all customer payments and other important business documents in a locked, fireproof cabinet. This recommendation should be completed within ninety (90) days of the effective date of any Commission order issued in Case No. WR-2015-0104.

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

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

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

- Meter Reading
- Customer Billing
- Payment Remittance

- Credit and Collections
- Customer Communication
- Complaints and Inquiries
- Time Sheets
- Service Calls and Maintenance
- Record Storage

History

The EMSU staff previously performed a customer service review of the Company in 2007 in Case No. QW-2008-0003. This review resulted in a written report and included recommendations for improvement in the areas of business operations, customer billing, and customer communications. The EMSU staff reviewed the Company's progress in implementing the recommendations and determined that additional follow-up was required. Company ownership has changed since the Company's prior rate case.

Overview

Spokane Highlands Water Company was originally certificated August 20, 1996. Raymond Ross and Vona Ross, the current owners, purchased the Company in 2009. The Company currently provides water service to approximately 49 customers in its certificated service area, Spokane, Missouri, which is located in Christian County. Although there are twenty remaining lots in the subdivision, the Company has not experienced significant growth in the past few years. All business operations of the Company are performed from an office at the owners' residence, 290 Highland Drive, Spokane, MO 65754. The owners' property adjoins the property location of the pump house and well, which is the first lot upon entering the subdivision.

Raymond and Vona Ross perform the business operations of the Company, i.e., meter reads, billing, credit and collections and other duties. The Company does utilize a contractor for water tests. The work is performed by, Everett Williams an outside contractor. The Company does not currently have a contract or written agreement with Mr. Williams.

Meter Reading

The Company stated that it reads its customer meters around the last and first day of each month. This task requires one to two hours of time. The owner indicated that the readings have never been estimated. The owner records the readings on a steno pad with the date of the readings shown at the top of the page. Each month, all 49 customers and their previous month's meter reading are listed 1 through 49 on two sheets of the steno pad. With the customers' previous usage in the steno pad, the owners, who read the meters, are able to immediately determine meter reads that may have anomalies.

The customers' current meter reading is recorded and then transferred to the customer billing card and the usage is calculated. Each customer billing card displays the customer's name and address and has the following headings: previous reading, present reading, usage, amount due, amount paid and the date paid. Each customer billing card handles this information for one calendar year.

The amount due for water usage for each customer is also written on the appropriate customer line of the steno pad each month. The steno pad and the customer billing cards are stored in the owner's office. When a customer's usage is higher than normal, the owner telephones the customer to inform them of the high usage and determine if there is a problem.

The Company reads its meters each month and records the readings on a calendar. The owners maintain a record of meter readings and the customers' total usage each month.

Customer Billing

Following the calculation of the bill, the customer's postcard billing statement is manually completed, at which time the date of the previous and current meter readings are written on the bill, and mailed the day following the meter read, typically the 1ST day of the month. The postcard billing statement shown below is perforated; the customer returns the right side with their payment and retains the left side for their records.

SPOKANE HIGHLANDS WATER CO. 290 Highland Drive • Spokane, MO 65754 417-830-1663		SPOKANE HIGHLANDS WATER CO. 290 Highland Drive • Spokane, MO 65754 417-830-1663	
Account No. _____	Service Statement	Account No. _____	Service Statement
Present Reading		Present Reading	
Previous Reading		Previous Reading	
Gallons Used		Gallons Used	
Current Amount		Current Amount	
Arrears		Arrears	
Late Fee		Late Fee	
DNR Fee		DNR Fee	
Net Amount Due		Net Amount Due	
Service to: _____		Service to: _____	
Due Date 22nd • Deliquent 23rd \$3.56 per 1,000 gallons Minimum \$12.38 per month		Due Date 22nd • Deliquent 23rd \$3.56 per 1,000 gallons Minimum \$12.38 per month	

Provided to Staff during onsite interview with Company

SPOKANE HIGHLANDS WATER CO. 290 Highland Drive • Spokane, MO 65754 417-830-1663		SPOKANE HIGHLANDS WATER CO. 290 Highland Drive • Spokane, MO 65754 417-830-1663	
Account No. <u>48</u>	Service Statement	Account No. <u>18</u>	Service Statement
Present Reading <u>870990</u>		Present Reading <u>948610</u>	
Previous Reading <u>867540</u>		Previous Reading <u>945140</u>	
Gallons Used <u>3450</u>		Gallons Used <u>3470</u>	
Current Amount <u>24.66</u>		Current Amount <u>24.73</u>	
Arrears		Arrears <u>24.98</u>	
Late Fee		Late Fee <u>5.00</u>	
DNR Fee		DNR Fee	
Net Amount Due <u>24.66</u>		Net Amount Due <u>34.71</u>	
Servicor <u>VT</u>		Servicor <u>AKER</u>	
Due Date 22nd • Deliquent 23rd \$3.56 per 1,000 gallons Minimum \$12.38 per month		Due Date 22nd • Deliquent 23rd \$3.56 per 1,000 gallons Minimum \$12.38 per month	

Present/Previous Reading (all data, including dates are manually written)

Payment Remittance

The customers' payments are due by the 22nd day of the same month statements are mailed and are considered delinquent on the 23rd day of the month. Currently, the Company's tariff allows a late charge of \$5.00 per month, not to exceed three months or \$15.00 to total amount due, per customer. Company's late charge is added to the customer's next month's bill.

The customer has the option of paying by check or cash. Customers either mail their payment or drop the payment in the lock box which is located on the owner's mailbox.

The Company stated that payments are manually recorded the day received. Bank deposits are stored and deposited typically twice per month.

Credit and Collections

The Company currently has signed applications from some of its customers. The Company stated that it requires a signed application from each new customer. Currently, the Company does require either the customer's social security number or driver's license number for identification purposes. The Company does not charge customers a deposit. A temporary disconnection of service charge for temporary disconnection of service at the customer's request of \$12.50 is included in the Company's tariff; however, the Company has not had any such requests.

Should a customer's service be disconnected for non-payment of a bill, the Company's tariff allows for a \$25.00 disconnect/reconnect charge. However, the EMSD staff was informed by the Company that it has never disconnected a service due to nonpayment.

The Company stated that it has not experienced any insufficient funds checks from customers; the Company's tariff does provide a return check charge of \$25.00 per check, should the need arise. A customer's final bill would be mailed to the address the Company has on record.

Customer Communication

The customers were informed of the anticipated rate increase through a letter, which were either hand delivered to customers or left at the customer's home. The Company does not have any customer brochures or other printed materials summarizing the rights and responsibilities of the Company to its customers. Commission Rules as well as other restrictions are available at the Company office.

Complaints and Inquiries

Customers with questions or concerns may call the owner's; the number is located on the customers' billing statement. Complaints and inquiries are handled by the owners within 24 hours of receipt. The Commission has no record of any complaints against the Company.

Time Sheets

The Company currently keeps a log of times needed to complete necessary jobs or projects performed by Company owners; itemized time sheets per job/per employee (owner) are not currently utilized by Company.

Service Calls and Maintenance

Company owners handle all repairs and maintenance for the water system and utilize their personal vehicle for Company work. The Company does not maintain a detailed comprehensive vehicle log for the miles it travels for utility Company business. Service calls and maintenance are addressed by the Company owners. Calls are returned within 24 hours and emergency calls are returned and worked immediately.

Company Records

The Company's records and all business documents are stored in the office at the owners' residence. Customer accounts are not stored electronically. Manual/handwritten records are kept in notebooks; duplicate copies/backup copies are not made.

Findings, Conclusions, and Recommendations

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

- Vendor Contracts
- Rights and Responsibilities Documentation
- Complaint and Inquiry Log
- Time Record
- Document Storage

Vendor Contracts

The Company does not have a written contract with its certified technician. The contracted technician tests and treats the water system on a monthly basis. A written contract would support that an agreement has been reached between the technician and the Company as to the job's duties, responsibilities, compensation and other necessary items.

THE EMSU STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Develop and execute signed written contracts with contractors/technicians who provide outside services. This recommendation should be completed within ninety (90) days of the effective date of any Commission order issued in Case No. WR-2015-0104.

Rights and Responsibilities Documentation

The Company has not prepared comprehensive, written information documenting the rights and responsibilities of the Company and its customers. The Company is in violation of Commission Rule 4 CSR 240-13.040(3) which states:

A utility shall prepare, in written form, information which in layman's terms summarizes the rights and responsibilities of the utility and its customers in accordance with this chapter. The form shall be submitted to the consumer services department of the Missouri Public Service Commission, and to the Office of the Public Counsel. This written information shall be displayed prominently, and shall be available at all utility office locations open to the general public, and shall be mailed or otherwise delivered to each residential customer of the utility if

requested by the customer. The information shall be delivered or mailed to each new customer of the utility upon the commencement of service and shall be available at all times upon request.

The availability of written information would provide useful facts relating to billing procedures, payment requirements, customer deposits, discontinuance of service, inquiries and complaints, and access to the Company, Commission, and the Office of the Public Counsel. Written information would be a valuable educational resource for new and existing customers.

THE EMSU STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Develop written information specifying the rights and responsibilities of the Company and its customers. This document should be mailed or delivered to each customer upon request and delivered or mailed to each new customer of the utility upon the commencement of service. The written information should adhere to Commission Rule 4 CSR 240-13.040(3). This recommendation should be completed within thirty (30) days of the effective date of any Commission order issued in Case No. WR-2015-0104.

The EMSU staff provided the Company with a sample of this document utilized by previous owners.

Complaint and Inquiry Log

The Company does not record customer complaints. Customer inquiries are handled by the Company within 24 hours and no record of inquiry is kept once resolved. The Commission's Utility Billing Practices 4 CSR 240-13.040 specifies that utilities are required to maintain records on their customers for at least two years relating to "The number and general description of complaints registered with the utility." Commission Rule 4 CSR 240-60.010(4) applicable to company's states:

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

The lack of a complaint and inquiry log makes it difficult, if not impossible, for the Company to provide accurate documentation of the nature of its complaints and inquiries. The availability of documented complaint and inquiry information is a good tool which would enable Company management to evaluate the reasons customers contact the Company and determine if

any measures could be taken to reduce customer contacts and improve customer satisfaction. The availability of documentation regarding customer contacts would also help to show the Company's responsiveness in addressing customer issues.

THE EMSU STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Develop and implement a process to ensure all customer complaints received by Company personnel are documented and maintained for at least two (2) years. Documentation shall adhere to Commission Rules 4 CSR 240-13.040 and 4 CSR 240-60.010(4) and include the customer name, address, nature of the complaint, date of occurrence, as well as an explanation of what the Company has done to address the complaint. This recommendation should be completed within thirty (30) days of the effective date of any Commission order issued in case WR-2015-0104.

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

Time Record

Time records associated with Company work activity have not been developed. The Company asserts that hand-written notes of activities such as total time to complete certain tasks, have been completed; however, a comprehensive detailed itemization of actual time is not used.

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

- Time records assist in tracking the amount of time employees expend on all projects.
- Time sheets create a record, serving as visual feedback of the work and projects that have been 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 EMSU STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Develop and utilize time sheets to record the time associated with work assignments. This recommendation should be completed within ninety (90) days of the effective date of any Commission order issued in Case No. WR-2015-0104.

Storage of Customer Payments and Documents

Customers' payments and important business documents are not kept in locked, fireproof storage. The Company's current practice is to keep customer payments in unlocked files until a bank deposit is made. Other important business documents are kept in ordinary files.

The lack of fireproof storage has several potential detrimental effects. In the event of a disaster, the customer payments and other important documents maintained in the office could be lost or destroyed. It could be difficult and time consuming to replace customer payments and to re-create important records.

Securing the Company's critical documents, such as customer payments, customer applications for service, meter reading records and other important Company business documents in fireproof storage would minimize the risk of loss and the labor-intensive process required to re-create customer data should a disaster occur.

THE EMSU STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Store all customer payments and other important business documents in a locked, fireproof cabinet. This recommendation should be completed within ninety (90) days of the Commission order issued in Case No. WR-2015-0104.

Implementation Review

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

Agreement Attachment J

Summary of Case Events

Spokane Highlands Water Company
Case No. WR-2015-0104
Summary of Case Events

Date Filed	October 24, 2014
Day 150	March 23, 2015
Extension?	No
If yes, why?	
Amount Requested	\$5,000
Amount Agreed Upon	\$3,065
Item(s)/Dollar(s) Driving Rate Increase	Increase in Operating Costs
Number of Customers	49
Return on Equity	8.01%
Assessments Current	Yes
Annual Reports Filed	Yes
Statement of Revenue Filed	Yes
Other Open Cases before Commission	None
Status with Secretary of State	Good Standing
DNR Violations	No
Significant Service/Quality Issues	None

Staff Participant Affidavits

James M. Russo – Water & Sewer Department

David Spratt – Water & Sewer Department

Joel Molina-Auditing Department

Derek Miles – Engineering & Management Services Department

Patricia Smith – Engineering & Management Services Department

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI


AFFIDAVIT OF JAMES M. RUSSO

In the Matter of a Rate Increase Request for)
Water Service by Spokane Highlands Water)
Company)

File No. WR-2015-0104

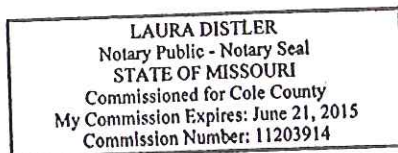
STATE OF MISSOURI)
) SS
COUNTY OF COLE)


COMES NOW James M. Russo, being of lawful age, and on his oath states the following: (1) that he is a Rate & Tariff Examination Supervisor in the Missouri Public Service Commission's Water and Sewer 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 *Company/Staff Agreement Regarding Disposition of Small Water Company Revenue Increase Request* ("Disposition Agreement"); (4) that he was responsible for the preparation of Attachment A, E, F, G, and J to the Disposition Agreement; (5) that he has knowledge of the matters set forth in Attachment A, E, F, G, and J to the Disposition Agreement; and (6) that the matters set forth in Attachment A, E, F, G, 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 & Sewer Unit

Subscribed and sworn to before me this 11th day of March, 2015.





Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

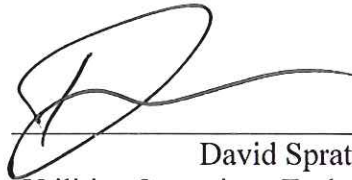
AFFIDAVIT OF DAVID SPRATT

In the Matter of a Rate Increase Request for)
Water Service by Spokane Highlands Water)
Company)

File No. WR-2015-0104

STATE OF MISSOURI)
) SS
COUNTY OF COLE)


COMES NOW David Spratt, being of lawful age, and on his oath states the following: (1) that he is a Utility Operations Technical Specialist II in the Missouri Public Service Commission's Water and Sewer 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 *Company/Staff Agreement Regarding Disposition of Small Water Company Revenue Increase Request* ("Disposition Agreement"); (4) that he was responsible for the preparation of Attachment G to the Disposition Agreement; (5) that he has knowledge of the matters set forth in Attachment G to the Disposition Agreement; and (6) that the matters set forth in Attachment G to the Disposition Agreement are true and correct to the best of his knowledge, information, and belief.



David Spratt
Utilities Operations Technical Specialist
Water & Sewer Unit

Subscribed and sworn to before me this 11th day of March, 2015.

LAURA DISTLER
Notary Public - Notary Seal
STATE OF MISSOURI
Commissioned for Cole County
My Commission Expires: June 21, 2015
Commission Number: 11203914


Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

AFFIDAVIT OF DERICK MILES, PE

In the Matter of a Rate Increase Request for) Case No. WR-2015-0104
Water Service by Spokane Highlands Water)
Company)

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

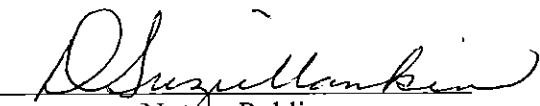
COMES NOW Derick Miles, PE, being of lawful age, and on his oath states the following:
(1) that he is a Utility Regulatory Engineer II in the Missouri Public Service Commission's, Regulatory Review, Engineering & Management Services Unit; (2) that he participated in the Staff's investigation of the small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



Derick Miles, PE
Utility Regulatory Engineer II
Engineering & Management
Services Unit

Subscribed and sworn to before me this 11th day of March, 2015.

D. SUZIE MANKIN
Notary Public - Notary Seat
State of Missouri
Commissioned for Cole County
My Commission Expires: December 12, 2016
Commission Number: 12412070



Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

AFFIDAVIT OF PATRICIA SMITH

In the Matter of a Rate Increase Request for) Case No. WR-2015-0104
Water Service by Spokane Highlands Water)
Company)

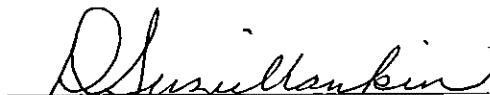
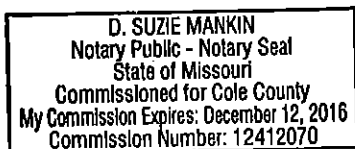
STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW Patricia Smith, being of lawful age, and on her oath states the following:
(1) that she is a Utility Management Analyst III in the Missouri Public Service Commission's, Regulatory Review, Engineering & Management Services 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 *Company/Staff Agreement Regarding Disposition of Small Water Company Revenue Increase Request*, ("Disposition Agreement"); (4) that she was responsible for the preparation of Attachment I to the Disposition Agreement; (5) that she 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 her knowledge, information, and belief.



Patricia Smith
Utility Management Analyst III
Engineering & Management
Services Unit

Subscribed and sworn to before me this 11th day of March, 2015.



Notary Public