

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

In the Matter of the Request for Increase in)
Annual Water System Operating Revenue of)
Middlefork Water Company)
Case No. WR-2018-0328

UNANIMOUS DISPOSITION AGREEMENT

COMES NOW the Staff of the Missouri Public Service Commission (Staff), by and through counsel, and for its *Unanimous Disposition Agreement* in this matter hereby states:

1. Middlefork Water Company (Middlefork) filed its Request for Increase on May 4, 2018. At that time, the now rescinded Small Utility Rate Case Procedures, 4 CSR 240-3.050 *et seq.* were in effect.

2. As a result of productive and cooperative settlement negotiations, Middlefork, Staff, and the Office of the Public Counsel have reached a unanimous Disposition Agreement that is a full resolution of the utility's revenue increase request. The Disposition Agreement is attached hereto.

WHEREFORE, Staff respectfully submits to the Commission this *Unanimous Disposition Agreement*.

Respectfully submitted,

/s/ Jacob T. Westen

Jacob T. Westen
Deputy Counsel
Missouri Bar No. 65265
P.O. Box 360
Jefferson City, MO 65102
573-751-5472 (Voice)
573-526-6969 (Fax)
jacob.westen@psc.mo.gov

Attorney for the Staff of the
Missouri Public Service Commission

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was delivered to the parties and or their counsel of record by U.S. Postal Service postage prepaid, or by hand, or served electronically, on this 9th day of October, 2018.

/s/ Jacob T. Westen

CONFIDENTIAL SETTLEMENT – FOR SETTLEMENT PURPOSES ONLY
UNANIMOUS DISPOSITION AGREEMENT
OF SMALL WATER COMPANY REVENUE INCREASE REQUEST

MIDDLEFORK WATER COMPANY, INC.

MO PSC FILE NO. WR-2018-0328

BACKGROUND

Middlefork Water Company, Inc. ("Company") initiated the small company revenue increase request ("Request") for water service that is the subject of the above-referenced Missouri Public Service Commission ("Commission") File Number by submitting a letter to the Secretary of the Commission in accordance with the provisions of Commission Rule 4 CSR 240-3.050, Small Utility Rate Case Procedure ("Small Company Procedure"). In its request letter, which was received at the Commission's offices on May 4, 2018, the Company set forth its request for an increase of \$55,400 in its total annual water service operating revenues. The Company acknowledges that the design of its customer rates, its service charges, its customer service practices, its general business practices and its general tariff provisions would be reviewed during the Commission Staff's ("Staff") review of the revenue increase request, and could thus be the subject of Staff recommendations. The Company provides wholesale service to two customers (both municipally-owned distribution systems), in Gentry 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 \$60,154 (19.39% increase) added to the level of previous revenues of \$325,797 results in overall revenues of \$370,362. 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 Department conducted a full and complete audit of the Company's books and records Staff utilized a test year of the twelve months ending December 31, 2017, updating known and measureable investment through June 1, 2018 in this case. The Auditing Department findings can be found in Staff's Accounting Schedules, Attachment B, incorporated by reference herein;
- (3) The agreed upon net rate base is \$291,242, utilizing actual invoice data, the Auditing Staff included all capital improvements completed on the Company's system since the last rate case, effective September 1, 2011. This data was calculated through the update period ending June 1, 2018. 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% equity, a 8.19% return on equity, and a rate of return of 8.19% for the Company;
- (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) A tracker will be established for revenues and expenses associated with the farm land surrounding the Company's source of supply. Any amounts over or under \$9,000 in revenue and \$9,000 in expense will be amortized in the next rate case.
- (8) 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 attached as **Attachment E**. The proposed tariff revisions will bear an effective date of **(to be determined at a later date)**.
- (9) 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;
- (10) The Water and Sewer Department, and Auditing Department Reports are attached as **Attachment G**, and incorporated by reference herein;
- (11) The Company shall mail its customers a final written notice of the rates and charges included in its proposed tariff revisions prior to or with its next billing cycle after issuance of the Commission order approving the terms of this Company/Staff Disposition Agreement. The notice shall include a summary of the impact of the proposed rates on an average residential customer's bill. When the Company mails the notice to its customers, it shall also send a copy to Staff Case Coordinator who will file a copy in this case;
- (12) Staff and/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;
- (13) Staff and/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;
- (14) 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
- (15) 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.

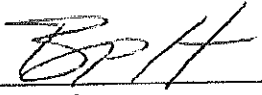
Staff has completed a Summary of Case Events and has included that summary as Attachment H, to this Company/Staff Disposition Agreement.

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.

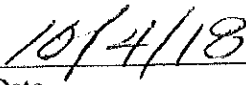
Additionally, the Company agrees that subject to the rules governing practice before the Commission, Staff shall have the right to provide whatever oral explanation the Commission may request regarding this Company/Staff Disposition Agreement at any agenda meeting at which this case is noticed to be 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

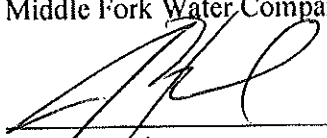
Agreement Signed and Dated:



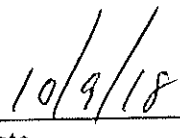
Brock Pfost
President
Middle Fork Water Company



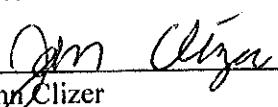
Date



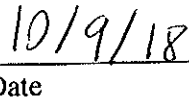
James Busch
Manager
Water & Sewer Department
Missouri Public Service Commission Staff



Date



John Clizer
Associate Counsel
Office of the Public Counsel



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 – Staff Disposition Agreement Report
- Attachment H – Summary of Events

Middlefork Water
Rate Making Income Statement

Operating Revenues at Current Rates	
Tarrified Rate Revenues*	\$ 301,208
Other Operating Revenues*	\$ 9,000
Total Operating Revenues	\$ 310,208

Item	Amount	Allocation	Fixed Charges	Variable Charges
Service Contract Expense	\$ 128,880	0%	\$ -	\$ 128,880
Utility Expense (Electricity and Gas)	\$ 42,444	0%	\$ -	\$ 42,444
Chemicals	\$ 106,000	0%	\$ -	\$ 106,000
Materials and Building Supplies	\$ 1,047	0%	\$ -	\$ 1,047
Equipment Maintenance and Repairs	\$ 18,395	0%	\$ -	\$ 18,395
Subcontractors-Mowing, Trash	\$ 1,210	0%	\$ -	\$ 1,210
Office Supplies	\$ 758	0%	\$ -	\$ 758
Postage	\$ 1,092	0%	\$ -	\$ 1,092
Dues/Donations	\$ 35	0%	\$ -	\$ 35
Outside Services	\$ 2,450	0%	\$ -	\$ 2,450
Telephone	\$ 890	100%	\$ -	\$ 890
Property and General Liability Insurance	\$ 5,042	100%	\$ -	\$ 5,042
Other Misc. Expenses	\$ 235	100%	\$ -	\$ 235
MO DNR Fees	\$ 200	100%	\$ -	\$ 200
PSC Assessment	\$ 3,254	100%	\$ -	\$ 3,254
Farming Expense	\$ 9,000	100%	\$ -	\$ 9,000
CIAC Amortization Expense	\$ (41,994)	100%	\$ -	\$ (41,994)
Depreciation	\$ 53,631	100%	\$ -	\$ 53,631
Real & Personal Taxes	\$ 5,798	100%	\$ -	\$ 5,798
Return on Equity	\$ 23,853	100%	\$ -	\$ 23,853
Income Taxes	\$ 8,142	100%	\$ -	\$ 8,142
Total Cost of Service	\$ 370,362		\$ -	\$ 370,362
Cost to Recover in Rates	\$ 361,362		\$ -	\$ 361,362
Overall Revenue Increase Needed	\$ 60,154			\$ 60,154

Middlefork Water Company
Case No. WR-2018-0328
Test Year Ending 12-31-2017
Updated Through 06-01-2018
Rate Design Schedule - Water

A		B	C	D	E	F
Line Number	Description	Account Number (Optional)	Staff Annualized	Customer Charge	Commodity	Percentage Rate
Rev-1	ANNUALIZED REVENUES					
Rev-2	Annualized Rate Revenues	(1)	\$301,208			
Rev-3	Miscellaneous Revenues	(1)	\$9,000			
Rev-4	TOTAL ANNUALIZED REVENUES		\$310,208			
1	OPERATIONS EXPENSES	(2)				
2	Salaries		\$0	\$0	\$0	0.00%
3	Mileage		\$0	\$0	\$0	0.00%
4	Service Contract Expense		\$128,880	\$0	\$128,880	0.00%
5	Utility Expense (Electricity and Gas)		\$42,444	\$0	\$42,444	0.00%
6	Chemicals		\$106,000	\$0	\$106,000	0.00%
7	Testing		\$0	\$0	\$0	0.00%
8	TOTAL OPERATIONS EXPENSE		\$277,324	\$0	\$277,324	
9	MAINTENANCE EXPENSES					
10	Materials and Building Supplies		\$1,047	\$0	\$1,047	0.00%
11	Equipment Maintenance and Repairs		\$18,395	\$0	\$18,395	0.00%
12	Subcontractors- Mowing, Trash		\$1,210	\$0	\$1,210	0.00%
13	TOTAL MAINTENANCE EXPENSE		\$20,652	\$0	\$20,652	
14	CUSTOMER ACCOUNT EXPENSE					
15	Office Supplies		\$758	\$0	\$758	0.00%
16	Postage		\$1,092	\$0	\$1,092	0.00%
17	TOTAL CUSTOMER ACCOUNT EXPENSE		\$1,850	\$0	\$1,850	
18	ADMINISTRATIVE & GENERAL EXPENSES					
19	Employee Benefits		\$0	\$0	\$0	0.00%
20	Workers Compensation		\$0	\$0	\$0	0.00%
21	Dues/Donations		\$35	\$0	\$35	0.00%
22	Outside Services		\$2,450	\$0	\$2,450	0.00%
23	Telephone		\$890	\$0	\$890	0.00%
24	Property and General Liability Insurance		\$5,042	\$0	\$5,042	0.00%
25	Other Misc. Expenses		\$235	\$0	\$235	0.00%
26	TOTAL ADMINISTRATIVE AND GENERAL		\$8,652	\$0	\$8,652	
27	OTHER OPERATING EXPENSES					
28	MO DNR Fees		\$200	\$0	\$200	0.00%
29	PSC Assessment		\$3,254	\$0	\$3,254	0.00%
30	Farming Expense		\$9,000	\$0	\$9,000	0.00%
31	CIAC Amortization Expense		-\$41,994	\$0	-\$41,994	0.00%
32	Depreciation		\$53,631	\$0	\$53,631	0.00%
33	TOTAL OTHER OPERATING EXPENSES		\$24,091	\$0	\$24,091	
34	TAXES OTHER THAN INCOME					
35	Real & Personal Property Taxes		\$5,798	\$0	\$5,798	0.00%
36	Payroll Taxes		\$0	\$0	\$0	0.00%
37	TOTAL TAXES OTHER THAN INCOME		\$5,798	\$0	\$5,798	
38	TOTAL OPERATING EXPENSES		\$338,367	\$0	\$338,367	
39	Interest Expense	(3)	\$0	\$0	\$0	0.00%
40	Return on Equity	(3)	\$23,853	\$0	\$23,853	0.00%
41	Income Taxes	(3)	\$8,142	\$0	\$8,142	0.00%
42	TOTAL INTEREST RETURN & TAXES		\$31,995	\$0	\$31,995	
43	TOTAL COST OF SERVICE		\$370,362	\$0	\$370,362	
44	Less: Miscellaneous Revenues		\$9,000	\$0	\$9,000	0.00%
45	COST TO RECOVER IN RATES		\$361,362	\$0	\$361,362	

Middlefork Water Company
Case No. WR-2018-0328
Test Year Ending 12-31-2017
Updated Through 06-01-2018
Rate Design Schedule - Water

Line Number	<u>A</u> Description	<u>B</u> Account Number (Optional)	<u>C</u> Staff Annualized	<u>D</u> Customer Charge	<u>E</u> Commodity	<u>F</u> Percentage Rate
46	INCREMENTAL INCREASE IN RATE REVENUES		<u>\$60,154</u>			
47	PERCENTAGE OF INCREASE		<u>19.39%</u>			
48	REQUESTED INCREASE IN REVENUES		\$0			

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

Middlefork Water Company
Case No. WR-2018-0328
Test Year Ending 12-31-2017
Updated Through 06-01-2018
Rate Base Required Return on Investment Schedule - Water

Line Number	<u>A</u> Rate Base Description	<u>B</u> Dollar Amount	
1	Plant In Service	\$2,289,302	From Plant Schedule
2	Less Accumulated Depreciation Reserve	\$1,084,300	From Depreciation Reserve Schedule
3	Net Plant In Service	\$1,205,002	
4	Other Rate Base Items:	\$0	
	Contribution in Aid of Construction Amortization (positive or zero)	\$992,687	
	Materials and Supplies	\$7,030	
	Contribution in Aid of Construction (negative or zero)	-\$1,913,477	
5	Total Rate Base	\$291,242	
6	Total Weighted Rate of Return Including Income Tax	10.99%	From PreTax Return & Taxes Schedule
7	Required Return & Income Tax	\$31,995	

Middlefork Water Company
Case No. WR-2018-0328
Test Year Ending 12-31-2017
Updated Through 06-01-2018
Rate of Return Including Income Tax - Water

	A	B	formulas
1 State Income Tax Rate Statutory / Effective	6.25% (2)	5.63%	$(1 - (B2 \times .5)) \times A1$
2 Federal Income Tax Rate Statutory / Effective	21.00% (1) & (2)	19.82%	$(1 - B1) \times A2$
3 Composite Effective Income Tax Rate		25.45%	$B1 + B2$
4 Equity Tax Factor		1.3414	$1 / (1 - B3)$
5 Recommended Weighted Rate of Return on Equity - Common and Preferred		8.19%	From Capital Structure Schedule
6 Weighted Rate of Return on Equity Including Income Tax		10.99%	$B4 \times B5$
7 Recommended Weighted Rate of Return on Debt - Long-Term and Short-Term		0.00%	From Capital Structure Schedule
8 Total Weighted Rate of Return Including Income Tax		10.99%	$B6 + B7$

To Rate Base Schedule

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

N

Equity Income Required \$30,194
& Preliminary Federal Tax

Tax Rate Table

Net Income Range				
Start	End	Tax Rate	Amount in Range	Tax on Range
\$0	\$50,000	21.00%	\$30,194	\$6,341
\$50,001	\$75,000	21.00%	\$0	\$0
\$75,001	\$100,000	21.00%	\$0	\$0
\$100,001	\$335,000	21.00%	\$0	\$0
\$335,001	\$9,999,999,999	21.00%	\$0	\$0
			\$30,194	\$6,341
			Consolidated Tax Rate:	
			Average Tax Rate:	0.21

Middlefork Water Company
Case No. WR-2018-0328
Test Year Ending 12-31-2017
Updated Through 06-01-2018
Capital Structure Schedule - Water

Line Number	<u>A</u> Description	<u>B</u> Dollar Amount	<u>C</u> Percentage of Total Capital Structure	<u>D</u> Embedded Cost of Capital	<u>E</u> Weighted Cost of Capital
1	Common Stock	\$519,495	100.00%	8.19%	8.190%
2	Other Security-Non Tax Deductible	\$0	0.00%	0.00%	0.000%
3	Preferred Stock	\$0	0.00%	0.00%	0.000%
4	Long Term Debt	\$0	0.00%	0.00%	0.000%
5	Short Term Debt	\$0	0.00%	0.00%	0.000%
6	Other Security-Tax Deductible	\$0	0.00%	0.00%	0.000%
7	TOTAL CAPITALIZATION	<u>\$519,495</u>	<u>100.00%</u>		<u>8.190%</u>

To PreTax Return Rate Schedule

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

Middlefork Water Company
Case No. WR-2018-0328
Test Year Ending 12-31-2017
Updated Through 06-01-2018
Plant In Service - Water

Line Number	A Account # (Optional)	B Plant Account Description	C Total Plant	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
1		INTANGIBLE PLANT					
2	301.000	Organization	\$0			100.00%	\$0
3	302.000	Franchises	\$0			100.00%	\$0
4		TOTAL INTANGIBLE PLANT	\$0		\$0		\$0
5		SOURCE OF SUPPLY PLANT					
6	310.000	Land & Land Rights - SSP	\$603,919			100.00%	\$603,919
7	311.000	Structures & Improvements - SSP	\$0			100.00%	\$0
8	312.000	Collection & Impounding Reservoirs	\$450,363			100.00%	\$450,363
9	313.000	Lake, River & Other Intakes	\$939			100.00%	\$939
10	314.000	Wells and Springs	\$0			100.00%	\$0
11	316.000	Supply Mains	\$52,874			100.00%	\$52,874
12		TOTAL SOURCE OF SUPPLY PLANT	\$1,108,095		\$0		\$1,108,095
13		PUMPING PLANT					
14	325.100	Electric Pumping Equipment	\$88,262			100.00%	\$88,262
15	325.200	Booster Pump Equipment	\$0			100.00%	\$0
16	325.300	Shaft Driven Pumping Equipment	\$0			100.00%	\$0
17		TOTAL PUMPING PLANT	\$88,262		\$0		\$88,262
18		WATER TREATMENT PLANT					
19	331.000	Structures & Improvements - WTP	\$135,875			100.00%	\$135,875
20	332.000	Water Treatment Equipment	\$794,697			100.00%	\$794,697
21		TOTAL WATER TREATMENT PLANT	\$930,572		\$0		\$930,572
22		TRANSMISSION & DISTRIBUTION PLANT					
23	342.000	Distribution Reservoirs & Standpipes	\$45,798			100.00%	\$45,798
24	345.000	Services	\$0			100.00%	\$0
25	343.000	Transmission & Distribution Mains	\$0			100.00%	\$0
26	346.000	Meters	\$7,069			100.00%	\$7,069
27	347.000	Meter Installation Cost	\$0			100.00%	\$0
28	348.000	Hydrants	\$0			100.00%	\$0
29		TOTAL TRANS. & DISTRIBUTION PLANT	\$52,867		\$0		\$52,867
30		GENERAL PLANT					
31	372.000	Office Furniture & Equipment	\$7,633			100.00%	\$7,633
32	372.100	Office Computer Equipment	\$0			100.00%	\$0
33	373.000	Transportation Equipment - GP	\$0			100.00%	\$0
34	393.000	Stores Equipment	\$3,271			100.00%	\$3,271
35	394.000	Tools, Shop, Garage Equipment	\$3,271			100.00%	\$3,271
36	395.000	Laboratory Equipment	\$37,705			100.00%	\$37,705
37	396.000	Power Operated Equipment	\$0			100.00%	\$0
38	397.000	Communications Equipment	\$57,626			100.00%	\$57,626
39	379.000	Other General Equipment	\$0			100.00%	\$0
40		TOTAL GENERAL PLANT	\$109,506		\$0		\$109,506
41		TOTAL PLANT IN SERVICE	\$2,289,302		\$0		\$2,289,302

Middlefork Water Company
 Case No. WR-2018-0328
 Test Year Ending 12-31-2017
 Updated Through 06-01-2018
 Schedule of Adjustments for Plant in Service - Water

<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>
Plant Adjustment Number	Plant In Service Adjustment Description	Account Number	Adjustment Amount	Total Adjustment
Total Plant Adjustments				<u>\$0</u>

Middlefork Water Company
Case No. WR-2018-0328
Test Year Ending 12-31-2017
Updated Through 06-01-2018
Depreciation Expense - Water

Line Number	A Account Number	B Plant Account Description	C Adjusted Jurisdictional	D Depreciation Rate	E Depreciation Expense	F Average Life	G Net Salvage
1		INTANGIBLE PLANT					
2	301.000	Organization	\$0	0.00%	\$0	0	0.00%
3	302.000	Franchises	\$0	0.00%	\$0	0	0.00%
4		TOTAL INTANGIBLE PLANT	\$0		\$0		
5		SOURCE OF SUPPLY PLANT					
6	310.000	Land & Land Rights - SSP	\$603,919	0.00%	\$0	0	0.00%
7	311.000	Structures & Improvements - SSP	\$0	2.50%	\$0	0	0.00%
8	312.000	Collection & Impounding Reservoirs	\$450,363	2.00%	\$9,007	0	0.00%
9	313.000	Lake, River & Other Intakes	\$939	2.50%	\$23	0	0.00%
10	314.000	Wells and Springs	\$0	2.00%	\$0	0	0.00%
11	316.000	Supply Mains	\$52,874	2.00%	\$1,057	0	0.00%
12		TOTAL SOURCE OF SUPPLY PLANT	\$1,108,095		\$10,087		
13		PUMPING PLANT					
14	325.100	Electric Pumping Equipment	\$88,262	10.00%	\$8,826	0	0.00%
15	325.200	Booster Pump Equipment	\$0	6.70%	\$0	0	0.00%
16	325.300	Shaft Driven Pumping Equipment	\$0	5.00%	\$0	0	0.00%
17		TOTAL PUMPING PLANT	\$88,262		\$8,826		
18		WATER TREATMENT PLANT					
19	331.000	Structures & Improvements - WTP	\$135,875	2.50%	\$3,397	0	0.00%
20	332.000	Water Treatment Equipment	\$794,697	2.90%	\$23,046	0	0.00%
21		TOTAL WATER TREATMENT PLANT	\$930,572		\$26,443		
22		TRANSMISSION & DISTRIBUTION PLANT					
23	342.000	Distribution Reservoirs & Standpipes	\$45,798	2.50%	\$1,145	0	0.00%
24	345.000	Services	\$0	2.50%	\$0	0	0.00%
25	343.000	Transmission & Distribution Mains	\$0	2.00%	\$0	0	0.00%
26	346.000	Meters	\$7,069	10.00%	\$707	0	0.00%
27	347.000	Meter Installation Cost	\$0	2.50%	\$0	0	0.00%
28	348.000	Hydrants	\$0	2.00%	\$0	0	0.00%
29		TOTAL TRANS. & DISTRIBUTION PLANT	\$52,867		\$1,852		
30		GENERAL PLANT					
31	372.000	Office Furniture & Equipment	\$7,633	5.00%	\$382	0	0.00%
32	372.100	Office Computer Equipment	\$0	14.30%	\$0	0	0.00%
33	373.000	Transportation Equipment - GP	\$0	13.00%	\$0	0	0.00%
34	393.000	Stores Equipment	\$3,271	4.00%	\$131	0	0.00%
35	394.000	Tools, Shop, Garage Equipment	\$3,271	5.00%	\$164	0	0.00%
36	395.000	Laboratory Equipment	\$37,705	5.00%	\$1,885	0	0.00%
37	396.000	Power Operated Equipment	\$0	6.70%	\$0	0	0.00%
38	397.000	Communications Equipment	\$57,626	6.70%	\$3,861	0	0.00%
39	379.000	Other General Equipment	\$0	6.70%	\$0	0	0.00%
40		TOTAL GENERAL PLANT	\$109,506		\$6,423		
41		Total Depreciation	\$2,289,302		\$53,631		

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

Middlefork Water Company
Case No. WR-2018-0328
Test Year Ending 12-31-2017
Updated Through 06-01-2018
Accumulated Depreciation Reserve - Water

Line Number	A Account Number	B Depreciation Reserve Description	C Total Reserve	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
1		INTANGIBLE PLANT					
2	301.000	Organization	\$0			100.00%	\$0
3	302.000	Franchises	\$0			100.00%	\$0
4		TOTAL INTANGIBLE PLANT	\$0		\$0		\$0
5		SOURCE OF SUPPLY PLANT					
6	310.000	Land & Land Rights - SSP	\$0			100.00%	\$0
7	311.000	Structures & Improvements - SSP	\$0			100.00%	\$0
8	312.000	Collection & Impounding Reservoirs	\$216,767			100.00%	\$216,767
9	313.000	Lake, River & Other Intakes	\$594			100.00%	\$594
10	314.000	Wells and Springs	\$0			100.00%	\$0
11	316.000	Supply Mains	\$26,789			100.00%	\$26,789
12		TOTAL SOURCE OF SUPPLY PLANT	\$244,150		\$0		\$244,150
13		PUMPING PLANT					
14	325.100	Electric Pumping Equipment	\$37,971			100.00%	\$37,971
15	325.200	Booster Pump Equipment	\$0			100.00%	\$0
16	325.300	Shaft Driven Pumping Equipment	\$0			100.00%	\$0
17		TOTAL PUMPING PLANT	\$37,971		\$0		\$37,971
18		WATER TREATMENT PLANT					
19	331.000	Structures & Improvements - WTP	\$78,560			100.00%	\$78,560
20	332.000	Water Treatment Equipment	\$567,150			100.00%	\$567,150
21		TOTAL WATER TREATMENT PLANT	\$645,710		\$0		\$645,710
22		TRANSMISSION & DISTRIBUTION PLANT					
23	342.000	Distribution Reservoirs & Standpipes	\$29,006			100.00%	\$29,006
24	345.000	Services	\$0			100.00%	\$0
25	343.000	Transmission & Distribution Mains	\$0			100.00%	\$0
26	346.000	Meters	\$7,228			100.00%	\$7,228
27	347.000	Meter Installation Cost	\$0			100.00%	\$0
28	348.000	Hydrants	\$0			100.00%	\$0
29		TOTAL TRANS. & DISTRIBUTION PLANT	\$36,234		\$0		\$36,234
30		GENERAL PLANT					
31	372.000	Office Furniture & Equipment	\$9,669			100.00%	\$9,669
32	372.100	Office Computer Equipment	\$0			100.00%	\$0
33	373.000	Transportation Equipment - GP	\$0			100.00%	\$0
34	393.000	Stores Equipment	\$3,315			100.00%	\$3,315
35	394.000	Tools, Shop, Garage Equipment	\$4,143			100.00%	\$4,143
36	395.000	Laboratory Equipment	\$35,720			100.00%	\$35,720
37	396.000	Power Operated Equipment	\$0			100.00%	\$0
38	397.000	Communications Equipment	\$67,388			100.00%	\$67,388
39	379.000	Other General Equipment	\$0			100.00%	\$0
40		TOTAL GENERAL PLANT	\$120,235		\$0		\$120,235
41		TOTAL DEPRECIATION RESERVE	\$1,084,300		\$0		\$1,084,300

Middlefork Water Company
Case No. WR-2018-0328
Test Year Ending 12-31-2017
Updated Through 06-01-2018
Schedule of Adjustments for Accumulated Depreciation Reserve - Water

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

Middlefork Water Company
Case No. WR-2018-0328
Test Year Ending 12-31-2017
Updated Through 06-01-2018
Revenue Schedule - Water

	A	B	C	D	E	F	G
Line Number	Account Number (Optional)	Revenue Description	Company/ Test Year Amount	Adjustment Number	Jurisdictional Adjustments	Jurisdictional Allocation	Adjusted Jurisdictional
Rev-1		ANNUALIZED REVENUES					
Rev-2		Annualized Rate Revenues	\$286,317	Rev-2	\$14,891	100.00%	\$301,208
Rev-3		Miscellaneous Revenues	\$25,448	Rev-3	-\$16,448	100.00%	\$9,000
Rev-4		TOTAL ANNUALIZED REVENUES	\$311,765		-\$1,557		\$310,208

Middlefork Water Company
Case No. WR-2018-0328
Test Year Ending 12-31-2017
Updated Through 06-01-2018
Revenue Adjustment Schedule - Water

<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>
Revenue Adj Number	Adjustment Description	Account Number	Adjustment Amount	Total Adjustment
Rev-2	Annualized Rate Revenues			\$14,891
	1. To Annualize Rate Revenues		\$14,891	
Rev-3	Miscellaneous Revenues			-\$16,448
	1. To Annualize Miscellaneous Revenues		-\$16,448	
Total Revenue Adjustments				<u><u>-\$1,557</u></u>

Middlefork Water Company
Case No. WR-2018-0328
Test Year Ending 12-31-2017
Updated Through 06-01-2018
Rate Revenue Feeder Schedule - Water

Line Number	A Description	Residential 5/8"		Cities 1"	
		B Amount	C Amount	D Amount	E Amount
1	<u>Customer Charge Revenues:</u>				
2	Customer Number	0		2	
3	Bills Per Year	0		12	
4	Customer Bills Per year	0		24	
5	Current Customer Charge	\$0.00		\$0.00	
6	Annualized Customer Charge Revenues		\$0		\$0
7	<u>Commodity Charge Revenues:</u>				
8	Total Gallons Sold	0		111,147	
9	Less: Base Gallons Included In Customer Charge	0		0	
10	Commodity Gallons	0		111,147	
11	Block 1, Commodity Gallons per Block	0		111,147	
12	Block 1, Number of Commodity Gallons per Unit	0		1	
13	Block 1, Commodity Billing Units	0.00		111,147.00	
14	Block 1, Existing Commodity Charge	\$0.00		\$2.71	
15	Block 1, Annualized Commodity Charge Rev.		\$0		\$301,208
16	Total Annualized Water Rate Revenues		\$0		\$301,208

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

Middlefork Water Company
Case No. WR-2018-0328
Test Year Ending 12-31-2017
Updated Through 06-01-2018
Rate Revenue Feeder Schedule - Water

Line Number	A Description	Total	
		F Amount	G Amount
1	<u>Customer Charge Revenues:</u>		
2	Customer Number	2	
3	Bills Per Year		
4	Customer Bills Per year	24	
5	Current Customer Charge		
6	Annualized Customer Charge Revenues		\$0
7	<u>Commodity Charge Revenues:</u>		
8	Total Gallons Sold	111,147	
9	Less: Base Gallons Included In Customer Charge	0	
10	Commodity Gallons	111,147	
11	Block 1, Commodity Gallons per Block		
12	Block 1, Number of Commodity Gallons per Unit		
13	Block 1, Commodity Billing Units		
14	Block 1, Existing Commodity Charge		
15	Block 1, Annualized Commodity Charge Rev.		\$301,208
16	Total Annualized Water Rate Revenues		<u>\$301,208</u>

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

Middlefork Water Company
Case No. WR-2018-0328
Test Year Ending 12-31-2017
Updated Through 06-01-2018
Miscellaneous Revenues Feeder - Water

<u>A</u>		<u>B</u>
Line Number	Description	Amount
1	Farm Income	\$9,000
2	Adjustment to Misc Revenue	<u>\$0</u>
3	Total Miscellaneous Revenues	<u><u>\$9,000</u></u>

Middlefork Water Company
Case No. WR-2018-0328
Test Year Ending 12-31-2017
Updated Through 06-01-2018
Expense Schedule - Water

A	B	C	D	E	F	G
Line Number	Account Number (Optional) Expense Description	Company/ Test Year Amount	Adjustment Number	Adjustments	Jurisdictional Allocation	Adjusted Jurisdictional
1	OPERATIONS EXPENSES					
2	Salaries	\$53,148	W-2	-\$53,148	100.00%	\$0
3	Mileage	\$1,222	W-3	-\$1,222	100.00%	\$0
4	Service Contract Expense	\$0	W-4	\$128,880	100.00%	\$128,880
5	Utility Expense (Electricity and Gas)	\$42,012	W-5	\$432	100.00%	\$42,444
6	Chemicals	\$84,723	W-6	\$21,277	100.00%	\$106,000
7	Testing	\$1,105	W-7	-\$1,105	100.00%	\$0
8	TOTAL OPERATIONS EXPENSE	\$182,210		\$95,114		\$277,324
9	MAINTENANCE EXPENSES					
10	Materials and Building Supplies	\$1,047			100.00%	\$1,047
11	Equipment Maintenance and Repairs	\$7,843	W-11	\$10,552	100.00%	\$18,395
12	Subcontractors- Mowing, Trash	\$5,445	W-12	-\$4,235	100.00%	\$1,210
13	TOTAL MAINTENANCE EXPENSE	\$14,335		\$6,317		\$20,652
14	CUSTOMER ACCOUNT EXPENSE					
15	Office Supplies	\$695	W-15	\$63	100.00%	\$758
16	Postage	\$1,072	W-16	\$20	100.00%	\$1,092
17	TOTAL CUSTOMER ACCOUNT EXPENSE	\$1,767		\$83		\$1,850
18	ADMINISTRATIVE & GENERAL EXPENSES					
19	Employee Benefits	\$1,170	W-19	-\$1,170	100.00%	\$0
20	Workers Compensation	\$2,669	W-20	-\$2,669	100.00%	\$0
21	Dues/Donations	\$9,480	W-21	-\$9,445	100.00%	\$35
22	Outside Services	\$2,380	W-22	\$70	100.00%	\$2,450
23	Telephone	\$946	W-23	-\$56	100.00%	\$890
24	Property and General Liability Insurance	\$5,208	W-24	-\$166	100.00%	\$5,042
25	Other Misc. Expenses	\$307	W-25	-\$72	100.00%	\$235
26	TOTAL ADMINISTRATIVE AND GENERAL	\$22,160		-\$13,508		\$8,652
27	OTHER OPERATING EXPENSES					
28	MO DNR Fees	\$200			100.00%	\$200
29	PSC Assessment	\$2,058	W-29	\$1,196	100.00%	\$3,254
30	Farming Expense	\$22,072	W-30	-\$13,072	100.00%	\$9,000
31	CIAC Amortization Expense	-\$41,994	W-31	\$0	100.00%	-\$41,994
32	Depreciation	\$0	W-32	\$53,631	100.00%	\$53,631
33	TOTAL OTHER OPERATING EXPENSES	-\$17,664		\$41,755		\$24,091
34	TAXES OTHER THAN INCOME					
35	Real & Personal Property Taxes	\$5,798			100.00%	\$5,798
36	Payroll Taxes	\$4,324	W-36	-\$4,324	100.00%	\$0
37	TOTAL TAXES OTHER THAN INCOME	\$10,122		-\$4,324		\$5,798
38	TOTAL OPERATING EXPENSES	\$212,930		\$125,437		\$338,367

Middlefork Water Company
Case No. WR-2018-0328
Test Year Ending 12-31-2017
Updated Through 06-01-2018
Expense Adjustment Schedule - Water

<u>A</u> Expense Adj Number	<u>B</u> Adjustment Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment
W-2	Salaries			-\$53,148
	To remove salaries (Newkirk)		-\$53,148	
W-3	Mileage			-\$1,222
	To remove mileage expense (Newkirk)		-\$1,222	
W-4	Service Contract Expense			\$128,880
	To include People Service contract (Newkirk)		\$128,880	
W-5	Utility Expense (Electricity and Gas)			\$432
	To normalize utility expense (Arabian)		\$432	
W-6	Chemicals			\$21,277
	To normalize chemicals (Arabian)		\$21,277	
W-7	Testing			-\$1,105
	To remove testing (Arabian)		-\$1,105	
W-11	Equipment Maintenance and Repairs			\$10,552
	To normalize maintenance account and include annual cost of media filters (Arabian)		\$10,552	
W-12	Subcontractors- Mowing, Trash			-\$4,235
	To disallow subcontractor expense (Arabian)		-\$4,235	
W-15	Office Supplies			\$63
	To normalize office supplies expense (Arabian)		\$63	

Middlefork Water Company
Case No. WR-2018-0328
Test Year Ending 12-31-2017
Updated Through 06-01-2018
Expense Adjustment Schedule - Water

<u>A</u> Expense Adj Number	<u>B</u> Adjustment Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment
W-16	Postage			\$20
	To adjust postage expense (Newkirk)		\$20	
W-19	Employee Benefits			-\$1,170
	To remove Employee Benefits (Newkirk)		-\$1,170	
W-20	Workers Compensation			-\$2,669
	To remove Workers Compensation (Newkirk)		-\$2,669	
W-21	Dues/Donations			-\$9,445
	To remove scholarships/donations (Newkirk)		-\$9,445	
W-22	Outside Services			\$70
	To adjust Legal/Accounting expenes (Arabian)		\$70	
W-23	Telephone			-\$56
	To remove cell phone expense (Arabian)		-\$56	
W-24	Property and General Liability Insurance			-\$166
	To adjust property and general liability insurance (Arabian)		-\$166	
W-25	Other Misc. Expenses			-\$72
	To disallow miscellaneous expense (Newkirk)		-\$72	
W-29	PSC Assessment			\$1,196
	To adjust PSC Assessment (Arabian)		\$1,196	
W-30	Farming Expense			-\$13,072

Middlefork Water Company
Case No. WR-2018-0328
Test Year Ending 12-31-2017
Updated Through 06-01-2018
Expense Adjustment Schedule - Water

<u>A</u> Expense Adj Number	<u>B</u> Adjustment Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment
	To normalize farming expense (Newkirk)		-\$13,072	
W-31	CIAC Amortization Expense			\$0
	Description		\$0	
W-32	Depreciation			\$53,631
	1. To Annualize Depreciation		\$53,631	
W-36	Payroll Taxes			-\$4,324
	To remove Payroll taxes (Newkirk)		-\$4,324	
Total Expense Adjustments				<u>\$125,437</u>

Middlefork Water Company
Case No. WR-2018-0328
Test Year Ending 12/31/2017
Updated Through 6/1/2018

Rate Base

	Amount
Plant in Service	\$ 2,289,302
Less Accumulated Depreciation Schedule	<u>\$ 1,084,300</u>
Net Plant in Service	\$ 1,205,002
ADD TO NET PLANT IN SERVICE	
Materials and Supplies	\$ 7,030
SUBTRACT FROM NET PLANT IN SERVICE	
Contribution in Aid of Construction	\$ 1,913,477
Less Amortization of Contribution in Aid of Construction	<u>\$ 992,687</u>
Net Contribution in Aid of Construction	\$ 920,790
Total Rate Base	<u>\$ 291,242</u>

Middlefork WATER COMPANY
SCHEDULE of DEPRECIATION RATES
(WATER Class B)
WR-2018-0328 Attachment D

NARUC USOA ACCOUNT NUMBER	ACCOUNT DESCRIPTION	DEPRECIATION RATE	AVERAGE SERVICE LIFE (YEARS)	NET SALVAGE
Source of Supply				
312	Collecting & Impoundment Reservoirs	2.0%	50	
313	Lake, River & Other Intakes	2.5%	40	
316	Supply Mains	2.0%	50	
Pumping Plant				
325	Electric Pumping Equipment	6.7%	14	6.00%
Water Treatment Plant				
331	Structures & Improvements	2.9%	34	
332	Water Treatment Equipment	2.9%	34	
Transmission and Distribution				
342	Distribution Reservoirs & Standpipes	2.5%	40	
346	Customer Water Flow Meters	10.0%	10	
347	Customer Meter Installations	2.5%	40	
General Plant				
391	Office Furniture & Equipment	**0%	20	
391.1	Office Electronic & Computer Equipment	14.3%	7	
393	Stores Equipment	**0%	25	
394	Tools, Shop, Garage Equipment	**0%	20	
395	Laboratory Equipment	5.0%	20	
396	Power Operated Equipment	6.7%	13	13.00%
397	Communication Telemetry Equipment	**0%	25	

** Staff recommends 0% rate for accounts that have over accrued depreciation reserves.

P.S.C. MO No. 2
Canceling P.S.C. MO No. 1

Original Sheet No. 1

Name of Utility: Middle Fork Water Company
Service Area: Stanberry and Grant City, MO

Rules and Regulations Governing Rendering of
Water Service

INDEX

Sheet No.

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

- | | Rule No. | Rule Title |
|----------|----------|-------------------------------------|
| 7 | 1. | Definitions |
| 9 | 2. | General Rules and Regulations |
| 11 | 3. | Continuity of Service |
| 12 | 4. | Connections to Company's Facilities |
| 13..... | 5. | Meters |
| 15..... | 6. | Bill Adjustments Based on Meters |
| 16..... | 7. | Statements |
| 18..... | 8. | Discontinuance of Service |
| 19..... | 9. | Wheeling Agreements |

* Indicates new rate or text

+ Indicates change

Issue Date: _____
Month /Day/Year

Effective Date: _____
Month /Day/Year

ISSUED BY Mr. Brock Pfof, President, R.R. 1, Maryville, MO 6446
Name and Title of Issuing Officer Mailing Address

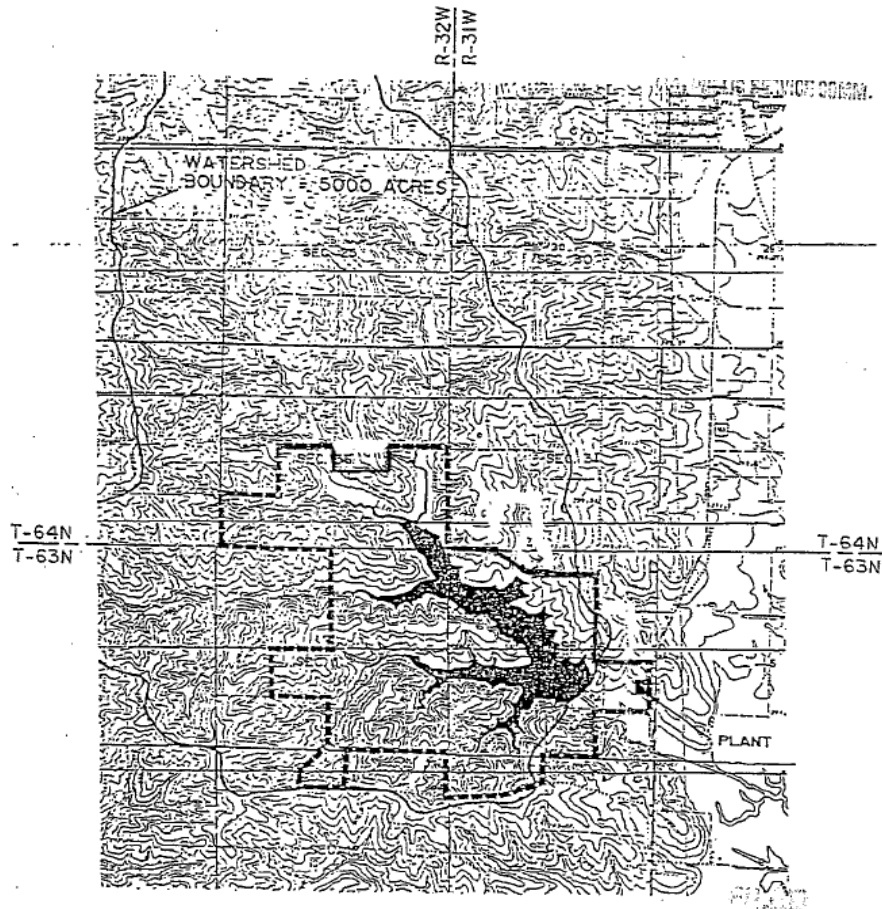
P.S.C. MO No. 2
Canceling P.S.C. MO No. 1

Original Sheet No. 2

Name of Utility: Middle Fork Water Company
Service Area: Stanberry and Grant City, MO

Rules and Regulations Governing Rendering of
Water Service

Map of Service Area



- * Indicates new rate or text
- + Indicates change

Issue Date: _____
Month /Day/Year

Effective Date: _____
Month /Day/Year

ISSUED BY Mr. Brock Pfost, President, R.R. 1, Maryville, MO 6446
Name and Title of Issuing Officer Mailing Address

P.S.C. MO No. 2
Canceling P.S.C. MO No. 1

Original Sheet No. 3

Name of Utility: Middle Fork Water Company
Service Area: Stanberry and Grant City, MO

Rules and Regulations Governing Rendering of
Water Service

Legal Description of Service Area

The following is a metes and bounds description of the property presently under option to the Middle Fork Water Co., for the purpose of constructing a water reservoir and treatment plant on the following described property.

Beginning at the SE corner of Section 36 T 64 N, R 32 W, thence North $\frac{1}{2}$ mile, thence West approximately 1448', thence South 1000', thence West app. 1160', to the NW corner of the E $\frac{1}{2}$ of the SW $\frac{1}{4}$ of Sec. 36 T 64 N, R 32 W. Thence South $\frac{1}{4}$ mile, thence West $\frac{1}{4}$ mile, thence South $\frac{1}{4}$ mile to the SW corner of Sec. 36 T 64 N, R 32 W.

From that point thence in a Southwesterly direction following the meanderings of the branch app. 850', until intersecting an existing fence at a point app. 440' North of the intersection of a country road running in a generally East-West direction with another country road running in a generally Southerly direction from the point of intersection.

From that point running thence along the existing fence in a generally Southerly direction to the intersection of the two public roads previously described.

From that point running thence along the county road in a generally Easterly direction app. 1190' to the intersection of a county road intersecting from the North, thence North along said road app. 1000' to the North section line of Sec. 12 T 63 N, R 32 W, thence East along the Section line to the corner of Sec. 12 T 63 N, R 32 W.

From the NE corner of Sec. 12 T 63 N, R 32 W, running South app. $\frac{1}{4}$ mile to the intersection of the county road running in a generally East-West direction, thence running along the center-line of said county road app. 2610', in a Easterly direction, to the East line of the West $\frac{1}{2}$ of Sec. 7 T 63 N, R 31 W. From that point thence North app. 780' to the NE corner of the NW $\frac{1}{4}$ of Sec. 7 T 63 N, R 31 W.

* Indicates new rate or text

+ Indicates change

Issue Date: _____
Month /Day/Year

Effective Date: _____
Month /Day/Year

ISSUED BY Mr. Brock Pfost, President, R.R. 1, Maryville, MO 6446
Name and Title of Issuing Officer Mailing Address

P.S.C. MO No. 2
Canceling P.S.C. MO No. 1

Original Sheet No. 4

Name of Utility: Middle Fork Water Company
Service Area: Stanberry and Grant City, MO

Rules and Regulations Governing Rendering of
Water Service

Legal Description (Cont.)

From the NE corner of the NW $\frac{1}{4}$ of Sec. 7 T 63 N, R 31 W, thence East app. 1340', to a point located 100' West of the SE corner of the SW $\frac{1}{4}$ of the SE $\frac{1}{4}$ of Sec. 6 T 63 N, R 31 W, thence North $\frac{1}{4}$ mile, thence East app. 1400', to a point located at the intersection of the North line of the S $\frac{1}{2}$ of the SW $\frac{1}{4}$ of Sec. 6 T 63 N, R 31 W with the West right-of-way of Hwy. 169, running in a generally North-South direction. Thence North app. $\frac{1}{4}$ mile along the West Hwy. 169 right-of-way, to the intersection of said right-of-way with the North line of the South $\frac{1}{2}$ of Sec. 6 T 63 N, R 31 W.

From that point thence West along the North line of the South $\frac{1}{2}$ of Sec. 6 T 63 N, R 31 W app. 1380' to a point located app. 260' West of the NE corner of the NW $\frac{1}{4}$ of the SE $\frac{1}{4}$ of SEC. 6 T 63 N, R 31 W, said point being located due South of the West right-of-way of the county road running generally North in the North $\frac{1}{2}$ of the NE $\frac{1}{4}$ of Sec. 6 T 63 N, R 31 W, thence North along the existing fence app. $\frac{1}{4}$ mile, to the intersection of the right-of-way with said county road.

From that point North along the West right-of-way of said road to the intersection with the county road running in a generally Westerly direction through the North $\frac{1}{2}$ of Sec. 6 T 63 N, R 31 W, to a point described as the intersection of the South right-of-way of said road with the West right-of-way of the county road running in a Northerly direction, through the N $\frac{1}{2}$ of the NE $\frac{1}{4}$ of Sec. 6 T 63 N, R 31 W.

From that point following the South right-of-way of the Westerly running road, to the NW corner of Sec. 6 T 63 N, R 31 W, thence to the point of beginning.

* Indicates new rate or text

+ Indicates change

Issue Date: _____
Month /Day/Year

Effective Date: _____
Month /Day/Year

ISSUED BY Mr. Brock Pfof, President, R.R. 1, Maryville, MO 6446
Name and Title of Issuing Officer Mailing Address

P.S.C. MO No. 2
Canceling P.S.C. MO No. 1

Original Sheet No. 5

Name of Utility: Middle Fork Water Company
Service Area: Stanberry and Grant City, MO

Rules and Regulations Governing Rendering of
Water Service

Schedule of Rates

Applicability:

The following rates and charges apply to water service provided by the Company to the City of Grant City, and Stanberry, Missouri.

Water Rate:

For each 1000 gallons of usage per month- \$3.25

* Indicates new rate or text

+ Indicates change

Issue Date: _____
Month /Day/Year

Effective Date: _____
Month /Day/Year

ISSUED BY Mr. Brock Pfost, President, R.R. 1, Maryville, MO 6446
Name and Title of Issuing Officer Mailing Address

Name of Utility: Middle Fork Water Company
Service Area: Stanberry and Grant City, MO

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:

Connection Fee

Actual Cost

The charge for one (1) connection to the Company's water system will be borne by the Company. Charge(s) for additional or other connections shall consist 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.

Late Charges

\$5 or 3%

The late charge is calculated monthly with the greater amount above being added to the delinquent bill in accordance with Rule 10 G.

Comment [JM1]: Only if the company thinks they need late charges. The contract with the cities may not even permit this.

Returned Check Charges

\$25

Comment [JM2]: If company thinks this is necessary

Sales, Gross Receipts, Occupation or Franchise Taxes:

These shall be added to the customer's bill as a separate item, an amount equal to the proportionate part of any sales, license, occupation, franchise or other similar fee or tax now or hereafter imposed upon the Company by any municipality or any other governmental authority, whether imposed by ordinance, franchise or otherwise, in which the fee or tax is based upon a percentage of gross receipts, net receipts, revenue or income from the provision of water service by the Company. When such tax or fee shall be included as a separate item on the customer's bill and shall be calculated by applying thereto to the same percentage factor as the total annual amount of the tax bears to the gross receipts of the Company from sale of water during the preceding calendar year to customers located within the boundaries of the taxing entity. These tax or fee amounts shall be added to the customer's bill only where water is purchased by customers located within the boundaries of the entity imposing such tax.

* Indicates new rate or text

+ Indicates change

Issue Date: _____
Month /Day/Year

Effective Date: _____
Month /Day/Year

ISSUED BY Mr. Brock Pfost, President, R.R. 1, Maryville, MO 6446
Name and Title of Issuing Officer Mailing Address

P.S.C. MO No. 2

Original Sheet No. 7

Canceling P.S.C. MO No. 1

Name of Utility: Middle Fork Water Company

Service Area: Stanberry and Grant City, MO

Rules and Regulations Governing Rendering of
Water Service

Rule 1 Definitions

- A. The "COMPANY" is Middle Fork Water Company, acting through its officers, managers, or other duly authorized employees or agents.
- B. 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.
- C. "Company Facilities" are all plant and equipment of the Company, including impoundments, wells, water treatment plants, transmission lines or mains, elevated towers, standpipes, or ground storage tanks or vaults, or other water storage structures, pumping stations, meters or other measuring devices, flow control and pressure control devices, meter pits, and all appurtenances thereto;
- 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. city, incorporated town or village, public water supply district, or other entity, which is a purchaser of water for resale pursuant to a Water Supply Contract;
- E. An "EMERGENCY" is a break of a major water main, major damage or destruction of a water production or storage facility, and fires;
- F. The "METER" is a device, owned by the Company, used to measure and record the quantity of water that flows through a point of delivery.
- G. "POINT(S) OF DELIVERY" is the point or points of interconnection between the Company's Facilities and the facilities of the Customer;
- H. A "RETURNED CHECK" is a check that is returned to the Company from any bank unpaid for any reason.

* Indicates new rate or text

+ Indicates change

Issue Date: _____
Month /Day/Year

Effective Date: _____
Month /Day/Year

ISSUED BY Mr. Brock Pfost, President, R.R. 1, Maryville, MO 6446
Name and Title of Issuing Officer Mailing Address

P.S.C. MO No. 2
Canceling P.S.C. MO No. 1

Original Sheet No. 8

Name of Utility: Middle Fork Water Company
Service Area: Stanberry and Grant City, MO

Rules and Regulations Governing Rendering of
Water Service

Rule 1 Definitions (Cont.)

- I. A "WATER RATE" is the amount established by the Company applicable to the particular customer, and set forth in its Schedule of Rates and Charges and approved by the Public Service Commission;
- J. "WATER SERVICE" is the availability of water for a Customer's use subject to these Rules and Regulations;
- K. A "WATER SUPPLY CONTRACT" is the written contract between the Company and Customer for the purchase and sale of water pursuant to which Water Service is made available;
- L. "WHEELING AGREEMENT" is an agreement between the Company and the owner of a water distribution system whereby water supplied by the Company is transported through the water mains of such owner for consideration in order to enable the Company to deliver water to a Customer;

- * Indicates new rate or text
- + Indicates change

Issue Date: _____
Month /Day/Year

Effective Date: _____
Month /Day/Year

ISSUED BY Mr. Brock Pfost, President, R.R. 1, Maryville, MO 6446
Name and Title of Issuing Officer Mailing Address

P.S.C. MO No. 2

Original

Sheet No. 9

Canceling P.S.C. MO No. 1

Name of Utility: Middle Fork Water Company

Service Area: Stanberry and Grant City, MO

Rules and Regulations Governing Rendering of
Water Service

Rule 2 General Rules and Regulations

- A. Every applicant, upon signing an application or a Water Supply Contract 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. Wholesale Contracts: Water will be provided at wholesale by the Company pursuant to Water Supply Contracts specifying minimum amounts of water that must be purchased or, if less than the minimum amount is purchased in any month, a minimum payment to be made. Water Supply Contracts will be entered into with Customers for wholesale supplies of water. All such contracts shall be subject to these rules and Regulations and PSC approval.

* Indicates new rate or text

+ Indicates change

Issue Date: _____
Month /Day/Year

Effective Date: _____
Month /Day/Year

ISSUED BY Mr. Brock Pfost, President, R.R. 1, Maryville, MO 6446
Name and Title of Issuing Officer Mailing Address

P.S.C. MO No. 2
Canceling P.S.C. MO No. 1

Original Sheet No. 10

Name of Utility: Middle Fork Water Company
Service Area: Stanberry and Grant City, MO

Rules and Regulations Governing Rendering of
Water Service

Rule 2 General Rules and Regulations (Cont.)

- F. Sole Use of Customer: Water service provided by the Company to a Customer is for the sole use of such Customer and its retail customers within its service area. Water supplied by the Company may not be resold or delivered by any Customer to any other city, public water supply district, or other public or private water company, except with Company's written consent. Notwithstanding the foregoing, any Customer is not prohibited from selling or delivering water received by it from the Company to any city, public water supply district, or to any community water system in the case of an emergency affecting such system.

* Indicates new rate or text

+ Indicates change

Issue Date: _____
Month /Day/Year

Effective Date: _____
Month /Day/Year

ISSUED BY Mr. Brock Pfost, President, R.R. 1, Maryville, MO 6446
Name and Title of Issuing Officer Mailing Address

P.S.C. MO No. 2
Canceling P.S.C. MO No. 1

Original Sheet No. 11

Name of Utility: Middle Fork Water Company
Service Area: Stanberry and Grant City, MO

Rules and Regulations Governing Rendering of
Water Service

Rule 3 Continuity of Service

1. The Company will operate and maintain its facilities in an efficient manner and will take such action as may be necessary to furnish the Customers with Water Service in such quantity and quality as they may require. Temporary or partial failure to deliver water shall be remedied with all possible dispatch. In the event of an extended shortage of water, or if the supply of water available to the Company is otherwise diminished over an extended period of time, the supply of Water to each Customer shall be reduced or diminished in the same ratio or proportion as the supply to all Customers is reduced or diminished.
2. The Company will establish, to the extent practicable, scheduled periods when its Facilities shall be shut down for maintenance and will give the Customers, whenever possible, at least one hundred twenty (120) days' notice of such periods.
3. The Company may temporarily interrupt or reduce delivery of water from its Facilities if the Company determines that such interruption of reduction is necessary in case of emergencies affecting the ability of the Company to produce or deliver water from its Facilities and in order to install equipment, make repairs and replacements to and make investigations and inspections of or perform maintenance work on the Company's Facilities.

* Indicates new rate or text

+ Indicates change

Issue Date: _____
Month /Day/Year

Effective Date: _____
Month /Day/Year

ISSUED BY Mr. Brock Pfost, President, R.R. 1, Maryville, MO 6446
Name and Title of Issuing Officer Mailing Address

Name of Utility: Middle Fork Water Company
Service Area: Stanberry and Grant City, MO

Rules and Regulations Governing Rendering of
Water Service

Rule 4 Connections to Company's Facilities

1. The Company shall install and make all connections to the Company's Facilities at all Points of Delivery as set forth herein. All such connections shall be metered. The Company shall provide for the initial connection of each Customer at Company's expense.
2. Points of Delivery connections shall be by a meter of $\frac{3}{4}$ inch or larger. All such meters, flow control devices, meter pits or vaults, pressure reducing valve (if needed in the opinion of the Company's consulting engineer), and other facilities at such connections, including pipe on the outlet side of such meter pit or vault for a distance of 5 feet, shall belong to and be the property of the Company. No customer of the Company shall have access to, adjust, alter, or in any way tamper with, any meter, flow control device, valve or other appurtenant equipment at a Point of Delivery connection, except at the express direction of the Company.
3. The Customer shall contract for or provide, operate and maintain, all without cost to the Company, such water lines, pumps and other facilities as may be necessary to enable it to receive and use water purchased under the Water Supply Contract at and from the Point(s) of Delivery, including such protective devices as may be necessary in the reasonable judgment of the Company to protect the Company's Facilities and the waterworks systems of all other Customers from disturbance thereto caused by the Customer.

* Indicates new rate or text

+ Indicates change

Issue Date: _____
Month /Day/Year

Effective Date: _____
Month /Day/Year

ISSUED BY Mr. Brock Pfof, President, R.R. 1, Maryville, MO 6446
Name and Title of Issuing Officer Mailing Address

P.S.C. MO No. 2

Original Sheet No. 13

Canceling P.S.C. MO No. 1

Name of Utility: Middle Fork Water Company

Service Area: Stanberry and Grant City, MO

Rules and Regulations Governing Rendering of
Water Service

Rule 5 Meters

1. The Company will furnish, install, operate and maintain at Point(s) of Delivery the necessary metering equipment, including a meter house or pit and required devices of standard type for properly measuring the quantity of Water delivered to the Customer and such flow controls, valves, and backflow prevention devices as may be required by the Rules and Regulations, and the same shall belong to the Company. The Company may calibrate or test such metering equipment whenever requested by the Customer, but no more frequently than every twelve (12) months, and shall test same without request at least annually. A meter not measuring more than two percent (2%) above or below the test result shall be deemed to be accurate. The previous readings of any meter disclosed by test to be inaccurate shall be corrected for the three (3) months previous to such test in accordance with the percentage of inaccuracy found by such test, and billings for such three (3) months shall be adjusted accordingly. If any meter fails to register for any period, the amount of water furnished during such period shall be deemed to be the amount of water delivered in the same period of the preceding year or such other amount as may be agreed upon by the Company and the Customer. In the event that testing is performed at the written request of the Customer and no inaccuracy of more than two percent (2%) is found, then all costs of such testing shall be paid by the Customer, otherwise such costs shall be paid by the Company. Any adjustment, when made, shall constitute full adjustment of any claim between the Company and the Customer arising out of such inaccuracy of metering equipment. The metering equipment shall be read on or about the last day of each month.

* Indicates new rate or text

+ Indicates change

Issue Date: _____
Month /Day/Year

Effective Date: _____
Month /Day/Year

ISSUED BY Mr. Brock Pfost, President, R.R. 1, Maryville, MO 6446
Name and Title of Issuing Officer Mailing Address

P.S.C. MO No. 2

Original

Sheet No. 14

Canceling P.S.C. MO No. 1

Name of Utility: Middle Fork Water Company

Service Area: Stanberry and Grant City, MO

Rules and Regulations Governing Rendering of
Water Service

Rule 5 Meters (Cont.)

2. 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 for the meter size, and to check for accuracy as required by Regulations of the Missouri Public Service Commission.
3. 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%).
4. 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 or an authorized meter testing contractor. A certified copy of the test report will be provided to the Customer.
5. If a test shows an average error of more than five percent (5%), billings shall be adjusted in accordance with Rule 13.

* Indicates new rate or text

+ Indicates change

Issue Date:

Month /Day/Year

Effective Date:

Month /Day/Year

ISSUED BY

Mr. Brock Pfof, President, R.R. 1, Maryville, MO 6446

Name and Title of Issuing Officer

Mailing Address

Name of Utility: Middle Fork Water Company
Service Area: Stanberry and Grant City, MO

Rules and Regulations Governing Rendering of
Water Service

Rule 6 Bill Adjustments Based on Meters

- 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.

* Indicates new rate or text

+ Indicates change

Issue Date: _____
Month /Day/Year

Effective Date: _____
Month /Day/Year

ISSUED BY Mr. Brock Pfost, President, R.R. 1, Maryville, MO 6446
Name and Title of Issuing Officer Mailing Address

Name of Utility: Middle Fork Water Company
Service Area: Stanberry and Grant City, MO

Rules and Regulations Governing Rendering of
Water Service

Rule 7 Statements

1. WHEN RENDERED-

The Company shall submit to the Customers a monthly written statement for water delivered to such Customer at points of delivery on or before the fifteenth (15th) day of each month.

2. AMOUNT CHARGED-

The amount charged shall be in accordance with the Company's schedule of rates and charges as approved by the PSC. The amount of water delivered shall be rounded off to the next highest thousand gallons. Failure of the Company to submit a statement shall not excuse a Customer from its obligation to pay for water delivered when a statement is submitted.

3. WHEN PAYABLE-

a) Statements for Water Service shall be payable not later than the thirtieth (30th) day of the month in which they are submitted. Any statement not paid by the thirtieth (30th) day of such month shall be considered delinquent and shall bear an additional charge equal to the lesser of one and one-half percent interest of (1.5%) per month, compounded monthly, or the maximum amount permitted by law, until such delinquent amount and such additional charge are paid in full.

b) In the event of any dispute as to any portion of any monthly statements, the Customer shall nevertheless pay in the full amount shown on such statement when due and shall, within sixty (60) days from the date of such statement give written notice of the dispute to the Company. Such notice shall identify the disputed statement, state the amount in dispute and set forth a full statement of the grounds on which such dispute is based. No adjustment shall be

* Indicates new rate or text

+ Indicates change

Issue Date: _____
Month /Day/Year

Effective Date: _____
Month /Day/Year

ISSUED BY Mr. Brock Pfost, President, R.R. 1, Maryville, MO 6446
Name and Title of Issuing Officer Mailing Address

P.S.C. MO No. 2
Canceling P.S.C. MO No. 1

Original Sheet No. 17

Name of Utility: Middle Fork Water Company
Service Area: Stanberry and Grant City, MO

Rules and Regulations Governing Rendering of
Water Service

Rule 7 Statements (Cont.)

considered or made for disputed charges unless notice is given as aforesaid. The Company shall give consideration to such dispute and shall advise the Customer with regard to the Company's position relative thereto within thirty (30) days following receipt of such written notice. Upon determination of the correct amount, any difference between such correct amount and such full amount shall be subtracted from the statement next submitted to the Customer.

4. CONTENTS

Statements rendered by the Company shall set forth the total quantity of water delivered at the point(s) of delivery in the billing period, the total amount charged for water delivered, and any other appropriate rates and charges.

* Indicates new rate or text

+ Indicates change

Issue Date: _____
Month /Day/Year

Effective Date: _____
Month /Day/Year

ISSUED BY Mr. Brock Pfost, President, R.R. 1, Maryville, MO 6446
Name and Title of Issuing Officer Mailing Address

P.S.C. MO No. 2
Canceling P.S.C. MO No. 1

Original Sheet No. 18

Name of Utility: Middle Fork Water Company
Service Area: Stanberry and Grant City, MO

Rules and Regulations Governing Rendering of
Water Service

Rule 8 Discontinuance of Service

In the event any Customer shall fail to perform any obligation under these Rates and Regulations or under its Water Supply Contract (including the failure to make to the Company, when due, any payment for which provision is made therein), and if such failure shall continue for fifteen (15) days following written notice to such Customer from the Company specifying such failure, the Company may, at any time thereafter, upon 10 days' written notice to such Customer, cease and discontinue delivering water to such Customer so long as such failure shall continue; provided, however, that any such cessation and discontinuance shall not relieve such Customer of any obligation under such Water Supply Contract, including the obligation to pay amounts becoming due on and after the date of such cessation and discontinuance.

- * Indicates new rate or text
- + Indicates change

Issue Date: _____
Month /Day/Year

Effective Date: _____
Month /Day/Year

ISSUED BY Mr. Brock Pfof, President, R.R. 1, Maryville, MO 6446
Name and Title of Issuing Officer Mailing Address

P.S.C. MO No. 2
Canceling P.S.C. MO No. 1

Original Sheet No. 19

Name of Utility: Middle Fork Water Company
Service Area: Stanberry and Grant City, MO

Rules and Regulations Governing Rendering of
Water Service

Rule 9 Wheeling Agreements

It is the policy of the Company to bear all reasonable costs and expenses in accordance with these Rules and Regulations appropriate and necessary to deliver water to a Customer with whom the Company has entered into a Water Supply Contract. In the event that the Company determines that the best and most feasible manner distribution system of a city or public water supply district or private water company, the Company may enter into a Wheeling Agreement with the owner of such water distribution system.

- * Indicates new rate or text
- + Indicates change

Issue Date: _____
Month /Day/Year

Effective Date: _____
Month /Day/Year

ISSUED BY Mr. Brock Pfof, President, R.R. 1, Maryville, MO 6446
Name and Title of Issuing Officer Mailing Address

Middlefork Water

Residential Customer Bill Comparison-Water

Rates				
Customer	Current Base Customer Charge	Proposed Base Customer Charge	Current Usage Rate*	Proposed Usage Rate*
1" Meter	\$ -	\$ -	\$ 2.71	\$ 3.25

*Per 1,000 Gallons

MONTHLY BILL COMPARISON

1" Meter Monthly Billing	
Current Rates	
Customer Charge	\$ -
Usage Charge (4,631.125 Gallons Monthly)	\$ 12,550.35
Total Bill	\$ 12,550.35
Proposed Rates	
Customer Charge	\$ -
Usage Charge (4,631.125 Gallons Monthly)	\$ 15,056.75
Total Bill	\$ 15,056.75
INCREASES	
Usage Charge	
\$ Increase	\$2,506.40
% Increase	19.97%
Total Bill	
\$ Increase	\$2,506.40
% Increase	19.97%

MISSOURI PUBLIC SERVICE COMMISSION

STAFF DISPOSITION AGREEMENT REPORT

CASE NO. WR-2018-0328

October 4, 2018

AUDITING DEPARTMENT SETTLEMENT REVIEW AND AUDIT

Background

On May 4, 2018, Middlefork Water Company (Middlefork or Company) filed for a general increase to its water rates under the Commission's informal rate request procedure. The Company's water treatment plant is located in Gentry, Missouri and has an office in Maryville, Missouri. Middlefork serves two wholesale customers within its certificated service area in Gentry County of Missouri. The two customers are the cities of Grant City and Stanberry. Currently, Middlefork provides water service to these two customers through water supply contracts. The Commission's last approved rate case for Middlefork Water Company became effective on November 24, 2010, as a result of Case No. WR-2010-0309.

The Company, in its current Application to the Commission, requested an increase in water revenue of \$55,400. The increase, according to the Company, was necessary to compensate for increases in operating expenses and to provide an adequate return on investment.

The Auditing Department Staff conducted an audit of the books and records of the Company. This audit provides a reasonable basis for the Audit Staff's recommendation presented in this Memorandum. The Audit Staff used a test year of calendar year 2017 updated for known and measurable changes thru June 1, 2018. Based upon the examination of the Company's activities, the Audit Staff cost of service calculation reflects a deficiency of \$60,154. The Audit Staff believes that this revenue requirement is reasonable given the current operating environment of the Company. Attached to this Memorandum are Audit Staff's Accounting Schedules.

Rate of Return and Capital Structure

David Murray, of the Staff's Financial Analysis Department recommends an 8.19% percent cost of equity for Middlefork, based on an assumed ratemaking capital structure of 100 percent equity.

Rate Base

Staff included in its cost of service all capital improvements completed by the Company and in service as of June 1, 2018. Middlefork's net rate base is approximately \$291,242. Mr. Cedric Cunigan of the Depreciation Department sponsored the adjustments to plant in service balances,

depreciation reserve, contribution in aid of construction (CIAC) and depreciation expenses resulting from plant additions and retirements.

Revenues

The Audit Staff annualized water revenue by applying the current rates as contained in the Company's current effective tariff (YW-2011-0186) to the number of gallons of water used. Water revenues were annualized based upon the current tariff rate of \$2.71 per 1,000 gallons sold. Usage was normalized using a 12-month average, which reflects the average usage from June 2017 to May 2018. Staff also included "Miscellaneous Revenue" in the amount of \$24,589 for Middlefork Water Company's revenue from the USDA/FSA Conservation Reserve Program (CRP). Staff calculated this number by using an average of the revenues over the past four years. This is a program in which landowners agree to remove environmentally sensitive pieces of land from agriculture production and instead plant species such as prairie grass, which will help improve the environmental health of the land and Middlefork's water source of supply (the lake located on this piece of property). After discussions with the Company and the Office of the Public Counsel (OPC), Staff included \$9,000 in miscellaneous revenue for the CRP program. Also, the Company has agreed to a tracker of this revenue and will amortize any over or under collection of said revenue in the next rate case.

Operating Expenses

Service Contract Expense

On June 1, 2018 PeopleService, Inc., took over plant management. They are a large company based in Omaha, NE. that specializes in operating water and wastewater facilities. They currently operate over 150 plants in Missouri, Iowa, Nebraska, Illinois and Minnesota. They provide staffing, operate the plant, and perform required monitoring, testing and equipment maintenance. Middlefork no longer has its own employees. All payroll and payroll related expenses are now included in the PeopleService contract. Staff has removed prior payroll expense, payroll taxes, benefits, cell phone costs, and mileage from the test year to reflect this change. Middlefork Water Company still pays for chemicals and major items such as subcontracted maintenance and major equipment purchases. The monthly contract rate for these services is \$10,740. Staff included an annual expense of \$128,880 in its cost of service.

PSC assessment

Staff reflected the most current Missouri Public Service Commission Assessment for the fiscal year 2019 in its cost of service.

Permits, Fees, and Testing Expense

Staff removed expenses related to testing since these costs are now included as part of the contract with PeopleService.

Office Supplies Expense

Staff determined annualized office supplies expense by taking the monthly average expense incurred in the update period and annualized this amount. Staff also included the yearly QuickBooks cost.

Insurance Expense

The Audit Staff used the most recent insurance premium invoices for property insurance and general liability insurance to determine an annualized amount. Workers Compensation which was included in test year was removed by the Audit staff since it is now covered by the PeopleService contract.

Outside Services expense

Outside services includes Legal and Accounting services. No legal service was provided in test year and the update period. Accounting services was provided for preparation of Income Tax return and the Annual PSC report. Staff adjusted to reflect an annualized level by amount incurred in the update period compared to test year.

Chemical Expense

Staff's annualized chemical expense was calculated by using the quantity of chemicals purchased in 2017, priced out at the most current unit price. After discussions with the Company, Staff reviewed the chemical expense incurred during the update period of January 1, 2018 thru June 1, 2018 and found the chemical usage had increased significantly in this time frame. After this review, Staff was able to reach an agreement with the Company and OPC Counsel to include annually, \$106,000 for chemical expense.

Utility Expense

Middlefork Water Company receives its electric services through United Electric Coop, Inc. for their plant in Gentry County and a booster station in Worth County. The Audit Staff adjusted the purchase power to reflect the annualized water usage. Once the Audit Staff determined the normalized usage from the revenue workpapers, an annualized Kilowatt per hour (kWh) was calculated, which was multiplied by the cost per kilowatt to determine the annualized purchase power. For the fuel adjustment, the Audit Staff calculated the 13-month average for all the MFA propane heating invoices and this was used to calculate a normalized fuel expense adjustment.

Maintenance and Equipment Repair Expense

Maintenance expense included subcontractors providing service (i.e. Mowing, Trash Service). Staff adjusted by allowing Mowing and Trash Service and disallowing any expense related to PeopleService. PeopleService had previously provided service occasionally up until taking over plant management in June 2018. Equipment repair was adjusted to reflect annualized cost. The Staff adjusted by allowing repairs and allowing the annual cost of replacing media filters and disallowing the pump addition which was considered a plant addition.

Telephone Expense

Telephone expense was adjusted to reflect annualized level. Test year telephone expense included cell phone reimbursement to former Plant Operator Danny Atkinson. Audit staff removed cell phone reimbursement since the PeopleService contract includes the expense of cell phones for employees. Staff annualized telephone expense by taking the expenses incurred the last six months and multiplying by 2 to get the annualized amount for the entire year.

Farm Expense

As discussed in the “Revenues” section, Staff included “Miscellaneous Revenue” for Middlefork Water Company’s participation in the USDA/FSA Conservation Reserve Program. The account “Farm Expense” includes all the expenses associated with maintaining that land to meet the guidelines for the conservation program. The Audit Staff used a four year average of these farm expenses to offset the revenue. After discussions with the Company and OPC, the Staff was able to include \$9,000 annually for farm expense. Also, the Company has agreed to a tracker of this expense and will amortize any over or under collection of said expense in the next rate case.

Payroll, Benefits, and Transportation

Since payroll expense, employee benefits, and transportation are covered in the contracted price paid monthly to PeopleService, all of these expenses were adjusted to zero.

Postage Expense

The Audit Staff made a positive adjustment to postage expense to allow for the postage increase on January 1, 2018.

Dues and Donations

The Audit Staff eliminated expenses related to scholarship fund payments and other donations/contributions.

Federal Corporate Income Tax Law Change

As a result of the Tax Cuts and Jobs Act ((TCJA) the new federal corporate income tax law change, has been reduced from 35% to 21%), effective January 1, 2018. Staff has calculated

the federal income tax expense amount for Middlefork Water Company using a 21% tax rate in its calculations for the cost of service for revenue requirements for this case

Items not adjusted

The Audit Staff did not adjust the test year levels for materials and supplies expense, DNR permits and property tax expense.

REPORT OF WATER AND SEWER DEPARTMENT FIELD OPERATIONS AND TARIFF REVIEW Case No. WR-2018-0328 MIDDLEFORK WATER COMPANY

Introduction

Middlefork Water Company (Middlefork, or Company) was created in the early 1990s with a business plan designed to address the drinking water supply problems of two cities in northwest Missouri: Grant City and Stanberry. Grant City, which supplies water to its own retail and wholesale customers, had previously experienced serious water supply problems. Stanberry had no treatment plant. Both cities had water distribution systems, but did not have adequate sources of supply and treatment. Middlefork was formed in 1991, to provide a reliable and adequate source of supply and treatment, and to then deliver the treated drinking water on a wholesale basis to the cities for distribution to their retail and wholesale customers.

Middlefork began operation in 1992 after receiving a certificate of convenience and necessity on March 31, 1992, in Case No. WA-92-65. Middlefork operates a surface water treatment plant in Gentry County, located at 2961 U.S. Highway 169, Gentry, Missouri, 64453.

The Commission's Water and Sewer Department Staff (Staff) performed an inspection of the water system on July 2, 2018. The following sections provide a description of the facility, its operation, and Staff observations and concerns listed below.

Facilities

Middlefork's water treatment plant draws its water from Stanberry Lake, also known as Lake Elizabeth, which is owned and controlled by the Company. The raw water intake utilizes a

five horsepower submersible pump capable of pumping approximately 500 gallons per minute (gpm). Water can be pumped from the lake from three different elevations within the intake structure, each of which are five feet apart.

The plant, with a treatment capacity of 700 gpm, is manually operated by a certified operator who is on-site 6 to 10 hours daily, and produced an average of 291,950 gallons per day (gpd) in 2017 according to the Company's annual report.

The water treatment process is as follows:

- Water is pumped at about 500 gallons per minute (gpm) from the reservoir to an earthen pre-sedimentation basin. The pre-sedimentation basin allows sediment and heavy particles to settle out of the water before the water enters the treatment plant. The pre-sedimentation basin is approximately sixteen feet deep and holds approximately nine million gallons of water. The estimated detention time of the water is thirty days. The water in the pre-sedimentation basin is treated as needed with a copper sulfate as an algicide.
- From the pre-sedimentation basin, water gravity flows through a twelve-inch PVC pipe to the treatment facility. For primary disinfection, chlorine dioxide is injected into the twelve-inch pipe. Water flows into the treatment plant at a maximum of 700 gpm but a reduced flow through the treatment plant can be manually regulated using a flow control valve.
- At the treatment plant, the water first enters a primary rapid-mix basin where aluminum chloride hydroxide sulfate (ACH) is added to the water to begin the coagulation and flocculation of suspended solids. Mixing time is approximately 35 seconds. Water leaves the primary rapid-mix basin through a sidewall port and is transferred to a primary flocculation chamber, which is a rectangular basin approximately 14 feet long and 20 feet wide. A flocculation paddle stirs the water to maintain proper circulation and chemical contact for optimal floc production. Contact time in this basin is at least 30 minutes.
- From the primary flocculation basin, water passes through a picket baffle fence to a 100-foot-long by 20-foot-wide quiescent primary sedimentation

basin. Detention time in this basin is at least 5 hours. Solids settled in this basin must be hauled periodically.

- The primary sedimentation effluent, along with a second dosing of chlorine dioxide for disinfection, is piped to a secondary rapid mix basin, secondary flocculation basin, and through a picket baffle fence to secondary sedimentation basin, all of which are identical or similar in size and function to the primary components.
- Water from the secondary basin is piped to the filter influent header. Sodium Hydroxide (NaOH) is injected into the filter influent header for pH control. The filters are conventional rapid-rate dual-media filter system, for additional removal of suspended solids. Three filters are used, each 15 feet long by 7 feet 6 inches wide to provide an effective filter area of 112.5 square feet. Filters must be backwashed periodically to remove solids collected from the water. The operators undertake backwashing when the measured head loss through each filter reaches a pre-determined maximum level. Backwashing uses treated water pumped by a dedicated backwash pump. The filter media was replaced in 2013, and again in 2017, and the cost of the replacement media is being addressed in this case.
- After this treatment process, finished water is stored in a 340,000-gallon onsite concrete clearwell. The clearwell is a partially buried rectangular tank constructed from cast-in-place reinforced concrete. The water is pumped from the clearwell to the wholesale customers' transmission pipelines using submersible high service pumps. The design of the submersible pumps requires them to be submerged in a minimum of five feet of water. This requirement limits the amount of usable storage available to approximately one-half of the volume of the clearwell.

System Additions

Most of the equipment additions since the last rate case were a result of maintenance, repair and replacement of existing equipment. A brief summary of equipment additions is listed below. A complete listing of equipment additions is provided in Staff's depreciation workpapers.

- Replaced several pumps and motors

- Installed chlorine gas analyzer
- Replaced filter media in Filters 1 and 2 in 2017
- Replaced filter media in Filter 3 in 2018

Water and Sewer Staff Observations

During Staff's inspection, the water treatment plant appeared to be in good physical condition and operating properly. Staff did observe some site conditions which can be improved:

Currently, extension cords are used to provide power to some of the chemical feed pumps, apparently a temporary installation. Middlefork could upgrade to more permanent power supplies for these components.

- Piping in the filtration room is showing signs of surface rust and minor leaks. Middlefork could fix the leaks.
- Due to the lake and the pre-sedimentation basin, the facility has a large footprint. Middlefork could review site security and upgrade fencing and gates as may be practical.

Tariff Review

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

The Company's current water tariff became effective August 20, 1992, after the Commission issued a certificate of convenience and necessity to the Company, March 31, 1992. Following a review of the current water tariff, the Company needs to replace the current water tariff with a new water tariff that reflects the current rules and regulations of the Commission.

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

Rate Design

Staff also reviewed the Company's current rate design in its investigation. The current rate structure consists of a monthly commodity rate based on a per 1000 gallons of total usage. Staff has performed a cost of service study for water service, and will continue its investigation throughout this rate case. At this time Staff does not anticipate making further changes to the existing rate structure.

Disposition Agreement Attachment H

Summary of Case Events

Middle Fork Water Company
Case #WR-2018-0328

Date Filed:	May 4, 2018
Day 150:	October 9, 2018
Extension?	No
Amount Requested:	\$55,400.00
Amount Agreed Upon:	\$60,154.00
Item(s) Driving Rate Increase:	The current rates have been active and unchanged since the CCN case in 1992.
Number of Customers:	2 wholesale customers
Return on Equity:	8.19%
Assessment Current:	Yes
Annual Reports Filed:	Yes
Other Open Cases before Commission:	No
Status with Secretary of State:	Good Standing
DNR Violations:	No
Significant Service/Quality Issues:	None