

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

In the Matter of TUK LLC for Certificates of )  
Convenience and Necessity Authorizing it to Install, )  
Own, Acquire, Construct, Operate, Control, Manage ) **File No. WA-2015-0169 et al.**  
and Maintain Water and Sewer Systems in Jefferson )  
County, Missouri )

**STAFF’S RECOMMENDATION**

**COMES NOW** the Staff of the Missouri Public Service Commission, by and through counsel, and recommends that the Commission grant to TUK LLC (“TUK” or “Company”) a Certificate of Convenience and Necessity (“CCN”) to provide regulated water and sewer services in Jefferson County, Missouri. In support of this *Recommendation*, Staff states as follows:

1. On January 20, 2015, TUK filed Applications to obtain certificates of convenience and necessity (“CCN”) for authority to install, own, acquire, construct, operate, control, manage, and maintain water and sewer systems in Jefferson County, Missouri. This matter was consolidated with File No. SA-2015-0170 on February 3, 2015.

2. On February 13, 2015, the Commission ordered Staff to file a recommendation no later than March 12, 2015.

3. On February 20, 2015, Staff requested additional time to gather and process information and ask more questions if necessary. On March 3, 2015, the Commission ordered that Staff shall file its recommendation or status report no later than May 15, 2015.

4. Pursuant to Section 393.170, RSMo (2013), no water or sewer corporation shall provide service to consumers without first having obtained approval from the

Commission. In determining whether or not to grant such approval, the Commission has traditionally applied the five “Tartan Energy Criteria” established in *In the Matter of Tartan Energy Company, et al.*, 3 Mo. PSC 3d 173, 177 (1994): (1) there must be a need for the service; (2) the applicant must be qualified to provide the service; (3) the applicant must have the financial ability to provide service; (4) the applicant’s proposal must be economically feasible; and (5) the service must promote the public interest.

6. As explained in the Staff *Memorandum*, attached hereto as Appendix A, Staff conducted an investigation into TUK’s request. Based upon this review, Staff has determined that TUK fulfills the requirements of the Tartan Energy Criteria. Accordingly, Staff asserts that granting of the CCN is necessary and convenient for the public service and is not detrimental to the public interest, and recommends approval with conditions as described in the *Staff Memorandum*.

7. The Commission need not hold a hearing if, after proper notice and opportunity to intervene, no party requests such a hearing. *State ex rel. Rex Deffenderfer Enterprises, Inc. v. Public Service Commission*, 776 S.W.2d 494 (Mo. App. W.D. 1989). No party or individual has requested a hearing, so the Commission need not hold a hearing to grant a CCN to the Company.

**WHEREFORE**, Staff respectfully submits this Staff Recommendation for the Commission’s information and consideration, and requests the Commission grant TUK LLC Certificates of Convenience and Necessity, with conditions, to provide water and sewer service to the requested service area.

Respectfully submitted,

**/s/ Marcella L. Mueth**

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**CERTIFICATE OF SERVICE**

I hereby certify that true and correct copies of the foregoing were mailed, electronically mailed, or hand-delivered to all counsel of record this 22<sup>nd</sup> day of May, 2015.

**/s/ Marcella L. Mueth**



On February 24, 2015, the Commission issued an *Order Granting the Application to Intervene*. On March 3, 2015, the Commission granted that extension. On May 11, 2015, Staff filed its *Second Status Report and Request for Extension of Filing Date*, in which it requested an extension to May 22, 2015, for time to file either another status report or a recommendation. On May 11, 2015 the Commission issued an *Order Directing any Party Wishing to Object to Staff Request for an Extension of Time* to do so by May 14, 2015. No response by any party was filed. On May 15, 2015 the Commission issued an *Order Directing Staff to File its Recommendation* no later than March 22, 2015.

### **BACKGROUND OF THE UTILITY SYSTEMS**

The water and sewer systems serve an unincorporated portion of Jefferson County, Missouri, just south of the City of Eureka and just west of the City of High Ridge. TUK's customers include a mobile home park, currently classified as a commercial customer, with 136 pads of which approximately 55 are currently occupied, six duplex units with 136 pads of which approximately 55 are currently occupied, six duplex units on both the water and sewer systems, and 22 single-family homes on the water system and 18 single family homes on the sewer system. This utility has a relatively small service area with older water and sewer infrastructure. There is a limited growth forecast for this area, although a few additional homes are being constructed.

The Company owns and maintains a single-well constructed in 2010 after an older well was capped for unknown reasons. A 30,000 gallon concrete ground storage tank is located next to the well. To Staff's knowledge, the distribution system consists of approximately 4,000 feet of polyvinyl chloride ("PVC") and asbestos-cement (transite) mains constructed along the streets and fronting each customer's property, and a customer service line to each home. Meters are located on the single-family homes and duplex building (one meter serves two living units); however, there is no meter for the mobile home park.

The operation of both the water and sewer systems have been regulated by DNR since the 1960's, but the owners of the systems were not regulated by the Commission as public utilities. These systems were originally constructed to serve the water and sewer needs of the mobile home park, but subsequently the duplexes and single-family homes were added because they are in reasonable proximity. The owners of TUK are also the owners of a holding group that owns the mobile home park and the duplexes.

### **STAFF'S INVESTIGATION**

Staff members visited the site numerous times to develop an understanding of how the system was configured and constructed, to monitor construction in process, and to gather pertinent documents from the owners of the Company and Customers. The overall purpose of these visits was to supplement their original investigation in a formal complaint case that subsequently led to this CCN application being filed, Case No. WC-2015-0124. The formal complaint case schedule is suspended, at the request of TUK and with the support of Staff, to await action in this current CCN case.

A single-well system should have adequate capacity to meet a peak-use day. A single-well system should have usable storage capacity to meet average day use – that would typically be approximately 180 gallons of water per residential customer for most systems, although according to TUK's billing records these residential customers are only using about 118 gallons per day on average. Based on Staff calculations this system has adequate source of supply and storage volume. The master meter is being read based on the Company's operations records, however based on Staff's observations of the age of this master meter, it could be yielding inaccurate readings.

The sewer system consists of a 3-cell lagoon, gravity collecting sewers fronting customers' properties, gravity customer service sewers, and a lift station that pumps all sewage to the lagoon.

The Company would normally be obligated to submit a feasibility study with its application for a CCN, but Staff takes the position that since this is an existing water utility providing service to the public already and because the Company requested a waiver of the feasibility study, that the CCN case should go forward without a feasibility study. Staff recommends that the CCN should be granted without the Company being required to comply with the provision of the application, since all necessary information has been provided to Staff by TUK and Staff has determined that the operations of the systems for providing utility service are feasible.

The requested service area as filed in the *Application* case did not include areas where all customers are located. Staff proposed a modified map and written description of a service area, included as Attachments A and B, incorporated herein by reference. Attachment A shows the service area on a United States Geological Survey topographic map, and Attachment B includes a written description. The Company has informally agreed with Staff's suggested service area map and description.

### **INTERIM RATES SUBJECT TO REFUND**

Staff has included in its cost of service the costs associated with all capital improvements that were in-service as of April 30, 2015 and supported by adequate documentation. In addition, Staff has also included in its cost of service the estimated costs associated with several capital projects that are currently under construction and are expected to be completed by July 31, 2015. Because the Staff has included the estimated costs of projects in the cost of service calculation, Staff is at this time recommending interim quarterly rates be established that will be subject to a true-up audit that will be performed during August 2015. During August 2015 Staff will perform an on-site visit of the TUK water and sewer systems to verify whether or not each individual capital project is in fact completed and is providing service to TUK's customers. In addition Staff will review supporting documentation to determine the actual cost of each capital project and prepare updated accounting schedules and provide an updated permanent rate recommendation to the Commission for its approval. As part of the true-up, if the cost of any

one project is less than what was included as an estimate for that project in the interim rate determination, the actual lower cost will be reflected in the Staff’s permanent rate recommendation to be provided to the Commission for approval during September 2015. Furthermore, TUK will be required to refund to its customers, with interest, any and all amounts collected in interim rates that are associated with any such project or projects that are not completed and in service by the time the true-up audit is conducted. Interest for this purpose shall be calculated using the prime rate as reported by the Wall Street Journal for April 30, 2015 plus 1%. Staff recommends using a 4.25% annual short term interest rate calculated in this manner for all amounts subject to refund. Amounts subject to refund include all amounts collected in rates for depreciation and return for any specific project that is not completed and in service. If the actual cost of any particular project exceeds the estimated cost of the project then the estimate amount will be retained in rates and the excess will be eligible for recovery as part of the Company’s next rate proceeding. In no circumstance will the overall permanent rate recommendation be higher than the interim rate recommendation.

The following is a listing of each capital project, with estimated costs, that Staff has included in the cost of service calculation, and for which each such project is subject to refund based upon a true-up audit to be performed during August 2015:

<u>Sewer Capital Projects Currently in Progress</u>		<u>Estimated</u>
		<u>Costs \$</u>
1. Manhole Upgrades and Infiltration		\$ 6,000
2. Water Main and/or Service Line for Lift Station		<u>\$ 1,500</u>
 <u>Water Capital Projects Currently in Progress</u>		
	<u>Estimated Costs \$</u>	<u>Total</u>
1. Electrical Upgrades	\$11,222	Sewer
2. Level the Well House Floor Surface	\$ 200	\$ 7,500
3. Plywood and Insulation for Interior of Well House	\$ 100	
4. Vent Installation for Storage Tank	\$ 1,200	
5. Electric for Probes on Storage Tank	\$ 800	
6. Clean and Seal Exterior of Storage Tank	\$ 3,000	
7. Lock for Lower Discharge Hatch	\$ 100	
8. Meter and Meter Setting for Mobile Home Park	\$ 1,000	
9. Two New Meters for Duplex Units	<u>\$ 220</u>	
	Total Water	\$17,842

**PLANT-IN-SERVICE, DEPRECIATION RESERVE, DEPRECIATION EXPENSE,  
CONTRIBUTIONS-IN-AID-OF-CONSTRUCTION**

Staff has determined appropriate depreciation rates for each Uniform System of Accounts (“USOA”) category of plant in service, for both the water and sewer accounts. Based upon the supported and estimated levels of plant in service, and depreciation rates, the Staff determined the appropriate balances of accumulated depreciation for both the water and sewer systems. In addition the Staff determined the appropriate balances of contributions in aid of construction (“CIAC”) and the corresponding depreciation reserve for each account. The following chart summarizes the rate base balances as of April 30, 2015, which includes the estimated construction costs to be completed on or before July 31, 2015 as offset by net CIAC:

	<b><u>TUK WATER</u></b>	<b><u>TUK SEWER</u></b>
Plant in Service	\$ 28,098	\$ 37,238
Less: Depreciation Reserve	\$ 217	\$ 5,104
Net Plant in Service	\$ 27,881	\$ 32,134
Plus: Material and Supplies	\$ 220	\$ 0
Less: Net CIAC (CIAC Net of Reserve)	\$ 4,464	\$ 10,830
Total Rate Base	<u>\$ 23,637</u>	<u>\$ 21,304</u>

Staff does not believe a majority of the initial investment by the developer should be included as rate base, because it is likely fully depreciated due to its age. Staff proposes to include capital expense items incurred by the Company for the ongoing operation of the water system.

Staff recommends that the Commission approve depreciation rate schedules for TUK as shown on Attachment C and D to this memorandum, and incorporated by reference herein. Staff calculated plant balances based on documentation provided by the Company and estimations for plant balances where no documentation could be provided. Staff recommends that the Company use these balances for its utility records, unless invoices are located that can be used to document actual cost.

**OPERATING AND MAINTENANCE EXPENSE**

Staff has included in its cost of service calculation all costs to address all operation and maintenance needs for both the water and sewer systems. TUK utilizes appropriately certified licensed operators for day-to-day facility operations as contract operators. However, neither the water or sewer operator has an existing contract in effect with TUK. For continued reliable operations, Staff recommends that TUK enter into valid written contracts for plant operations



with both the water and sewer operator, or hire a part-time employee who is able to undertake plant operations for each of the systems. In addition, Staff has included appropriate levels of cost in the cost of service calculation to address supervision, meter reading, billing and collection expense, operating permit fees, system repairs, testing requirements, chemicals, electricity expense, mowing, property taxes, PSC assessment among various other cost categories.

### **RATE OF RETURN AND CAPITAL STRUCTURE**

TUK's capital structure consists of debt in excess of 75% of its total capital. In such circumstances, Staff believes it is appropriate to use a hypothetical capital structure which limits debt capital to 75% for ratemaking purposes. As a result, Staff estimates a return on equity of 11.26% and a total overall rate of return of 6.73%.

### **SUBSEQUENT STAFF RATE REVIEW**

Staff will conduct a rate review within 12 to 18 months after the effective date of a CCN to examine the Company's actual revenues, expenses and investment, to determine if rates are set appropriately for the Company to recover its costs.

### **INTERIM RATE RECOMMENDATION**

Staff recommends metered rates for the water system for residential customers since they have existing meters. Staff recommends that a 2-inch meter be installed for the mobile home park, and Staff is designing a metered rate for that customer. The three duplex buildings (two living units per duplex) have existing meters but they have not been read regularly in the past, and it is possible some or all of the meters need to be replaced. Also, one duplex building has one meter, and two of the duplex buildings are on one meter. Since some meters may not be working, Staff recommends both flat and metered rates for the three duplexes, and that TUK should replace meters as necessary and begin metered billing within three months. Staff recommends flat sewer rates for all customers of the TUK sewer system.

Interim Rates proposed for approval by the Commission, portions of which are subject to refund and subject to decrease, depending upon completion of the above-described capital projects that are under construction, are as follows:

Interim Water Rates

Residential Water Rates, 5/8- inch meter

Customer charge, quarterly	\$36.75
Commodity charge, per 1,000 gallons	\$2.72
Temporary flat rate, quarterly maximum 1 quarter	\$60.00

Mobile Home Park Water Rate, 2 inch meter

Customer charge, quarterly	\$735.00
Commodity charge, per 1,000 gallons	\$2.72
Temporary flat rate, quarterly maximum 1 quarter	\$2,300.00

Interim Sewer Rates

Residential Sewer Rates, per living unit, excluding mobile homes in parks

Flat rate	\$133.37
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Mobile Home Park Sewer Rate

Flat rate	\$2,667.39
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As indicated earlier in this memorandum, upon completion of an August 2015 true-up audit of the capital projects to be completed by TUK on or before July 31, 2015, Staff will provide the Commission with a permanent rate recommendation that is dependent upon TUK completing the above mentioned capital projects.

Staff's accounting schedules, which reflect the Auditing Unit's findings of investment and actual expenses, are included and incorporated herein by reference as Attachments E and F, for water and sewer, respectively.

Attachment G is a staff work paper showing the rate design for the above water rates, and is included and incorporated herein by reference as Attachment H is a work paper showing rate design for the above sewer rates, included and incorporated herein by reference. Both include the factors used by Staff for residential customers and commercial customers. TUK currently charges a customer a minimum of \$45 dollars per quarter as a customer charge and \$5.92 per thousand over the 6,000 gallons included in the \$45 customer charge. In addition the Company charges a flat rate of \$500 per year for its sewer customers.

Staff also proposes a \$25 late fee to reflect the estimated cost of TUK to handle late payment by customers; an estimated \$15 turn on charge and a \$15 turn off charge to reflect the estimated cost of TUK or other contractor to accomplish repairs of the water system.

## **TECHNICAL, MANAGERIAL, AND FINANCIAL CAPACITY**

DNR reviews new proposed water system operations using, among other criteria, determination of technical, managerial and financial capacities of the operation, or “TMF.” The United States Environmental Protection Agency developed these review criteria, as part of the federal Safe Drinking Water Act (found at [http://water.epa.gov/type/drink/pws/smallsystems/state\\_guidance.cfm](http://water.epa.gov/type/drink/pws/smallsystems/state_guidance.cfm)) and DNR adopted it in regulation 10 CSR 60-3.030. Although utilized by DNR for new water systems, Staff finds the concepts of TMF useful in studying some situations involving existing water systems, and sewer systems, as well. Staff’s TMF review follows.

### **Technical Capacity**

TUK retained the services of Brian Allen and Ed Pogue, who are licensed water and sewer operators, respectively, to provide day-to-day contract operations, and perform emergency repairs on the water and sewer systems. TUK’s owners are from Massachusetts and visit the system infrequently, but a mobile home park manager is available on a daily basis.

### **Managerial Capacity**

Jonathan Finkelstein and Louis Mountzoures own the company. Staff has observed that Mr. Mountzoures and Mr. Finkelstein jointly own the mobile home park and duplexes in a separate holding group from TUK LLC. TUK has no employees, vehicles, or equipment to use for system operations or business matters and utilizes a separate certified contract operator for the sewer and water systems for both day-to-day system operations, repairs, and for most construction projects. Mr. Mountzoures provides quarterly customer billing and management services for the Company, although the mobile home park manager actually collects utility bills from customers.

### **Financial Capacity**

While reviewing the existing business operation, along with the books and records the Company provided, Staff observed the availability of credit and equity resources. Staff believes that such capital resources are also available for utility day-to-day operations as well as for undertaking capital improvements for the utility.

## **THE TARTAN ENERGY CRITERIA**

As is customary with most cases involving a new CCN, Staff uses the criteria considered by the Commission in a past CCN case filed by the Tartan Energy Company to evaluate a CCN application, as follows:

### **Is there a need for service?**

Yes, there is a need for service. Residential and commercial customers desire and need water

and sewer service and that water and sewer service is already being provided by the Company. Additionally, proper operation and upkeep of these existing water systems are necessary so customers have safe and adequate service that is in compliance with drinking water control regulations.

**Is the Company qualified to provide the service?**

Yes, the Company is qualified to provide the service, by retaining the services of qualified personnel, currently being employed and additional contract help for major repairs. Staff determined that the Company is able to assume operations of the existing system and is capable of undertaking necessary future improvements for continued operations of these systems, as demonstrated by projects currently in progress.

**Does the Company have the financial ability to provide the service?**

Yes, it appears to Staff that the Company has sufficient financial resources. Staff believes the Company can obtain adequate funding through the owners of the Company, using a combination of bank financing and owner equity.

**Is the Company's proposal economically feasible?**

Yes, the proposal is economically feasible, based on Staff's overall evaluation. Staff auditors observed financial resources available to the owner of the Company and Staff determined that the Company has adequate financial resources necessary for continued operation of these systems.

**Does the Company's proposal promote the public interest?**

Yes, the Company's proposal to own and operate this water system and sewer system and to provide service promotes the public interest. The water and sewer service are necessary for the living units that are occupied. The water and sewer systems are in place and operated by the Company, and are necessary since there are no other water or sewer systems presently available to the customers. Additionally, the Company is capable of providing service in the area, as demonstrated by its present operation by the owners of the Company.

**Could the service be provided by another entity?**

There is no other entity readily available to provide water or sewer service in the proposed service area, although there are other nearby water utilities. The Jefferson County Public Water Supply District #2 is within proximity to the proposed service area, however there is no plan for this utility to become involved in any way with TUK's customers at this time.

## **ENGINEERING AND MANAGEMENT SERVICES UNIT REVIEW**

Staff recommends that the Company review and comply with 4 CSR 240-13 (Chapter 13) which governs billing, meter reading, payment, discontinuance of service, handling of inquiries and other service processes for utilities. The Staff mailed a letter to the Company dated February 20, 2015, which included a copy of Chapter 13 as well as a listing of specific rules small systems are frequently found in non-compliance as well as an initial data request. Additional materials, including sample documents were included with the letter to assist the Company.

The Company's responses to data requests were reviewed with the primary focus of the Engineering and Management Services Unit ("EMSU") on service and billing practices. There are many Missouri Public Service Commission rules that apply to utility companies providing regulated water and or sewer services within the State of Missouri. Through this certification review the EMSU staff has noted deficiencies. These deficiencies would be in non-compliance of Chapter 13, were the Company already certificated with the Missouri Public Service Commission. The deficiencies in the following areas relate to Chapter 13 compliance.

### **Customer Billing**

Customer bills do not state the date account payments will be delinquent and subject to a late payment fee. Commission Rule 4 CSR 240-13.020(7) states, "A quarterly-billed customer shall have at least sixteen (16) days ... from the rendition of the bill to pay the utility charges." Therefore, a bill payment should not be considered delinquent until the 17<sup>th</sup> day after rendition or mailing. Incorporating the correct description of the delinquent date on customer bills would ensure that the communication provided to customers is consistent with Commission rules.

"...a monthly-billed customer shall have at least twenty-one (21) days and a quarterly billed customer shall have at least sixteen (16) days from the rendition of the bill to pay the utility charges unless a customer has selected a preferred payment date in accordance with a utility's preferred payment date plan."

The Company's monthly billing statements do not indicate the *dates* of the previous and present meter readings, Commission Rule 4 CSR 240-13. 020 (9) (A), which states:

"Every bill for residential utility service shall clearly state (A) the beginning and ending meter readings of the billing period and the dates of these readings."

### **Notice of Discontinuance of Service**

The Company has not prepared a notice of discontinuance of service. While no known services have been discontinued for nonpayment a notice of discontinuance is not available for use. Commission Rule 4 CSR 240-13.050(4) states:

The notice of discontinuance shall contain the following information: (A) The name and address of the customer and the address, if different, where service is rendered; (B) A statement of the reason for the proposed discontinuance of service and the cost for reconnection; (C) The date on or after which service will be discontinued unless appropriate action is taken; (D) How a customer may avoid the discontinuance; (E) The

possibility of a settlement agreement if the claim is for a charge not in dispute and the customer is unable to pay the charge in full at one (1) time; and (F) A telephone number the customer may call from the service location without incurring toll charges and the address of the utility prominently displayed where the customer may make an inquiry. Charges for measured local service are not toll charges for purposes of this rule.

The preparation and appropriate use of a notice of discontinuance would enable the Company to adhere to Commission rules and provide customers with the information they would need in the event discontinuance of service is warranted.

*The EMSU staff provided the Company a sample discontinuance of service document.*

### **Customer Communication**

The Company has not prepared comprehensive, written information documenting the rights and responsibilities of the Company and its customers. The Commission Rule 4 CSR 240-13.040(3) 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 provided the Company a sample brochure document.*

### **Customer Complaint and Inquiry Contact 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 provided the Company a sample Complaint/Inquiry Log document*

### **CONDITIONS FOR RECEIVING CCN**

Since the Company will become a newly regulated water and sewer utility, it has no regulatory history, and thus there are no issues with respect to the submission of annual reports or assessments to the Commission. The Company is in good standing with the Missouri Secretary of State.

For both water and sewer service, the Company will need to submit a new Schedules of Rates, Rules and Regulations (“tariff”), required of all regulated utilities, which includes rates and charges, a written description and map of the service area, and rules regarding the provision of utility service including monthly billing for all proposed customers. Staff recommends that the water and sewer tariffs be filed within twenty (20) days after an order issued by the Commission granting a CCN. Staff communicated with the Company regarding preparation of a tariff and Staff is presently working to develop a tariff document for the Company’s review and input. Staff continues to make itself available for assistance in preparing and filing a tariff, as well as for proper set-up of necessary utility records systems as described herein.

By Commission regulations, TUK is required to keep its books and records in accordance with the National Association of Regulatory Utility Commission (“NARUC”) Uniform System of Accounts (“USOA”), including day-to-day operating expenses, revenues and recording capital expenditures in TUK’s general ledger. In addition, TUK shall record existing capital items and adjustments for new capital items placed into service, along with retirements and the cost of removal and gross salvage for all replaced or retired plant. TUK must also utilize a work order system to track material, labor and overhead costs for its water systems.

TUK must also keep other operating records including vehicle and equipment logs, telephone logs, customer complaint records, and removal and gross salvage for all replaced or retired plant. TUK will need to maintain copies of all invoices and canceled checks for all expenses and all capital investment going forward.

In addition to requirements of the Commission, TUK will need to implement system operations procedures that comply with all DNR drinking water and water pollution control regulations, and get all significant deficiencies resolved within a one (1) year timeframe. TUK is currently undertaking projects on both the water and sewer systems to address deficiencies identified by

DNR during its inspections.

### **STAFF'S FINDINGS & CONCLUSIONS**

Staff takes the position that TUK's proposal seeking a CCN to provide water and sewer service, as modified by Staff and with conditions as described in this memorandum, is reasonable, feasible and is not detrimental to the public interest, and should therefore be granted.

### **STAFF'S RECOMMENDATIONS**

Based upon the above, the Staff recommends that the Commission issue an order that:

- a. Approves the CCN for the Company to provide water and sewer service in the proposed Jefferson County service area, as modified by Staff and as shown in the attached map and boundary description, included as Attachments A and B, under conditions as described within this memorandum and following;
- b. Approves interim quarterly residential metered rates, subject to refund upon completion of true-up audit, of a customer charge of \$36.75 plus commodity charge of \$2.72 per 1,000 gallons, and approve quarterly residential sewer flat rates of \$133.37, as shown on Attachments G and H;
- c. Approves service charges to include a \$25 late charge applicable for the water bill, with provisions regarding its applicability to be described in the tariff, and a \$15 turn-on and a \$15 turn-off charge or emergency calls that involve customer responsibility;
- d. Requires the Company to submit a new complete tariff for water service, and a new complete tariff for sewer service, as 30-day filings, within 20 days after the effective date of an order approving a CCN;
- e. Authorizes the Company to utilize and apply water depreciation rates as shown in Attachments C and sewer deprecation rates as shown in Attachment D;
- f. Requires TUK to either enter into a valid written contract regarding day-to-day plant operations for both the water and sewer systems or hire one or more part-time qualified employees who are able to undertake plant operational tasks;
- g. Requires TUK to maintain utility plant records and customer account records and to keep all books and records including plant and property records in accordance with the USOA version 1973 and revised in 1976 for water and version 1976 for sewer as described in this memorandum;
- h. Requires adherence by TUK to all Commission Rules regarding water system



- operation, sewer system operation, customer service and billing, the timely submission of annual reports with the Commission, submission of any required statement of revenue, and payment of annual Commission assessments;
- i. Requires all employees of TUK to maintain detailed time records for each system;
  - j. Requires the Company to keep its financial books and records for plant-in-service and operating expenses in accordance with the NARUC USOA using rate base balances and accounting schedules prepared by Staff and shown in Attachments E and F;
  - k. Requires the Company to keep operations records including those for customer complaints/inquiries, vehicle, equipment and telephone use records, maintenance activity, service calls and customer account records.
  - l. Makes no finding that would preclude the Commission from considering the ratemaking treatment to be afforded any matters pertaining to the granting of the subject CCN, including expenditures related to the certificated service area, in any later proceeding, and;
  - m. Requires that Staff perform a rate review within 12 to 18 months after rates become effective for the Company in this case.

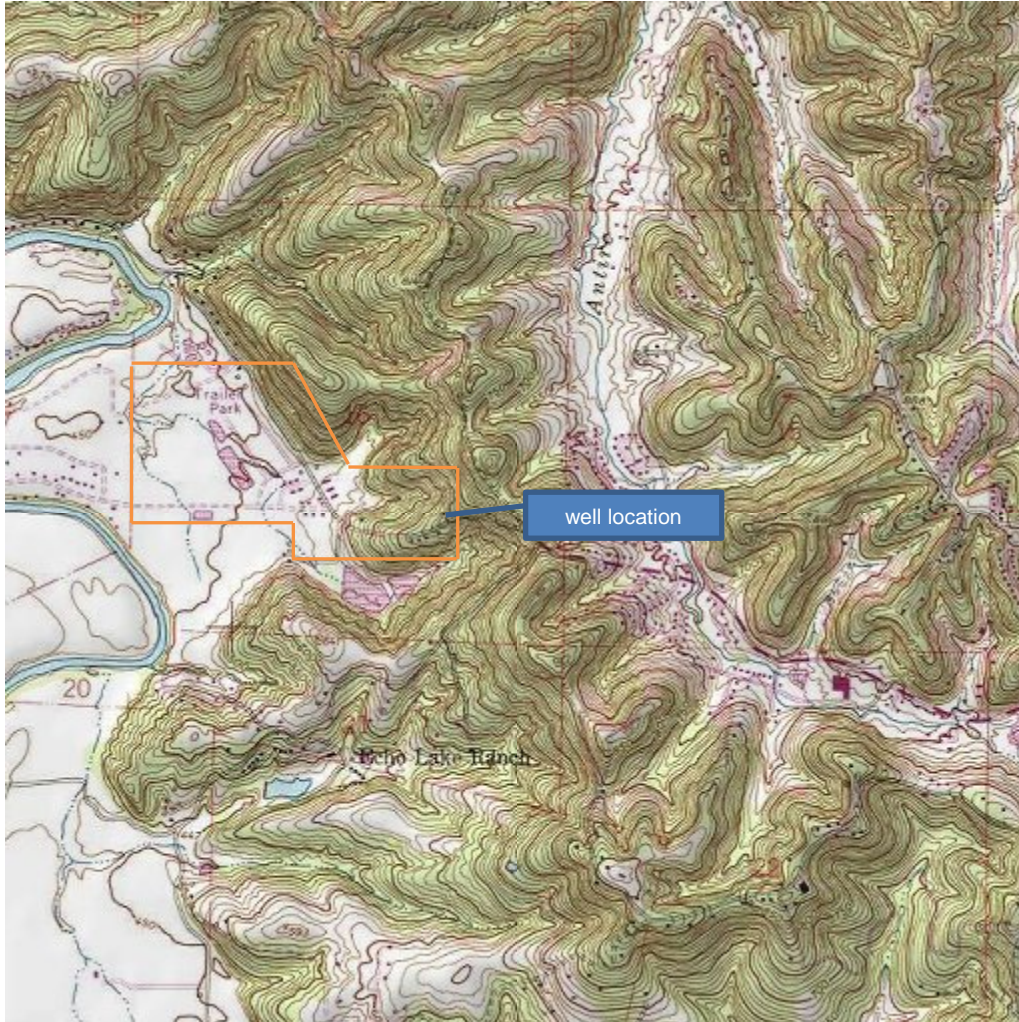
Staff will file a further recommendation regarding approval of a water tariff that the Company will submit in accordance with the Commission's order granting the CCN.

List of Attachments:

- Attachment A - Map of Service Area
- Attachment B - Description of Service Area
- Attachment C - Depreciation Accrual Rates for Water Plant
- Attachment D - Depreciation Accrual Rates for Sewer Plant
- Attachment E - Staff Accounting Schedule Water Plant
- Attachment F- Staff Accounting Schedule Sewer Plant
- Attachment G - Rate Design for Water Rates
- Attachment H - Rate Design for Sewer Rates

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**TUK LLC Service Area - Map**



## **Staff Recommendation - WA-2015-0169**

### TUK LLC Service Area – Metes and Bounds Description

Beginning at the SW corner of the NW $\frac{1}{4}$  of the SW $\frac{1}{4}$  of Section 16 T43N R4E; thence east along the quarter-quarter section line, 1,980 feet m/l to the NW corner of the NE $\frac{1}{4}$  of the SE $\frac{1}{4}$  of the SW $\frac{1}{4}$  of said Section 16; thence south along the quarter-quarter-quarter section line 330 feet m/l to the south line of the north  $\frac{1}{2}$  of the said NE $\frac{1}{4}$  of the SE $\frac{1}{4}$  of the SW $\frac{1}{4}$  of Section 16; thence east along the said south line 660 feet m/l to the east line of the SW $\frac{1}{4}$  of Section 16; thence continuing east along the south line of the north  $\frac{1}{2}$  of the NW $\frac{1}{4}$  of the SE $\frac{1}{4}$  of Section 16 and the North $\frac{1}{2}$  of the NE $\frac{1}{4}$  of the NW $\frac{1}{4}$  of the SE $\frac{1}{4}$  of Section 16 1,320 feet m/l to the east line of the SW $\frac{1}{4}$  of the SE $\frac{1}{4}$  of Section 16; thence north along the quarter-quarter section line 330 feet m/l to the NE corner of the SW $\frac{1}{4}$  of the SE $\frac{1}{4}$  of Section 16; thence continuing north along the quarter-quarter section line 660 feet m/l to the NE corner of the SE $\frac{1}{4}$  of the NW $\frac{1}{4}$  of the SE $\frac{1}{4}$  of Section 16; thence west along the quarter-quarter-quarter section line 1,320 feet m/l to the NW corner of the SW $\frac{1}{4}$  of the NW $\frac{1}{4}$  of the SE $\frac{1}{4}$  of Section 16; thence N 30° W, 1,476 feet m/l to a point that is on the north line of the south  $\frac{1}{2}$  of the SE $\frac{1}{4}$  of the NW $\frac{1}{4}$  of Section 16; thence west along the quarter-quarter-quarter section line 1,980 feet m/l to the west line of Section 16; thence south along the said west line of Section 16 to the point of beginning.

**TUK, LLC WATER COMPANY**  
**SCHEDULE of DEPRECIATION RATES**  
**(WATER Class D)**  
**WA-2015-0169 Attachment C**

NARUC USOA ACCOUNT NUMBER	ACCOUNT DESCRIPTION	DEPRECIATION RATE	AVERAGE SERVICE LIFE (YEARS)	NET SALVAGE
<b>Source of Supply</b>				
311	Structures & Improvements	2.5%	44	-10%
314	Wells & Springs	2.0%	55	-8%
<b>Pumping Plant</b>				
321	Structures & Improvements	2.5%	44	-10%
325.1	Submersible Pumping Equipment	10.0%	12	-20%
325.2	High Service or Booster Pumping Equip.	6.7%	15	0%
<b>WaterTreatment Plant</b>				
331	Structures & Improvements	2.5%	44	-10%
332	Water Treatment Equipment	2.9%	35	0%
<b>Transmission and Distribution</b>				
342	Distribution Reservoirs & Standpipes	2.5%	42	-5%
343	Transmission & Distribution Mains	2.0%	50	0%
345	Customer Services	2.5%	40	0%
346.1	Customer Meters, Plastic (Throw Aways)	10.0%	10	0%
347	Customer Meter Pits & Installation	2.5%	40	0%
348	Hydrants	2.0%	50	0%
<b>General Plant CLASS D</b>				
371	Structures & Improvements	2.5%	40	0%
372	Office Furniture & Equipment	5.0%	20	0%
372.1	Office Electronic & Computer Equip.	20.0%	5	0%
373	Transportation Equipment	13.0%	7	9%
379	Other General Equipment (tools, shop equip., backhoes, trenchers, etc.)	10.0%	8.7	13%

**TUK, LLC SEWER COMPANY**  
**SCHEDULE of DEPRECIATION RATES**  
**(SEWER Class D)**  
**SA-2015-0170 Attachment D**

<u>ACCOUNT NUMBER</u>	<u>ACCOUNT DESCRIPTION</u>	<u>DEPRECIATION RATE</u>	<u>AVERAGE SERVICE LIFE (YEARS)</u>	<u>NET SALVAGE</u>
<b>COLLECTION PLANT</b>				
311	Structures & Improvements	4.0%	27.5	-10%
352.1	Collection Sewers (Force)	2.0%	50	0%
352.2	Collection Sewers (Gravity)	2.0%	50	0%
354	Services	2.0%	50	0%
355	Flow Measurement Devices	3.3%	30	0%
<b>PUMPING PLANT</b>				
362	Receiving Wells	4.0%	26	-5%
363	Electric Pumping Equipment	10.0%	10	0%
<b>TREATMENT &amp; DISPOSAL PLANT</b>				
372	Oxidation Lagoons	4.0%	40	-60%
373	Treatment & Disposal Facilities	5.0%	22	-10%
374	Plant Sewers	2.5%	40	0%
375	Outfall Sewer Lines	2.0%	50	0%
<b>GENERAL PLANT</b>				
391	Office Furniture & Equipment	5.0%	20	0%
391.1	Office Electronic & Computer Equip.	14.3%	7	0%
392	Transportation Equipment	13.0%	7	9%
393	Other General Equipment (tools, shop equip., backhoes, trenchers, etc.)	10.0%	8.7	13%
<b>GENERAL PLANT CLASS D ONLY</b>				
391.1	Office Electronic & Computer Equip.	20.0%	5	0%

**Exhibit No.:** 12345667  
**Issue:** Accounting Schedules  
**Witness:** MO PSC Auditors  
**Sponsoring Party:** MO PSC Staff  
**Case No:** WA-2015-0169 and SA-2015-0170  
**Date Prepared:** 5/5/2015



**MISSOURI PUBLIC SERVICE COMMISSION**  
**UTILITY SERVICES DIVISION**  
**STAFF ACCOUNTING SCHEDULES**

**TUK, LLC**

**CASE NO. WA-2015-0169 and SA-2015-0170**

**Jefferson City, Missouri**

**May-15**

TUK, LLC  
Certificate of Convenience and Necessity  
Tracking Number WA-2015-0169  
Test Year Ending 12-31-2014 Updated through 4-30-2015  
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)	\$6,264			
Rev-3	Miscellaneous Revenues	(1)	\$0			
Rev-4	TOTAL ANNUALIZED REVENUES		<u>\$6,264</u>			
1	OPERATIONS EXPENSES	(2)				
2	Management Salary		\$1,237	\$0	\$1,237	0.00%
3	Operators Salary/Contract Services		\$3,000	\$0	\$3,000	0.00%
4	Electricity-(Pumping)		\$3,285	\$0	\$3,285	0.00%
5	Chemicals-(Chlorine)		\$184	\$0	\$184	0.00%
6	TOTAL OPERATIONS EXPENSE		<u>\$7,706</u>	\$0	<u>\$7,706</u>	
7	MAINTENANCE EXPENSES					
8	Misc. Supplies		\$220	\$0	\$220	0.00%
9	Maintenance Expense Amortization		\$547	\$0	\$547	0.00%
10	System Maintenance		\$1,640	\$0	\$1,640	0.00%
11	TOTAL MAINTENANCE EXPENSE		<u>\$2,407</u>	\$0	<u>\$2,407</u>	
12	CUSTOMER ACCOUNT EXPENSE					
13	Billing & Collections		\$43	\$0	\$43	0.00%
14	Office Supplies		\$61	\$0	\$61	0.00%
15	TOTAL CUSTOMER ACCOUNT EXPENSE		<u>\$104</u>	\$0	<u>\$104</u>	
16	ADMINISTRATIVE & GENERAL EXPENSES					
17	Administration & General Salary		\$831	\$0	\$831	0.00%
18	Office Phone Expense		\$120	\$0	\$120	0.00%
19	Legal Expense		\$250	\$0	\$250	0.00%
20	TOTAL ADMINISTRATIVE AND GENERAL		<u>\$1,201</u>	\$0	<u>\$1,201</u>	
21	OTHER OPERATING EXPENSES					
22	MO DNR Fees		\$214	\$0	\$214	0.00%
23	PSC/OPC Assessment		\$59	\$0	\$59	0.00%
24	Corporate Registration		\$10	\$0	\$10	0.00%
25	Depreciation		\$1,382	\$0	\$1,382	0.00%
26	TOTAL OTHER OPERATING EXPENSES		<u>\$1,665</u>	\$0	<u>\$1,665</u>	
27	TAXES OTHER THAN INCOME					
28	Real & Personal Property Taxes		\$106	\$0	\$106	0.00%
29	Payroll Taxes		\$243	\$0	\$243	0.00%
30	TOTAL TAXES OTHER THAN INCOME		<u>\$349</u>	\$0	<u>\$349</u>	
31	TOTAL OPERATING EXPENSES		<u>\$13,432</u>	\$0	<u>\$13,432</u>	
32	Interest Expense	(3)	\$925	\$0	\$925	0.00%
33	Return on Equity	(3)	\$665	\$0	\$665	0.00%
34	Income Taxes	(3)	\$165	\$0	\$165	0.00%
35	TOTAL INTEREST RETURN & TAXES		<u>\$1,755</u>	\$0	<u>\$1,755</u>	
36	TOTAL COST OF SERVICE		<u>\$15,187</u>	\$0	<u>\$15,187</u>	
37	Less: Miscellaneous Revenues		<u>\$0</u>	\$0	<u>\$0</u>	0.00%
38	COST TO RECOVER IN RATES		<u>\$15,187</u>	\$0	<u>\$15,187</u>	
39	INCREMENTAL INCREASE IN RATE REVENUES		<u>\$8,923</u>			
40	PERCENTAGE OF INCREASE		<u>142.45%</u>			
41	REQUESTED INCREASE IN REVENUES		\$0			



**TUK, LLC**  
**Certificate of Convenience and Necessity**  
**Tracking Number WA-2015-0169**  
**Test Year Ending 12-31-2014 Updated through 4-30-2015**  
**Rate Design Schedule - Water**

Line Number	A Description	B Account Number (Optional)	C Staff Annualized	D Customer Charge	E Commodity	F Percentage Rate
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- (1) From Revenue Schedule
- (2) From Expense Schedule
- (3) From PreTax Rate of Return Schedule, Rate Base & Return Schedule



**TUK, LLC**  
**Certificate of Convenience and Necessity**  
**Tracking Number WA-2015-0169**  
**Test Year Ending 12-31-2014 Updated through 4-30-2015**  
**Rate Base Required Return on Investment Schedule - Water**

Line Number	A Rate Base Description	B Dollar Amount	
1	Plant In Service	\$28,098	From Plant Schedule
2	Less Accumulated Depreciation Reserve	<u>\$217</u>	From Depreciation Reserve Schedule
3	Net Plant In Service	\$27,881	
4	Other Rate Base Items:	\$0	
	Net Contribution in Aid of Construction	-\$4,464	
	Materials and Supplies	\$220	
5	Total Rate Base	<u>\$23,637</u>	
6	Total Weighted Rate of Return Including Income Tax	<u>7.43%</u>	From PreTax Return & Taxes Schedule
7	Required Return & Income Tax	<u><u>\$1,756</u></u>	

TUK, LLC  
 Certificate of Convenience and Necessity  
 Tracking Number WA-2015-0169  
 Test Year Ending 12-31-2014 Updated through 4-30-2015  
 Rate of Return Including Income Tax - Water

		A	B	formulas	
1	State Income Tax Rate Statutory / Effective	6.25%	(2)	5.81%	(1 - (B2 x .5)) x A1
2	Federal Income Tax Rate Statutory / Effective	14.96%	(1) & (2)	14.09%	(1 - B1) x A2
3	Composite Effective Income Tax Rate			19.90%	B1 + B2
4	Equity Tax Factor			1.2484	1 / (1-B3)
5	Recommended Weighted Rate of Return on Equity - Common and Preferred			2.82%	From Capital Structure Schedule
6	Weighted Rate of Return on Equity Including Income Tax			3.51%	B4 x B5
7	Recommended Weighted Rate of Return on Debt - Long-Term and Short-Term			3.92%	From Capital Structure Schedule
8	Total Weighted Rate of Return Including Income Tax			7.43%	B6+B7

To Rate Base Schedule

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

Equity Income Required **\$782**  
 & Preliminary Federal Tax

Tax Rate Table

Net Income Range				
Start	End	Tax Rate	Amount in Range	Tax on Range
\$0	\$50,000	15.00%	\$782	\$117
\$50,001	\$75,000	25.00%	\$0	\$0
\$75,001	\$100,000	34.00%	\$0	\$0
\$100,001	\$335,000	39.00%	\$0	\$0
\$335,001	\$9,999,999,999	34.00%	\$0	\$0
			\$782	\$117
			Consolidated Tax Rate:	
			Average Tax Rate: 0.1496	

TUK, LLC  
Certificate of Convenience and Necessity  
Tracking Number WA-2015-0169  
Test Year Ending 12-31-2014 Updated through 4-30-2015  
Capital Structure Schedule - Water

A	B	C	D	E	
Line Number	Description	Dollar Amount	Percentage of Total Capital Structure	Embedded Cost of Capital	Weighted Cost of Capital
1	Common Stock	\$7,025	25.00%	11.26%	2.815%
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	\$21,074	75.00%	5.22%	3.915%
5	Short Term Debt	\$0	0.00%	0.00%	0.000%
6	Other Security-Tax Deductible	\$0	0.00%	0.00%	0.000%
<b>7</b>	<b>TOTAL CAPITALIZATION</b>	<b><u>\$28,099</u></b>	<b><u>100.00%</u></b>		<b><u>6.730%</u></b>

To PreTax Return Rate Schedule

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

TUK, LLC  
Certificate of Convenience and Necessity  
Tracking Number WA-2015-0169  
Test Year Ending 12-31-2014 Updated through 4-30-2015  
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		TOTAL INTANGIBLE PLANT	\$0		\$0		\$0
3		SOURCE OF SUPPLY PLANT					
4	311.000	Structures & Improvements - SSP	\$3,973	P-4	\$300	100.00%	\$4,273
5		TOTAL SOURCE OF SUPPLY PLANT	\$3,973		\$300		\$4,273
6		PUMPING PLANT					
7	325.000	Electric Pumping Equipment	\$0	P-7	\$11,222	100.00%	\$11,222
8		TOTAL PUMPING PLANT	\$0		\$11,222		\$11,222
9		WATER TREATMENT PLANT					
10		TOTAL WATER TREATMENT PLANT	\$0		\$0		\$0
11		TRANSMISSION & DISTRIBUTION PLANT					
12	342.000	Distribution Reservoirs & Standpipes	\$1,194	P-12	\$5,100	100.00%	\$6,294
13	343.000	Transmission & Distribution Mains	\$4,649			100.00%	\$4,649
14	346.100	Meters- Plastic Chamber	\$440	P-14	\$1,220	100.00%	\$1,660
15		TOTAL TRANS. & DISTRIBUTION PLANT	\$6,283		\$6,320		\$12,603
16		GENERAL PLANT					
17		TOTAL GENERAL PLANT	\$0		\$0		\$0
18		<b>TOTAL PLANT IN SERVICE</b>	<b>\$10,256</b>		<b>\$17,842</b>		<b>\$28,098</b>

To Rate Base & Depreciation Schedules

TUK, LLC  
Certificate of Convenience and Necessity  
Tracking Number WA-2015-0169  
Test Year Ending 12-31-2014 Updated through 4-30-2015  
Schedule of Adjustments for Plant in Service - Water

<u>A</u> Plant Adjustment Number	<u>B</u> Plant In Service Adjustment Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment
<b>P-4</b>	<b>Structures &amp; Improvements - SSP</b>	<b>311.000</b>		<b>\$300</b>
	1. To Include the Costs to Level the Well House Floor (E. Carle)		\$200	
	2. To Include the Costs for Plywood and Insulation for the the Well House		\$100	
<b>P-7</b>	<b>Electric Pumping Equipment</b>	<b>325.000</b>		<b>\$11,222</b>
	1. To Include the Costs of Upgrading the Electrical System		\$11,222	
<b>P-12</b>	<b>Distribution Reservoirs &amp; Standpipes</b>	<b>342.000</b>		<b>\$5,100</b>
	1. To Include the Costs for the Storage Tank Vent (E. Carle)		\$1,200	
	2. To Include the Costs for the Electric Probes on the Storage Tank (E. Carle)		\$800	
	3. To Include the Costs for Cleaning and Sealing the Exterior Walls of the Storage Tank (E. Carle)		\$3,000	
	4. To Include the Costs for a Lock for the Lower Discharge Hatch (E. Carle)		\$100	
<b>P-14</b>	<b>Meters- Plastic Chamber</b>	<b>346.100</b>		<b>\$1,220</b>
	1. To Include the Costs for a Meter and Meter Setting at the Mobile Home Park (E. Carle)		\$1,000	
	2. To Include the Costs for Two New Meters for the Duplex Units (E. Carle)		\$220	
<b>Total Plant Adjustments</b>				<b>\$17,842</b>

TUK, LLC  
Certificate of Convenience and Necessity  
Tracking Number WA-2015-0169  
Test Year Ending 12-31-2014 Updated through 4-30-2015  
Depreciation Expense - Water

Line Number	<u>A</u> Account Number	<u>B</u> Plant Account Description	<u>C</u> Adjusted Jurisdictional	<u>D</u> Depreciation Rate	<u>E</u> Depreciation Expense
1		INTANGIBLE PLANT			
2		TOTAL INTANGIBLE PLANT	\$0		\$0
3		SOURCE OF SUPPLY PLANT			
4	311.000	Structures & Improvements - SSP	\$4,273	2.50%	\$107
5		TOTAL SOURCE OF SUPPLY PLANT	\$4,273		\$107
6		PUMPING PLANT			
7	325.000	Electric Pumping Equipment	\$11,222	10.00%	\$1,122
8		TOTAL PUMPING PLANT	\$11,222		\$1,122
9		WATER TREATMENT PLANT			
10		TOTAL WATER TREATMENT PLANT	\$0		\$0
11		TRANSMISSION & DISTRIBUTION PLANT			
12	342.000	Distribution Reservoirs & Standpipes	\$6,294	2.50%	\$157
13	343.000	Transmission & Distribution Mains	\$4,649	2.00%	\$93
14	346.100	Meters- Plastic Chamber	\$1,660	10.00%	\$166
15		TOTAL TRANS. & DISTRIBUTION PLANT	\$12,603		\$416
16		GENERAL PLANT			
17		TOTAL GENERAL PLANT	\$0		\$0
18		<b>Total Depreciation</b>	<b>\$28,098</b>		<b>\$1,645</b>



TUK, LLC  
Certificate of Convenience and Necessity  
Tracking Number WA-2015-0169  
Test Year Ending 12-31-2014 Updated through 4-30-2015  
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		TOTAL INTANGIBLE PLANT	\$0		\$0		\$0
3		SOURCE OF SUPPLY PLANT					
4	311.000	Structures & Improvements - SSP	\$52			100.00%	\$52
5		TOTAL SOURCE OF SUPPLY PLANT	\$52		\$0		\$52
6		PUMPING PLANT					
7	325.000	Electric Pumping Equipment	\$0			100.00%	\$0
8		TOTAL PUMPING PLANT	\$0		\$0		\$0
9		WATER TREATMENT PLANT					
10		TOTAL WATER TREATMENT PLANT	\$0		\$0		\$0
11		TRANSMISSION & DISTRIBUTION PLANT					
12	342.000	Distribution Reservoirs & Standpipes	\$21			100.00%	\$21
13	343.000	Transmission & Distribution Mains	\$116			100.00%	\$116
14	346.100	Meters- Plastic Chamber	\$28			100.00%	\$28
15		TOTAL TRANS. & DISTRIBUTION PLANT	\$165		\$0		\$165
16		GENERAL PLANT					
17		TOTAL GENERAL PLANT	\$0		\$0		\$0
18		<b>TOTAL DEPRECIATION RESERVE</b>	<b>\$217</b>		<b>\$0</b>		<b>\$217</b>

To Rate Base Schedule

**TUK, LLC**  
**Certificate of Convenience and Necessity**  
**Tracking Number WA-2015-0169**  
**Test Year Ending 12-31-2014 Updated through 4-30-2015**  
**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
<b>Total Reserve Adjustments</b>				<b>\$0</b>



TUK, LLC  
 Certificate of Convenience and Necessity  
 Tracking Number WA-2015-0169  
 Test Year Ending 12-31-2014 Updated through 4-30-2015  
 Revenue Schedule - Water

A	B	C	D	E	F	G	
Line Number	Account Number (Optional)	Revenue Description	Company/ Test Year Amount	Adjustment Number	Jurisdictional Adjustments	Jurisdictional Allocation	Adjusted Jurisdictional
Rev-1		ANNUALIZED REVENUES					
Rev-2		Annualized Rate Revenues	\$0	Rev-2	\$6,264	100.00%	\$6,264
Rev-3		Miscellaneous Revenues	\$0	Rev-3	\$0	100.00%	\$0
Rev-4		<b>TOTAL ANNUALIZED REVENUES</b>	<b>\$0</b>		<b>\$6,264</b>		<b>\$6,264</b>

**TUK, LLC**  
**Certificate of Convenience and Necessity**  
**Tracking Number WA-2015-0169**  
**Test Year Ending 12-31-2014 Updated through 4-30-2015**  
**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
<b>Rev-2</b>	<b>Annualized Rate Revenues</b>			<b>\$6,264</b>
	1. To Annualize Rate Revenues		\$6,264	
<b>Rev-3</b>	<b>Miscellaneous Revenues</b>			<b>\$0</b>
	1. To Annualize Miscellaneous Revenues		\$0	
<b>Total Revenue Adjustments</b>				<b>\$6,264</b>

TUK, LLC  
Certificate of Convenience and Necessity  
Tracking Number WA-2015-0169  
Test Year Ending 12-31-2014 Updated through 4-30-2015  
Rate Revenue Feeder Schedule - Water

Line Number	A Description	Residential 5/8"		Commercial 2"	
		B Amount	C Amount	D Amount	E Amount
1	<u>Customer Charge Revenues:</u>				
2	Customer Number	21		0	
3	Bills Per Year	4		0	
4	Customer Bills Per year	84		0	
5	Current Customer Charge	<u>\$45.00</u>		<u>\$0.00</u>	
6	Annualized Customer Charge Revenues		\$3,780		\$0
7	<u>Commodity Charge Revenues:</u>				
8	Total Gallons Sold	923,636		0	
9	Less: Base Gallons Included In Customer Charge	<u>504,000</u>		<u>0</u>	
10	Commodity Gallons	419,636		0	
11	Block 1, Commodity Gallons per Block	419,636		0	
12	Block 1, Number of Commodity Gallons per Unit	<u>1,000</u>		<u>0</u>	
13	Block 1, Commodity Billing Units	419.64		0.00	
14	Block 1, Existing Commodity Charge	<u>\$5.92</u>		<u>\$0.00</u>	
15	Block 1, Annualized Commodity Charge Rev.		\$2,484		\$0
16	<b>Total Annualized Water Rate Revenues</b>		<u><b>\$6,264</b></u>		<u><b>\$0</b></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.

TUK, LLC  
 Certificate of Convenience and Necessity  
 Tracking Number WA-2015-0169  
 Test Year Ending 12-31-2014 Updated through 4-30-2015  
 Rate Revenue Feeder Schedule - Water

Line Number	A Description	Total	
		F Amount	G Amount
1	<u>Customer Charge Revenues:</u>		
2	Customer Number	21	
3	Bills Per Year		
4	Customer Bills Per year	84	
5	Current Customer Charge		
6	Annualized Customer Charge Revenues		\$3,780
7	<u>Commodity Charge Revenues:</u>		
8	Total Gallons Sold	923,636	
9	Less: Base Gallons Included In Customer Charge	504,000	
10	Commodity Gallons	419,636	
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.		\$2,484
16	<b>Total Annualized Water Rate Revenues</b>		<b>\$6,264</b>

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

**TUK, LLC**  
**Certificate of Convenience and Necessity**  
**Tracking Number WA-2015-0169**  
**Test Year Ending 12-31-2014 Updated through 4-30-2015**  
**Miscellaneous Revenues Feeder - Water**

<b>Line Number</b>	<b>A Description</b>	<b>B Amount</b>
1	Description of Miscellaneous Revenue Item1	\$0
2	Description of Miscellaneous Revenue Item2	\$0
3	Total Miscellaneous Revenues	<u>\$0</u>

TUK, LLC  
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Tracking Number WA-2015-0169  
Test Year Ending 12-31-2014 Updated through 4-30-2015  
Expense Schedule - Water

Line Number	A Account Number (Optional)	B Expense Description	C Company/ Test Year Amount	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
1		OPERATIONS EXPENSES					
2		Management Salary	\$0	W-2	\$1,237	100.00%	\$1,237
3		Operators Salary/Contract Services	\$750	W-3	\$2,250	100.00%	\$3,000
4		Electricity-(Pumping)	\$4,480	W-4	-\$1,195	100.00%	\$3,285
5		Chemicals-(Chlorine)	\$0	W-5	\$184	100.00%	\$184
6		TOTAL OPERATIONS EXPENSE	<u>\$5,230</u>		<u>\$2,476</u>		<u>\$7,706</u>
7		MAINTENANCE EXPENSES					
8		Misc. Supplies	\$220			100.00%	\$220
9		Maintenance Expense Amortization	\$0	W-9	\$547	100.00%	\$547
10		System Maintenance	\$3,280	W-10	-\$1,640	100.00%	\$1,640
11		TOTAL MAINTENANCE EXPENSE	<u>\$3,500</u>		<u>-\$1,093</u>		<u>\$2,407</u>
12		CUSTOMER ACCOUNT EXPENSE					
13		Billing & Collections	\$0	W-13	\$43	100.00%	\$43
14		Office Supplies	\$11	W-14	\$50	100.00%	\$61
15		TOTAL CUSTOMER ACCOUNT EXPENSE	<u>\$11</u>		<u>\$93</u>		<u>\$104</u>
16		ADMINISTRATIVE & GENERAL EXPENSES					
17		Administration & General Salary	\$0	W-17	\$831	100.00%	\$831
18		Office Phone Expense	\$0	W-18	\$120	100.00%	\$120
19		Legal Expense	\$1,475	W-19	-\$1,225	100.00%	\$250
20		TOTAL ADMINISTRATIVE AND GENERAL	<u>\$1,475</u>		<u>-\$274</u>		<u>\$1,201</u>
21		OTHER OPERATING EXPENSES					
22		MO DNR Fees	\$214			100.00%	\$214
23		PSC/OPC Assessment	\$0	W-23	\$59	100.00%	\$59
24		Corporate Registration	\$0	W-24	\$10	100.00%	\$10
25		Depreciation	\$0	W-25	\$1,382	100.00%	\$1,382
26		TOTAL OTHER OPERATING EXPENSES	<u>\$214</u>		<u>\$1,451</u>		<u>\$1,666</u>
27		TAXES OTHER THAN INCOME					
28		Real & Personal Property Taxes	\$106			100.00%	\$106
29		Payroll Taxes	\$0	W-29	\$243	100.00%	\$243
30		TOTAL TAXES OTHER THAN INCOME	<u>\$106</u>		<u>\$243</u>		<u>\$349</u>
31		TOTAL OPERATING EXPENSES	<u>\$10,536</u>		<u>\$2,096</u>		<u>\$12,432</u>

TUK, LLC  
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Expense Adjustment Schedule - Water

<u>A</u> Expense Adj Number	<u>B</u> Adjustment Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment
<b>W-2</b>	<b>Management Salary</b>			<b>\$1,237</b>
	1. To Include a Salary for Louis Mountzoures (E. Carle)		\$1,237	
<b>W-3</b>	<b>Operators Salary/Contract Services</b>			<b>\$2,250</b>
	1. To Include Contract Services Fee (E. Carle)		\$2,250	
<b>W-4</b>	<b>Electricity-(Pumping)</b>			<b>-\$1,195</b>
	1. To Annualize Electricity Expense (E. Carle)		-\$1,195	
<b>W-5</b>	<b>Chemicals-(Chlorine)</b>			<b>\$184</b>
	1. To Include Annual Chemical Exp. (E. Carle)		\$184	
<b>W-9</b>	<b>Maintenance Expense Amortization</b>			<b>\$547</b>
	1. To Include Amortization Expense in Excess of Normalized Level (E. Carle)		\$547	
<b>W-10</b>	<b>System Maintenance</b>			<b>-\$1,640</b>
	1. To Annualize Maintenance Expense (E. Carle)		-\$1,640	
<b>W-13</b>	<b>Billing &amp; Collections</b>			<b>\$43</b>
	1. To Include Billing Expenses (E. Carle)		\$43	
<b>W-14</b>	<b>Office Supplies</b>			<b>\$50</b>
	1. To Include Office Supplies (E. Carle)		\$50	
<b>W-17</b>	<b>Administration &amp; General Salary</b>			<b>\$831</b>
	1. To Include a Salary for Velta (E. Carle)		\$831	



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Expense Adjustment Schedule - Water

A Expense Adj Number	B Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment
<b>W-18</b>	<b>Office Phone Expense</b>			<b>\$120</b>
	1. To Include Annualized Phone Expense (E. Carle)		\$120	
<b>W-19</b>	<b>Legal Expense</b>			<b>-\$1,225</b>
	1. To Remove Legal Expense with no Supporting Documentation (E. Carle)		-\$1,475	
	2. To Include Amortized Legal Expense (Merciel/Archer)		\$250	
<b>W-23</b>	<b>PSC/OPC Assessment</b>			<b>\$59</b>
	1. To Include PSC Assessment (E. Carle)		\$59	
<b>W-24</b>	<b>Corporate Registration</b>			<b>\$10</b>
	1. To Include SOS Fees (E. Carle)		\$10	
<b>W-25</b>	<b>Depreciation</b>			<b>\$1,382</b>
	1. To Annualize Depreciation		\$1,645	
	2. To Offset Depreciation Expense for CIAC Amortization (E. Carle)		-\$263	
<b>W-29</b>	<b>Payroll Taxes</b>			<b>\$243</b>
	1. Payroll Taxes for Louis Mountzoures and Velta (E. Carle)		\$243	
<b>Total Expense Adjustments</b>				<b>\$2,896</b>



**Exhibit No.:** 12345667  
**Issue:** Accounting Schedules  
**Witness:** MO PSC Auditors  
**Sponsoring Party:** MO PSC Staff  
**Case No:** WA-2015-0169 and SA-2015-0170  
**Date Prepared:** 5/5/2015



**MISSOURI PUBLIC SERVICE COMMISSION**  
**UTILITY SERVICES DIVISION**  
**STAFF ACCOUNTING SCHEDULES**

**TUK, LLC**

**CASE NO. WA-2015-0169 and SA-2015-0170**

**Jefferson City, Missouri**

**June 2008**

TUK, LLC  
 Certification of Convenience and Necessity  
 Tracking Number SA-2015-0170  
 Test Year Ending 12-31-2014 Updated through 4-30-2015  
 Rate Design Schedule - Sewer

Line Number	A Description	B Account Number (Optional)	C Staff Annualized	D Customer Charge	E Commodity	F Percentage Rate
Rev-1	ANNUALIZED REVENUES					
Rev-2	Annualized Rate Revenues	(1)	\$9,000			
Rev-3	Miscellaneous Revenues	(1)	\$0			
Rev-4	TOTAL ANNUALIZED REVENUES		<u>\$9,000</u>			
1	OPERATIONS EXPENSES	(2)				
2	Management Salary		\$903	\$0	\$903	0.00%
3	Operators Salary / Contractor Services		\$3,600	\$0	\$3,600	0.00%
4	Electricity - Pumping Treatment		\$443	\$0	\$443	0.00%
5	Testing Expense		\$1,560	\$0	\$1,560	0.00%
6	Grass Mowing		\$4,200	\$0	\$4,200	0.00%
7	TOTAL OPERATIONS EXPENSE		<u>\$10,706</u>	\$0	<u>\$10,706</u>	
8	MAINTENANCE EXPENSES					
9	System Repairs and Maintenance		\$4,935	\$0	\$4,935	0.00%
10	Maintenance Expense Amortization		\$1,645	\$0	\$1,645	0.00%
11	TOTAL MAINTENANCE EXPENSE		<u>\$6,580</u>	\$0	<u>\$6,580</u>	
12	CUSTOMER ACCOUNT EXPENSE					
13	Billing & Collections		\$9	\$0	\$9	0.00%
14	Office Supplies		\$61	\$0	\$61	0.00%
15	TOTAL CUSTOMER ACCOUNT EXPENSE		<u>\$70</u>	\$0	<u>\$70</u>	
16	ADMINISTRATIVE & GENERAL EXPENSES					
17	Administration & General Salaries		\$609	\$0	\$609	0.00%
18	Office Phone Expense		\$120	\$0	\$120	0.00%
19	Legal Expense		\$250	\$0	\$250	0.00%
20	TOTAL ADMINISTRATIVE AND GENERAL		<u>\$979</u>	\$0	<u>\$979</u>	
21	OTHER OPERATING EXPENSES					
22	MO DNR Fees		\$600	\$0	\$600	0.00%
23	PSC/OPC Assessment		\$84	\$0	\$84	0.00%
24	Corporate Registration		\$10	\$0	\$10	0.00%
25	Depreciation		\$1,451	\$0	\$1,451	0.00%
26	TOTAL OTHER OPERATING EXPENSES		<u>\$2,145</u>	\$0	<u>\$2,145</u>	
27	TAXES OTHER THAN INCOME					
28	Real & Personal Property Taxes		\$623	\$0	\$623	0.00%
29	Payroll Taxes		\$178	\$0	\$178	0.00%
30	TOTAL TAXES OTHER THAN INCOME		<u>\$801</u>	\$0	<u>\$801</u>	
31	TOTAL OPERATING EXPENSES		<u>\$21,281</u>	\$0	<u>\$21,281</u>	
32	Interest Expense	(3)	\$834	\$0	\$834	0.00%
33	Return on Equity	(3)	\$600	\$0	\$600	0.00%
34	Income Taxes	(3)	\$149	\$0	\$149	0.00%
35	TOTAL INTEREST RETURN & TAXES		<u>\$1,583</u>	\$0	<u>\$1,583</u>	
36	TOTAL COST OF SERVICE		<u>\$22,864</u>	\$0	<u>\$22,864</u>	
37	Less: Miscellaneous Revenues		\$0	\$0	\$0	0.00%
38	COST TO RECOVER IN RATES		<u>\$22,864</u>	\$0	<u>\$22,864</u>	
39	INCREMENTAL INCREASE IN RATE REVENUES		<u>\$13,864</u>			
40	PERCENTAGE OF INCREASE		<u>154.04%</u>			

TUK, LLC  
 Certification of Convenience and Necessity  
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 Rate Design Schedule - Sewer

A	B	C	D	E	F
Line Number	Account Number (Optional)	Staff Annualized	Customer Charge	Commodity	Percentage Rate
41	REQUESTED INCREASE IN REVENUES		\$0		

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

**TUK, LLC**  
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**Test Year Ending 12-31-2014 Updated through 4-30-2015**  
**Rate Base Required Return on Investment Schedule - Sewer**

Line Number	<u>A</u> Rate Base Description	<u>B</u> Dollar Amount
1	Plant In Service	\$37,238 From Plant Schedule
2	Less Accumulated Depreciation Reserve	<u>\$5,104</u> From Depreciation Reserve Schedule
3	Net Plant In Service	\$32,134
4	Other Rate Base Items:	\$0
	Net Contribution of Aid of Construction	-\$10,830
5	Total Rate Base	<u>\$21,304</u>
6	Total Weighted Rate of Return Including Income Tax	<u>7.43%</u> From PreTax Return & Taxes Schedule
7	Required Return & Income Tax	<u><u>\$1,583</u></u>

TUK, LLC  
 Certification of Convenience and Necessity  
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 Rate of Return Including Income Tax - Sewer

	A	B	formulas
1 State Income Tax Rate Statutory / Effective	6.25% (2)	5.81%	$(1 - (B2 \times .5)) \times A1$
2 Federal Income Tax Rate Statutory / Effective	15.01% (1) & (2)	14.14%	$(1 - B1) \times A2$
3 Composite Effective Income Tax Rate		19.95%	$B1 + B2$
4 Equity Tax Factor		1.2492	$1 / (1-B3)$
5 Recommended Weighted Rate of Return on Equity - Common and Preferred		2.82%	From Capital Structure Schedule
6 Weighted Rate of Return on Equity Including Income Tax		3.52%	$B4 \times B5$
7 Recommended Weighted Rate of Return on Debt - Long-Term and Short-Term		3.92%	From Capital Structure Schedule
8 Total Weighted Rate of Return Including Income Tax		7.43%	$B6+B7$

To Rate Base Schedule

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

Equity Income Required **\$706**  
 & Preliminary Federal Tax

Tax Rate Table

Net Income Range				
Start	End	Tax Rate	Amount in Range	Tax on Range
\$0	\$50,000	15.00%	\$706	\$106
\$50,001	\$75,000	25.00%	\$0	\$0
\$75,001	\$100,000	34.00%	\$0	\$0
\$100,001	\$335,000	39.00%	\$0	\$0
\$335,001	\$9,999,999,999	34.00%	\$0	\$0
			\$706	\$106
			Consolidated Tax Rate:	
			Average Tax Rate: 0.1501	

TUK, LLC  
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 Capital Structure Schedule - Sewer

A	B	C	D	E	
Line Number	Description	Dollar Amount	Percentage of Total Capital Structure	Embedded Cost of Capital	Weighted Cost of Capital
1	Common Stock	\$9,310	25.00%	11.26%	2.815%
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	\$27,929	75.00%	5.22%	3.915%
5	Short Term Debt	\$0	0.00%	0.00%	0.000%
6	Other Security-Tax Deductible	\$0	0.00%	0.00%	0.000%
<b>7</b>	<b>TOTAL CAPITALIZATION</b>	<b><u>\$27,239</u></b>	<b><u>100.00%</u></b>		<b><u>6.730%</u></b>

To PreTax Return Rate Schedule

TUK, LLC  
 Certification of Convenience and Necessity  
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 Plant In Service - Sewer

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		TOTAL INTANGIBLE PLANT	\$0		\$0		\$0
3		SOURCE OF SUPPLY PLANT					
4	311.000	Structures & Improvements	\$8,630			100.00%	\$8,630
5		TOTAL SOURCE OF SUPPLY PLANT	\$8,630		\$0		\$8,630
6		COLLECTION PLANT					
7	352.200	Collection Sewers - Gravity	\$4,348	P-7	\$6,000	100.00%	\$10,348
8		TOTAL COLLECTION PLANT	\$4,348		\$6,000		\$10,348
9		PUMPING PLANT					
10	363.000	Pumping Equipment (Elec., Diesel, other)	\$11,760	P-10	\$1,500	100.00%	\$13,260
11		TOTAL PUMPING PLANT	\$11,760		\$1,500		\$13,260
12		TREATMENT & DISPOSAL PLANT					
13	372.000	Oxidation Lagoons	\$5,000			100.00%	\$5,000
14		TOTAL TREATMENT & DISPOSAL PLANT	\$5,000		\$0		\$5,000
15		GENERAL PLANT					
16		TOTAL GENERAL PLANT	\$0		\$0		\$0
17		<b>TOTAL PLANT IN SERVICE</b>	<b>\$29,738</b>		<b>\$7,500</b>		<b>\$37,238</b>

To Rate Base & Depreciation Schedules

TUK, LLC  
 Certification of Convenience and Necessity  
 Tracking Number SA-2015-0170  
 Test Year Ending 12-31-2014 Updated through 4-30-2015  
 Schedule of Adjustments for Plant in Service - Sewer

<u>A</u> Plant Adjustment Number	<u>B</u> Plant in Service Adjustment Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment
<b>P-7</b>	<b>Collection Sewers - Gravity</b>	<b>352.200</b>		<b>\$6,000</b>
	1. To Include to Costs for the Manhole Updating and Infiltration (E. Carle)		\$6,000	
<b>P-10</b>	<b>Pumping Equipment (Elec., Diesel, other)</b>	<b>363.000</b>		<b>\$1,500</b>
	1. To Include the Costs for the Water Jet Line for the Lift Station		\$1,500	
<b>Total Plant Adjustments</b>				<b><u>\$7,500</u></b>



TUK, LLC  
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 Depreciation Expense - Sewer

Line Number	A Account Number	B Plant Account Description	C Adjusted Jurisdictional	D Depreciation Rate	E Depreciation Expense
1		INTANGIBLE PLANT			
2		TOTAL INTANGIBLE PLANT	\$0		\$0
3		SOURCE OF SUPPLY PLANT			
4	311.000	Structures & Improvements	\$8,630	4.00%	\$345
5		TOTAL SOURCE OF SUPPLY PLANT	\$8,630		\$345
6		COLLECTION PLANT			
7	352.200	Collection Sewers - Gravity	\$10,348	2.00%	\$207
8		TOTAL COLLECTION PLANT	\$10,348		\$207
9		PUMPING PLANT			
10	363.000	Pumping Equipment (Elec., Diesel, other)	\$13,260	10.00%	\$1,326
11		TOTAL PUMPING PLANT	\$13,260		\$1,326
12		TREATMENT & DISPOSAL PLANT			
13	372.000	Oxidation Lagoons	\$5,000	4.00%	\$200
14		TOTAL TREATMENT & DISPOSAL PLANT	\$5,000		\$200
15		GENERAL PLANT			
16		TOTAL GENERAL PLANT	\$0		\$0
17		<b>Total Depreciation</b>	<b>\$37,238</b>		<b>\$2,078</b>

TUK, LLC  
 Certification of Convenience and Necessity  
 Tracking Number SA-2015-0170  
 Test Year Ending 12-31-2014 Updated through 4-30-2015  
 Accumulated Depreciation Reserve - Sewer

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		TOTAL INTANGIBLE PLANT	\$0		\$0		\$0
3		SOURCE OF SUPPLY PLANT					
4	311.000	Structures & Improvements	\$374			100.00%	\$374
5		TOTAL SOURCE OF SUPPLY PLANT	\$374		\$0		\$374
6		COLLECTION PLANT					
7	352.200	Collection Sewers - Gravity	\$87			100.00%	\$87
8		TOTAL COLLECTION PLANT	\$87		\$0		\$87
9		PUMPING PLANT					
10	363.000	Pumping Equipment (Elec., Diesel, other)	\$4,410			100.00%	\$4,410
11		TOTAL PUMPING PLANT	\$4,410		\$0		\$4,410
12		TREATMENT & DISPOSAL PLANT					
13	372.000	Oxidation Lagoons	\$233			100.00%	\$233
14		TOTAL TREATMENT & DISPOSAL PLANT	\$233		\$0		\$233
15		GENERAL PLANT					
16		TOTAL GENERAL PLANT	\$0		\$0		\$0
17		<b>TOTAL DEPRECIATION RESERVE</b>	<b>\$5,104</b>		<b>\$0</b>		<b>\$5,104</b>

To Rate Base Schedule

**TUK, LLC**  
**Certification of Convenience and Necessity**  
**Tracking Number SA-2015-0170**  
**Test Year Ending 12-31-2014 Updated through 4-30-2015**  
**Schedule of Adjustments for Accumulated Depreciation Reserve - Sewer**

<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
<b>Total Reserve Adjustments</b>				<b>\$0</b>

TUK, LLC  
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 Test Year Ending 12-31-2014 Updated through 4-30-2015  
 Revenue Schedule - Sewer

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	\$9,000	Rev-2	\$0	100.00%	\$9,000
Rev-3		Miscellaneous Revenues	\$0	Rev-3	\$0	100.00%	\$0
Rev-4		<b>TOTAL ANNUALIZED REVENUES</b>	<b>\$9,000</b>		<b>\$0</b>		<b>\$9,000</b>

**TUK, LLC**  
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**Revenue Adjustment Schedule - Sewer**

<u>A</u> Revenue Adj Number	<u>B</u> Adjustment Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment
<b>Rev-2</b>	<b>Annualized Rate Revenues</b>			<b>\$0</b>
	1. To Annualize Rate Revenues		\$0	
	2. Description		\$0	
	3. Description		\$0	
<b>Rev-3</b>	<b>Miscellaneous Revenues</b>			<b>\$0</b>
	1. To Annualize Miscellaneous Revenues		\$0	
	2. Description		\$0	
<b>Total Revenue Adjustments</b>				<b>\$0</b>

TUK, LLC  
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 Test Year Ending 12-31-2014 Updated through 4-30-2015  
 Revenue Summary Schedule - Sewer

Line Number	A Description	Residential 5/8"		Commercial 2"	
		B Amount	C Amount	D Amount	E Amount
1	Customer Charge Revenues:				
2	Customer Number	18		0	
3	Bills Per Year	1		0	
4	Customer Bills Per year	18		0	
5	Current Customer Charge	<u>\$500.00</u>		<u>\$0.00</u>	
6	Annualized Customer Charge Revenues		\$9,000		\$0
7	Commodity Charge Revenues:				
8	Total Gallons Sold	0		0	
9	Less: Base Gallons Included In Customer Charge	<u>0</u>		<u>0</u>	
10	Commodity Gallons	0		0	
11	Block 1, Commodity Gallons per Block	0		0	
12	Block 1, Number of Commodity Gallons per Unit	<u>0</u>		<u>0</u>	
13	Block 1, Commodity Billing Units	0.00		0.00	
14	Block 1, Existing Commodity Charge	<u>\$0.00</u>		<u>\$0.00</u>	
15	Block 1, Annualized Commodity Charge Rev.		\$0		\$0
16	<b>Total Annualized Sewer Rate Revenues</b>		<u><b>\$9,000</b></u>		<u><b>\$0</b></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.

TUK, LLC  
 Certification of Convenience and Necessity  
 Tracking Number SA-2015-0170  
 Test Year Ending 12-31-2014 Updated through 4-30-2015  
 Revenue Summary Schedule - Sewer

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

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

**TUK, LLC**  
**Certification of Convenience and Necessity**  
**Tracking Number SA-2015-0170**  
**Test Year Ending 12-31-2014 Updated through 4-30-2015**  
**Miscellaneous Revenues Feeder - Sewer**

<b>Line Number</b>	<b>A Description</b>	<b>B Amount</b>
1	Description of Miscellaneous Revenue Item1	\$0
2	Description of Miscellaneous Revenue Item2	\$0
3	Total Miscellaneous Revenues	<u>\$0</u>



TUK, LLC  
Certification of Convenience and Necessity  
Tracking Number SA-2015-0170  
Test Year Ending 12-31-2014 Updated through 4-30-2015  
Expense Schedule - Sewer

Line Number	A Account Number (Optional)	B Expense Description	C Company/ Test Year Amount	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
1		OPERATIONS EXPENSES					
2		Management Salary	\$0	S-2	\$903	100.00%	\$903
3		Operators Salary / Contractor Services	\$3,600			100.00%	\$3,600
4		Electricity - Pumping Treatment	\$404	S-4	\$39	100.00%	\$443
5		Testing Expense	\$1,560			100.00%	\$1,560
6		Grass Mowing	\$4,200			100.00%	\$4,200
7		<b>TOTAL OPERATIONS EXPENSE</b>	<u>\$9,764</u>		<u>\$942</u>		<u>\$10,706</u>
8		MAINTENANCE EXPENSES					
9		System Repairs and Maintenance	\$10,270	S-9	-\$5,335	100.00%	\$4,935
10		Maintenance Expense Amortization	\$0	S-10	\$1,645	100.00%	\$1,645
11		<b>TOTAL MAINTENANCE EXPENSE</b>	<u>\$10,270</u>		<u>-\$3,690</u>		<u>\$6,580</u>
12		CUSTOMER ACCOUNT EXPENSE					
13		Billing & Collections	\$0	S-13	\$9	100.00%	\$9
14		Office Supplies	\$11	S-14	\$50	100.00%	\$61
15		<b>TOTAL CUSTOMER ACCOUNT EXPENSE</b>	<u>\$11</u>		<u>\$59</u>		<u>\$70</u>
16		ADMINISTRATIVE & GENERAL EXPENSES					
17		Administration & General Salaries	\$0	S-17	\$609	100.00%	\$609
18		Office Phone Expense	\$0	S-18	\$120	100.00%	\$120
19		Legal Expense	\$1,475	S-19	-\$1,225	100.00%	\$250
20		<b>TOTAL ADMINISTRATIVE AND GENERAL</b>	<u>\$1,475</u>		<u>-\$496</u>		<u>\$979</u>
21		OTHER OPERATING EXPENSES					
22		MO DNR Fees	\$3,000	S-22	-\$2,400	100.00%	\$600
23		PSC/OPC Assessment	\$0	S-23	\$84	100.00%	\$84
24		Corporate Registration	\$0	S-24	\$10	100.00%	\$10
25		Depreciation	\$0	S-25	\$1,451	100.00%	\$1,451
26		<b>TOTAL OTHER OPERATING EXPENSES</b>	<u>\$3,000</u>		<u>-\$855</u>		<u>\$2,145</u>
27		TAXES OTHER THAN INCOME					
28		Real & Personal Property Taxes	\$623			100.00%	\$623
29		Payroll Taxes	\$0	S-29	\$178	100.00%	\$178
30		<b>TOTAL TAXES OTHER THAN INCOME</b>	<u>\$623</u>		<u>\$178</u>		<u>\$801</u>
31		<b>TOTAL OPERATING EXPENSES</b>	<u>\$25,143</u>		<u>-\$3,862</u>		<u>\$21,281</u>

TUK, LLC  
 Certification of Convenience and Necessity  
 Tracking Number SA-2015-0170  
 Test Year Ending 12-31-2014 Updated through 4-30-2015  
 Expense Adjustment Schedule - Sewer

A Expense Adj Number	B Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment
<b>S-2</b>	<b>Management Salary</b>			<b>\$903</b>
	1. To Include a Salary for Louis Mountzoures (E. Carle)		\$903	
<b>S-4</b>	<b>Electricity - Pumping Treatment</b>			<b>\$39</b>
	1. To Annualize Electricity Expense (E. Carle)		\$39	
<b>S-9</b>	<b>System Repairs and Maintenance</b>			<b>-\$5,335</b>
	1. To Annualize Maintenance Expense (E. Carle)		-\$5,335	
<b>S-10</b>	<b>Maintenance Expense Amortization</b>			<b>\$1,645</b>
	1. To Include Amortization Expense in Excess of Normalized Level (E. Carle)		\$1,645	
<b>S-13</b>	<b>Billing &amp; Collections</b>			<b>\$9</b>
	1. To Include Billing Expenses (E. Carle)		\$9	
<b>S-14</b>	<b>Office Supplies</b>			<b>\$50</b>
	1. To Include Office Supplies (E. Carle)		\$50	
<b>S-17</b>	<b>Administration &amp; General Salaries</b>			<b>\$609</b>
	1. To Include a Salary for Velta (E. Carle)		\$609	
<b>S-18</b>	<b>Office Phone Expense</b>			<b>\$120</b>
	1. To Include Annualized Phone Expense (E. Carle)		\$120	
<b>S-19</b>	<b>Legal Expense</b>			<b>-\$1,225</b>

TUK, LLC  
Certification of Convenience and Necessity  
Tracking Number SA-2015-0170  
Test Year Ending 12-31-2014 Updated through 4-30-2015  
Expense Adjustment Schedule - Sewer

A Expense Adj Number	B Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment
	1. To Remove Legal Expense with no Supporting Documentation (E. Carle)		-\$1,475	
	2. To Include Amortized Legal Expense (Merciel/Archer)		\$250	
<b>S-22</b>	<b>MO DNR Fees</b>			<b>-\$2,400</b>
	1. To Normalize Operating Permit Fee (E. Carle)		-\$2,400	
<b>S-23</b>	<b>PSC/OPC Assessment</b>			<b>\$84</b>
	1. To Include PSC Assessment (E. Carle)		\$84	
<b>S-24</b>	<b>Corporate Registration</b>			<b>\$10</b>
	1. To Included SOS Fees (E. Carle)		\$10	
<b>S-25</b>	<b>Depreciation</b>			<b>\$1,451</b>
	1. To Annualize Depreciation		\$2,078	
	2. To Offset Depreciation Expense for CIAC Amortization (E. Carle)		-\$627	
<b>S-29</b>	<b>Payroll Taxes</b>			<b>\$178</b>
	1. Payroll Taxes for Louis Mountzoures and Velta (E. Carle)		\$178	
	<b>Total Expense Adjustments</b>			<b>-\$3,862</b>

TUK LLC  
 WA-2015-0169  
 Water Rate Design

merciel - archer

				Customer charge	Commodity charge	
Management Salary	\$1,237			\$619	\$619	
local management	\$831			\$416	\$416	
Operator Salary/Contractor Services	\$3,000			\$600	\$2,400	
Electricity-Pumping	\$3,285			\$0	\$3,285	
Chemicals	\$184			\$0	\$184	
Testing Expenses	\$214			\$86	\$128	
Misc. Supplies Expense	\$220			\$220	\$0	
Systems Repairs & Maintenance	\$1,640			\$1,640	\$0	
Maintenance Expense Amortization	\$0			\$0	\$0	
Billing & Collections	\$43			\$43	\$0	
telephone/office allocation	\$120			\$120	\$0	
Office Supplies	\$61			\$61	\$0	
Admionistration & General Salaries	\$831			\$831	\$0	
Legal Expense	\$250			\$175	\$75	
MO DNR Fees	\$214			\$214	\$0	
PSC/OPC Assessment	\$59			\$30	\$30	
Corporate Registration	\$10			\$10	\$0	
Real & Personal Property Taxes	\$106			\$106	\$0	
Payroll Taxes	\$243			\$97	\$146	
Depreciation	\$1,382			\$521	\$861	
Rate of Return-7.43%	\$665			\$251	\$414	
Interest	\$925			\$348	\$577	
Operation & Maintenance (Contractor)	\$0			\$0	\$0	
<b>Total Expenses</b>	<b>\$15,520</b>					
Taxes Federal & State	\$165			\$83	\$83	
<b>Total Expenses after Taxes</b>	<b>\$15,685</b>	<b>\$115.33</b>	<b>12</b>	<b>\$9.61</b>		
				41.24%	58.76%	

1,031,000 gallons sold to 5/8 customers customer equivalent count 44  
 24 5/8 customers total annual sales 3,393,708 gallons  
 118 gallons per day per 5/8 customer  
 6473 gpd est for mhp  
 2,362,708 gal per year mhp  
 3,393,708 water sold total  
 Customer equivalents for water - 5/8 inch meters

<b>\$ 36.75</b>	<b>\$ 2.72</b> commodity charge
<b>Customer Charges:</b>	
<b>5/8" meter \$ 36.75 quarterly</b>	
<b>2" meter \$ 735.00 quartly</b>	

check \$ 6,468 check \$ 9,231 \$15,699

bill- 5/8 customer	10,000 gal/quarter	\$ 6,139.20
	<b>\$ 63.95</b>	

bill - mhp	570,000 gal/quarter	\$ 9,141.60
	<b>\$ 2,285.40</b>	

\$ 15,280.80 check (difference is the round number for bill example)

	# meters	Factor	Equiv. Meters
5/8" meter	24	1	24
2" meter	1	20	20
Total			44

**Flat rate, residential, per living unit, applicable up to three months for existing customer, until company installs a working meter**  
**\$ 60.00 per quarter**

**Flat rate, mobile home park, applicable up to three months, until company installs a working meter**  
**\$ 2,300.00 per quarter**

TUK, LLC  
Case SA-2015-0170  
Sewer Rate Design

merciel-archer

Flat rate

Management Salary	\$903				\$903
local management	\$609				\$609
Operator Salary/Contractor Services	\$3,600				\$3,600
Electricity-Pumping	\$443				\$443
Testing Expenses	\$1,560				\$1,560
Mowing Expense	\$4,200				\$4,200
Systems Repairs & Maintenance	\$4,935				\$4,935
Maintenance Expense Amortization	\$1,645				\$1,645
Billing & Collections	\$9				\$9
telephone allocation	\$120				\$120
Office Supplies	\$61				\$61
Admionistration & General Salaries	\$609				\$609
Legal Expense	\$250				\$250
MO DNR Fees	\$600				\$600
PSC/OPC Assessment	\$84				\$84
Corporate Registration	\$10				\$10
Real & Personal Property Taxes	\$623				\$623
Payroll Taxes	\$178				\$178
Depreciation	\$1,451				\$1,451
Rate of Return-7.43%	\$600				\$600
Interest	\$834				\$834
Operation & Maintenance (Contractor)	<u>\$0</u>				\$0
<b>Total Expenses</b>	<b>\$23,324</b>				
Taxes Federal & State	\$149				\$149
<b>Total Expenses after Taxes</b>	<b>\$23,473</b>	\$172.60	12	\$14.38	<b>\$23,473</b>

	customer equivalent count	44	<b>flat rates</b>	<b>\$ 133.37 quarterly</b>
customer equivalents for sewer - living units			<b>5/8" meter</b>	<b>\$ 133.37</b>
			<b>2" meter</b>	<b>\$ 2,667.39</b>
18 houses				
6 duplex unit 2 meters				
1 mhp 20 equivalent			check	\$ 23,473
24 living units				
44 equivalent customers				





State of Missouri )  
                                  ) ss.  
County of Cole     )

**AFFIDAVIT**

**COMES NOW** RYAN W. MARTIN and on his/her oath declares that he is of sound mind and lawful age; that he contributed to the attached Staff Recommendation; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

  
RYAN W. MARTIN

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 22<sup>nd</sup> day of May, 2015.

  
NOTARY PUBLIC

My commission expires: \_\_\_\_\_

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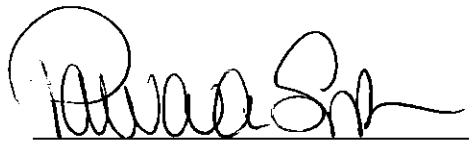


State of Missouri )  
                                  ) ss.  
County of Cole     )

**AFFIDAVIT**

COMES NOW PATRICIA SMITH and on his/her oath declares that she is of sound mind and lawful age; that she contributed to the attached Staff Recommendation; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.

  
\_\_\_\_\_  
PATRICIA SMITH

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 22<sup>nd</sup> day of May, 2015.

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

My commission expires: \_\_\_\_\_

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