

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

In the Matter of the Application of Valley)
Woods Water Co., Inc Request for an)
Increase in Annual Water System Operating)
Revenues.

Case No. WR-2010-0139

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

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

1. On November 3, 2009, the Missouri Public Service Commission (the Commission) received a Rate Increase Request Letter (Request Letter) from Valley Woods Water Company, Inc. (Valley Woods or the Company).

2. In its Request Letter, the Company requests the Commission allow an increase of \$2,880.00 in its annual water system operating revenues pursuant to Commission Rule 4 CSR 240-3.050.

3. Upon completion of its investigation of the Company's request, Staff provided Valley Woods and the Office of the Public Counsel (OPC) with various information, as well as Staff's initial recommendations for the resolution of the revenue increase request.

4. Pursuant to negotiations conducted after the receipt by the Company and OPC of the above-referenced information and recommendations, Staff and Valley Woods were able to reach an agreement (Disposition Agreement) regarding the resolution of the Company's revenue increase request.

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

6. The Disposition Agreement reflects an agreed-upon annualized operating revenue increase in the amount of \$8,169.00.

7. Pursuant to Rule 4 CSR 240-3.050, governing disposition agreements executed between Staff and small utility companies utilizing the small utility rate case procedure, Valley Woods will file tariff sheets seeking to implement the terms of the Disposition Agreement. The tariff sheets will be filed on April 7, 2010, and as required will bear the minimum 45-day effective date of May 24, 2010.

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

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

Respectfully submitted,

/s/ Samuel D. Ritchie

Sam Ritchie
Legal Counsel
Missouri Bar No. 61167

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

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of this Agreement Notice and the attached Appendix A has been provided, either by first-class mail, by electronic mail, by facsimile transmission or by hand-delivery, to each attorney and/or party of record for this case on this 2nd day of April, 2010.

/s/ Samuel D. Ritchie

APPENDIX A

STAFF PARTICIPANT AFFIDAVITS AND COMPANY/STAFF DISPOSITION AGREEMENT & ATTACHMENTS

CASE NO. WR-2010-0139

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Staff Participant Affidavits

James M. Russo – Water & Sewer Department

Karen Herrington – Auditing Department

Arthur Rice – Engineering & Management Services Department

Lisa Kremer – Engineering & Management Services Department

BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

AFFIDAVIT OF JAMES M. RUSSO

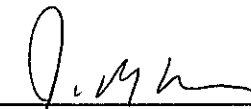
STATE OF MISSOURI)

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CASE NO. WR-2010-0139

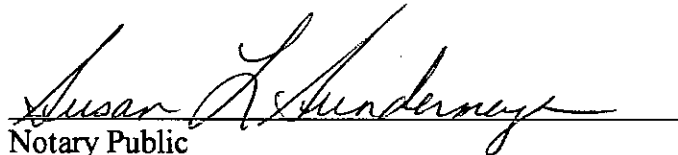
COUNTY OF COLE)

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



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

Subscribed and sworn to before me this 1st day of April, 2010.


Notary Public

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

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

AFFIDAVIT OF KAREN HERRINGTON

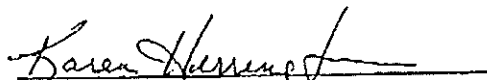
STATE OF MISSOURI

COUNTY OF Jackson

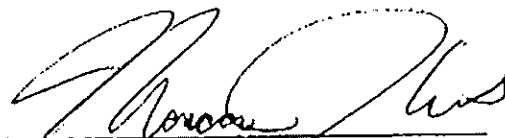
ss.

Case No. WR-2010-0139

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


Karen Herrington
Utility Regulatory Auditor III
Auditing Department

Subscribed and sworn to before me this 1st day of April, 2010.


Notary Public



MONICA J. CURLS
My Commission Expires
March 10, 2013
Jackson County
Commission #09679788

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

AFFIDAVIT OF ARTHUR W. RICE, PE

STATE OF MISSOURI

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COUNTY OF COLE

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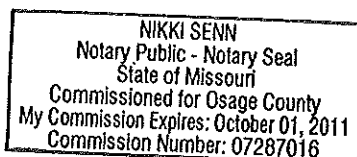
Case No. WR-2010-0139

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

Arthur W Rice PE

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

Subscribed and sworn to before me this 31st day of March, 2010.



Nikki Senn

Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

AFFIDAVIT OF LISA A. KREMER

STATE OF MISSOURI

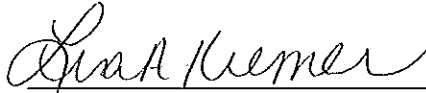
ss.

COUNTY OF COLE

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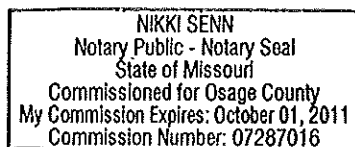
Case No. WR-2010-0139

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



Lisa A. Kremer
Utility Regulatory Manager
Engineering & Management
Services Department

Subscribed and sworn to before me this 31st day of March, 2010.


Notary Public

Company/Staff Disposition Agreement

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

VALLEY WOODS WATER COMPANY, INC.

MO PSC CASE NO. WR-2010-0139

BACKGROUND

Valley Woods 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") Case 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 November 3, 2009, the Company set forth its request for an increase of \$2,880 in its total annual water service operating revenues. In its request letter, the Company also acknowledged that the design of its customer rates, its service charges, its customer service practices, its general business practices and its general tariff provisions would be reviewed during the Commission Staff's ("Staff") review of the revenue increase request, and could thus be the subject of Staff recommendations. The Company provides service to approximately 40 residential customers near the town of Highlandville in Christian County.

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. (Hereafter, these activities are collectively referred to as Staff's "investigation" of the Company's Request.)

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

RESOLUTION OF THE COMPANY'S RATE INCREASE REQUEST

Pursuant to negotiations held subsequent to the Company's and OPC'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) That for the purpose of implementing the agreements set out herein, the Company will file proposed tariff revisions with the Commission containing the rates, charges and language set out in the example tariff sheets attached hereto as Attachment A and incorporated herein, with those proposed tariff revisions bearing an effective date of May 24, 2010.
- (2) That except as otherwise noted in the agreements below, the ratemaking income statement attached hereto as Attachment B and incorporated herein, accurately reflects the Company's annualized revenues generated by its current customer rates, the agreed-upon total annualized cost of service for the Company, and the resulting agreed-upon annualized operating revenue increase of \$8,169 is just and reasonable to recover the Company's cost of service.
- (3) That the audit workpapers attached hereto as Attachment C and incorporated herein, which include consideration of a capital structure of 100% equity for the Company and a return on that equity of 9.5%, accurately reflect the agreed-upon total annualized cost of service for the Company and provide the basis for the ratemaking income statement referenced in item (2) above.
- (4) That the rates set out in the attached example tariff sheets, the development of which is shown on the rate design worksheet attached hereto as Attachment D and incorporated herein, are designed to generate revenues sufficient to recover the agreed-upon total annualized cost of service for the Company.
- (5) That the rates included in the attached example tariff sheets will result in the residential customer impacts shown on the billing comparison worksheet attached hereto as Attachment E and incorporated herein.
- (6) That the rates included in the attached example tariff sheets are just and reasonable, and that the provisions of the attached example tariff sheets also properly reflect all other agreements set out herein, where necessary.
- (7) That the schedule of depreciation rates attached hereto as Attachment F and incorporated herein, which includes the depreciation rates used by Staff in its revenue requirement analysis, should be the prescribed schedule of water plant depreciation rates for the Company.
- (8) Within three (3) months of the effective date of an order approving this Disposition Agreement, the Company, with the assistance of the Commission's Auditing Staff, will:

- a) Correct the Company's books and records to reflect the adjusted plant, depreciation reserve and Contribution In Aid to Construction balances as shown in Attachment C and incorporated herein.
 - b) Convert the Company's books and records into an electronic Microsoft Office format.
- (9) Within thirty (30) days of the effective date of an order approving this Disposition Agreement, the Company will implement the recommendations contained in the Engineering & Management Services Department ("EMSD") Report attached hereto as Attachment G and incorporated herein. These recommendations include the following:
- a) Provide at least twenty-one (21) days from rendition (or the mailing) of their bills until payment is due as required by Commission Rule 4 CSR 240-13.020(7).
 - b) Refund or credit to customers all fees that have been inappropriately collected of customers including fees such as returned check.
 - c) Charge and refund customer deposits consistent with Commission Rules 4 CSR 240-13.0340(1)(C) and 4 CSR 240-13.0340(4)(B and D) and the Company's tariffs. Specifically, the Company should ensure that customers are provided the opportunity to establish an acceptable credit rating under standards contained in its tariff. The Company should ensure that deposit amounts are appropriately calculated using criteria specified in its tariff. If determined appropriate to charge a deposit, deposits should be refunded upon satisfactory payment for twelve (12) billing months and with appropriate interest.
 - d) Review all customer deposits held with the Company and if they meet criteria specified in Commission Rule 4 CSR 240-13.0340(4)(D), refund deposits with interest to its customers.
 - e) Ensure all customer complaints received by Company personnel are documented and maintained for at least two (2) years. Documentation shall include customer name, address, the nature of the complaint, date of occurrence, as well as explanation of what the Company has done to address the complaint as explained in Commission Rule 4 CSR 240-13.040(5).
 - f) Develop in written form, the information that summarizes the rights and responsibilities of the utility and its customers and make such documentation available to current customers and delivered or mailed to each new customer, consistent with 4 CSR 240-13.040(3).
- (10) 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 will include a summary of the impact of the

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

(11) That Staff may conduct follow-up reviews of the Company's operations to ensure that the Company has complied and continues to comply with the provisions of this Disposition Agreement.

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

(13) That the Company agrees that it has read the foregoing Company/Staff Agreement Regarding Disposition of Small Water Company Revenue Increase Request; that upon the Company's best knowledge and belief the facts stated therein are true; that the foregoing conditions accurately reflect the agreement reached between the Company and Staff; and that the Company freely and voluntarily enters into this agreement.

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

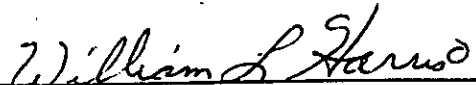
The Company acknowledges that the Staff will be filing this Company/Staff Disposition Agreement and the attachments hereto, in the existing case after the Company files the proposed tariff revisions mandated by this agreement. The Company also acknowledges that Staff may make other filings in this case.

Additionally, the Company agrees that 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 that case is noticed to be considered by the Commission. Staff will be available to answer Commission questions regarding this Company/Staff Disposition Agreement.

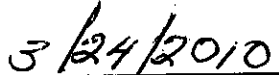
To the extent reasonably practicable, Staff shall provide the Company with advance notice of any such agenda meeting so that they may have the opportunity to also be represented at the meeting.

EFFECTIVE DATE AND SIGNATURES


Agreement Signed and Dated:



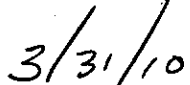
William L. Harris
President
Valley Woods Water Company, Inc.



Date



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



Date

List of Attachments

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

Agreement Attachment A

Example Tariff Sheets

P.S.C. MO No. 1

1st Revised Sheet No. 4

Replacing Original Sheet No. 4

Name of Utility: Valley Woods Water Company, Inc.

Service Area: Missouri Service Area

**Rules Governing
Rendering of Water Service**

Schedule of Service Charges

Any metered customer adjacent to the company's water distribution main lines using standard water service will be charged using the following rates:

Fixed rate: Customer charge \$15.97, which includes up to 1,000 gallons usage each month. +

Commodity charge: \$4.26 per each additional 1,000 gallons usage each month. +

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

Water bills will be prepared and distributed on a monthly billing cycle, and will be rendered net, bearing the last date on which payment is due all in accordance with Rule 10 hereafter.

Returned Check Charge *

A returned check charge of \$29.00 will be charged for any check returned to the company unpaid.

* Indicates New Rate or Text

+ Indicates Changed Rate or Text

Issue Date: April 7, 2010
Month/Day/Year

Effective Date: May 24, 2010
Month/Day/Year

Issued By: William L. Harris, President
Name & Title of Issuing Officer

999 Mulberry Rd., Highlandville MO 65669
Company Mailing Address

P.S.C. MO No. 1

1st Revised Sheet No. 5

Cancelling Original Sheet No. 5

Name of Utility: Valley Woods Water Company, Inc.

Service Area: Missouri Service Area

**Rules Governing
Rendering of Water Service**

Schedule of Service Charges

Service charges to potential or existing customers of the Company's water services requesting or using services will be charged using the following rates:

Initial Service Connections, Meters and Meter Installation:

+

The cost to each new customer for the installation of service and a water meter in accordance with Rule No. 11 hereafter shall be \$415.00.

Meter Test Fee:

The cost to each customer for a meter test requested by said customer, subject to Rule No. 12 hereafter, shall be \$35.00.

Connection Inspection Fee:

The cost to each customer for inspection of the connection of customer water service lines to Company service connections in accordance with Rule No. 5 hereafter shall be \$35.00.

"Service Calls:"

Repairs or maintenance made by the Company as a result of damage or misuse of Company property, or customer property, when requested by the customer shall be paid by the customer based upon the actual cost of labor and materials for said repairs or maintenance

* Indicates New Rate or Text

+ Indicates Changed Rate or Text

Issue Date: April 7, 2010
Month/Day/Year

Effective Date: May 24, 2010
Month/Day/Year

Issued By: William L. Harris, President
Name & Title of Issuing Officer

999 Mulberry Road., Highlandville MO 65669
Company Mailing Address

Agreement Attachment B

Ratemaking Income Statement

VALLEY WOODS WATER COMPANY, INC.

Rate Making Income Statement-Water

Operating Revenues at Current Rates

1	Tariffed Rate Revenues *	\$	7,231
2	Other Operating Revenues *	\$	70
3	Total Operating Revenues	\$	7,301
4	* See "Revenues - Current Rates" for Details		

Cost of Service

Item	Amount
1 Operators Salary-Maintenance	\$ 2,528
2 Operator-Backup	\$ 140
3 Electricity-Pumping	\$ 1,183
4 Electricity-Shop	\$ 69
5 Utility Water Usage	\$ 418
6 Water Treatment Expense-Chemicals	\$ -
7 Water Treatment -Testing/Laboratory Fees	\$ -
8 Maintenance of Parts/Equipment	\$ 506
9 Maintenance Expense-Outside Labor	\$ -
10 Administration & General - Salaries	\$ 729
11 Office Supplies	\$ 272
12 Postage	\$ 139
13 Bookkeeping	\$ -
14 Telephone & Internet Expense	\$ 337
15 Transportation Expense	\$ 338
16 Propoerty & Liability Insurance	\$ 421
17 Rent Expense-Building	\$ 152
18 Rate Case Expense	\$ 75
19 MO DNR Fees	\$ 188
20 Employee Pensions & Benefits	\$ -
21 Regulatory Commission Expense	\$ 61
22 Miscellaneous General Expenses	\$ -
23 Sub-Total Operating Expenses	\$ 7,556
24 Property Taxes	\$ 104
25 MO Franchise Taxes	\$ -
26 Employer FICA Taxes	\$ 290
27 Federal Unemployment Taxes	\$ -
28 State Unemployment Taxes	\$ -
29 State & Federal Income Taxes	\$ 314
30 Sub-Total Taxes	\$ 708
31 Depreciation Expense	\$ 3,526
32 CIAC-Depreciation	\$ (1,033)
33 Sub-Total Depreciation/Amortization	\$ 2,493
34 Return on Rate Base	\$ 4,713
35 Total Cost of Service	\$ 15,470
36 Overall Revenue Increase Needed	\$ 8,169

Agreement Attachment C

Audit Workpapers

Exhibit No.: 12345667
Issue: Accounting Schedules
Witness: MO PSC Auditors
Sponsoring Party: MO PSC Staff
Case No: WR-2010-0139
Date Prepared: 1/18/2010



MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

Valley Woods Water

STAFF ACCOUNTING SCHEDULES

VALLEY WOODS WATER COMPANY

CASE NO. WR-2010-0139

Jefferson City, Missouri

January 2010

Valley Woods Water Company
Informal Water Rate Case
Tracking Number SR-2010-0139
Test Year Ending 12-31-2008
Rate Design Schedule - Water

A	B	C	D	E	F
Line Number	Account Number (Optional)	Staff Annualized	Customer Charge	Commodity	Percentage Rate
Rev-1	ANNUALIZED REVENUES				
Rev-2	Annualized Rate Revenues	(1) \$7,231			
Rev-3	Miscellaneous Revenues	(1) \$70			
Rev-4	TOTAL ANNUALIZED REVENUES	\$7,301			
1	OPERATIONS EXPENSES	(2)			
2	Operators Salary/Maintenance	600.000 \$2,528	\$0	\$2,528	0.00%
3	Operator-Backup	600.100 \$140	\$0	\$140	0.00%
4	Electricity-(Pumping)	620.000 \$1,183	\$0	\$1,183	0.00%
5	Electricity (Shop)	620.100 \$69	\$0	\$69	0.00%
6	Utility Water Usage	610.000 \$418	\$0	\$418	0.00%
7	Chemicals-(Chlorine)	630.000 \$0	\$0	\$0	0.00%
8	TOTAL OPERATIONS EXPENSE	\$4,338	\$0	\$4,338	
9	MAINTENANCE EXPENSES				
10	Outside Services Employed (Maintenance)	682.000 \$0	\$0	\$0	0.00%
11	System Maintenance (Water Line Repair)	650.000 \$506	\$0	\$506	0.00%
12	TOTAL MAINTENANCE EXPENSE	\$506	\$0	\$506	
13	CUSTOMER ACCOUNT EXPENSE				
14	Office Supplies	681.000 \$272	\$0	\$272	0.00%
15	Postage	681.100 \$139	\$0	\$139	0.00%
16	TOTAL CUSTOMER ACCOUNT EXPENSE	\$411	\$0	\$411	
17	ADMINISTRATIVE & GENERAL EXPENSES				
18	Administration & General Salary (Bookkeeping)	680.000 \$729	\$0	\$729	0.00%
19	Telephone (Landline)	640.000 \$188	\$0	\$188	0.00%
20	Telephone (Wireless)	640.100 \$128	\$0	\$128	0.00%
21	Transportation Expense	660.000 \$338	\$0	\$338	0.00%
22	Internet Services	640.200 \$21	\$0	\$21	0.00%
23	Property & Liability Insurance (Well House)	684.000 \$177	\$0	\$177	0.00%
24	Property & Liability Insurance (Shop)	684.100 \$244	\$0	\$244	0.00%
25	Building Rent	640.300 \$152	\$0	\$152	0.00%
26	Rate Case Expense	689.000 \$75	\$0	\$75	0.00%
27	TOTAL ADMINISTRATIVE AND GENERAL	\$2,052	\$0	\$2,052	
28	OTHER OPERATING EXPENSES				
29	MO DNR Fees	689.000 \$188	\$0	\$188	0.00%
30	PSC Assessment	688.000 \$61	\$0	\$61	0.00%
31	CIAC related depreciation	403.100 -\$1,033	\$0	-\$1,033	0.00%
32	Depreciation	403.000 \$3,526	\$0	\$3,526	0.00%
33	TOTAL OTHER OPERATING EXPENSES	\$2,742	\$0	\$2,742	
34	TAXES OTHER THAN INCOME				
35	Property Taxes	408.000 \$104	\$0	\$104	0.00%
36	Payroll Taxes	601.000 \$290	\$0	\$290	0.00%
37	TOTAL TAXES OTHER THAN INCOME	\$394	\$0	\$394	
38	TOTAL OPERATING EXPENSES	\$10,443	\$0	\$10,443	
39	Interest Expense	(3) \$0	\$0	\$0	0.00%
40	Return on Equity	(3) \$4,713	\$0	\$4,713	0.00%
41	Income Taxes	(3) \$314	\$0	\$314	0.00%
42	TOTAL INTEREST RETURN & TAXES	\$5,027	\$0	\$5,027	
43	TOTAL COST OF SERVICE	\$15,470	\$0	\$15,470	
44	Less: Miscellaneous Revenues	\$70	\$0	\$70	0.00%

Valley Woods Water Company
 Informal Water Rate Case
 Tracking Number SR-2010-0139
 Test Year Ending 12-31-2008
 Rate Design Schedule - Water

Line Number	Description	Account Number (Optional)	Staff Annualized	Customer Charge	Commodity	Percentage Rate
45	COST TO RECOVER IN RATES		\$15,400	\$0	\$15,400	
46	INCREMENTAL INCREASE IN RATE REVENUES		\$8,169			
47	PERCENTAGE OF INCREASE		111.89%			
48	REQUESTED INCREASE IN REVENUES		\$2,880			

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

Valley Woods Water Company
 Informal Water Rate Case
 Tracking Number SR-2010-0139
 Test Year Ending 12-31-2008
 Rate Base Required Return on Investment Schedule - Water

Line Number	A Rate Base Description	B Dollar Amount	
1	Plant In Service	\$111,103	From Plant Schedule
2	Less Accumulated Depreciation Reserve	\$29,757	From Depreciation Reserve Schedule
3	Net Plant In Service	\$81,346	
4	Other Rate Base Items:	\$0	
	Contribution In Aid of Construction	-\$43,052	
	CIAC Depreciation Reserve	\$14,069	
5	Total Rate Base	\$52,363	
6	Total Weighted Rate of Return Including Income Tax	9.60%	From PreTax Return & Taxes Schedule
7	Required Return & Income Tax	\$5,027	

Valley Woods Water Company
 Informal Water Rate Case
 Tracking Number SR-2010-0139
 Test Year Ending 12-31-2008
 Rate of Return Including Income Tax - Water

	A	B	formulas
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1	State Income Tax Rate Statutory / Effective	6.25% (2)	6.25% (1 - (B2 x .5)) x A1
2	Federal Income Tax Rate Statutory / Effective	0.00% (1) & (2)	0.00% (1 - B1) x A2
3	Composite Effective Income Tax Rate		6.25% B1 + B2
4	Equity Tax Factor		1.0667 1 / (1-B3)
5	Recommended Weighted Rate of Return on Equity - Common and Preferred		9.00% From Capital Structure Schedule
6	Weighted Rate of Return on Equity Including Income Tax		9.60% B4 x 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		9.60% B6+B7

To Rate Base Schedule

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

☒ Y

Equity Income Required \$0
 & Preliminary Federal Tax

Tax Rate Table

Net Income Range		Tax Rate	Amount in Range	Tax on Range
Start	End			
\$0	\$50,000	15.00%	\$0	\$0
\$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
			\$0	\$0
Consolidated Tax Rate:				
Average Tax Rate:				0

Valley Woods Water Company
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 Test Year Ending 12-31-2008
 Capital Structure Schedule - Water

Line Number	Description	Dollar Amount	Percentage of Total Capital Structure	Embedded Cost of Capital	Weighted Cost of Capital
1	Common Stock	\$1	100.00%	9.00%	9.000%
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	\$1	100.00%		9.000%

To PreTax Return Rate Schedule

Valley Woods Water Company
Informal Water Rate Case
Tracking Number SR-2010-0139
Test Year Ending 12-31-2008
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	\$5,086			100.00%	\$5,086
3	302.000	Franchises	\$0			100.00%	\$0
4		TOTAL INTANGIBLE PLANT	\$5,086		\$0		\$5,086
5		SOURCE OF SUPPLY PLANT					
6	310.000	Land & Land Rights SP	\$250			100.00%	\$250
7	311.000	Structures & Improvements - SSP	\$0			100.00%	\$0
8	312.000	Collection & Impounding Reservoirs	\$0			100.00%	\$0
9	313.000	Lake, River & Other Intakes	\$0			100.00%	\$0
10	314.000	Wells & Springs	\$14,022			100.00%	\$14,022
11	315.000	Infiltration Galleries & Tunnels	\$0			100.00%	\$0
12	316.000	Supply Mains	\$0			100.00%	\$0
13		TOTAL SOURCE OF SUPPLY PLANT	\$14,272		\$0		\$14,272
14		PUMPING PLANT					
15	321.000	Structures & Improvements - PP	\$8,950			100.00%	\$8,950
16	325.000	Electric Pumping Equipment	\$0			100.00%	\$0
17	325.100	Submersible Pumping Equipment	\$11,621	P-17	-\$1,034	100.00%	\$10,587
18	325.200	Booster Pump Equipment	\$5,208	P-18	-\$463	100.00%	\$4,745
19		TOTAL PUMPING PLANT	\$25,779		-\$1,497		\$24,282
20		WATER TREATMENT PLANT					
21	330.000	Land & Land Rights-WTP	\$0			100.00%	\$0
22	331.000	Structures & Improvements - WTP	\$0			100.00%	\$0
23	332.000	Water Treatment Equipment	\$0			100.00%	\$0
24		TOTAL WATER TREATMENT PLANT	\$0		\$0		\$0
25		TRANSMISSION & DISTRIBUTION PLANT					
26	340.000	Land & Land Rights-T&D	\$0			100.00%	\$0
27	341.000	Structures & Improvements - T&D	\$0			100.00%	\$0
28	342.000	Distribution Reservoirs & Standpipes	\$6,518			100.00%	\$6,518
29	344.000	Fire Mains	\$0			100.00%	\$0
30	345.000	Services	\$4,891	P-30	\$34	100.00%	\$4,925
31	343.000	Transmission & Distribution Mains	\$40,417			100.00%	\$40,417
32	346.000	Meters- Bronze Chamber	\$2,111	P-32	\$45	100.00%	\$2,156
33	346.000	Meters- Plastic Chamber	\$0			100.00%	\$0
34	347.000	Meter Installations- Bronze	\$8,813	P-34	\$497	100.00%	\$9,310
35	348.000	Other Transmission & Distribution Plant	\$0			100.00%	\$0
36	349.000	Hydrants	\$300			100.00%	\$300
37		TOTAL TRANS. & DISTRIBUTION PLANT	\$63,050		\$576		\$63,626
38		GENERAL PLANT					
39	389.000	Land & Land Rights-GP	\$0			100.00%	\$0
40	390.000	Structures & Improvements - GP	\$3,837			100.00%	\$3,837
41	391.000	Office Furniture & Equipment	\$0			100.00%	\$0
42	391.100	Office Computer Equipment	\$0			100.00%	\$0
43	393.000	Transportation Equipment - GP	\$0			100.00%	\$0
44	399.000	Other General Equipment	\$0			100.00%	\$0
45	396.000	Power Operated Equipment	\$0			100.00%	\$0
46		TOTAL GENERAL PLANT	\$3,837		\$0		\$3,837
47		TOTAL PLANT IN SERVICE	\$112,024		\$921		\$111,103

To Rate Base & Depreciation Schedules

Valley Woods Water Company
 Informal Water Rate Case
 Tracking Number SR-2010-0139
 Test Year Ending 12-31-2008
 Schedule of Adjustments for Plant in Service - Water

A	B	C	D	E
Plant Adjustment Number	Plant In Service Adjustment Description	Account Number	Adjustment Amount	Total Adjustment
P-17	Submersible Pumping Equipment	325.100		-\$1,034
	Replaced retired pressure tanks and hydro pneumatic tanks		-\$1,034	
P-18	Booster Pump Equipment	325.200		-\$463
	Replaced retired pressure tanks and hydro pneumatic tanks		-\$463	
P-30	Services	345.000		\$34
	Update Services to K&M period		\$34	
P-32	Meters- Bronze Chamber	346.000		\$45
	Include additional meter		\$45	
P-34	Meter Installations- Bronze	347.000		\$497
	Include additional meter installations		\$497	
	Total Plant Adjustments			-\$921

Valley Woods Water Company
 Informal Water Rate Case
 Tracking Number SR-2010-0139
 Test Year Ending 12-31-2008
 Depreciation Expense - Water

Line Number	A Account Number	B Plant Account Description	C Adjusted Jurisdictional	D Depreciation Rate	E Depreciation Expense
1		INTANGIBLE PLANT			
2	301.000	Organization	\$5,086	0.00%	\$0
3	302.000	Franchises	\$0	0.00%	\$0
4		TOTAL INTANGIBLE PLANT	\$5,086		\$0
5		SOURCE OF SUPPLY PLANT			
6	310.000	Land & Land Rights SP	\$250	0.00%	\$0
7	311.000	Structures & Improvements - SSP	\$0	0.00%	\$0
8	312.000	Collection & Impounding Reservoirs	\$0	0.00%	\$0
9	313.000	Lake, River & Other Intakes	\$0	0.00%	\$0
10	314.000	Wells & Springs	\$14,022	2.00%	\$280
11	315.000	Infiltration Galleries & Tunnels	\$0	0.00%	\$0
12	316.000	Supply Mains	\$0	0.00%	\$0
13		TOTAL SOURCE OF SUPPLY PLANT	\$14,272		\$280
14		PUMPING PLANT			
15	321.000	Structures & Improvements - PP	\$8,950	2.50%	\$224
16	325.000	Electric Pumping Equipment	\$0	0.00%	\$0
17	325.100	Submersible Pumping Equipment	\$10,587	10.00%	\$1,059
18	325.200	Booster Pump Equipment	\$4,745	6.70%	\$318
19		TOTAL PUMPING PLANT	\$24,282		\$1,601
20		WATER TREATMENT PLANT			
21	330.000	Land & Land Rights-WTP	\$0	0.00%	\$0
22	331.000	Structures & Improvements - WTP	\$0	0.00%	\$0
23	332.000	Water Treatment Equipment	\$0	0.00%	\$0
24		TOTAL WATER TREATMENT PLANT	\$0		\$0
25		TRANSMISSION & DISTRIBUTION PLANT			
26	340.000	Land & Land Rights-T&D	\$0	0.00%	\$0
27	341.000	Structures & Improvements - T&D	\$0	0.00%	\$0
28	342.000	Distribution Reservoirs & Standpipes	\$6,518	2.50%	\$163
29	344.000	Fire Mains	\$0	0.00%	\$0
30	345.000	Services	\$4,925	2.50%	\$123
31	343.000	Transmission & Distribution Mains	\$40,417	2.00%	\$808
32	346.000	Meters- Bronze Chamber	\$2,156	10.00%	\$216
33	346.000	Meters- Plastic Chamber	\$0	0.00%	\$0
34	347.000	Meter Installations- Bronze	\$9,310	2.50%	\$233
35	348.000	Other Transmission & Distribution Plant	\$0	0.00%	\$0
36	349.000	Hydrants	\$300	2.00%	\$6
37		TOTAL TRANS. & DISTRIBUTION PLANT	\$63,626		\$1,549
38		GENERAL PLANT			
39	389.000	Land & Land Rights-GP	\$0	0.00%	\$0

Valley Woods Water Company
 Informal Water Rate Case
 Tracking Number SR-2010-0139
 Test Year Ending 12-31-2008
 Depreciation Expense - Water

Line Number	A Account Number	B Plant Account Description	C Adjusted Jurisdictional	D Depreciation Rate	E Depreciation Expense
40	390.000	Structures & Improvements - GP	\$3,837	2.50%	\$96
41	391.000	Office Furniture & Equipment	\$0	0.00%	\$0
42	391.100	Office Computer Equipment	\$0	0.00%	\$0
43	393.000	Transportation Equipment - GP	\$0	0.00%	\$0
44	399.000	Other General Equipment	\$0	0.00%	\$0
45	396.000	Power Operated Equipment	\$0	0.00%	\$0
46		TOTAL GENERAL PLANT	\$3,837		\$96
47		Total Depreciation	\$111,103		\$3,526

Valley Woods Water Company
Informal Water Rate Case
Tracking Number SR-2010-0139
Test Year Ending 12-31-2008
Accumulated Depreciation Reserve - Water

Line Number	A Account Number	B Depreciation Reserve Description	C Total Reserve	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
1		INTANGIBLE PLANT					
2	301.000	Organization	\$0			100.00%	\$0
3	302.000	Franchises	\$0			100.00%	\$0
4		TOTAL INTANGIBLE PLANT	\$0		\$0		\$0
5		SOURCE OF SUPPLY PLANT					
6	310.000	Land & Land Rights SP	\$0			100.00%	\$0
7	311.000	Structures & Improvements - SSP	\$0			100.00%	\$0
8	312.000	Collection & Impounding Reservoirs	\$0			100.00%	\$0
9	313.000	Lake, River & Other Intakes	\$0			100.00%	\$0
10	314.000	Wells & Springs	\$3,786	R-10	\$210	100.00%	\$3,996
11	315.000	Infiltration Galleries & Tunnels	\$0			100.00%	\$0
12	316.000	Supply Mains	\$0			100.00%	\$0
13		TOTAL SOURCE OF SUPPLY PLANT	\$3,786		\$210		\$3,996
14		PUMPING PLANT					
15	321.000	Structures & Improvements - PP	\$2,263	R-15	\$168	100.00%	\$2,431
16	325.000	Electric Pumping Equipment	\$0			100.00%	\$0
17	325.100	Submersible Pumping Equipment	\$6,167	R-17	\$1,150	100.00%	\$7,317
18	325.200	Booster Pump Equipment	\$2,770			100.00%	\$2,770
19		TOTAL PUMPING PLANT	\$11,200		\$1,318		\$12,518
20		WATER TREATMENT PLANT					
21	330.000	Land & Land Rights-WTP	\$0			100.00%	\$0
22	331.000	Structures & Improvements - WTP	\$0			100.00%	\$0
23	332.000	Water Treatment Equipment	\$0			100.00%	\$0
24		TOTAL WATER TREATMENT PLANT	\$0		\$0		\$0
25		TRANSMISSION & DISTRIBUTION PLANT					
26	340.000	Land & Land Rights-T&D	\$0			100.00%	\$0
27	341.000	Structures & Improvements - T&D	\$0			100.00%	\$0
28	342.000	Distribution Reservoirs & Standpipes	\$2,199	R-28	\$122	100.00%	\$2,321
29	344.000	Fire Mains	\$0			100.00%	\$0
30	345.000	Services	\$576	R-30	\$82	100.00%	\$668
31	343.000	Transmission & Distribution Mains	\$6,926	R-31	\$606	100.00%	\$7,532
32	346.000	Meters- Bronze Chamber	\$340	R-32	\$47	100.00%	\$387
33	346.000	Meters- Plastic Chamber	\$0			100.00%	\$0
34	347.000	Meter Installations- Bronze	\$1,594	R-34	\$192	100.00%	\$1,786
35	348.000	Other Transmission & Distribution Plant	\$0			100.00%	\$0
36	349.000	Hydrants	\$91	R-36	\$5	100.00%	\$96
37		TOTAL TRANS. & DISTRIBUTION PLANT	\$11,726		\$1,064		\$12,790
38		GENERAL PLANT					
39	389.000	Land & Land Rights-GP	\$0			100.00%	\$0
40	390.000	Structures & Improvements - GP	\$336	R-40	\$72	100.00%	\$408
41	391.000	Office Furniture & Equipment	\$0			100.00%	\$0
42	391.100	Office Computer Equipment	\$0			100.00%	\$0
43	393.000	Transportation Equipment - GP	\$0			100.00%	\$0
44	399.000	Other General Equipment	\$0			100.00%	\$0
45	396.000	Power Operated Equipment	\$45			100.00%	\$45
46		TOTAL GENERAL PLANT	\$381		\$72		\$453
47		TOTAL DEPRECIATION RESERVE	\$27,083		\$2,884		\$29,757

To Rate Base Schedule

Valley Woods Water Company
 Informal Water Rate Case
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 Test Year Ending 12-31-2008
 Schedule of Adjustments for Accumulated Depreciation Reserve - Water

A Reserve Adjustment Number	B Accumulated Depreciation Reserve Adjustments Description	C Account Number	D Adjustment Amount	E Total Adjustment Amount
R-10	Wells & Springs	314.000		\$210
	Adjust depreciation for the update period, September 2009 (Herrington)		\$210	
R-15	Structures & Improvements - PP	321.000		\$168
	Adjust depreciation for the update period, September 2009 (Herrington)		\$168	
R-17	Submersible Pumping Equipment	325.100		\$1,150
	Adjust depreciation for the update period, September 2009 (Herrington)		\$1,150	
R-28	Distribution Reservoirs & Standpipes	342.000		\$122
	Adjust depreciation for the update period, September 2009 (Herrington)		\$122	
R-30	Services	345.000		\$92
	Adjust depreciation for the update period, September 2009 (Herrington)		\$92	
R-31	Transmission & Distribution Mains	343.000		\$606
	Adjust depreciation for the update period, September 2009 (Herrington)		\$606	
R-32	Meters- Bronze Chamber	346.000		\$47
	Adjust depreciation for the update period, September 2009 (Herrington)		\$47	

Valley Woods Water Company
 Informal Water Rate Case
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 Schedule of Adjustments for Accumulated Depreciation Reserve - Water

A	B	C	D	E
Reserve Adjustment Number	Accumulated Depreciation Reserve Adjustments Description	Account Number	Adjustment Amount	Total Adjustment Amount
R-34	Meter Installations- Bronze	347.000		\$192
	Adjust depreciation for the update period, September 2009 (Herrington)		\$192	
R-36	Hydrants	349.000		\$5
	Adjust depreciation for the update period, September 2009 (Herrington)		\$5	
R-40	Structures & Improvements - GP	390.000		\$72
	Adjust depreciation for the update period, September 2009 (Herrington)		\$72	
	Total Reserve Adjustments			\$2,664

Valley Woods Water Company
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Rate Revenue Feeder Schedule - Water

Line Number	Description	Residential 5/8"		Commercial 2"	
		B Amount	C Amount	D Amount	E Amount
1	<u>Customer Charge Revenues:</u>				
2	Customer Number	40		0	
3	Bills Per Year	12		0	
4	Customer Bills Per year	480		0	
5	Current Customer Charge	\$7.50		\$0.00	
6	Annualized Customer Charge Revenues		\$3,600		\$0
7	<u>Commodity Charge Revenues:</u>				
8	Total Gallons Sold	2,295,451		0	
9	Less: Base Gallons Included In Customer Charge	480,000		0	
10	Commodity Gallons	1,815,451		0	
11	Block 1, Commodity Gallons per Block	1,815,451		0	
12	Block 1, Number of Commodity Gallons per Unit	1,000		0	
13	Block 1, Commodity Billing Units	1,815.45		0.00	
14	Block 1, Existing Commodity Charge	\$2.00		\$0.00	
15	Block 1, Annualized Commodity Charge Rev.		\$3,631		\$0
16	<u>Total Annualized Water Rate Revenues</u>		\$7,231		\$0

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

Valley Woods Water Company
 Informal Water Rate Case
 Tracking Number SR-2010-0139
 Test Year Ending 12-31-2008
 Rate Revenue Feeder Schedule - Water

Line Number	Description	Total	
		F Amount	G Amount
1	<u>Customer Charge Revenues:</u>		
2	Customer Number	40	
3	Bills Per Year		
4	Customer Bills Per year	480	
5	Current Customer Charge		
6	Annualized Customer Charge Revenues		\$3,600
7	<u>Commodity Charge Revenues:</u>		
8	Total Gallons Sold	2,295,451	
9	Less: Base Gallons Included In Customer Charge	480,000	
10	Commodity Gallons	1,815,451	
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.		\$3,631
16	<u>Total Annualized Water Rate Revenues</u>		\$7,231

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.

Valley Woods Water Company
Informal Water Rate Case
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Test Year Ending 12-31-2008
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	600.000	Operators Salary/Maintenance	\$1,931	W-2	\$597	100.00%	\$2,528
3	600.100	Operator-Backup	\$140			100.00%	\$140
4	620.000	Electricity-(Pumping)	\$1,439	W-4	-\$256	100.00%	\$1,183
5	620.100	Electricity (Shop)	\$0	W-5	\$69	100.00%	\$69
6	610.000	Utility Water Usage	\$372	W-6	\$46	100.00%	\$418
7	630.000	Chemicals-(Chlorine)	\$0			100.00%	\$0
8		TOTAL OPERATIONS EXPENSE	\$3,882		\$456		\$4,338
9		MAINTENANCE EXPENSES					
10	682.000	Outside Services Employed (Maintenance)	\$160	W-10	-\$160	100.00%	\$0
11	650.000	System Maintenance (Water Line Repair)	\$203	W-11	\$303	100.00%	\$506
12		TOTAL MAINTENANCE EXPENSE	\$363		\$143		\$506
13		CUSTOMER ACCOUNT EXPENSE					
14	681.000	Office Supplies	\$331	W-14	-\$59	100.00%	\$272
15	681.100	Postage	\$0	W-15	\$139	100.00%	\$139
16		TOTAL CUSTOMER ACCOUNT EXPENSE	\$331		\$80		\$411
17		ADMINISTRATIVE & GENERAL EXPENSES					
18	680.000	Administration & General Salary (Bookkeeping)	\$716	W-18	\$13	100.00%	\$729
19	640.000	Telephone (Landline)	\$0	W-19	\$188	100.00%	\$188
20	640.100	Telephone (Wireless)	\$0	W-20	\$128	100.00%	\$128
21	660.000	Transportation Expense	\$263	W-21	\$75	100.00%	\$338
22	640.200	Internet Services	\$0	W-22	\$21	100.00%	\$21
23	684.000	Property & Liability Insurance (Well House)	\$170	W-23	\$7	100.00%	\$177
24	684.100	Property & Liability Insurance (Shop)	\$0	W-24	\$244	100.00%	\$244
25	640.300	Building Rent	\$0	W-25	\$152	100.00%	\$152
26	689.000	Rate Case Expense	\$0	W-26	\$75	100.00%	\$75
27		TOTAL ADMINISTRATIVE AND GENERAL	\$1,149		\$903		\$2,052
28		OTHER OPERATING EXPENSES					
29	689.000	MO DNR Fees	\$0	W-29	\$188	100.00%	\$188
30	688.000	PSC Assessment	\$62	W-30	-\$1	100.00%	\$61
31	403.100	CIAC related depreciation	\$0	W-31	-\$1,033	100.00%	-\$1,033
32	403.000	Depreciation	\$0	W-32	\$3,526	100.00%	\$3,526
33		TOTAL OTHER OPERATING EXPENSES	\$62		\$2,680		\$2,742
34		TAXES OTHER THAN INCOME					
35	408.000	Property Taxes	\$104			100.00%	\$104
36	601.000	Payroll Taxes	\$384	W-36	-\$94	100.00%	\$290
37		TOTAL TAXES OTHER THAN INCOME	\$488		-\$94		\$394
38		TOTAL OPERATING EXPENSES	\$6,275		\$3,168		\$9,443

Valley Woods Water Company
 Informal Water Rate Case
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 Expense Adjustment Schedule - Water

A Expense Adj Number	B Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment
W-2	Operators Salary/Maintenance	600.000		\$597
	Made an adjustment to reflect a four year average (2005-2008)		\$597	
W-4	Electricity (Pumping)	620.000		-\$256
	Annualize electric usage to updated period of September 2009 (Herrington)		-\$256	
W-5	Electricity (Shop)	620.100		\$69
	Include an annualized amount of electric usage for the Utility shop		\$69	
W-6	Utility Water Usage	610.000		\$46
	Annualize water usage for utility for updated period, September 2009 (Herrington)		\$46	
W-10	Outside Services Employed (Maintenance)	682.000		-\$160
	Adjusted Outside Services-Non Recurring Fee for mowing (Herrington)		-\$160	
W-11	System Maintenance (Water Line Repair)	650.000		\$303
	Used a four your average to determine normalized amount (2006-2009) Herrington		\$303	
W-14	Office Supplies	681.000		-\$59
	Annualized Office Supplies for 2009 (Herrington)		-\$59	
W-15	Postage	681.100		\$139
	Include postage usage (Herrington)		\$139	

Valley Woods Water Company
 Informal Water Rate Case
 Tracking Number SR-2010-0139
 Test Year Ending 12-31-2008
 Expense Adjustment Schedule - Water

A	B	C	D	E
Expense Adj Number	Adjustment Description	Account Number	Adjustment Amount	Total Adjustment
W-18	Administration & General Salary (Bookkeeping)	680.000		\$13
	Adjust Bookkeeping Salary to reflect the update period September 2009 (Herrington)		\$13	
W-19	Telephone (Landline)	640.000		\$188
	Include an annualized amount for the home phone used for utility purposes (Herrington)		\$188	
W-20	Telephone (Wireless)	640.100		\$128
	Include an annualized amount for the wireless phone used for utility purposes (Herrington)		\$128	
W-21	Transportation Expense	660.000		\$75
	Adjust to reflect update period September 2009 (Herrington)		\$75	
W-22	Internet Services	640.200		\$21
	Include portion of internet services used for utility purposes (Herrington)		\$21	
W-23	Property & Liability Insurance (Well House)	684.000		\$7
	Include increase in property insurance		\$7	
W-24	Property & Liability Insurance (Shop)	684.100		\$244
	Include Utility portion of insurance associated with Shop (Herrington)		\$244	
W-25	Building Rent	640.300		\$152
	Included Rental Expense for Home Office		\$152	
W-26	Rate Case Expense	689.000		\$75

Valley Woods Water Company
 Informal Water Rate Case
 Tracking Number SR-2010-0139
 Test Year Ending 12-31-2008
 Expense Adjustment Schedule - Water

A Expense Adj Number	B Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment
	Include Rate Case Expense amortized over a five year period (Herrington)		\$75	
W-29	MO DNR Fees	689,000		\$188
	Include fees for MO DNR (Herrington)		\$188	
W-30	PSC Assessment	688,000		-\$1
	Adjust Water PSC Assessment Fees (Herrington)		-\$1	
W-31	CIAC related depreciation	403,100		-\$1,033
	Update CIAC related depreciation for the update period, September 2009 (Herrington)		-\$1,033	
W-32	Depreciation	403,000		\$3,526
	1. To Annualize Depreciation		\$3,526	
	2. Description		\$0	
W-36	Payroll Taxes	601,000		-\$94
	Update payroll taxes through the update period of September 2009 (Herrington)		-\$94	
	Total Expense Adjustments			\$4,168

Valley Woods Water Company
 Informal Water Rate Case
 Tracking Number SR-2010-0139
 Test Year Ending 12-31-2008
 Revenue Schedule - Water

Line Number	A Account Number (Optional)	Revenue Description	C Company/ Test Year Amount	D Adjustment Number	E Jurisdictional Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
Rev-1		ANNUALIZED REVENUES					
Rev-2		Annualized Rate Revenues	\$6,663	Rev-2	\$568	100.00%	\$7,231
Rev-3		Miscellaneous Revenues	\$0	Rev-3	\$70	100.00%	\$70
Rev-4		TOTAL ANNUALIZED REVENUES	\$6,663		\$638		\$7,301

Valley Woods Water Company
 Informal Water Rate Case
 Tracking Number SR-2010-0139
 Test Year Ending 12-31-2008
 Revenue Adjustment Schedule - Water

A	B	C	D	E
Revenue Adj		Account	Adjustment	Total
Number	Adjustment Description	Number	Amount	Adjustment
Rev-2	Annualized Rate Revenues			\$568
	1. To Annualize Rate Revenues		\$568	
Rev-3	Miscellaneous Revenues			\$70
	1. To Annualize Miscellaneous Revenues		\$70	
	2. Description		\$0	
	Total Revenue Adjustments			\$638

Valley Woods Water Company
Informal Water Rate Case
Tracking Number SR-2010-0139
Test Year Ending 12-31-2008
Miscellaneous Revenues Feeder - Water

Line	Description	Amount
4	Total Miscellaneous Revenues	<u>\$70</u>

Agreement Attachment D

Rate Design Worksheet

VALLEY WOODS WATER COMPANY, INC.

Development of Tariffed Rates-Water

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

Revenues Generated by Current Tariffed Rates	\$ 7,231
Agreed-Upon Overall Revenue Increase	\$ 8,169
Percentage Increase Needed	112.975%

Metered Customer Rates

Meter Size	Current Service Charge	Proposed Service Charge	Current Usage Rate	Proposed Usage Rate
5/8"	\$ 7.50	\$ 15.97	\$ 2.000	\$ 4.259

Agreement Attachment E

Billing Comparison Worksheet

VALLEY WOODS WATER COMPANY, INC.

Residential Customer Bill Comparison-Water

Rates for 5/8" Meter

<u>Current Base Customer Charge</u>	<u>Proposed Base Customer Charge</u>	<u>Current Usage Rate</u>	<u>Proposed Usage Rate</u>
\$7.50	\$15.97	\$2.000	\$4.259

current service charge is monthly charge including 1,000 gallons.

usage rate is per 1,000 gallons used

MONTHLY BILL COMPARISON

6,000 gallons/month usage

Current Rates

Customer Charge	\$ 7.50
Usage Charge	\$ 10.00
Total Bill	\$ 17.50

Proposed Rates

Customer Charge	\$ 15.97
Usage Charge	\$ 21.30
Total Bill	\$ 37.27

INCREASES

Customer Charge

\$ Increase	\$8.47
% Increase	112.97%

Usage Charge

\$ Increase	\$11.30
% Increase	112.97%

Total Bill

\$ Increase	\$19.77
% Increase	112.97%

Agreement Attachment F

Schedule of Depreciation Rates

VALLEY WOODS WATER COMPANY, Inc.
DEPRECIATION RATES

(WATER)

File No. 2002 00225 (Case WR-2002-0475)

<u>ACCOUNT NUMBER</u>	<u>ACCOUNT</u>	<u>DEPRECIATION RATE %</u>	<u>AVERAGE SERVICE LIFE (YEARS)</u>
311	Structures & Improvements	2.5%	40
314	Wells & Springs	2.0%	50
321	Structures & Improvements	2.5%	40
325	Electric Pumping Equipment	10.0%	10
342	Distribution Reservoirs & Standpipes	2.5%	40
343	Transmission & Distribution Mains	2.0%	50
345	Services	2.5%	40
346.1	Meters - Bronze Chamber	2.9%	35
346.2	Meters - Plastic Chamber	10.0%	10
347.1	Meter Installations - Bronze	2.9%	35
347.2	Meter Installations - Plastic	10.0%	10
348	Hydrants	2.0%	50
391	Office Furniture & Equipment	5.0%	20
391.1	Office Computer Equipment	14.3%	7

Agreement Attachment G

EMSD Report

REPORT OF CUSTOMER SERVICE AND BUSINESS OPERATIONS REVIEW

Engineering and Management Services Department

Small Company Rate Increase Request

Case No. WR-2010-0139

Valley Woods Water Company, Inc.

Lisa Kremer

The Engineering and Management Services Department (EMSD) staff initiated a review of the customer service processes, procedures, and practices of Valley Woods Water Company, Inc. (Valley Woods or the Company) on November 13, 2009. The review was performed in conjunction with a small company rate increase request submitted by the Company on November 1, 2009, and designated by the Commission Case No. WR-2010-0139. The EMSD staff examined Company tariffs, annual reports, Commission complaint and inquiry records, and information provided by the Company in relation to its customer service and business office operations. The EMSD staff met with the Company on December 15, 2009. The Company's rate increase request for annual water system operating revenues is for \$2880.00.

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

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

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

- Customer Billing
- Payment Remittance

- Credit and Collections
- Complaint and Inquiry Handling and Recording
- Customer Communications and Information
- Record Storage and Security
- Time Reporting

Overview

Effective December 8, 1995, Valley Woods was granted a certificate of public convenience and necessity by the Missouri Public Service Commission to provide water service to customers living in Spokane, Missouri in Christian County. In 1999, the Company was purchased by its current owners, whom currently reside in Highlandville, Missouri. The Company's owners also own one other Missouri regulated utility system: Valley Woods Sewer Company. Both utilities are operated primarily by the Company's two owners with some limited work by an outside operator who periodically takes water tests and reads meters a few times during the year. The Company serves 40 water customers.

One of the Company's owners serves as the Company's primary operator and the other owner performs book keeping and general office responsibilities. Book keeping and office duties include credit and collection activities, keeping Company plant accounting records current, paying bills, responding to customer's telephone calls and other duties. The Company's operator is responsible for operating the system and keeping it in good working order, as well as complying with regulations of the Department of Natural Resources (DNR). The Company does maintain weekly time records on each of its two employees. Both employees hold licenses to operate water and sewer utilities. The Company will occasionally use the services of another individual to read meters and take water samples.

The EMSD staff made an on-site visit to Valley Woods on December 15th 2009. During its visit, the staff conducted interviews with the Company's owners and visited the Company's well house. At the time of the staff's visit, the Company was provided copies of Commission Rules pertaining to water and sewer companies.

The Company indicated that its office hours for both its utility systems are generally from 8 a.m. to 4 p.m., Monday through Friday; however, the Company indicates it makes itself

available to its customers 24/7. The Company's business office is located in the owners' residence at 999 Mulberry Rd, Highlandville, Missouri 65669.

Customer Billing

The Company's customer billing and meter reading is performed by the Company's owners. Consistent with its tariff, the Company indicated that all new customers are provided an application that includes the customer's name, the address being served, mailing address if different and phone number.

The Company's current water rates are to be calculated in the following manner per the Company's tariff:

Fixed rate up to 1,000 gallons:	\$7.50
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Commodity charge per each additional 1,000 gallons:	\$2.00
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Bills are calculated and printed electronically by the Company's computer system, Microsoft Works, and also transferred by hand to a hard copy ledger. Bills include: the present reading, the previous reading, the number of gallons used and the corresponding amount of charges. The Company indicates it reviews meter readings and bills for accuracy and to note needed follow-up on any readings or billing amounts that appear outside of expected parameters.

The Company indicates that meters are read on the last day of the month and bills are generated and mailed that day or no later than the second day of the following month. The Company's billing statement includes a statement on the bottom that "water bills are considered past due if not paid by the 21st and service will be discontinued if not paid by end of month". The Company indicates that it discontinued service due to delinquent nonpayment on three customer accounts during 2009.

Payment Remittance

Valley Woods' payment options include cash or check. Payments may be hand delivered to the Company's office or mailed. The Company does accept payments while in the field. No electronic payments are currently offered to customers. Payments are recorded manually into

the Company office records and the Company indicated it usually makes bank deposits once a week. Customer payments are stored in a file cabinet until deposits are made.

Credit and Collections

The Company indicated it collects signed applications or agreements from all new customers. Per the Company's tariff, deposits are to be calculated on one month's usage plus thirty (30) days. The Company indicates it currently has \$305.00 in customer deposits in a savings account and since 2009 it has been collecting a \$50.00 deposit from all new customers. At the present time, the Company does not refund deposits until the customer leaves the Company's service territory.

While the EMSD staff supports a utility's use of returned check fees and the Company's billing statement indicates it will charge such fees, the staff did not locate a provision for a returned check fee in the Company tariffs. Staff from the Public Service Commission's Water and Sewer Department reviewed miscellaneous charges included in the Company's tariff as part of the small company informal rate case process and will be recommending appropriate changes. The Company has received one returned check in 2009 and charges customers \$27.00 when such checks are received.

Customers are considered delinquent if payment is not received by the 21st of the month and the Company's billing statement indicates that service will be disconnected if not paid by the end of the month. The Company has indicated that it is aware that Commission Rules and its tariff requires that its customers be provided 21 days from rendition of bills (mailed) until the bills are due and are considered delinquent after 21 days.

The Company has had a good record of receiving customer payments and provided the following amounts in arrearage for 2007, 2008 and 2009:

2007: \$54.00

2008: \$ 0.00

2009: \$ 32.80

The Company performed three non-pay disconnections during 2009. The Company does not employ the services of an outside collection agency.

Complaint and Inquiry Handling and Recording

Customer calls are handled within the office and the Company states that it answers calls on a 24/7 basis. The Company does not currently maintain a complaint and inquiry log as required by 4 CSR 240-13.040(5).

Customer Communications and Information

The Company indicates that all new customers complete an application and a sample was provided to the EMSD. The Company does provide communication in the form of customer letters regarding various topics including low water pressure and making timely payments. A customer brochure that summarizes the rights and responsibilities of the utility and its customers consistent with 4 CSR 240-040(3) has not yet been produced.

Records Storage and Security

The Company's business office work is performed both manually and electronically. The Company is in the process of storing critical records in a steel storage cabinet that is located in a room constructed with concrete walls located within the basement of the owner's home. This room was designed to be used in the event of a tornado. The Company plans to place a steel door to the concrete storage room to make it fireproof.

Time Reporting

Both Companies' owners maintain weekly time records that segregate their worked hours by water and sewer activities and include a calculation for miles traveled for Company work.

Findings, Conclusions, and Recommendations

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

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

Customer Billing

The time frame for which the Company indicates bills may be mailed, anywhere from the last day of the month until the second day of the following month, may violate provisions of 4 CSR 240-13.020(7). The Company indicates that meters are read the last day of the month and bills are calculated and mailed the same day or no later than the second day of the following month. Bills mailed on the second day of the month and requiring that payment be made by the 21st would not permit customers the benefit of having at least 21 days from rendition of the bill until it is considered due, consistent with Commission Rule 4 CSR 240-13.020(7).

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Provide at least twenty-one (21) days from rendition (or the mailing) of their bills until payment is due as required by Commission Rule 4 CSR 240-13.020(7). This action should be completed within thirty days of the Commission's Order Approving the Disposition Agreement in Case No. WR-2010-0139.

Credit and Collections

The Company is currently charging or indicating it will charge customers a returned check fee that is not provided in its tariffs. Additionally, its tariffs do not have a specific late fee to charge customers whose accounts are in arrears if it chooses.

Specifically, the Company charges a service fee of \$27.00 for all returned checks even though a returned check fee is not provided for in the Company's tariffs. The Company also does not have a late fee included in its tariffs to permit it to collect late fees for customers whose accounts become in arrears. Although it has not been charging late fees when payments are not received in a timely manner, it should have the ability to assess such fees and those fees should be provided for in utility tariffs. The Commission's Water and Sewer Department will address matters in the Company's tariff.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Refund or credit to customers all fees that have been inappropriately collected of customers including fees such as returned check. This action should be completed within thirty days of the Commission's Order Approving the Disposition Agreement in Case No. WR-2010-0139.

The Company is presently charging all new customers a deposit, but is not refunding deposits to customers with good payment history. The Company is charging inappropriate deposit amounts and is not refunding deposits with appropriate interest as required by Commission Rules, 4 CSR 240-13.040(1)(C), 4 CSR 240-13.040(4)(B)(D) and the Company's tariffs. Of the deposits the Company has on file, all were charged identical amounts of \$50.00 instead of calculated, per the Company's tariff, of not exceeding utility charges applicable to one (1) billing period plus thirty (30) days, computed on estimated or actual annual usage. The Company indicates it has not been refunding deposits until customers leave its system and was not aware that it was required to refund deposits with interest. In 2009, the Company collected \$250.00 in deposits which are being held in a separate savings account.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Charge and refund customer deposits consistent with Commission Rules 4 CSR 240-13.040(1)(C) and 4 CSR 240-13.040(4)(B,D) and the Company's tariffs. Specifically, the Company should ensure that customers are provided the opportunity to establish an acceptable credit rating under standards contained in its tariff. The Company should ensure that deposit amounts are appropriately calculated using criteria specified in its tariff. If determined appropriate to charge a deposit, deposits should be refunded upon satisfactory payment for twelve (12) billing months and with appropriate interest. This action should be completed within thirty days of the Commission's Order Approving the Disposition Agreement in Case No. WR-2010-0139.

Review all customer deposits currently held with the Company and if they meet criteria specified in Commission Rule 4 CSR 240-13.040(4)(D), refund deposits with interest to its customers. This action should be completed within thirty days of the Commission's Order Approving the Disposition Agreement in Case No. WR-2010-0139.

Complaint and Inquiry Handling and Recording

The Company cannot demonstrate that documentation of complaints received by the Company is being performed, which is a violation of Commission Rule 4 CSR 240-13.040(5) which states:

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

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

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Ensure all customer complaints received by Company personnel are documented and maintained for at least two (2) years. Documentation shall include customer name, address, the nature of the complaint, date of occurrence, as well as an explanation of what the Company has done to address the complaint as explained in Commission Rule 4 CSR 240-13.040(5). This action should be completed within thirty days of the Commission's Order Approving the Disposition Agreement in Case No. WR-2010-0139.

Customer Communications and Information

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

A utility shall prepare, in written form, information which in layman's terms summarizes the rights and responsibilities of the utility and its customers in accordance with this chapter. The form shall be submitted to the consumer services department of the Missouri Public Service Commission, and to the Office of the Public Counsel. This written information shall be displayed prominently, and shall be available at all utility office locations open to the general public, and shall be mailed or otherwise delivered to each residential customer of the utility if requested by the customer. The information shall be delivered or mailed to each new customer of the utility upon the commencement of service and shall be available at all times upon request. The written information shall indicate conspicuously that it is being provided in accordance with the rules of the commission, and shall contain information concerning, but not limited to: (A) - (L).

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

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Develop in written form, the information that summarizes the rights and responsibilities of the utility and its customers and make such documentation available to current customers and delivered or mailed to each new customer. The document should adhere to Commission Rule 4 CSR 240-13.040(3). This action should be completed within thirty days of the Commission's Order Approving the Disposition Agreement in Case No. WR-2010-0139.

Follow-Up

The recommendations made by the EMSD staff that address rule violations, tariffs or potential inaccurate billing of customers should be completed by the Company within thirty days of the Commission's Order Approving the Disposition Agreement in Case No. WR-2010-0139.

The EMSD staff will be conducting a follow-up of all of the recommendations no later than the deadlines as set out for each EMSD recommendation in the Commission's Order Approving the Disposition Agreement in Case No. WR-2010-0139.

Agreement Attachment H

Summary of Case Events

Valley Woods Water Company, Inc.
WR-2010-0139
Summary of Case Events

Date Filed	November 3, 2009
Day 150	April 2, 2010
Extension?	No
If yes, why?	
Amount Requested	\$2,880
Amount Agreed Upon	\$8,169
Number of Customers	40
Return on Equity	9.50%
Assessments Current	Yes
Annual Reports Filed	Yes
Statement of Revenue Filed	Yes
Other Open Cases before Commission	No
Status with Secretary of State	Current
DNR Violations	N/A