

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

In the Matter of Rex Deffenderfer Enterprises, Inc.,)
d/b/a RDE Water Company's Request for Increase) **Case No. WR-2016-0267**
in Annual Water Operating Revenues)

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

COMES NOW the Staff of the Missouri Public Service Commission (Staff), and RDE Water Company (RDE or Company), by and through counsel, and for its *Notice of Company/Staff Agreement Regarding Disposition of Small Company Rate Increase Request* in these matters hereby state:

1. On April 11, 2016, the Missouri Public Service Commission (Commission) received a Rate Increase Request Letter (Request) from Jim Deffenderfer, General Manager of RDE, seeking review of a revenue increase request for the Company's water systems, which provides water utility service to approximately 1,138 customers, located in Christian County, Missouri.

2. In its Request, RDE requested Commission approval of a 23.37%, or \$60.385.56, increase in its annual water system operating revenues pursuant to Commission Rule 4 CSR 240-3.050 (Small Utility Rate Case Procedure), which were assigned Commission Case No. WR-2016-0267.

3. Upon completion of Staff's investigation of RDE's Request, Staff provided RDE and the Office of the Public Counsel (OPC) with materials related to Staff's investigation, as well as the Staff's initial recommendation for the resolution of the Request.

4. Subsequent to the Staff's investigation and pursuant to negotiations between Staff and RDE, the Staff and RDE have been able to reach a *Company/Staff Agreement Regarding Disposition of Small Company Revenue Increase Request* ("*Company/Staff Agreement*"), attached hereto as Appendix A, and incorporated by reference herein.

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

6. The *Company/Staff Agreement* provides for an increase of 8.11% or \$20,801 in operating revenues for the water system.

7. In addition, the *Company/Staff Agreement* provides the agreed-upon net rate base of \$416,561 in RDE's water operating system.

8. Pursuant to Rule 4 CSR 240-3.050(14), "[i]f the disposition agreement filed by the staff provides for a full resolution of the utility's request and is executed only by the utility and the staff, the utility shall file new and/or revised tariff sheets, bearing an effective date that is not fewer than forty-five (45) days after they are filed, to implement the agreement." The Company will file revised tariff sheets seeking to implement the terms of the *Company/Staff Agreement*. The tariff shall bear an effective date of November 26, 2016, in compliance with Rule 4 CSR 240.3050(14).

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

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

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

Respectfully submitted,

/s/ Hampton Williams

Wm. Hampton Williams
Assistant Staff Counsel
Missouri Bar No. 65633
Attorney for the Staff of the
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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing has been served, by hand delivery, electronic mail, or First Class United States Mail, postage prepaid, to all parties of record on the Service List maintained for this case by the Data Center of the Missouri Public Service Commission, on this 11th day of October, 2016.

/s/ Hampton Williams

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

RDE WATER COMPANY

MO PSC FILE NO. WR-2016-0267

BACKGROUND

RDE Water Company ("Company") initiated the small company revenue increase request ("Request") for water service that is the subject of the above-referenced Missouri Public Service Commission ("Commission") File Number by submitting a letter to the Secretary of the Commission in accordance with the provisions of Commission Rule 4 CSR 240-3.050, Small Utility Rate Case Procedure ("Small Company Procedure"). In its request letter, which was received at the Commission's offices on April 11, 2016, the Company set forth its request for an increase of \$60,385.56 in its total annual water service operating revenues. The Company also acknowledged that the design of its customer rates, its service charges, its customer service practices, its general business practices and its general tariff provisions would be reviewed during the Commission Staff's ("Staff") review of the revenue increase request, and could thus be the subject of Staff recommendations. The Company provides service to approximately 1,138 customers, located in Christian County, Missouri.

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

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

SERVICE AREA CCN REQUEST

During the course of the investigation in this case, it was discovered that the Company has been providing service to customers outside of its existing approved certificated area. The Company

has since included a verbal request that its approved service area be expanded to incorporate all areas it currently serves. Staff reviewed the request, and applied the Commission standards identified in 4 CSR 240-2.060(1) and 4 CSR 240-3.600. Staff has determined that since this has been occurring and since it involves existing customers with facilities already installed and in service, it is in the public interest for the Commission to authorize an expansion of the Company's approved service area to include the areas that it has been and is providing service.

Staff recommends that since service is currently being provided by the Company and the Company owns the assets used to provide service to the involved customers, it is not practical nor necessary to analyze availability of other utility service, as required by 4 CSR 240-3.600(1)A.1. Staff notes that since this expansion involves existing customers already receiving water service, that there is no proposed new capital investment associated with this expansion, and since there are no new or revised rates nor new revenue associated solely with this expansion, that no feasibility study as required by 4 CSR 240-3.600(1)A.5. is necessary. Staff notes that existing rates are currently being applied to the involved customers, and any change in rates as authorized in this case will also apply to these involved customers. Therefore, Staff and the Company request the Commission grant the Company a CCN to expand the Company's service territory. The existing and proposed new service area is described in the water and sewer memo, and is shown by the proposed written description included as **Attachment K**, the proposed map included as **Attachment L**, both highlighting the additional proposed service area. A revised description and revised map are also included in the proposed replacement water tariff.

RESOLUTION OF THE COMPANY'S RATE INCREASE REQUEST

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

- (1) The agreed upon revenue requirement increase of \$20,801 (8.11% increase) added to the level of previous revenues of \$256,558 results in overall revenues of \$277,359. This revenue requirement is just and reasonable and designed to recover the Company's cost of service. These amounts are shown on the ratemaking income statement found in **Attachment A**, incorporated by reference herein;

(2) The Auditing Unit conducted a full and complete audit of the Company's books and records Staff utilized a test year of the twelve months ending December 31, 2015, updating known and measureable investment through April 30, 2016 in this case. The Auditing Department findings can be found in Staff's Accounting Schedules, **Attachment B**, incorporated by reference herein;

(3) The agreed upon net rate base is \$416,561, utilizing actual invoice data, the Auditing Staff included all capital improvements completed on RDE's system since the last rate case, ending June 30, 2010. This data was calculated through the update period ending April 30, 2016. The development of this amount is shown on the rate base worksheet that is found in **Attachment C**, incorporated by reference herein. This amount is included in the audit work papers in the ultimate determination of the revenue requirement shown in (1) above;

(4) Included in **Attachment B** is the agreed upon capital structure which includes 89.66% equity, a 8.03% return on equity, and a rate of return of 7.646% for the Company;

(5) The schedule of depreciation rates in **Attachment D**, incorporated by reference herein, includes the depreciation rates used by Staff in its revenue requirement analysis and shall be the prescribed schedule of water plant depreciation rates for the Company;

(6) To allow the Company the opportunity to collect the revenue requirement agreed to in (1) above, the rates as shown on **Attachment E**, incorporated by reference herein, are just and reasonable rates that the Company will be allowed to charge its customers. The impact of these rates will be as shown on **Attachment F**, also attached and incorporated by reference herein;

(7) For the purposes of implementing the agreements set out in this disposition agreement, the Company will file with the Commission proposed tariff revisions containing the rates, charges, and language set out in the example tariff attached as **Attachment E**. The proposed tariff revisions will bear an effective date of November 26, 2016;

(8) The current PSC MO Number 1 tariff will be cancelled and replaced by PSC MO Number 2, which is included in the example tariff described above.

(9) Within one hundred eighty (180) days of the effective date of an order approving this Company/Staff Disposition Agreement, the Company shall implement the recommendations contained in the Water & Sewer Department Memorandum, attached hereto as **Attachment G** and incorporated by reference herein, and provide proof of implementing the recommendation to the Manager of the Commission's Water & Sewer Department:

The Company shall replace the screen at Well #1 with new 18 mesh screen.

Within one hundred eighty (180) days of the effective date of an order approving this Company/Staff Disposition Agreement, the Company shall prepare a report of estimated expenses of the following projects for future planning of its capital needs:

- a) Installation of permanent chlorination on Well #1.
- b) Repairs of the well house structures as necessary to preserve the life of the structures.
- c) Inspection of the standpipe and ground storage tank by a qualified inspector, along with cleaning and painting as necessary, to preserve and extend the life of the tanks.
- d) Cleaning and painting of the piping and valves inside the high service pump building, to minimize further damage from corrosion.
- e) Installation of overflow and low level monitoring equipment on the standpipe at Well #1, and installation of an auto dialer that can notify the operator if there is an issue.
- f) Reconfiguration of plumbing arrangements to allow Well #1 discharge to be pumped to waste.
- g) Placement of splash blocks under both storage overflow drains.
- h) Installation of fencing around both of the well/tank facilities.

(10) Within thirty (30) days of the effective date of an order approving this Company/Staff Disposition Agreement, the Company shall implement the recommendations contained in the CMAU Report attached hereto as **Attachment H** and incorporated by reference herein, and provide proof of implementation to the Manager of the Commission's Consumer & Management Analysis Unit:

- (a) Initiate action to ensure that the interest rate applied to deposits that are refunded to customers after 12 months of satisfactory payment history is consistent with the required rate in the Commission-approved tariff. This recommendation should be completed within 30 days of the effective date of any Commission order issued in Case No. WR-2016-0267.
- (b) Evaluate and implement cost-effective actions in accord with Commission rules that could reduce the number of customers who do not pay their bill by the due date. Ensure that any anticipated changes in Company

policies and practices are fully communicated to all customers. This recommendation should be completed within 90 days of any Commission order issued in Case No. WR-2016-0267.

(11) The Auditing Department Report is attached as **Attachment I**, and incorporated by reference herein.

- (a) The Company will maintain the Company's books and records in accordance with National Association of Regulated Utility Commissioners (NARUC) Uniform System of Accounts (USOA) for Class B water systems.
- (b) The Company will develop continuing property records (CPRs) for all of the Company's Plant in Service and Contribution in Aid of Construction (CIAC) that include, where applicable, the amount of plant, depreciation reserve, CIAC, and CIAC reserve used by Staff in this case;
- (c) The Company will keep the Company CPR's up to date and complete;
- (d) The Company will develop a list of duties and responsibilities for any employee that performs work for the Company and maintains records of the number of hours worked with a description of the functions performed by the employee;
- (e) Company shall develop and document an uncollectibles write-off policy where after six months of non-payment, an account is written off. Documentation shall be kept of accounts written off so as to have the ability to be reinstated for payment, if payment is received in the future.
- (f) Company shall pay the percentage interest on customer deposits as is stated in RDE's tariff. Currently that percentage is 6%.
- (g) Staff recommends that the Company document on each invoice received the date that each item on the invoice is placed into inventory and then subsequently the date when the item is placed into plant in service.
- (h) Staff recommends that the Company track all meters installed on its water system to ensure the proper Commission approved depreciation rate is applied for ratemaking purposes, and to ensure adequate records for tracking meter life, locations, and meter accuracy. Staff recommends this condition be met no later than six months after new rates become effective.
- (i) Staff recommends that the Company immediately maintain a Plant Additions and Retirement spreadsheet along with supporting documentation to ensure all plant assets are properly reflected in future rate case proceedings. This supporting documentation shall include any shall include bids received, sales or purchase

agreements, loan agreements, invoices by vendor and proof of payment. Staff recommends this condition be met no later than six months after new rates become effective.

- (j) Company shall also electronically backup all books and records recorded in its Accounting System to ensure proper maintenance of Company documentation.
 - (k) Staff recommends that the Company discuss checking account options with Commerce Bank to determine if the current type of checking account is most cost effective for RDE.
 - (l) Staff recommends that the Company enter into a written contract with Christian County Underground Services to perform maintenance activities for RDE. If the Company is unable to secure an executed contract, Company shall provide written notice to Staff explaining such attempt and inability to secure a contract due to refusal by Christian County Underground Services.
- (12) The Company requests, and Staff recommends, that the Commission approve expansion of the Company's certificated area, as described above in this Company/Staff Disposition Agreement and as shown on Attachments K and L. RDE agrees that, going forward, it will not construct water plant nor serve customers outside of its service area as approved by the Commission; but could seek additional service area beyond its existing service area, and any additional service area that the Commission may approve in the context of this case, by properly filing a Certificate of Convenience and Necessity case before the Commission.
- (13) The Company shall mail its customers a final written notice of the rates and charges included in its proposed tariff revisions prior to or with its next billing cycle after issuance of the Commission order approving the terms of this Company/Staff Disposition Agreement. The notice shall include a summary of the impact of the proposed rates on an average residential customer's bill. When the Company mails the notice to its customers, it shall also send a copy to Staff Case Coordinator who will file a copy in this case;
- (14) Staff or Public Counsel may conduct follow-up reviews of the Company's operations to ensure that the Company has complied with the provisions of this Company/Staff Disposition Agreement;
- (15) Staff or Public Counsel may file a formal complaint against the Company, if the Company does not comply with the provisions of this Company/Staff Disposition Agreement;

(16) The Company, Staff and Public Counsel agree that they have read the foregoing Company/Staff Disposition Agreement, that facts stated therein are true and accurate to the best of the Company's knowledge and belief, that the foregoing conditions accurately reflect the agreement reached between the Company and Staff; and that the Company freely and voluntarily enters into this Disposition Agreement; and

(17) The above agreements satisfactorily resolve all issues identified by Staff, Public Counsel and the Company regarding the Company's Request, except as otherwise specifically stated herein.

ADDITIONAL MATTERS Other than the specific conditions agreed upon and expressly set out herein, the terms of this Company/Staff Disposition Agreement reflect compromises between Staff and the Company. In arriving at the amount of the annual operating revenue increase specified herein, neither party has agreed to any particular ratemaking principle.

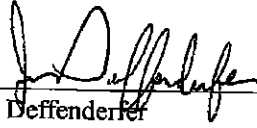
Staff has completed a Summary of Case Events and has included that summary as **Attachment J**, to this Company/Staff Disposition Agreement.

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

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


SIGNATURES

Agreement Signed and Dated:



Jim Deffenderfer
General Manager
RDE Water Company

10/11/2016
Date

p.p. 

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

10/11/2016
Date

*Signed upon explicit instruction
by Hampton Williams. HSW*

List of Attachments

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

WATER & SEWER COMPANY
Rate Making Income Statement-Water

Operating Revenues at Current Rates

1	Tariffed Rate Revenues *	\$ 251,817
2	Other Operating Revenues *	\$ 4,741
3	Total Operating Revenues	\$ 256,558
4	* See "Revenues - Current Rates" for Details	

Cost of Service

Item	Amount		Base	Commodity
1 Operators Salary-Management	\$ 33,228	0.40	\$ 13,291	\$ 19,937
2 Accounting Fees	\$ 500	1.00	\$ 500	\$ -
3 Electricity-Pumping	\$ 30,942	0.15	\$ 4,641	\$ 26,301
4 Miscellaneous Expense	\$ 5,376	0.50	\$ 2,688	\$ 2,688
5 Water Treatment Expense-Chemicals	\$ 2,114	0.15	\$ 317	\$ 1,797
6 Interest on Customer Deposits	\$ 19	1.00	\$ 19	\$ -
7 Outside Services Employed-Maintenance	\$ 36,936	0.20	\$ 7,387	\$ 29,549
8 System Maintenance	\$ 14,666	0.20	\$ 2,933	\$ 11,733
9 Office Supplies	\$ 942	0.75	\$ 707	\$ 236
10 Postage	\$ 5,524	0.75	\$ 4,143	\$ 1,381
11 Administration & General - Salaries	\$ 37,893	0.80	\$ 30,314	\$ 7,579
12 Office Utilities	\$ 2,145	1.00	\$ 2,145	\$ -
13 Telephone & Internet Expense	\$ 3,206	0.75	\$ 2,405	\$ 802
14 Vehicle Expense	\$ 2,113	0.50	\$ 1,057	\$ 1,057
15 Medical Expense (Insurance)	\$ 16,537	1.00	\$ 16,537	
16 Property & Liability Insurance	\$ 4,153	1.00	\$ 4,153	\$ -
17 Rent Expense-Building	\$ 4,200	1.00	\$ 4,200	\$ -
18 Rate Case Expense	\$ 325	1.00	\$ 325	\$ -
19 MO DNR Fees	\$ 200	1.00	\$ 200	\$ -
20 Regulatory Commission Expense	\$ 2,786	1.00	\$ 2,786	\$ -
21 Uncollectable Accounts	\$ 1,001	1.00	\$ 1,001	\$ -
22 Membership Dues	\$ 550	1.00	\$ 550	\$ -
23 Corporate Registration	\$ 45	1.00	\$ 45	
24 Sub-Total Operating Expenses	\$ 205,401		\$ 102,344	\$ 103,057
25 Property Taxes	\$ 9,896	0.75	\$ 7,422	\$ 2,474
26 MO Franchise Taxes				\$ -
27 Employer FICA Taxes			\$ -	\$ -
28 Federal Unemployment Taxes				\$ -
29 State Unemployment Taxes			\$ -	\$ -
30 State & Federal Income Taxes (Payroll)	\$ 5,685	0.50	\$ 2,843	\$ 2,843
31 Sub-Total Taxes	\$ 15,581		\$ 10,265	\$ 5,317
32 Depreciation Expense	\$ 24,527	0.25	\$ 6,132	\$ 18,395
33 Interest Expense	\$ 1,858	0.50	\$ 929	\$ 929
34 Amortization of Utility Plant	\$ -			\$ -
35 Sub-Total Depreciation/Interest/Amortization	\$ 26,385		\$ 7,061	\$ 19,324
36 Return on Rate Base	\$ 29,992	0.25	\$ 7,498	\$ 22,494
37 Total Cost of Service	\$ 277,359		\$ 127,167	\$ 150,192
38 Overall Revenue Increase Needed	\$ 20,801			

Exhibit No.:
Issue: Accounting Schedules
Witness: MO PSC Auditors
Sponsoring Party: MO PSC Staff
Case No: WR-2016-0267
Date Prepared: 7/5/2016



MISSOURI PUBLIC SERVICE COMMISSION

COMMISSION STAFF

STAFF ACCOUNTING SCHEDULES

DEFFENDERFER ENTERPRISES INC D/B/A RDE WATE

CASE NO. WR-2016-0267

St. Louis, MO

Jul-16

Attachment B

Rex Deffenderfer Enterprises Inc d/b/a RDE Water Co.
 Informal Case/Rate Case
 WR-2016-0267
 Test Year Ending 12/31/2015
 Rate Design Schedule - Water

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) \$251,817			
Rev-3	Miscellaneous Revenues		(1) \$4,741			
Rev-4	TOTAL ANNUALIZED REVENUES		<u>\$256,558</u>			
1	OPERATIONS EXPENSES		(2)			
2	Management Salary		\$33,228	\$0	\$33,228	0.00%
3	Electricity-(Pumping)		\$30,942	\$0	\$30,942	0.00%
4	Chemicals-(Chlorine)		\$1,914	\$0	\$1,914	0.00%
5	TOTAL OPERATIONS EXPENSE		<u>\$66,084</u>	\$0	\$66,084	
6	MAINTENANCE EXPENSES					
7	Outside Services Employed		\$36,936	\$0	\$36,936	0.00%
8	System Maintenance		\$14,666	\$0	\$14,666	0.00%
9	TOTAL MAINTENANCE EXPENSE		<u>\$51,602</u>	\$0	\$51,602	
10	CUSTOMER ACCOUNT EXPENSE					
11	Accounting Fees		\$500	\$0	\$500	0.00%
12	Office Supplies		\$942	\$0	\$942	0.00%
13	Postage		\$5,524	\$0	\$5,524	0.00%
14	Uncollectible Accounts		\$1,001	\$0	\$1,001	0.00%
15	TOTAL CUSTOMER ACCOUNT EXPENSE		<u>\$7,967</u>	\$0	\$7,967	
16	ADMINISTRATIVE & GENERAL EXPENSES					
17	Administration & General Salary		\$37,893	\$0	\$37,893	0.00%
18	Office Utilities		\$2,145	\$0	\$2,145	0.00%
19	Telephone & Internet		\$3,206	\$0	\$3,206	0.00%
20	Vehicle Expense		\$2,113	\$0	\$2,113	0.00%
21	Medical Insurance		\$16,537	\$0	\$16,537	0.00%
22	Property & Liability Insurance		\$4,153	\$0	\$4,153	0.00%
23	Building Rent		\$4,200	\$0	\$4,200	0.00%
24	Membership Dues		\$550	\$0	\$550	0.00%
25	Other Misc. Expenses		\$5,376	\$0	\$5,376	0.00%
26	TOTAL ADMINISTRATIVE AND GENERAL		<u>\$76,173</u>	\$0	\$76,173	
27	OTHER OPERATING EXPENSES					
28	MO DNR Fees		\$200	\$0	\$200	0.00%
29	Testing Expense		\$200	\$0	\$200	0.00%
30	Interest on Customer Deposits		\$19	\$0	\$19	0.00%
31	Rate Case Expense		\$325	\$0	\$325	0.00%
32	PSC Assessment		\$2,786	\$0	\$2,786	0.00%
33	Corporate Registration		\$45	\$0	\$45	0.00%
34	Depreciation		\$24,527	\$0	\$24,527	0.00%
35	TOTAL OTHER OPERATING EXPENSES		<u>\$28,102</u>	\$0	\$28,102	
36	TAXES OTHER THAN INCOME					
37	Real & Personal Property Taxes		\$9,896	\$0	\$9,896	0.00%
38	Payroll Taxes		\$5,685	\$0	\$5,685	0.00%
39	TOTAL TAXES OTHER THAN INCOME		<u>\$15,581</u>	\$0	\$15,581	
40	TOTAL OPERATING EXPENSES		<u>\$245,509</u>	\$0	\$245,509	
41	Interest Expense		(3) \$1,858	\$0	\$1,858	0.00%
42	Return on Equity		(3) \$29,992	\$0	\$29,992	0.00%
43	Income Taxes		(3) \$0	\$0	\$0	0.00%
44	TOTAL INTEREST RETURN & TAXES		<u>\$31,850</u>	\$0	\$31,850	
45	TOTAL COST OF SERVICE		<u>\$277,359</u>	\$0	\$277,359	

Rex Deffenderfer Enterprises Inc d/b/a RDE Water Co.
 Informal Case/Rate Case
 WR-2016-0267
 Test Year Ending 12/31/2015
 Rate Design Schedule - Water

Line Number	A Description	B Account Number (Optional)	C Staff Annualized	D Customer Charge	E Commodity	F Percentage Rate
46	Less: Miscellaneous Revenues		\$4,741	\$0	\$4,741	0.00%
47	COST TO RECOVER IN RATES		\$272,618	\$0	\$272,618	
48	INCREMENTAL INCREASE IN RATE REVENUES		<u>\$20,801</u>			
49	PERCENTAGE OF INCREASE		<u>8.11%</u>			
50	REQUESTED INCREASE IN REVENUES		\$60,386			

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

Rex Deffenderfer Enterprises Inc d/b/a RDE Water Co.
Informal Case/Rate Case
WR-2016-0267
Test Year Ending 12/31/2015
Rate Base Required Return on Investment Schedule - Water

Line Number	<u>A</u> Rate Base Description	<u>B</u> Dollar Amount	
1	Plant In Service	\$1,915,587	From Plant Schedule
2	Less Accumulated Depreciation Reserve	\$938,514	From Depreciation Reserve Schedule
3	Net Plant In Service	<u>\$977,073</u>	
4	Other Rate Base Items:	\$0	
	Contribution in Aid of Construction Amortization (positive or zero)	\$600,068	
	Materials and Supplies	\$19,293	
	Customer Deposits	-\$320	
	Contribution in Aid of Construction (negative or zero)	-\$1,179,553	
5	Total Rate Base	<u>\$416,561</u>	
6	Total Weighted Rate of Return Including Income Tax	<u>7.65%</u>	From PreTax Return & Taxes Schedule
7	Required Return & Income Tax	<u><u>\$31,850</u></u>	

Rex Deffenderfer Enterprises Inc d/b/a RDE Water Co.
 Informal Case/Rate Case
 WR-2016-0267
 Test Year Ending 12/31/2015
 Rate of Return Including Income Tax - Water

	A		B	formulas
1 State Income Tax Rate Statutory / Effective	0.00%	(2)	0.00%	(1 - (B2 x .5)) x A1
2 Federal Income Tax Rate Statutory / Effective	0.00%	(1) & (2)	<u>0.00%</u>	(1 - B1) x A2
3 Composite Effective Income Tax Rate			0.00%	B1 + B2
4 Equity Tax Factor			1.0000	1 / (1-B3)
5 Recommended Weighted Rate of Return on Equity - Common and Preferred			<u>7.20%</u>	From Capital Structure Schedule
6 Weighted Rate of Return on Equity Including Income Tax			7.20%	B4 x B5
7 Recommended Weighted Rate of Return on Debt - Long-Term and Short-Term			<u>0.45%</u>	From Capital Structure Schedule
8 Total Weighted Rate of Return Including Income Tax			<u><u>7.65%</u></u>	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				
Start	End	Tax Rate	Amount in Range	Tax on Range
\$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
			<u>\$0</u>	<u>\$0</u>
			Consolidated Tax Rate:	
			Average Tax Rate: 0	

Rex Deffenderfer Enterprises Inc d/b/a RDE Water Co.
Informal Case/Rate Case
WR-2016-0267
Test Year Ending 12/31/2015
Capital Structure Schedule - Water

Line Number	<u>A</u> Description	<u>B</u> Dollar Amount	<u>C</u> Percentage of Total Capital Structure	<u>D</u> Embedded Cost of Capital	<u>E</u> Weighted Cost of Capital
1	Common Stock	\$373,489	89.66%	8.03%	7.200%
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	\$43,072	10.34%	4.31%	0.446%
5	Short Term Debt	\$0	0.00%	0.00%	0.000%
6	Other Security-Tax Deductible	\$0	0.00%	0.00%	0.000%
7	TOTAL CAPITALIZATION	<u>\$416,561</u>	<u>100.00%</u>		<u>7.646%</u>

To PreTax Return Rate Schedule

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

Rex Deffenderfer Enterprises Inc d/b/a RDE Water Co.
 Informal Case/Rate Case
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 Test Year Ending 12/31/2015
 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	303.000	Misc. Intangible Plant - Computer Software	\$1,821			100.00%	\$1,821
3		TOTAL INTANGIBLE PLANT	<u>\$1,821</u>		\$0		<u>\$1,821</u>
4		SOURCE OF SUPPLY PLANT					
5	310.000	Land & Land Rights - SSP	\$27,281			100.00%	\$27,281
6	311.000	Structures & Improvements - SSP	\$35,834			100.00%	\$35,834
7	314.000	Wells & Springs	\$62,819			100.00%	\$62,819
8		TOTAL SOURCE OF SUPPLY PLANT	<u>\$125,934</u>		\$0		<u>\$125,934</u>
9		PUMPING PLANT					
10	325.100	Electric Pumping Equipment	\$35,000			100.00%	\$35,000
11	325.200	Booster and Pumping Equipment	\$53,438			100.00%	\$53,438
12		TOTAL PUMPING PLANT	<u>\$88,438</u>		\$0		<u>\$88,438</u>
13		WATER TREATMENT PLANT					
14	332.000	Water Treatment Equipment	\$1,590			100.00%	\$1,590
15		TOTAL WATER TREATMENT PLANT	<u>\$1,590</u>		\$0		<u>\$1,590</u>
16		TRANSMISSION & DISTRIBUTION PLANT					
17	342.000	Distribution Reservoirs & Standpipes	\$170,330			100.00%	\$170,330
18	343.000	Transmission and Distribution Mains	\$1,000,175			100.00%	\$1,000,175
19	344.000	Fire Mains	\$176,416			100.00%	\$176,416
20	345.000	Services	\$98,472			100.00%	\$98,472
21	346.000	Meters- Plastic Chamber	\$49,194			100.00%	\$49,194
22	347.000	Meter Installations- Plastic	\$76,526			100.00%	\$76,526
23	348.000	Hydrants	\$101,335			100.00%	\$101,335
24		TOTAL TRANS. & DISTRIBUTION PLANT	<u>\$1,672,448</u>		\$0		<u>\$1,672,448</u>
25		GENERAL PLANT					
26	391.000	Office Furniture & Equipment	\$4,743			100.00%	\$4,743
27	391.100	Office Computer Equipment	\$18,270			100.00%	\$18,270
28	393.000	Stores Equipment	\$480			100.00%	\$480
29	394.000	Tools, Shop and Garage Equipment	\$590			100.00%	\$590
30	395.000	Laboratory Equipment	\$908			100.00%	\$908
31	397.000	Communication Equipment	\$365			100.00%	\$365
32		TOTAL GENERAL PLANT	<u>\$25,356</u>		\$0		<u>\$25,356</u>
33		TOTAL PLANT IN SERVICE	<u>\$1,915,587</u>		<u>\$0</u>		<u>\$1,915,587</u>

Rex Deffenderfer Enterprises Inc d/b/a RDE Water Co.
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 WR-2016-0267
 Test Year Ending 12/31/2015
 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
Total Plant Adjustments				\$0

Rex Deffenderfer Enterprises Inc d/b/a RDE Water Co.
 Informal Case/Rate Case
 WR-2016-0267
 Test Year Ending 12/31/2015
 Depreciation Expense - Water

Line Number	A Account Number	B Plant Account Description	C Adjusted Jurisdictional	D Depreciation Rate	E Depreciation Expense	F Average Life	G Net Salvage
1		INTANGIBLE PLANT					
2	303.000	Misc. Intangible Plant - Computer Software	\$1,821	0.00%	\$0	0	0.00%
3		TOTAL INTANGIBLE PLANT	<u>\$1,821</u>		<u>\$0</u>		
4		SOURCE OF SUPPLY PLANT					
5	310.000	Land & Land Rights - SSP	\$27,281	0.00%	\$0	0	0.00%
6	311.000	Structures & Improvements - SSP	\$35,834	2.50%	\$896	0	0.00%
7	314.000	Wells & Springs	\$62,819	2.00%	\$1,256	0	0.00%
8		TOTAL SOURCE OF SUPPLY PLANT	<u>\$125,934</u>		<u>\$2,152</u>		
9		PUMPING PLANT					
10	325.100	Electric Pumping Equipment	\$35,000	10.00%	\$3,500	0	0.00%
11	325.200	Booster and Pumping Equipment	\$53,438	10.00%	\$5,344	0	0.00%
12		TOTAL PUMPING PLANT	<u>\$88,438</u>		<u>\$8,844</u>		
13		WATER TREATMENT PLANT					
14	332.000	Water Treatment Equipment	\$1,590	2.90%	\$46	0	0.00%
15		TOTAL WATER TREATMENT PLANT	<u>\$1,590</u>		<u>\$46</u>		
16		TRANSMISSION & DISTRIBUTION PLANT					
17	342.000	Distribution Reservoirs & Standpipes	\$170,330	2.50%	\$4,258	0	0.00%
18	343.000	Transmission and Distribution Mains	\$1,000,175	2.00%	\$20,004	0	0.00%
19	344.000	Fire Mains	\$176,416	2.00%	\$3,528	0	0.00%
20	345.000	Services	\$98,472	2.50%	\$2,462	0	0.00%
21	346.000	Meters- Plastic Chamber	\$49,194	10.00%	\$4,919	0	0.00%
22	347.000	Meter Installations- Plastic	\$76,526	10.00%	\$7,653	0	0.00%
23	348.000	Hydrants	\$101,335	2.00%	\$2,027	0	0.00%
24		TOTAL TRANS. & DISTRIBUTION PLANT	<u>\$1,672,448</u>		<u>\$44,851</u>		
25		GENERAL PLANT					
26	391.000	Office Furniture & Equipment	\$4,743	5.00%	\$237	0	0.00%
27	391.100	Office Computer Equipment	\$18,270	14.30%	\$2,613	0	0.00%
28	393.000	Stores Equipment	\$480	4.00%	\$19	0	0.00%
29	394.000	Tools, Shop and Garage Equipment	\$590	5.00%	\$30	0	0.00%
30	395.000	Laboratory Equipment	\$908	5.00%	\$45	0	0.00%
31	397.000	Communication Equipment	\$365	6.70%	\$24	0	0.00%
32		TOTAL GENERAL PLANT	<u>\$25,356</u>		<u>\$2,968</u>		
33		Total Depreciation	<u><u>\$1,915,587</u></u>		<u><u>\$58,861</u></u>		

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

Rex Deffenderfer Enterprises Inc d/b/a RDE Water Co.
 Informal Case/Rate Case
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 Test Year Ending 12/31/2015
 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	303.000	Misc. Intangible Plant - Computer Software	\$0			100.00%	\$0
3		TOTAL INTANGIBLE PLANT	<u>\$0</u>		<u>\$0</u>		<u>\$0</u>
4		SOURCE OF SUPPLY PLANT					
5	310.000	Land & Land Rights - SSP	\$0			100.00%	\$0
6	311.000	Structures & Improvements - SSP	\$17,876			100.00%	\$17,876
7	314.000	Wells & Springs	\$57,605			100.00%	\$57,605
8		TOTAL SOURCE OF SUPPLY PLANT	<u>\$75,481</u>		<u>\$0</u>		<u>\$75,481</u>
9		PUMPING PLANT					
10	325.100	Electric Pumping Equipment	\$55,857	R-10	-\$40,000	100.00%	\$15,857
11	325.200	Booster and Pumping Equipment	\$93,265	R-11	-\$70,000	100.00%	\$23,265
12		TOTAL PUMPING PLANT	<u>\$149,122</u>		<u>-\$110,000</u>		<u>\$39,122</u>
13		WATER TREATMENT PLANT					
14	332.000	Water Treatment Equipment	\$210			100.00%	\$210
15		TOTAL WATER TREATMENT PLANT	<u>\$210</u>		<u>\$0</u>		<u>\$210</u>
16		TRANSMISSION & DISTRIBUTION PLANT					
17	342.000	Distribution Reservoirs & Standpipes	\$81,833	R-17	\$12,000	100.00%	\$93,833
18	343.000	Transmission and Distribution Mains	\$399,651	R-18	\$76,000	100.00%	\$475,651
19	344.000	Fire Mains	\$66,067	R-19	\$16,000	100.00%	\$82,067
20	345.000	Services	\$33,323	R-20	\$6,000	100.00%	\$39,323
21	346.000	Meters- Plastic Chamber	\$23,887			100.00%	\$23,887
22	347.000	Meter Installations- Plastic	\$31,681			100.00%	\$31,681
23	348.000	Hydrants	\$54,895			100.00%	\$54,895
24		TOTAL TRANS. & DISTRIBUTION PLANT	<u>\$691,337</u>		<u>\$110,000</u>		<u>\$801,337</u>
25		GENERAL PLANT					
26	391.000	Office Furniture & Equipment	\$4,505			100.00%	\$4,505
27	391.100	Office Computer Equipment	\$17,459			100.00%	\$17,459
28	393.000	Stores Equipment	\$101			100.00%	\$101
29	394.000	Tools, Shop and Garage Equipment	\$71			100.00%	\$71
30	395.000	Laboratory Equipment	\$140			100.00%	\$140
31	397.000	Communication Equipment	\$88			100.00%	\$88
32		TOTAL GENERAL PLANT	<u>\$22,364</u>		<u>\$0</u>		<u>\$22,364</u>
33		TOTAL DEPRECIATION RESERVE	<u><u>\$938,514</u></u>		<u><u>\$0</u></u>		<u><u>\$938,514</u></u>

Rex Deffenderfer Enterprises Inc d/b/a RDE Water Co.
 Informal Case/Rate Case
 WR-2016-0267
 Test Year Ending 12/31/2015
 Schedule of Adjustments for Accumulated Depreciation Reserve - Water

<u>A</u> Reserve Adjustment Number	<u>B</u> Accumulated Depreciation Reserve Adjustments Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment Amount
R-10	Electric Pumping Equipment	325.100		-\$40,000
	1. To adjust for over accrued reserve (R. Martin)		-\$40,000	
R-11	Booster and Pumping Equipment	325.200		-\$70,000
	1. To adjust for over accrued reserve (R. Martin)		-\$70,000	
R-17	Distribution Reservoirs & Standpipes	342.000		\$12,000
	1. To adjust for over accrued reserve (R. Martin)		\$12,000	
R-18	Transmission and Distribution Mains	343.000		\$76,000
	1. To adjust for over accrued reserve (R. Martin)		\$76,000	
R-19	Fire Mains	344.000		\$16,000
	1. To adjust for over accrued reserve (R. Martin)		\$16,000	
R-20	Services	345.000		\$6,000
	1. To adjust for over accrued reserve (R. Martin)		\$6,000	
Total Reserve Adjustments				\$0

Rex Deffenderfer Enterprises Inc d/b/a RDE Water Co.
 Informal Case/Rate Case
 WR-2016-0267
 Test Year Ending 12/31/2015
 Revenue Schedule - Water

Line Number	A Account Number (Optional)	B 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	\$249,030	Rev-2	\$2,787	100.00%	\$251,817
Rev-3		Miscellaneous Revenues	\$4,851	Rev-3	-\$110	100.00%	\$4,741
Rev-4		TOTAL ANNUALIZED REVENUES	\$253,881		\$2,677		\$256,558

Rex Deffenderfer Enterprises Inc d/b/a RDE Water Co.
 Informal Case/Rate Case
 WR-2016-0267
 Test Year Ending 12/31/2015
 Revenue Adjustment Schedule - Water

<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
Rev-2	Annualized Rate Revenues			\$2,787
	1. To Annualize Rate Revenues		\$2,787	
Rev-3	Miscellaneous Revenues			-\$110
	1. To Annualize Miscellaneous Revenues		-\$110	
Total Revenue Adjustments				\$2,677

Rex Deffenderfer Enterprises Inc d/b/a RDE Water Co.
 Informal Case/Rate Case
 WR-2016-0267
 Test Year Ending 12/31/2015
 Rate Revenue Feeder Schedule - Water

Line Number	A Description	Residential 5/8"		Meter 1"	
		B Amount	C Amount	D Amount	E Amount
1	Customer Charge Revenues:				
2	Customer Number	1,067		52	
3	Bills Per Year	12		12	
4	Customer Bills Per year	12,804		624	
5	Current Customer Charge	<u>\$7.25</u>		<u>\$18.13</u>	
6	Annualized Customer Charge Revenues		\$92,829		\$11,313
7	Commodity Charge Revenues:				
8	Total Gallons Sold	59,314,458		3,239,194	
9	Less: Base Gallons Included In Customer Charge	<u>0</u>		<u>0</u>	
10	Commodity Gallons	59,314,458		3,239,194	
11	Block 1, Commodity Gallons per Block	59,314,458		3,239,194	
12	Block 1, Number of Commodity Gallons per Unit	<u>1,000</u>		<u>1,000</u>	
13	Block 1, Commodity Billing Units	59,314.46		3,239.19	
14	Block 1, Existing Commodity Charge	<u>\$1.73</u>		<u>\$1.73</u>	
15	Block 1, Annualized Commodity Charge Rev.		\$102,614		\$5,604
16	Total Annualized Water Rate Revenues		<u>\$195,443</u>		<u>\$16,917</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.

Rex Deffenderfer Enterprises Inc d/b/a RDE Water Co.
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 Rate Revenue Feeder Schedule - Water

Line Number	A Description	Meter 2"		Meter 3"	
		F Amount	G Amount	H Amount	I Amount
1	Customer Charge Revenues:				
2	Customer Number	17		1	
3	Bills Per Year	12		12	
4	Customer Bills Per year	204		12	
5	Current Customer Charge	<u>\$58.02</u>		<u>\$58.02</u>	
6	Annualized Customer Charge Revenues		\$11,836		\$696
7	Commodity Charge Revenues:				
8	Total Gallons Sold	3,615,990		4,800	
9	Less: Base Gallons Included In Customer Charge	<u>0</u>		<u>0</u>	
10	Commodity Gallons	3,615,990		4,800	
11	Block 1, Commodity Gallons per Block	3,615,990		4,800	
12	Block 1, Number of Commodity Gallons per Unit	<u>1,000</u>		<u>1,000</u>	
13	Block 1, Commodity Billing Units	3,615.99		4.80	
14	Block 1, Existing Commodity Charge	<u>\$1.73</u>		<u>\$1.73</u>	
15	Block 1, Annualized Commodity Charge Rev.		\$6,256		\$8
16	Total Annualized Water Rate Revenues		<u>\$18,092</u>		<u>\$704</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.

Rex Deffenderfer Enterprises Inc d/b/a RDE Water Co.
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 Rate Revenue Feeder Schedule - Water

Line Number	A Description	Meter 4"		Total	
		J Amount	K Amount	L Amount	M Amount
1	<u>Customer Charge Revenues:</u>				
2	Customer Number	1		1,138	
3	Bills Per Year	12			
4	Customer Bills Per year	12		13,656	
5	Current Customer Charge	<u>\$181.31</u>			
6	Annualized Customer Charge Revenues		\$2,176		\$118,850
7	<u>Commodity Charge Revenues:</u>				
8	Total Gallons Sold	10,684,860		76,859,302	
9	Less: Base Gallons Included In Customer Charge	<u>0</u>		0	
10	Commodity Gallons	10,684,860		76,859,302	
11	Block 1, Commodity Gallons per Block	10,684,860			
12	Block 1, Number of Commodity Gallons per Unit	<u>1,000</u>			
13	Block 1, Commodity Billing Units	10,684.86			
14	Block 1, Existing Commodity Charge	<u>\$1.73</u>			
15	Block 1, Annualized Commodity Charge Rev.		\$18,485		\$132,967
16	Total Annualized Water Rate Revenues		<u>\$20,661</u>		<u>\$251,817</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).

Rex Deffenderfer Enterprises Inc d/b/a RDE Water Co.
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Miscellaneous Revenues Feeder - Water

Line Number	<u>A</u> Description	<u>B</u> Amount
1	NSF/Returned Check Fee	\$207
2	Late Fees	\$1,859
3	Reconnection Fees	\$1,340
4	City of Springfield Reports	\$120
5	Jack Weimer, CPA Reports	\$1,215
6	Total Miscellaneous Revenues	<u>\$4,741</u>

Rex Deffenderfer Enterprises Inc d/b/a RDE Water Co.
 Informal Case/Rate Case
 WR-2016-0267
 Test Year Ending 12/31/2015
 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	\$32,760	W-2	\$468	100.00%	\$33,228
3		Electricity-(Pumping)	\$27,276	W-3	\$3,666	100.00%	\$30,942
4		Chemicals-(Chlorine)	\$2,088	W-4	-\$174	100.00%	\$1,914
5		TOTAL OPERATIONS EXPENSE	<u>\$62,124</u>		<u>\$3,960</u>		<u>\$66,084</u>
6		MAINTENANCE EXPENSES					
7		Outside Services Employed	\$37,304	W-7	-\$368	100.00%	\$36,936
8		System Maintenance	\$13,212	W-8	\$1,454	100.00%	\$14,666
9		TOTAL MAINTENANCE EXPENSE	<u>\$50,516</u>		<u>\$1,086</u>		<u>\$51,602</u>
10		CUSTOMER ACCOUNT EXPENSE					
11		Accounting Fees	\$2,650	W-11	-\$2,150	100.00%	\$500
12		Office Supplies	\$862	W-12	\$80	100.00%	\$942
13		Postage	\$5,551	W-13	-\$27	100.00%	\$5,524
14		Uncollectible Accounts	\$950	W-14	\$51	100.00%	\$1,001
15		TOTAL CUSTOMER ACCOUNT EXPENSE	<u>\$10,013</u>		<u>-\$2,046</u>		<u>\$7,967</u>
16		ADMINISTRATIVE & GENERAL EXPENSES					
17		Administration & General Salary	\$41,807	W-17	-\$3,914	100.00%	\$37,893
18		Office Utilities	\$2,118	W-18	\$27	100.00%	\$2,145
19		Telephone & Internet	\$5,190	W-19	-\$1,984	100.00%	\$3,206
20		Vehicle Expense	\$5,088	W-20	-\$2,975	100.00%	\$2,113
21		Medical Insurance	\$13,214	W-21	\$3,323	100.00%	\$16,537
22		Property & Liability Insurance	\$3,408	W-22	\$745	100.00%	\$4,153
23		Building Rent	\$4,200			100.00%	\$4,200
24		Membership Dues	\$528	W-24	\$22	100.00%	\$550
25		Other Misc. Expenses	\$7,515	W-25	-\$2,139	100.00%	\$5,376
26		TOTAL ADMINISTRATIVE AND GENERAL	<u>\$83,068</u>		<u>-\$6,895</u>		<u>\$76,173</u>
27		OTHER OPERATING EXPENSES					
28		MO DNR Fees	\$200			100.00%	\$200
29		Testing Expense	\$0	W-29	\$200	100.00%	\$200
30		Interest on Customer Deposits	\$17	W-30	\$2	100.00%	\$19
31		Rate Case Expense	\$0	W-31	\$325	100.00%	\$325
32		PSC Assessment	\$2,273	W-32	\$513	100.00%	\$2,786
33		Corporate Registration	\$25	W-33	\$20	100.00%	\$45
34		Depreciation	\$51,858	W-34	-\$27,331	100.00%	\$24,527
35		TOTAL OTHER OPERATING EXPENSES	<u>\$54,373</u>		<u>-\$26,271</u>		<u>\$28,102</u>
36		TAXES OTHER THAN INCOME					
37		Real & Personal Property Taxes	\$10,126	W-37	-\$230	100.00%	\$9,896
38		Payroll Taxes	\$27,742	W-38	-\$22,057	100.00%	\$5,685
39		TOTAL TAXES OTHER THAN INCOME	<u>\$37,868</u>		<u>-\$22,287</u>		<u>\$15,581</u>
40		TOTAL OPERATING EXPENSES	<u>\$297,962</u>		<u>-\$52,453</u>		<u>\$245,509</u>

Rex Deffenderfer Enterprises Inc d/b/a RDE Water Co.
 Informal Case/Rate Case
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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
W-2	Management Salary			\$468
	1. To annualize Jim Deffenderfer's Salary (E. Carle)		\$968	
	2. To remove Christmas Bonus (E. Carle)		-\$500	
W-3	Electricity-(Pumping)			\$3,666
	1. To annualize Electricity Expense (L. Ferguson)		\$3,666	
W-4	Chemicals-(Chlorine)			-\$174
	1. To annualize Chemicals (L. Ferguson)		-\$174	
W-7	Outside Services Employed			-\$368
	1. To annualize Smart Services Expense (E. Carle)		\$290	
	2. To annualize CCUS Expense (E. Carle)		-\$585	
	3. To annualize Missouri One Call Expense (E. Carle)		-\$73	
W-8	System Maintenance			\$1,454
	1. To annualize Maintenance Expense (E. Carle)		\$1,454	
W-11	Accounting Fees			-\$2,150
	1. To annualize Accounting Fees (E. Carle)		-\$2,150	
W-12	Office Supplies			\$80
	1. To annualize Office Supplies (E. Carle)		\$80	
W-13	Postage			-\$27

Rex Deffenderfer Enterprises Inc d/b/a RDE Water Co.
 Informal Case/Rate Case
 WR-2016-0267
 Test Year Ending 12/31/2015
 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
	1. To annualize Postage Expense (E. Carle)		-\$27	
W-14	Uncollectible Accounts			\$51
	1. To annualize Uncollectible Expense (L. Ferguson)		\$51	
W-17	Administration & General Salary			-\$3,914
	1. To annualize Kathy Palmer's Salary (E. Carle)		\$929	
	2. To remove Kathy's Christmas Bonus (E. Carle)		-\$500	
	3. To annualize Lavada Cottrill's Salary (E. Carle)		-\$4,343	
W-18	Office Utilities			\$27
	1. To annualize Office Utilitie - Electricity (L. Ferguson)		\$45	
	2. To annualize Office Utilities - Gas (L. Ferguson)		-\$18	
W-19	Telephone & Internet			-\$1,984
	1. To Annualize Telephone & Internet Expense (E. Carle)		-\$1,984	
W-20	Vehicle Expense			-\$2,975
	1. To Annualize Vehicle Expense (E. Carle)		-\$2,975	
W-21	Medical Insurance			\$3,323
	1. To annualize Employee Health Ins. (E. Carle)		\$3,594	
	2. To annualize Workers' Comp. Ins. (E. Carle)		-\$271	
W-22	Property & Liability Insurance			\$745

Rex Deffenderfer Enterprises Inc d/b/a RDE Water Co.
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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
	1. To annualize Prop. & Liab. Insurance (E. Carle)		\$745	
W-24	Membership Dues			\$22
	1. To annualize MRWA Dues (E. Carle)		\$22	
W-25	Other Misc. Expenses			-\$2,139
	1. To annualize Bank Fees (E. Carle)		-\$183	
	2. To annualize Software Expense (E. Carle)		\$164	
	3. To remove Deposit and/or Overpayment Refund and other Miscellaneous Expenses. (E. Carle)		-\$2,120	
W-29	Testing Expense			\$200
	1. To annualize Testing Expense (E. Carle)		\$200	
W-30	Interest on Customer Deposits			\$2
	1. To annualize Interest on Customer Deposits (E. Carle)		\$2	
W-31	Rate Case Expense			\$325
	1. To annualize Rate Case Expense (E. Carle)		\$325	
W-32	PSC Assessment			\$513
	1. To annualize PSC Assessment (L. Ferguson)		\$513	
W-33	Corporate Registration			\$20
	1. To annualize SOS Fees (E. Carle)		\$20	
W-34	Depreciation			-\$27,331

Rex Deffenderfer Enterprises Inc d/b/a RDE Water Co.
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<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
	1. To Annualize Depreciation		\$7,003	
	2. To Remove CIAC Depreciation (E. Carle)		-\$34,334	
W-37	Real & Personal Property Taxes			-\$230
	1. To remove P.P. Taxes for Vehicle (E. Carle)		-\$230	
W-38	Payroll Taxes			-\$22,057
	1. To annualize Payroll Taxes (E. Carle)		-\$22,057	
Total Expense Adjustments				-\$52,453

Water

Plant In Service	\$ 1,915,587
Accumulated Depreciation Reserve	<u>\$ 938,514</u>
Net Plant in Service	\$ 977,073
Other Rate Base Items:	
Contributions in Aid of Construction	\$ (1,179,553)
CIAC Depreciation	\$ 600,068
Materials & Supplies	\$ 19,293
Customer Deposits	<u>\$ (320)</u>
Total Other Rate Base Items	\$ (560,512)
Total Rate Base	<u><u>\$ 416,561</u></u>

RDE Water Company
SCHEDULE of DEPRECIATION RATES
(Water Class B)
WR-2016-0267 Attachment D

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	DEPRECIATION RATE	AVERAGE SERVICE LIFE (YEARS)	NET SALVAGE
<i>COLLECTION PLANT</i>				
310	Land & Land Rights	0.0%	-	0%
311	Structures & Improvements	2.5%	40	0%
314	Wells & Springs	2.0%	50	0%
<i>PUMPING PLANT</i>				
325.1	Submersible Pumping Equipment	10.0%	10	0%
325.2	Booster Pumping Equipment	10.0%	10	0%
<i>TREATMENT PLANT</i>				
332	Water Treatment Equipment	2.9%	35	0%
<i>TRANSMISSION & DISTRIBUTION PLANT</i>				
342	Distribution Reservoirs & Standpipes	2.5%	40	0%
343	Transmission & Distribution Mains	2.0%	50	0%
344	Fire Mains	2.0%	50	0%
345	Services	2.5%	40	0%
346	Meters	10.0%	10	0%
347	Meter Installations	10.0%	10	0%
348	Hydrants	2.0%	50	0%
<i>GENERAL PLANT</i>				
391	Office Furniture & Equipment	5.0%	20	0%
391.1	Office Electronic & Computer Equipment	14.3%	7	0%
393	Stores Equipment	4.0%	25	0%
394	Tool, Shop & Garage Equipment	5.0%	20	0%
395	Laboratory Equipment	5.0%	20	0%
396	Power-Operated Equipment	6.7%	15	0%
397	Communication Equipment	6.7%	15	0%

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 Subdivision and Meadow View 1st Addition, located in Christian County, Missouri.

Rules and Regulations Governing Rendering of Water Service		
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3	Legal Description of Service Area	
4	Schedule of Rates	
5-6	Schedule of Service Charges	
7.....	Billing Form	
<u>Sheet Number</u>	<u>Rule Number</u>	<u>Rule Subject</u>
8	1	Definitions
11	2	General Rules and Regulations
13	3	Limited Authority of Company Employees
14	4	Applications for Water Service
15	5	Inside Piping and Water Service Lines
19	6	Improper or Excessive Use
20	7	Discontinuance of Service by Company
25	8	Termination of Water Service at Customer's Request
26	9	Interruptions in Service
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34	12	Meter Tests and Test Fees
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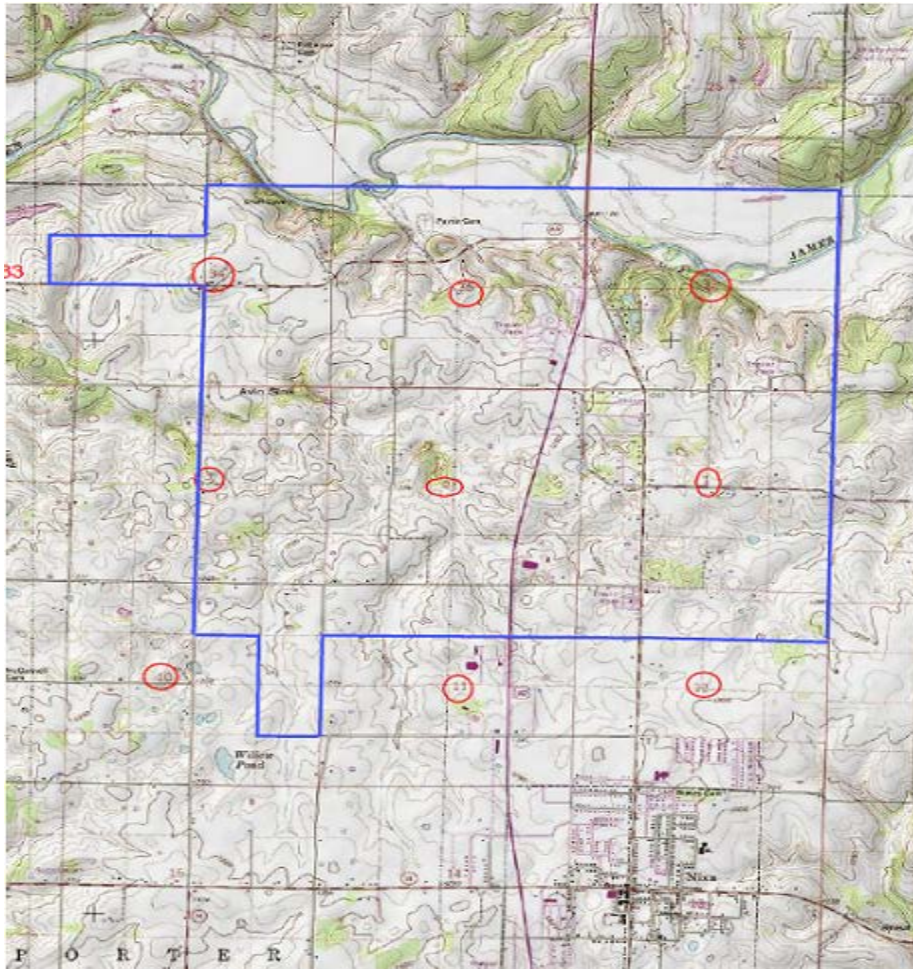
Effective Date: November 26, 2016
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 Name and Title of Issuing Officer Mailing Address

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Rules and Regulations Governing Rendering of
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Map of Service Area



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Legal Description of Service Area

The E ½ of the SE ¼ of the NE ¼ of Section 33, the S ½ of the NW ¼ of Section 34, the E ½ of Section 34, all of Section 35 and Section 36 T 28 N, R 22 W. The E ½ of Section 3, all of Section 2, and Section 1, the N ¼ of Section 12, the N ¼ of Section 11, the N ½ of the NE ¼ of Section 10, the SE ¼ of the NE ¼ of Section 10, and the NE ¼ of the SE ¼ of Section 10 T 27 N, R 22 W. All in Christian County, Missouri.

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Rules and Regulations Governing Rendering of
Water Service

Schedule of Rates

Availability:

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

Water Service Rates

Monthly Customer Charge: (does not include any water)

5/8" Meter	\$7.72
1" Meter	\$19.30
2" Meter	\$61.75
3" Meter	\$115.77
4" Meter	\$192.96

Commodity Charge:

\$1.89 per 1,000 gallons [for all metered volumes]

Taxes:

All Applicable Federal, State or local taxes shall be included in addition to the above charges.

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Rules and Regulations Governing Rendering of Water Service	
<u>Schedule of Service Charges</u>	
The following Service Charges apply as authorized and described elsewhere in the Company's filed Rule and Regulations:	
<u>New Service Connection Fee</u> See Rule 5 B., and C.	Actual Cost
<u>Service Connection Inspection Fee</u> If applicable, see Rule 5 B., and C.	\$25
<u>Water Service Line Inspection Fee</u> See Rule 5 D., E., F., and G.	\$25
<u>Re-Inspection Fee</u> If applicable, see Rule 5 D.	\$25
<u>Turn-On Fee</u> See Definition Rule 1 P. [After hours Turn-On Fee]	\$20 \$45
<u>Turn-Off Fee</u> See Definition Rule 1O.	\$20
<u>Meter Test Fee</u> See Rule 12 B.	\$25
<u>Service Calls</u> [The description will be decided upon by the Company, on a case by case basis.]	Actual cost, but not less than \$40
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Rules and Regulations Governing Rendering of
Water Service

Schedule of Service Charges Continued

<u>Late Charge</u> [the period after which payment is considered late is 21 days after rendition of the bill]	\$5 or 3% (whichever is greater)
<u>Returned Check Charges</u>	\$25
<u>Credit/Debit Card Charges</u>	2.99% of total bill
<u>E-Check Charges</u>	0.50 cents

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Rules and Regulations Governing Rendering of
Water Service

Rule 1 DEFINITIONS

- A. An "APPLICANT" is a person, firm, corporation, governmental body, or other entity that has applied for water service and/or an extension of water mains along with additional plant facilities; two or more such entities may make one application for a water extension, and be considered one APPLICANT. An "ORIGINAL APPLICANT" is an APPLICANT who entered into any contract or agreement with the Company for an extension of water mains and/or additional plant facilities, contributed funds or utility plant assets to the Company under the terms of the contract or agreement, and is eligible for refunds under the terms of the contract or agreement as additional Applicants connect to such extensions or plant facilities.
- B. The "COMPANY" is RDE Water Company, acting through its officers, managers, or other duly authorized employees or agents.
- C. The "CURB STOP" is a valve on the Service Connection, located at or near the Customer's property line, and used to shut off water service to the premises. The Curb Stop is owned and maintained by the Company.
- D. A "CUSTOMER" is any person, firm, corporation or governmental body which has contracted with the Company for water service or is receiving service from the Company, or whose facilities are connected for utilizing such service, and except for a guarantor is responsible for payment for service.
- E. The "DATE OF CONNECTION" shall be the date of the permit for installation and connection issued by the Company. In the event no permit is taken and a connection is made, the date of connection shall be based on available information such as construction/occupancy permits, electric service turn-on date, or may be the date of commencement of construction of the unit upon the property.

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Rules and Regulations Governing Rendering of
Water Service

- F. A "DEVELOPER" is any person, firm, corporation, partnership or any entity that, directly or indirectly, holds title to, or sells or leases, or offers to sell or lease, or advertises for sale or lease, any lots in a subdivision.
- G. "DISCONTINUANCE OF SERVICE" is the intentional cessation of service by the Company not requested by the Customer.
- H. The "MAIN" is a pipeline which is owned and maintained by the Company, located on public property or private easements, and used to transport water throughout the Company's service area.
- I. The "METER" is a device, owned by the Company, used to measure and record the quantity of water that flows through the water service line, and is installed in the meter setting.
- J. The "METER SETTING" is a place either in the service connection or unit plumbing for a water meter to be installed. An outdoor meter setting is located at or near the property line, and includes the meter box, meter yoke, lid, and appurtenances, all of which shall be owned and maintained by the Company. Indoor meter settings are located inside the Customer's unit where the water service line enters the foundation wall either installed directly in the piping or in a meter yoke.
- K. A "RETURNED CHECK" is a check that is returned to the Company from any financial institution unpaid for any reason.
- L. The "SERVICE CONNECTION" is the pipeline connecting the main to the Customer's water service line and includes the curb stop, or outdoor meter setting and all necessary appurtenances located at or near the property line, or at the property line if there is no curb stop or outdoor meter setting. If the property line is in a street, and if the curb stop or meter setting is not located near the edge of the street abutting the Customer's property, the service connection shall be deemed to end at the edge of the street abutting the Customer's property. The service connection shall be owned and maintained by the Company.

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Rules and Regulations Governing Rendering of
Water Service

- M. A "SUBDIVISION" is any land in the state of Missouri which is divided or proposed to be divided into two or more lots or other divisions of land, whether contiguous or not, or uniform in size or not, for the purpose of sale or lease, and includes resubdivision thereof.
- N. "TERMINATION OF SERVICE" is cessation of service requested by the Customer.
- O. "TURN-OFF" is the act of turning water service off by physically turning a valve such that water is unavailable to a Customer's premises.
- P. "TURN-ON" is the act of turning water service on by physically turning a valve to allow water to be available to a Customer's premises.
- Q. The word "UNIT" or "LIVING UNIT" shall be used herein to define the premises or property of a single water consumer, whether or not that consumer is the Customer. It shall pertain to any unit whether multi-tenant or single occupancy, residential or commercial, or owned or leased. Each mobile home in a mobile home park and each rental unit of a multi-tenant rental property are considered as separate units for each single-family or firm occupying same as a residence or place of business.
- R. The "WATER SERVICE LINE" is a pipe with appurtenances owned and maintained by the customer, used to conduct water to the Customer's unit from the property line, curb stop or outdoor meter setting, including the connection to the curb stop or meter setting. If the property line is in a street, then the water service line shall be deemed to begin at the edge of the street abutting the Customer's property.

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Rules and Regulations Governing Rendering of
Water Service

Rule 2 GENERAL RULES AND REGULATIONS

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

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Rules and Regulations Governing Rendering of
Water Service

- G. The manager of the Water Company shall be authorized to regulate or limit, any unusual, excessive, unnecessary or wasteful use of water requiring flows of water, where such use of water can affect service to other customers, and restrict or regulate the quantity of water used by customers in case of scarcity or whenever, in his judgement, an emergency affecting public health and welfare may require such restrictions.

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Rules and Regulations Governing Rendering of
Water Service

Rule 3 LIMITED AUTHORITY OF COMPANY EMPLOYEES

- A. Employees or agents of the Company are expressly forbidden to demand or accept any compensation for any services rendered to its Customers except as covered in the Company's Rules and Regulations.
- B. No employee or agent of the Company shall have the right or authority to bind it by any promise, agreement or representation contrary to the intent of these Rules and Regulations.
- C. The Company shall not be responsible for damages caused by any failure to maintain water pressure or water quality, or for interruption, if such failure or interruption is without willful default or negligence on its part.
- D. The Company shall not be liable for damages due to, or interruptions caused by, defective piping, fittings, fixtures and appliances on the Customer's premises and not owned by the Company.
- E. The Company shall not be liable for damages due to Acts of God, civil disturbances, war, government actions, or other uncontrollable occurrences.

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Rules and Regulations Governing Rendering of
Water Service

Rule 4 APPLICATIONS FOR WATER SERVICE

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

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Rules and Regulations Governing Rendering of
Water Service

Rule 5 INSIDE PIPING AND WATER SERVICE LINES

- A. The Company will provide water service at the outdoor meter, at the curb stop if an indoor meter setting is utilized, or at the property line if neither an outdoor meter nor a curb stop exists at or near the property line, or at the edge of the street if such property line is in the street. Separate units shall be served through separate water service lines if they are not on one lot that cannot be subdivided.
- B. The service connection from the water main to the Customer's property line shall be owned and maintained by the Company. Construction of the service connection, outdoor meter setting and curb stop shall be accomplished in one of the following ways at the Customer's option:
1. The Company will construct the service connection, outdoor meter setting and curb stop, as necessary, and make the connection to the main, within three (3) business days of an application for service, or within the time period specified in an application for service; or,
 2. The Customer may install, or have installed by a professional contractor or plumber, the service connection from the water main to the meter setting, and make the connection to the main, subject to prior approval of the Company; or,
 3. The Customer may install, or have installed by a professional contractor or plumber, the service connection from the water main to the meter setting, and the Company will tap the main and connect the service connection; or,
 4. Whether the service connection is installed by the Company or the Customer, the Customer shall be responsible for payment of a New Service Connection Fee, as specified in the Schedule of Service Charges.

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Rules and Regulations Governing Rendering of
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- C. A service connection installation constructed by the Customer as provided for in paragraphs 5 B. 2. or 5 B. 3., above, is subject to inspection by the Company. The Service Connection Inspection Fee as specified in the Schedule of Service Charges shall apply if the Company must make a trip solely to conduct an inspection of a service connection constructed by the Customer, and shall not apply if the inspection of a service connection is accomplished at the same time as a tap is made for the Customer, or the same time as an inspection of the water service line as provided for in D., below, or if the Company installs the service connection as provided in 5 B. 1., above.
- D. Water service line construction and maintenance from the property line, curb stop or meter setting, including the connection to the curb stop or meter setting, to the unit shall be the responsibility of the Customer, and is subject to inspection by the Company. The Customer shall be responsible for the Water Service Line Inspection Fee and Re-Inspection Fee (for each additional trip, as necessary, to re-inspect for correction of unsatisfactory items), as listed in the Schedule of Service Charges. Customers shall be responsible for the cost of repairing any damage to the Company's mains, curb stops, valve boxes, meters, and meter installations caused by the Customer, Customer's agent, or tenant.
- E. Existing water service lines and service connections may be used in connecting with new unit only when they are found by examination and testing not to constitute a hazard to the health and safety of any Customer or the Company's facilities.
- F. The water service line shall be brought to the unit at a depth of not less than thirty-six inches (36") and have a minimum inside diameter of three-quarters inch (3/4"). The Customer is responsible for the determination of whether or not a larger size is needed to provide adequate flow to the unit. A valve must be installed in the service line where it enters the unit. This valve must be kept in good repair in order to shut off the water supply and drain the inside plumbing, if necessary.

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Name and Title of Issuing Officer Mailing Address

Name of Utility: Rex Deffenderfer Enterprises, Inc. d/b/a RDE Water Company
Service Area: English Village Park (formerly known as Chalet City South), Meadow View
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- G. Water service lines and inside piping shall be of material conforming to recognized standards for potable water service and shall have a pressure rating of at least one hundred sixty (160) psi working pressure. Each water service line must be placed in a trench separate from any other utility service.
- H. The Company will not install a service connection to a vacant lot if such lot is not intended and recognized by the Company to be for intermittent use such as camping or picnic activity in a recreational subdivision, and the Customer installs a frost-free lockable hydrant at any point of use.
- I. Any change in the location of an existing service connection requested by the Customer shall be made by the Company or with the Company's approval, at the Customer's expense.
- J. The Company shall have the right to enter the Customer's premises, after reasonable notice, to read Company water meters and for the purposes of inspection to ensure compliance with these Rules and Regulations. Company personnel shall identify themselves and make these inspections only at reasonable hours.
- K. Neither water service lines nor service connections may be extended along public streets or roadways or through property of others in connecting with the Company's mains. The service connection may, however, extend through the water main easement and roadway easement as necessary in order to be connected to a main located across and adjacent to a street in front of the Customer's living unit. The service connection and service line must be laid in a straight line and at right angles to the main and the face of the structure or as nearly so as possible. Any deviation from this because of physical obstruction, landlocked property, or a clear impossibility to construction a future main extension for further subdivision development or additional future customers, will be at the discretion of the Company.
- L. Any Customer having a plumbing arrangement, or a water-using device that

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could allow backsiphonage of any chemical, petroleum, process water, water from a questionable supply, or other substance that could create a health hazard or damage to the water system; or, any Customer's plumbing classified as an actual or potential backflow hazard in the Regulations of the Missouri Department of Natural Resources shall be required to install and maintain a backflow prevention device. This rule may also apply to Customers on whose premises it is impossible or impractical for the Company to perform a cross connection survey. The device, installation, location and maintenance program shall be approved by the Company.

- M. All hydrants installed outside by the customer shall be frost free.
- N. Customers, their contractors their agents, and their plumbers are not allowed to turn off water off or on at a corporation cock to any service connection. Persons other than the Company personnel are strictly forbidden to turn the water on or off at the corporation cock without the specific authorization and instructions from the Company.
- O. Customers who use Company facilities in an unauthorized manner shall be liable for all Damages caused to the Company and to other customers.

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Rule 6 IMPROPER OR EXCESSIVE USE

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

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Rule 7 DISCONTINUANCE OF WATER SERVICE BY COMPANY

- A. The Company may discontinue service for any of the following reasons:
1. Non-payment of a delinquent account not in dispute; or
 2. Failure to post a security deposit or guarantee acceptable to the utility; or
 3. Unauthorized interference, diversion or use of the utility service situated or delivered on or about the Customer's premises; or
 4. Misrepresentation of identity in obtaining utility service; or
 5. Enclosing or obstructing any meter so as to make reading or repairs unreasonably difficult, or
 6. Failure to comply with the terms and conditions of a settlement agreement; or
 7. Refusal after reasonable notice to grant access at reasonable times to equipment installed upon the premises of the Customer for the purpose of inspection, meter reading, maintenance or replacement; or
 8. Violation of any of these Rules and Regulations on file with and approved by the Missouri Public Service Commission, or for any condition which adversely affects the safety of the Customer or other persons, or the integrity of the utility's delivery system; or

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9. Non-payment of a sewer bill issued by the Company or by a sewer utility requesting discontinuance of water service by an agreement between the Company and such sewer utility. When water service is discontinued for non-payment of a sewer bill and if the sewer bill is not issued by the Company, any service charges for turn on/off or disconnection/reconnection within these Rules and Regulations shall not apply, and notice to the Customer shall be provided by rules and procedure applicable to the Customer's sewer service in lieu of notification required by these Rules and Regulations.

B. None of the following shall constitute sufficient cause for the Company to discontinue service:

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

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4. The failure to pay the bill of another customer, unless the customer whose service is sought to be discontinued received substantial benefit and use of the service billed to the other customer; or
 5. The failure of a previous owner or occupant of the premises to pay an unpaid or delinquent bill except where the previous occupant remains an occupant of the living unit; or
 6. The failure to pay a bill correcting a previous underbilling, whenever the customer claims an inability to pay the corrected amount, unless a utility has offered the customer a payment arrangement equal to the period of underbilling.
- C. The Company may discontinue service after notice by first class mail is sent to the Customer at least ten (10) days prior to the date of the proposed discontinuance. Service of notice by mail is complete upon mailing. If written notice is hand delivered to the Customer, it shall be done at least ninety-six (96) hours prior to discontinuance. If the Company intends to discontinue service to a multi-tenant unit with occupants who are not customers, a notice shall also be conspicuously posted in the unit ten (10) days prior to the proposed discontinuance, along with information pertaining to how one or more of the tenants may apply to become customers. Discontinuance shall occur within thirty (30) calendar days after the date given as the discontinuance date, shall occur between the hours of 8:00 a.m. and 4:00 p.m., and shall not occur on a day when the Company will not be available to reconnect service or on a day immediately preceding such a day. Discontinuance shall not occur more than thirty (30) days after the date given as the discontinuance date, without restarting the notification procedure.
- D. A discontinuance notice provided to a customer shall include:
1. The name and address of the Customer, the service address if different than the Customer's address; and

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2. A statement of the reason for the proposed discontinuance of service and the cost for reconnection; and
 3. How the customer may avoid the discontinuance; and
 4. The possibility of a payment agreement if the claim is for a charge not in dispute and the Customer is unable to pay the charge in full at one time; and
 5. A telephone number the Customer may call from the service location without incurring toll charges and the address and any available electronic contact information of the utility prominently displayed where the customer may make an inquiry.
- E. The Company shall make reasonable efforts to contact the Customer, at least twenty-four (24) hours prior to any discontinuance, regarding the reason(s) for discontinuance of service, and the resolution. If discontinuance of service would affect an occupant who is not the Company's Customer, or is not responsible for payment of the bill, then the Company shall make reasonable efforts to inform such occupant(s).
- F. The Company shall postpone the discontinuance if personnel will not be available to restore service the same day, or if personnel will not be available to restore service the following day. The Company also shall postpone discontinuance if a medical emergency exists on the premises, however the postponement may be limited to twenty-one (21) days, and the Company may require proof of a medical emergency.
- G. The Company shall have the right to enter the Customer's premises for purposes of discontinuance of service in compliance with these Rules and Regulations. Discontinuance of service will be made during reasonable hours. Company personnel shall identify themselves and announce the intention to discontinue service, or leave a conspicuous notice of the discontinuance. The Company shall have the right to communicate with the owner of the Customer's Unit for purposes of gaining access to the property for discontinuance of service in accordance with

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the Missouri Public Service Commission's billing practices, but any extra costs for arranging such access shall not be charged to the Customer's account.

- H. The provisions of paragraphs E. and G. above may be waived if safety of Company personnel while at the premises is a consideration.
- I. Discontinuance of service to a unit for any reason shall not prevent the Company from pursuing any lawful remedy by action at law or otherwise for the collection of monies due from the Customer.
- J. In case the Company discontinues its service for any violation of these Rules and Regulations, then any monies due the Company shall become immediately due and payable.
- K. The Company has the right to refuse or to discontinue service to any unit to protect itself against fraud or abuse.
- L. The Company shall deal with Customers, handle Customer accounts, and manage discontinuance of service procedures in accordance with the Missouri Public Service Commission's Utility Billing Practices, 4 CSR 240 Chapter 13.
- M. Applicable Turn-off and Turn-on charges are specified in the Schedule of Service Charges.

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Rule 8 TERMINATION OF WATER SERVICE AT CUSTOMER'S REQUEST

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

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Rule 9 INTERRUPTIONS IN SERVICE

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

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Rule 10 BILLS FOR SERVICE

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

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

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- c. Has an adequate and regular source of income; or
- d. Can provide credit references from a commercial credit source.
- J. The Company may require a security deposit or other acceptable written guarantee of payment as a condition of continued service if:
 - 1. The water service of the Customer has been discontinued for non-payment of a delinquent account not in dispute; or,
 - 2. The utility service to the unit has been diverted or interfered with in an unauthorized manner; or,
 - 3. The Customer has failed to pay undisputed bills before the delinquency date for five (5) billing periods out of twelve (12) consecutive monthly billing periods.
- K. The amount of a security deposit shall not exceed utility charges applicable to four (4) times the average bill, computed on estimated or actual usage.
- L. Interest shall be payable annually on all deposits, but shall not accrue after the utility has made reasonable effort to return the deposit. Interest will be paid at a per annum rate equal to the prime bank lending rate, as published in the *Wall Street Journal* for the last business day of the preceding calendar year, plus one (1) percentage point. Interest may be credited to the Customer's account. Interest at the rate of 6% per annum compounded annually shall be payable on all deposits, but shall not accrue after the utility has made reasonable effort to return the deposit. Interest may be credited to the customer's account.
- M. After a Customer has paid proper and undisputed utility bills by the due dates, for a period not to exceed one (1) year, credit shall be established or re-established, and the deposit and any interest due shall be refunded. The utility may withhold full refund of the deposit pending resolution of a disputed matter.
- N. The utility shall give a receipt for deposits received, but shall also keep accurate

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records of deposits, including Customer name, service address, amounts, interest, attempts to refund and dates of every activity regarding the deposit.

- O. All billing matters shall be handled in accordance with the Missouri Public Service Commission's Rules and Regulations regarding Utility Billing Practices, 4 CSR 240-13.

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Rule 11 METERS AND METER INSTALLATIONS

- A. The Company shall furnish and install a suitable meter for each Customer, and the Company's installed meter shall be the standard for measuring water used to determine the bill. All meters shall be furnished, installed, maintained and removed by the Company and shall remain its property.
- B. The Company shall have the right to determine, on the basis of the Customer's flow requirements, the type and size of meter to be installed and location of same. No meter size selection will be based solely on the size of the Customer's service line. If flow requirements increase or decrease subsequent to installation and a larger or smaller meter is requested by the Customer, the cost of installing such larger or smaller meter shall be paid by the Customer.
- C. Domestic water service to any one Customer at a single unit shall be furnished through a single service connection. Individual units of a multi-unit building may have separate connections and meter installations only if each unit has separate plumbing, ground-level space, an individual service connection and meter installation location, and frontage to a Company-owned main. For multi-unit buildings with one service connection and meter installation, the inside piping may be rearranged at the Customer's own expense so as to separate the units and meter tenants, then divide the bill accordingly.
- D. The owners of premises wherein meters are located shall be held responsible for the safekeeping of the Company's meters and metering appurtenances, and are required to keep meters located within their property accessible to the Company for reading and for meter changeouts. If a Customer limits accessibility, or fails to protect a meter against damage, the Company may discontinue service and/or refuse to supply water until accessibility is restored and the Company is paid for any such damage. The amount of the charge shall be the cost of the necessary replacement parts and the labor cost necessary to make the repair.

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- E. If the Company determines that no suitable outdoor location is available, then the meter may be installed inside the Customer's premises where the water service line enters the unit and just downstream of the inside shutoff valve. The Company shall install a curb stop within the service connection at or near the property line as practical. When the meter is installed inside the Customer's premises, the Customer will either provide a meter yoke to accept installation of the Company's meter, or provide proper fittings for the house plumbing pipe to allow for direct installation of the Company's meter, along with a proper grounding strap installed around the meter to prevent electric charge build-up on either side of the meter or while a meter is removed. If installation in a special setting is necessary, the excess cost of installation shall be paid by the Customer.
- F. If an existing basement meter location is determined by the Company to be inadequate or inaccessible, then the Customer must provide for the installation of a meter to be located at or near the Customer's property line. The Customer shall furnish or obtain from the Company, as appropriate, the necessary meter installation appurtenances conforming to the Company's specifications, and the cost of said appurtenances and labor shall be paid by the Customer.

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Subdivision and Meadow View 1st Addition, located in Christian County, Missouri.

Rules and Regulations Governing Rendering of
Water Service

- G. Approved meter installation locations in dry basements, sufficiently heated to keep the meter from freezing, may remain provided the meter is readily accessible, at the Company's and Customer's convenience as determined by the Company, for servicing and reading and the meter space provided is located where the service line enters the unit. The Company may, at its discretion, require the Customer to install a remote reading device at an approved location, for the purpose of reading the meter. It is the responsibility of the Customer and/or the owner of the premises to provide a location for the water meter which, in the event of water discharge as a result of leakage from the meter or couplings, will not result in damage. The Company's liability for damages to any and all property caused by such leakage shall in no event exceed the price of water service to the affected premises for one average billing period in the preceding year. Where damage is caused by the negligence of Company personnel at the premises, this limitation will not apply. If a Customer refuses to provide an accessible location for a meter as determined by the Company, the Company will notify the Staff of the Water and Sewer Department of the Missouri Public Service Commission before ultimately refusing service or proceeding to discontinue service.
- H. The Customer shall promptly notify the Company of any defect in, or damage to, the meter setting.
- I. Any change in the location of any existing meter or meter setting at the request of the Customer shall be made at the expense of the Customer, and with the approval of the Company.

* Indicates new rate or text
+ Indicates change

Issue Date: April 12, 2016
Month /Day/Year

Effective Date: November 26, 2016
Month /Day/Year

ISSUED BY Jim Deffenderfer, General Manager 1770 N Deffer Dr., Suite #4, Nixa, MO 65714
Name and Title of Issuing Officer Mailing Address

Name of Utility: Rex Deffenderfer Enterprises, Inc. d/b/a RDE Water Company
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Rules and Regulations Governing Rendering of
Water Service

Rule 12 METER TESTS AND TEST FEES

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

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Rules and Regulations Governing Rendering of
Water Service

Rule 13 BILL ADJUSTMENTS BASED ON METER TESTS

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

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Rules and Regulations Governing Rendering of
Water Service

Rule 14 EXTENSION OF WATER MAINS

- A. This rule shall govern the extension of mains by the Company within its certificated area where there are no water mains.
- B. Upon receipt of a written application for a main extension, the Company will provide the applicant(s) an itemized estimate of the cost of the proposed extension. Said estimate shall include the cost of all labor and materials required, including valves, fire hydrants, booster stations, storage facilities, reconstruction of existing mains (if necessary), and the direct costs associated with supervision, engineering, permits, and bookkeeping. The estimate will state that it does not include unanticipated costs such as rock excavation.
- C. Applicant(s) shall enter into a contract with the Company for the installation of said extension and shall tender to the Company the amount determined in paragraph B. above. Any applicable New Service Connection Fee will become due after the cost incurred by the Company has been ascertained, as per Rule 5 B. 1., or 3., and as specified in the Schedule of Service Charges. The contract may allow the Customer to contract with an independent contractor for the installation and supply of material, except that mains of twelve inches (12") or greater diameter must be installed by the Company, and the reconstruction of existing facilities must be done by the Company.
- D. The cost to single-family residential applicant(s) connecting to a main extension for which other applicant(s) paid an amount determined in paragraph B., above, subject to subsequent adjustments for actual cost, shall be as follows:
 - 1. For single-family residential applicant(s) applying for service in a platted subdivision, the Company shall divide the actual cost of the extension by the number of lots abutting said extension to determine the per lot extension cost. When counting lots, corner lots which abut existing mains shall be excluded.

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Water Service

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

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

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

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

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WATER & SEWER COMPANY

Residential Customer Bill Comparison-**Water**

Rates for 5/8" Meter

<u>Current Base</u> <u>Customer Charge</u>	<u>Proposed Base</u> <u>Customer Charge</u>	<u>Current</u> <u>Usage Rate</u>	<u>Proposed</u> <u>Usage Rate</u>
\$7.25	\$7.72	\$1.73	\$1.89

current service charge is monthly charge

usage rate is per 1,000 gallons used

MONTHLY BILL COMPARISON

4,600 gallons/month usage

Current Rates

Customer Charge	\$ 7.25
Usage Charge	\$ 7.96
Total Bill	\$ 15.21

Proposed Rates

Customer Charge	\$ 7.72
Usage Charge	\$ 8.71
Total Bill	\$ 16.42

INCREASES

Customer Charge

\$ Increase	\$0.47
% Increase	6.46%

Usage Charge

\$ Increase	\$0.75
% Increase	9.39%

Total Bill

\$ Increase	\$1.22
% Increase	7.99%

REPORT OF WATER AND SEWER DEPARTMENT
FIELD OPERATIONS AND TARIFF REVIEW
Rex Deffenderfer Enterprises, Inc. d/b/a RDE Water Company
Case No. WR-2016-0267
Jon Dallas / David Spratt / Jarrod Robertson/ Jim Merciel

Background

Rex Deffenderfer Enterprises, Inc. d/b/a RDE Water Company (Company or RDE) received its certificate of convenience and necessity from the Missouri Public Service Commission (Commission) May 11, 1977 in case number WA-77-83. The Company provides water service to approximately 1,138 customers in the Nixa, MO area. The Commission's Water and Sewer Department Staff (Staff) performed an inspection on the water system on May 17, 2016. Findings and suggested improvements are listed below.

Facilities

The source of supply consists of two wells. The Company is operating one of the wells, Well #2, on a continual basis. The other well, Well #1, is presently only operated as a backup well. Well #1 comes online automatically if Well #2 is out of service. Both of the well houses are block and mortar buildings that are in need of repairs. Mortar between some of the blocks is deteriorating, the metal door and frame are corroding, the wood structure components are rotting, and the roof shingles are deteriorating. These are not critical problems at this time but the Company should address these issues sometime in the near future.

Well #1 was drilled in 1971. This well is an eight-inch diameter well that produces approximately 220 gallons per minute (gpm) using a 30-horsepower pump. Well #1 does not have a permanent chlorinator. In the event that Well #1 goes into service automatically, the Company must manually connect a chlorinator and fill a tank with chlorine solution to prevent untreated water from entering the distribution system.

A nine foot diameter standpipe that is 100 feet tall is located next to Well #1. Besides holding water available for storage, the height of the water in the standpipe is used to maintain water pressure in the distribution system. The standpipe provides approximately 25,000 gallons of usable storage, from the full water level, down to the 46 foot water level corresponding to a minimum water pressure of 20 pounds per square inch (PSI). Water below the 46 foot water level is unusable, because water pressure would be less than 20 PSI and inadequate.

Well #2 was drilled in 1988. This well is a ten-inch diameter well that produces approximately 675 gpm using a 75-horsepower pump. The water is disinfected using chlorine, and stored in a 250,000 gallon ground storage tank. Water is pumped from the ground storage tank to the distribution system by two high service pumps each with 30-horsepower motors. Along with sending water out into the distribution system, the high service pumps also fill the standpipe at Well #1 to maintain pressure during the intermittent operation of the high service pumps. The pump in Well #2 was pulled by Flynn Well Drilling in December of 2015 to replace the motor after it burned up. Both of the high service pump motors were replaced at the end of 2015 due to mechanical failure. One of the pump motors that failed was rebuilt and will be kept on hand as a spare. Staff observed that piping inside

the high service building is showing corrosion. These pipes should be cleaned and painted to prevent further corrosion.

At the time of Staff's inspection it was noted that the paint chipping and rust spots were visible on the exteriors of both storage tanks. They should be cleaned and painted to maximize the useful lives of the tanks. The Company stated to Staff the interior of each tank has been inspected "recently," but the exterior of each has not been painted in approximately 15 years.

The distribution system consists of over 150,000 feet of PVC mains from 2-inch to 10-inch in diameter. Leaks, if observed during system visits including meter reading, are reported to Company management. All customers are metered. Staff noted during its inspection that the Company had not been changing meters out as required by 4 CSR 10.030 (38).

Staff Recommendations

According to a May 2, 2016 DNR inspection report, RDE signed a bilateral compliance agreement (BCA) on December 17, 2001 with which the Company has not fully complied. The BCA had required the Company to add permanent chlorination facilities to Well #1. The Company must install a chlorinator and fill the chlorine tank with chlorine solution to use it when the well comes on, otherwise unchlorinated water would enter the distribution system. A permanent chlorinator will allow Well #1 to be used automatically on a regular basis, consistent with DNR's Water Design Guide section 3.2.1.2 (b) which states, "Public drinking water systems serving 500 or more people shall have more than one well and shall be capable of meeting design maximum day demand with the largest producing well out of service." With over 1,100 customers, RDE should have both wells in operation on a full-time basis rather than operating one well as a reserve, requiring manual addition of chlorination. Staff recommends, as a future project, that the Company comply with the terms of the BCA and the design guide by installing permanent chlorination immediately so both wells can be used automatically on a normal basis.

The Company does not have a standby replacement chief operator to be available at all times in violation of 10 CSR 60-14.010 (4) (A) 6. The Company has told Staff that it has investigated options regarding a backup certified operator. Staff recommends that the Company retain the services of a backup operator to fill in as the system operator as needed.

The exterior of the ground storage tank and standpipe should be cleaned and painted. Paint chipping and rust spots are visible. Steel tanks that are not properly coated will deteriorate from corrosion. According to the Company, the interior of the tanks has been inspected "recently" but the interior and exterior of each have not been painted or maintained in approximately 15 years. Staff notes by visual observation that exterior maintenance is needed. DNR recommends that water storage tanks should be inspected and cleaned every two to five years. Staff recommends that the Company, as a future project, seek services from a company that can provide tank maintenance services.

For security reasons, the well houses and storage facilities should be fenced. During Staff's inspection it was mentioned by the Company that the property at Well #2 frequently has cars parked around it when a building on an adjacent lot hosts gymnastics meets. Staff recommends that the Company, as a future project, install fencing around the well house and storage tanks.

Both of the storage tanks have overflow pipes which are terminated at the proper height above the ground but neither of the pipes have a splash block below them to prevent erosion. The overflow pipe on Well #1 is screened but the screen has deteriorated and is showing holes, and it needs to be replaced as soon as possible with 18 mesh screen to prevent insects from entering the tank, causing contamination.

The standpipe is not equipped with overflow and low level alarms. Staff recommends that the Company plan, as a future project, to provide the overflow and low level alarms, with a connection to an automatic dialer that can alert the operator if there is an issue.

Tariff Review

Staff routinely works with the Company to update water and/or sewer tariffs of the individual companies using a generic tariff that is modified for specific operations of the individual companies as they file rate cases with the Commission.

The Company's current water tariff was approved in 2011. Following a review of the current water tariff, Staff is recommending the Company replace the water tariff with a new water tariff that reflects the current rules and regulations of the Commission, using Staff's example water tariff but modified for the Company.

The Schedule of Service Charges has been updated to reflect current water miscellaneous service charges billed by the Company. A New Service Connection Fee has been defined to be equal to the "Actual Cost," as related to parts, material, labor and equipment, but excluding the cost of the meter. A Meter Test Fee of \$25 has been added to the water tariff, and the Turn-on and Turn-off fees were added at \$25. A Service Connection Inspection Fee of \$25 and a Water Service Line Inspection Fee of \$25 have been added to the water tariff, and Staff added a late charge of \$5 or 3%, with the greater amount being included on the bill. Staff included a service charge for service calls for damages caused by the customer, equal to the actual cost of providing the service, with a minimum charge of \$40. Staff also included a charge of \$25 for returned checks, a credit/debit card charge equal to 2.99% of the bill, 0.50 cents for E-Check Charges and updated certain miscellaneous service charges, listed above, to reflect actual costs to the Company, as well as, updating the water tariff to include the recent changes made to Chapter 13.

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

Rate Design

Staff also reviewed the Company's current rate design in its investigation. The current rate structure consists of a monthly minimum customer charge based on meter size, and a commodity charge for water service. Staff has created a monthly minimum customer charge for a 3" meter, because a 3" meter charge is not included in the current water tariff. In addition, Staff has performed a cost of service study for water service, which allocated current costs to the monthly minimum customer charge and the commodity charge.

Service Area

During meetings with the Company for this current case, it was discovered that RDE is providing service to customers located in two areas outside of its existing approved service area. One of the areas is adjacent to the northwest portion of the service area, consisting of River Downs and River Downs West subdivisions, with approximately 126 residential customers. The other area is adjacent to the southwest portion of the service area consisting of Sleepy Hollow subdivision, with approximately 71 residential customers. To rectify this situation, the Company is verbally requesting, and Staff is recommending, that the Commission approve service area be expanded to incorporate the entire area where the Company currently provides service. Staff reviewed the request, and applied the Commission standards identified in 4 CSR 240-2.060(1) and 4 CSR 240-3.600. Such an expansion of the Company's service area will not affect capital expenditure, operating expenses, revenue, or customer service. Further analysis of Staff's review along with a revised proposed service area description and a revised proposed map, both highlighting the expanded area, are included in the disposition agreement. The proposed revised description and map are also included in the draft replacement RDE tariff. Staff recommends that the Commission, in the context of this case, approve additional service area to include this additional service area.

Conclusion and Suggested Improvements:

Staff concludes that this water system has adequate source, storage, high service pump, and distribution capacity to provide service to the existing customers. The Company is keeping operational records for valves, hydrants and customer meters, and although the Company has meter records, it is not strictly keeping current on meter testing and replacement as required by the Commission's regulations.

Staff recommends that within 180 days the Company replace the screen at Well #1 with 18 mesh screen.

Staff also recommends that within 180 days, for future planning of its capital needs, the Company prepare a report of estimated expenses of the following projects:

1. Installation of permanent chlorination on Well #1.
2. Repairs of the well house structures as necessary to preserve the life of the structures.
3. Inspection of the standpipe and ground storage tank by a qualified inspector, along with cleaning and painting as necessary, to preserve and extend the life of the tanks.
4. Cleaning and painting of the piping and valves inside the high service pump building, to minimize further damage from corrosion.
5. Installation of overflow and low level monitoring equipment on the standpipe at Well #1, and installation of an auto dialer that can notify the operator if there is an issue.
6. Reconfiguration of plumbing arrangements to allow Well #1 discharge to be pumped to waste.

7. Placement of splash blocks under both storage overflow drains.
8. Installation of fencing around both of the well/tank facilities.

REPORT OF CUSTOMER SERVICE AND BUSINESS OPERATIONS REVIEW

Consumer and Management Analysis Unit

Small Company Rate Increase Request

Case No. WR-2016-0267

RDE Water Company

Gary Bangert

The Consumer and Management Analysis Unit (CMAU) staff of the Missouri Public Service Commission (“Commission”) initiated an informal review in May 2016 of the customer service and business processes, procedures, and practices of RDE Water Company (“Company”). The review was performed in response to the Company’s request for a rate increase in Case No. WR-2016-0267, which was filed on April 11, 2016. This request is for an increase of \$60,385.56 in its annual water system operating revenues representing a 23.37% increase.

The CMAU staff examined the Company’s tariffs, annual reports, Commission complaint and inquiry records, and other documentation related to the Company’s customer service and business operations. In preparation of this report, the CMAU staff submitted data requests to the Company and conducted interviews with Company personnel. The CMAU staff’s review of the Company resulted in the following two recommendations:

THE CMAU STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

- 1. Initiate action to ensure that the interest rate applied to deposits that are refunded to customers after 12 months of satisfactory payment history is consistent with the required rate in the Commission-approved tariff. This recommendation should be completed within 30 days of the effective date of any Commission order issued in Case No. WR-2016-0267.*
- 2. Evaluate and implement cost-effective actions in accord with Commission rules that could reduce the number of customers who do not pay their bill by the due date. Ensure that any anticipated changes in Company policies and practices are fully communicated to all customers. This recommendation should be completed within 90 days of any Commission order issued in Case No. WR-2016-0267.*

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

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

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

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

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

History

RDE Water Company was first authorized by the Commission on August 15, 1977, to provide water service and currently operates in and around Nixa, Missouri, in Christian County. The General Manager's father started the Company and his mother managed operations until the General Manager began this responsibility in 2010. A previous customer service review was performed by the CMAU staff in conjunction with Case No. WR-2011-0056.

The previous customer service review resulted in six recommendations to Company management. Implementation actions were completed on five of the six recommendations. The one recommendation that was not completed required the Company to:

Implement written contracts with all outside contractors employed by the Company within ninety (90) days of the Commission's Order Approving the Disposition Agreement in Case with File No. WR-2011-0056.

Company management indicated to the CMAU staff during the current customer service review that its outside contractors refused to sign a written contract for the services they provide to RDE Water Company. Consequently, no further action was taken.

It is the CMAU staff's opinion that the recommendation requiring the Company to implement written contracts with its outside contractors is still valid. The CMAU staff encourages Company management to pursue the development of these written contracts. Written contracts provide more certainty than verbal agreements regarding expectations and they provide protection against financial disputes, changing terms, or other unforeseen circumstances. In addition, verbal agreements do not always make it clear who is liable if something should go wrong or something unexpected happens while a contractor is performing services for the Company.

Overview

The staff of RDE Water Company consists of the General Manager and the Office Manager. The General Manager has overall responsibility for Company operations. Specifically, he monitors outside plant facilities and responds to emergencies. He also communicates directly with customers and works to resolve all issues and concerns. The Office Manager is responsible for all business office functions including accounts receivable, arranging special meter reads, sending customer notices, and communicating with customers. Employees keep time records and vehicle logs on all work associated with Company business. In addition to the responsibilities of the General Manager and Office Manager, the General Manager's mother, the President and CEO, provides consulting services on an occasional basis. The Company also has verbal agreements with two outside contractors. One contractor reads meters and performs nonpay disconnects and reconnects. The other contractor performs most outside plant maintenance and construction work.

The Company's business office is located at 1770 N. Deffer Drive, Suite 4, Nixa, Missouri 65714. Its hours of operation are 8:00 a.m. to 12:00 p.m. and 1:00 p.m. to 5:00 p.m. Monday thru Friday. Company personnel are available 24/7 by telephone. The General Manager's telephone number is provided on the answering machine and published in the customer welcome brochure in the event that customers need to report an emergency after normal business hours. The Company provides water service to approximately 1,150 full-time customers as of June 16, 2016. There has been minimal change in the number of customers over the past three years and limited growth is anticipated.

Meter Reading

The Company's water meters are usually read by the last week of each month by an outside contractor using a handheld meter reading device. Inactive meters are read most months in order to check for unauthorized usage. The meter readings are subsequently uploaded to the RVS Billing System used to maintain all customer account information. The handheld meter reading device will signal any readings that are outside of normal parameters. Company personnel asserted that meters are only estimated when they are not functional or inaccessible due to water in the pit or condensation. When estimation is necessary, a notation is made on customer bills that an estimate was used. Company personnel represented that there have been minimal problems with theft of water service. The General Manager places a lock on meters when theft is suspected. The Company has no plans to change the way it records meter readings.

Customer Billing

The Company's tariff provides the rates for water service. Customers with a 5/8" meter pay \$7.25 per month plus \$1.73 per 1,000 gallons of water usage.

RDE Water Company uses RVS software for all accounting functions including calculating and preparing customer bills and to maintain customer records. Company personnel assert that customer account data is backed up to a thumb drive and stored off-site. Company personnel indicate that the monthly bills are mailed on the first of each month, with the bills due on the 25th of the month. Bills that remain unpaid on the 26th of the month are considered delinquent and a late payment fee is applied. The Company's current tariff includes a provision for a late fee of 5% of the amount owed.

Payment Remittance

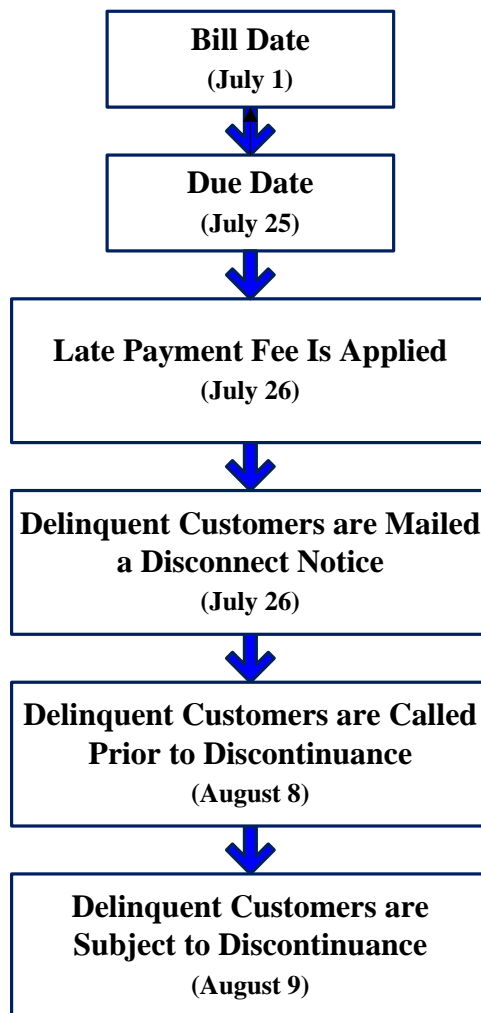
Customer payment options include cash, checks, or money orders. Company personnel estimate that approximately 84% of payments are from checks, 15% is cash, and about 1% from money orders. Company personnel indicated that about 10% of the checks received are generated from an electronic bill pay option offered at customers' banks. Company management represented that electronic bill pay is increasing in popularity with customers. Most payments are received in the mail or through business office customer walk-ins. Company personnel assert that bill payments are processed and recorded on the day they are received and bank deposits are made daily.

Credit and Collections

Customers requesting water service are required to complete a written application. Residential customers who do not meet credit criteria provided in Commission Rule 4 CSR 240-13.030 must pay a \$30 security deposit as a condition for providing service. Company personnel indicate that deposits are refunded with 5% interest after 12 months of satisfactory payment history. However, the Company's current tariff states that deposits will be returned with 6% interest after 12 months of satisfactory payment history. Company personnel assert that an average of one to three returned checks are received each month. The Company's current tariff has a provision for a returned check fee of \$15.00.

The Company has an established procedure for handling delinquent accounts. The following illustration shows the actions that would be taken on delinquent accounts:

Delinquent Account Actions



As shown in the illustration, a bill with a July 1 bill date would be due on July 25. Consequently, customers have 24 days to pay their bill before a late fee of 5% is assessed 25 days after the bill date. Customers with unpaid accounts have 10 business days from the due date before they are subject to discontinuance.

RDE Water Company personnel indicated that an average of 200 customers do not pay their bill by the due date each month. These customers are assessed a late payment fee of 5% and the Office Manager mails a disconnect notice. Company personnel assert that usually about 10 customers have not paid their bill by the end of the month when the next bill is mailed; however, an average of three or four customers is discontinued for nonpayment each month. Company personnel indicated that a \$30.00 deposit may be collected in addition to a \$20.00 reconnection fee and the past due amount before a customer discontinued for nonpayment is reconnected.

The Company generally continues to send bills to customers who have been discontinued for nonpayment until someone else moves in or the nonpaying customer moves to an unknown location. Company personnel represented that unpaid accounts are not written off until it is known that the responsible customer cannot be located. The lack of a uniform procedure for writing off uncollectible accounts in a timely manner will be addressed in a recommendation by the Commission's Auditing Department. The Company does not use a collection agency to pursue the collection of uncollectible accounts.

Complaints and Inquiries

Customers with questions or concerns may call the Company using the telephone number appearing on their bill. The Office Manager responds to most calls and the General Manager may also become involved in certain situations. Company personnel indicate that customer contacts requiring follow-up action are recorded and maintained in a file that includes the customer's name, service location, date, reason for the contact, and resolution. A review of the Commission's complaint/inquiry records since 2013 showed there were no complaints or inquiries.

Customer Communication

Customer bills are the primary means of communicating with customers. Some information is conveyed with a letter when major changes occur. The Company has created a

welcome brochure, which contains information about rights and responsibilities required by Commission Rule 4 CSR 240-13.040. This brochure is provided to all new customers.

Findings, Conclusions, and Recommendations

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

- Deposit Refund Interest
- Customers with Delinquent Accounts

Deposit Refund Interest

The interest rate on deposits refunded to customers after 12 months of satisfactory payment history is not consistent with a provision in the Company's tariff. Company personnel asserted that 5% interest is applied to deposits refunded to customers after 12 months of satisfactory payment history while the Company's Tariff Sheet No. 21, Rule 10(l) states: "Interest at the rate of 6% per annum compounded annually shall be payable on all deposits, ...". It is critical that Company practice is consistent with the Commission-approved tariff.

THE CMAU STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Initiate action to ensure that the interest rate applied to deposits that are refunded to customers after 12 months of satisfactory payment history is consistent with the required rate in the Commission-approved tariff. This recommendation should be completed within 30 days of the effective date of any Commission order issued in Case No. WR-2016-0267.

Customers with Delinquent Accounts

Approximately 200 RDE Water Company customers repeatedly do not pay their water bill by the due date. Company personnel asserted that many of the customers who do not pay their bill on a timely basis are delinquent every month. While the 5% late fee is automatically applied to every delinquent account not paid by the due date, the Office Manager must still expend the time and effort on a monthly basis to send disconnect notices to these delinquent customers.

Commission rules offer companies the opportunity to take actions that can influence customers to pay their bills on a timely basis. Commission Rule 4 CSR 240-13.020(7) states: “A monthly-billed customer shall have at least twenty-one (21) days ... from the rendition of the bill to pay the utility charges.” RDE Water Company customers currently have 24 days to pay before their account is delinquent.

Commission Rule 4 CSR 240-13.030(2)(A) states: “A utility may require a deposit or guarantee as a condition of continuing or re-establishing residential service if – The service of the customer has been discontinued by the utility for nonpayment of a delinquent account not in dispute ...” Company personnel represented that they may charge a deposit after nonpayment of a delinquent account, but this is not a universal practice.

Commission Rule 4 CSR 240-13.030(2)(C) states: “A utility may require a deposit or guarantee as a condition of continuing or re-establishing residential service if – The customer has failed to pay an undisputed bill on or before the delinquent date for five (5) billing periods out of twelve (12) consecutive billing periods, ...” Company personnel indicated they do not charge a deposit in situations where a customer has made frequent delinquent bill payments.

Commission Rule 4 CSR 240-13.030(4)(A) states: “A deposit shall be subject to the following terms: It shall not exceed two (2) times the highest bill or four (4) times the average bill, whichever is stated in the utility’s tariff for utility charges actually incurred or estimated to be incurred by the customer ...” The Company acknowledged that they do not charge a deposit that approaches the amount allowed in the rule.

A reduction in the number of customers who frequently make delinquent payments would be beneficial to the Company and its customers. Deposits can serve multiple credit and collection purposes in that they may be applied to final bills that remain unpaid and can be used to deter late payments when customers understand that such repeated late payments may result in a deposit. The Company’s cash flow would improve by collecting revenue on a more timely basis. The Office Manager would be able to use her time more efficiently on important work tasks rather than sending out a large number of disconnect notices. Customers would benefit by not having to remit additional late fees and possible deposits.

THE CMAU STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Evaluate and implement cost-effective actions in accord with Commission rules that could reduce the number of customers who do not pay their bill by the due date. Ensure that any anticipated changes in Company policies and practices are fully communicated to all customers. This recommendation should be completed within 90 days of any Commission order issued in Case No. WR-2016-0267.

Implementation Review

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

MEMORANDUM

TO: Jim Busch, Manager, Water and Sewer Department
Jarrod Robertson, Utility Policy Analyst I, Water and Sewer

FROM: Lisa M. Ferguson, Utility Regulatory Auditor V
Erin Carle, Utility Regulatory Auditor III

SUBJECT: Rex Deffenderfer Enterprises, Inc.
Rate Increase Request
Case Nos. WR-2016-0267

DATE: October 4, 2016

On April 11, 2016, Rex Deffenderfer Enterprises, Inc. (“RDE” or “Company”), filed an informal request to increase annual water rate revenues by 23.37%, or \$60,385.56. The Company’s water rates are currently the same as those established in its last rate case, No. WR-2011-0056. This Memorandum will address Audit Staff’s review and findings as part of this docket. Staff utilized a test year of the twelve months ending December 31, 2015, updating known and measureable investment through April 30, 2016 in this case.

On June 1, 2016, as part of Case No., WN-2016-0326, Rex Deffenderfer Enterprises Inc. submitted a revised cover page and revised adoption notice for its existing water tariff, along with supporting documentation, seeking to apply the fictitious name “RDE Water Company” to its water tariffs and other filings to be made before the Commission. This request was recommended for approval by Staff and ordered by the Commission to be effective on July 1, 2016.

COMPANY HISTORY, RATES AND OPERATIONS

Rex Deffenderfer Enterprises, Inc., is located in Christian County within the city of Nixa, Missouri, and provides water service to approximately 1,138 customers. RDE is solely owned by Ms. Lavada Cottrill. The Company was issued a certificate of convenience and necessity to provide water service to an area on the north side of Nixa, MO in 1977. Mr. Jim Deffenderfer, Lavada Cottrill’s son, oversees the day-to-day operations and serves as the licensed operator for the water system. RDE has two wells. Well #1, located at Meadow Ridge Road, has a one-hundred foot tall standpipe that was installed at the inception of the system with the capability of providing 150 gallons per minute (gpm), but is used as a backup water source and assists in maintaining system water pressure. Well #2, located at Ashley Drive, has a 250,000 gallon above ground storage tank with the capability of 650 gpm and is the main source of water for the system. There is communication equipment at well #2 that turns on Jacuzzi pumps to fill the standpipe at well #1. RDE last filed for an increase in rates on August 26, 2010, as part of Case No.

WR-2011-0056, under the Commission’s informal rate case procedures. As part of the informal rate increase requests in that case, RDE sought a \$79,821 increase in annual water operating revenues, and ultimately received an increase of \$31,081.

The following table provides a summary of the current rates approved by this Commission and the number of customers currently served by RDE:

System	No. Metered Customers	Customer Type	Current Monthly Rate
Water	1,067	Standard 5/8" Meter	\$ 7.25
	52	1" Meter	\$ 18.13
	17	2" Meter	\$ 58.02
	1	3" Meter	\$ 58.02
	1	4" Meter	\$ 181.31
Total	1,138		
		Description	Current Commodity Rate Quarterly
		Per 1,000 Gallons	\$ 1.73

As a result of this application, Staff has conducted a review of the Company’s books and records. Based upon this review, Staff determined that RDE’s revenue requirement warrants an increase in annual water revenues in the amount of \$20,801. This would represent an increase of 8.11% in current water rate revenues. A more detailed discussion of Staff’s cost of service calculation and proposed adjustments follows below.

RATE OF RETURN AND CAPITAL STRUCTURE

David Murray, Manager of the Commission’s Financial Analysis Unit, provided the Audit Staff with a weighted cost of capital and rate of return calculation. Mr. Murray’s recommendation is based on a capital structure consisting of 89.66% common equity and 10.34% long term debt. He also determined that an overall weighted cost of capital should be 4.31% when using a proposed common equity return of 8.03%.

RATE BASE AND RELATED ISSUES

Utilizing actual invoice data, the Auditing Staff included all capital improvements completed on RDE’s system since the last rate case, ending June 30, 2010. This data was calculated through the update period ending April 30, 2016.

In addition, Staff determined the appropriate balances of contributions in aid of construction (“CIAC”) and the corresponding depreciation reserve for each account. CIAC are funds provided by individual customers of the Company to assist in the construction and extension of

mains in order to receive provisions of water service to them. Since customers ultimately provide the capital for this portion of the utility water infrastructure, utility companies do not have any investment in CIAC property. CIAC is usually a significant source of financing for water utilities. As a result, a deduction must be made to rate base to account for these contributions to recognize that the utility does not have investment dollars in that portion of the water plant. Staff's ending CIAC balance is based on April 30, 2016. The following chart summarizes the rate base balance as of April 30, 2016.

	<u>RDE Water</u>
Plant in Service	\$ 1,915,587
Less: Depreciation Reserve	\$ 938,514
Net Plant in Service	<u>\$ 977,073</u>
Plus: Material and Supplies	\$ 19,293
Less: Customer Deposits	\$ 320
Less: CIAC Net of Reserve	<u>\$ 579,485</u>
Total Rate Base	<u><u>\$ 416,561</u></u>

Staff recommends that the Commission approve the depreciation rate schedule for RDE as incorporated by reference herein. Staff calculated plant balances based on documentation provided by the Company. Staff recommends that the Company use these balances for its utility records.

Ryan Martin of the Commission's Engineering and Analysis Unit ("EAU") is sponsoring adjustments to RDE's updated depreciation reserve balances as appropriate to address over-accrual of reserve in the pumping accounts.

Materials and Supplies – Inventory

The Company holds a variety of materials and supplies in inventory so as to be readily available in performing utility operations. The list of inventory supplied by RDE was confirmed to be accurate. Staff was not able to determine the balance of inventory on a monthly basis historically; therefore, Staff determined that the most current level of inventory was appropriate to use as the ongoing level of inventory to include in the cost of service calculation.

Customer Deposits

The amount of customer deposits included in rate base represents a 13-month average (April 2015-April 2016) of RDE's customer deposits. Customer deposits represent funds received from RDE's customers as a security against potential loss arising from failure to pay for utility service.

Since the deposits represent interest free loans to the company, this item is included as an offset to the rate base investment. Generally, interest is calculated on customer deposits. The amount of interest calculated on customer deposits is reflected as an expense on the income statement in Staff's Accounting Schedules.

REVENUES

Operating Revenue

Staff annualized revenues based upon the most current count of customers as of the end of the update period at April 30, 2016.

Annualized revenues are calculated as a combination of annualized base charges and annualized commodity charges. Each class of meter size has a base charge, as determined by the tariff, which was multiplied by the number of customers for each meter size as of the end of the update period. Commodity usages are summed by meter size and multiplied by the tariff commodity charge, which is \$1.73 per 1000 gallons for all meter sizes. Staff's total annualization of base and commodity revenues is \$249,030.

Miscellaneous Revenue

In addition to annualized customer operating revenues, Staff included in its cost of service calculation other miscellaneous annualized revenues received for returned check fees, late charges, and service reconnections, totaling \$3,407.

Staff has also included an annualized level of revenue related to the production of two reports by RDE. These reports, produced for the City of Springfield, MO and Jack Weimer, CPA, are compiled by Kathy Palmer on a monthly basis and consist of usage by customer meter. These reports are utilized by the aforementioned entities to calculate their respective sewer bills. These annualized revenues total \$1,335.

UNCOLLECTIBLE EXPENSE

RDE does not currently write off uncollected accounts. It does, however, keep a running list of all past due accounts. An annualized level of uncollectible customer accounts has been included as a part of the cost of service calculation. Staff has included a 5-year average of customer accounts uncollected between calendar years 2011 and 2015 in its cost of service, which is \$1,001.

PAYROLL AND PAYROLL TAXES

Staff has adjusted RDE's test year payroll expense to reflect an annualized level of payroll, employee benefits, payroll taxes and workers' compensation as of April 30, 2016.

RDE currently employs two full-time employees. Mr. Jim Deffenderfer is the General Manager and Ms. Kathy Palmer assists him in the office. Mr. Deffenderfer oversees all of the operations of RDE. Ms. Palmer's responsibilities include processing all account receivables, customer billings and handling all customer service matters.

In addition to Mr. Deffenderfer and Ms. Palmer, RDE also pays Ms. Lavada Cottrill a salary each year. Ms. Cottrill is the owner of the Company. Her duties as owner include guiding Mr. Deffenderfer on how to manage RDE and to answer any questions that may arise regarding the water system due to her extensive knowledge and experience of the water system attained during her tenure as general manager.

Staff has annualized payroll by increasing the test year level of payroll for Mr. Deffenderfer and Ms. Palmer by 3% and increasing Lavada's payroll to \$6,000. Staff compared these levels of salary to that of General and Operation Managers as well as Billing and Posting Clerks; Bookkeeping, Accounting and Auditing Clerks; Secretaries & Administrative Assistances; Bill and Account Collectors; and Customer Service Representatives for Christian County as published by Missouri Economic Research and Information Center (MERIC) and determined that it is in range of what general managers and office assistants in the Christian County area are paid.

Staff has also included RDE's portion of payroll tax to cover its portion of FICA, FUTA, SUTA, Social Security, and Medicare at the current tax rates. These amounts follow the distribution of each employee's payroll.

EMPLOYEE BENEFITS

Ms. Palmer currently receives medical benefits that are provided by RDE. Staff has included the most current annual cost of medical insurance for Ms. Palmer as a reasonable level of cost of insurance in the cost of service calculation. Mr. Deffenderfer is able to obtain medical insurance through his wife's employer, however; RDE reimburses his wife for the extra cost incurred to include him on her benefits. Staff has included the monthly cost to include Mr. Deffenderfer on his spouses insurance, as it is more economic than if he was required to purchase insurance independently.

In addition to medical benefits, Mr. Deffenderfer and Ms. Palmer each receive a \$500 bonus each year at Christmas. Staff's position is that it has already included a reasonable amount of compensation for each employee and, therefore, has removed this amount from its cost of service calculations.

WORKERS' COMPENSATION

RDE maintains workers' compensation insurance for its employees. Staff has included the most current annual cost for this insurance in its cost of service calculation.

MAINTENANCE

Staff has included in its cost of service calculation all costs to address all operation and maintenance needs for the water system. While Mr. Deffenderfer maintains a water operating license, RDE utilizes the services of CCUS, an outside contractor, to perform various operating

and maintenance tasks for the water system. However, there is currently no contract in effect with RDE. For continued reliable operation of the RDE system, Staff recommends that RDE enter into a valid written contract for plant operations with CCUS, if possible. While CCUS is the outside contractor that normally performs all system maintenance, occasionally supplies or services are purchased from other outside vendors in order to facilitate maintenance and repairs. To ensure that RDE is able to recover an accurate level of ongoing maintenance expense, Staff used a 3-year average of all invoiced expenses related to system maintenance and repairs to include in its cost of service calculation, including both CCUS and outside vendor invoices.

OUTSIDE SERVICES

In addition to CCUS, RDE also hires Smart Meter Services to perform all meter reading, and James River Lawn Care, Ltd, Missouri One Call and ADT Security to perform any necessary disconnections. Staff has included an annualized level of expense for each of these vendors as part of its cost of service calculation.

CHEMICALS

RDE employs the use of liquid sodium hypochlorite to treat water provided to the system. Staff's annualization of \$1,914 represents the test year gallons purchased multiplied by the most recent vendor price per gallon, which underwent an increase, effective April 4, 2016.

OFFICE RENT

Staff reviewed the amount of rent paid during the test year to Don Arnold for office space used by RDE. The monthly rent also includes any cost for water service to the office. Staff did not make an adjustment to the test year amount, as this is the current on-going level of rent expense for RDE.

OFFICE UTILITIES

RDE pays English Village, Not-for-Profit on a monthly basis for sewer services at the office. RDE receives natural gas service in order to heat the RDE office. Staff determined that the test year level of expense for these services is sufficient to cover all costs going forward.

MISCELLANEOUS EXPENSES

RDE currently pays bank fees, storage fees, and incurs various software costs on an annual basis. Staff's analysis of these items is discussed below.

RDE maintains a commercial bank account with Commerce Bank located in Nixa, MO. As part of maintaining this account, RDE currently incurs an online banking fee of \$5 per month and an account analysis service charge (AASC) that fluctuates month to month. To determine an ongoing level of fees, Staff included the online banking fee for each month as well as a five-year average of the AASC. From what Staff was able to discern, the AASC is a fee charged by

Commerce Bank for commercial checking accounts, and is based on the number of transactions incurred each month. Staff has included this fee as RDE must pay it in order to maintain this bank account with Commerce Bank. Staff has discussed with RDE the possibility of reviewing whether a small business checking account would be a better option for it going forward.

Staff did not propose an adjustment for the storage fees since the amount paid in test year is the current ongoing cost for RDE.

Staff reviewed the on-going software expenses on an annual basis for RDE. Each year, RDE pays for various fees associated with the QuickBooks and Mosaic billing software programs that they use. In order to calculate the ongoing level of expense, Staff reviewed each fee on a separate basis to determine the most representative level of expense going forward. This annualized value was then included as part of the miscellaneous expense total in Staff's cost of service calculation.

RATE CASE EXPENSE

Staff has included the costs of two customer notices, as well as the postage that RDE incurred mailing Company records to the PSC's St. Louis office for purposes of the rate case audit. Staff used the actual cost of the first customer notice to calculate the expense for two customer notices. Once an actual value is received for the second customer notice, this amount will be adjusted to reflect the actual cost incurred. At this time, there have been no other invoices received from RDE related to rate case expense. If more invoices are received, Staff will review each of them and determine if they should be included in the cost of service calculation.

CORPORATE REGISTRATION, LICENSE and PERMITS

Staff examined all invoices related to license and permit expense through April 30, 2016. While it wasn't incurred during the test year, Staff included a \$20 fee for the Missouri Secretary of State Office. This is a fee that every business in Missouri must pay on a bi-yearly basis. The fee is \$40 every two years. Staff made an adjustment to include half of that fee each year to allow the Company full recovery of this expense. The other fee that Staff included in its cost of service calculation is a merchant's license fee that is required by the City of Nixa.

OFFICE SUPPLIES

Staff analyzed historical data associated with office supplies expense from January 2010 through April 2016. Based on this analysis, Staff determined that using a five-year average would be most representative of RDE's ongoing level of office supply expense to be included in the cost of service. This expense also includes all costs associated with printing the post cards used for each customer's monthly bill for service.

ACCOUNTING EXPENSE

RDE paid KPM CPAs and Advisors \$2,650 during the test year. As stated on KPM's invoice, this expense was incurred to pay for the "preparation of federal and state S Corporation income tax returns" and "assistance with W-2's, 1099's, bonus checks, personal value of auto calculation and QuickBooks support to get all entries entered in correctly". As RDE is classified with the Missouri Secretary of State's Office as an S-Corporation, Staff has not included the cost of federal and state income tax preparation in their cost of service calculation. S-Corporations are a special form of corporation that allow the protection of limited liability but direct flow-through of profits and losses. As a result, income and losses are passed through to shareholders and included on their individual income tax returns. RDE, as an entity itself, does not incur any federal or state income tax expense, and does not file an income tax return. Therefore, Staff has only included the level of accounting fees associated with the services listed above as they are directly related to RDE. In addition, Staff has not included any income tax expense into the cost of service due to RDE not incurring that expense.

POSTAGE EXPENSE

Staff has calculated postage and customer billing expense by including the level of postage expense required for all customer bills on a monthly basis as well as all other types of mailings. Staff also included the rental fee and normalized postage expense that is utilized by the Pitney Bowes postage machine.

TELEPHONE AND INTERNET EXPENSE

Staff examined the amounts paid to AT&T U-Verse, AT&T Wireless, Verizon Wireless and Preferred Long Distance by RDE for telecommunications and internet services. Staff removed all costs paid to Preferred Wireless, as they are no longer providing service to RDE.

AT&T Wireless provides two lines, one for each well, to communicate between the well house and the telemetric equipment. Staff has included the most current level of expense for each of these two lines in their cost of service calculation.

Verizon Wireless provides cell phone service for Mr. Deffenderfer. This phone line is bundled on a bill that provides cell phones and internet for Ms. Cottrill, and a phone for Mrs. Deffenderfer as well as the phone for Mr. Deffenderfer. Staff included only the costs associated with Mr. Deffenderfer's phone line in their cost of service calculation since it is used as a contact for customers should they need to contact RDE outside of normal business hours.

AT&T U-Verse provides internet service for the office. Staff used the most current cost to determine the ongoing annual expense for internet service. This value has been included as part of Staff's cost of service calculation.

TRANSPORTATION EXPENSE

Staff has analyzed mileage logs from November 2010 through April 2016 as maintained by Mr. Deffenderfer to determine the number of utility related miles driven on an annual basis. The mileage logs show that approximately 25% of the miles driven were related to utility business over this period. Due to the low amount of miles driven for utility purposes, Staff has not included the truck in RDE's rate base.

Staff did not include the miles driven to or from Mr. Deffenderfer's residence to utility property locations, nor did Staff include miles driven to and from lunches or any other personal excursions. Staff did include the number of miles round trip for:

- Trips to each well
- Trips to the post office, bank or stores (only when for utility purposes)
- Trips to Ozark, Mo to drop off Bac-T testing
- Meetings with Ms. Cottrill, RDE President/Owner
- Mid-month final meter readings
- Continuing education travel
- Miscellaneous utility related travel

Staff utilized test year to determine the ongoing number of utility-related miles, multiplied by the current federal mileage reimbursement rate, to determine the amount of transportation expense to be included in Staff's cost of service calculation. In addition, because Staff did not include the truck in utility rate base, it follows that all vehicle repairs and maintenance as well as truck insurance was removed from the cost of service.

ELECTRICITY EXPENSE

Water Operations

RDE receives electric utility service at three locations. The RDE office and well #1 receive service from Empire Electric Company. Well #2 receives electric service from Ozark Electric Cooperative. Staff analyzed the costs for electricity service and believes that the test year levels are most representative of electric expense for the RDE office. Staff normalized electric usage for well #1 and #2 through a five-year average measured through the end of the update period, April 30, 2016, and applied the rates from Empire Electric's tariffs from their most current rate case.

Receipt of capital credits is an occasional benefit afforded to customers of Ozark Electric Cooperative, Inc. When customers of the cooperative provide payment for services, part of that payment is used for capital expenditures by the cooperative. In future years, the Cooperative can decide whether their financial standing is secure enough to give credit back to their members for use of funds for construction. RDE had a capital credit applied to the December 2015 Ozark Electric bill. The credit paid to customers in December of 2015 was paid due to the retirement of \$3.4 million in capital credits paid by customers during the years of 1988-1990. RDE received this credit due to being customers of Ozark Electric Cooperative during a portion of those stated years. Staff's position is that since the customers of RDE Water Company have paid the electric expense to Ozark Electric in their previously established rates, they should receive the benefit of

the credit that has been afforded the Company. Staff has normalized this received credit of \$632 to benefit ratepayers over the next five years, which has been the length of time since their last rate case.

PROPERTY AND CASUALTY INSURANCE

Insurance expense is the cost of protection obtained from third parties by utilities against the risk of financial loss associated with unanticipated events or occurrences. Utilities, like non-regulated entities, routinely incur insurance expense in order to minimize their liability, as well as that of their customers, associated with unanticipated losses. Staff has annualized the level of liability insurance to reflect the premium level in effect as of 2016.

MEMBERSHIP FEES

Mr. Deffenderfer is a member of the Missouri Rural Water Association (“MRWA”). Staff contacted MRWA to confirm that no portion of the annual membership due is used to pay for lobbying efforts at the state and federal level. It was confirmed that any fees used for that purpose are separate charges that are voluntarily paid by members. RDE is not currently opting to pay that voluntary fee. Staff has included the most current annual fee for 2016, as being a member to MRWA has many benefits for the ratepayer. Mr. Deffenderfer is able to take continuing education courses free of charge to maintain his operator’s license as well as having access to back-up generators and other services should an emergency arise. These are all included with the membership paid by RDE that would otherwise be incurred at higher costs from other vendors.

PERMITS AND FEES

The Missouri Department of Natural Resources charges the Company \$200 annually for water permit fees. Staff included this required expense of \$200 in its cost of service calculation for the water operations.

TESTING EXPENSE

RDE incurs costs for supplies needed to test chlorine levels in the water being released into the system. Staff reviewed all invoices through April 30, 2016 related to water testing expense. As the level of testing expense fluctuates from year to year, Staff used a five-year average to determine an appropriate level of testing expense going forward.

PSC ASSESSMENT

Staff included \$2,786, which represents the FY2017 annualized level of PSC assessment, in its cost of service calculation.

REAL ESTATE AND PERSONAL PROPERTY TAX

Staff included the most current level of real estate tax amounts in the cost of service calculation. Staff did not include property taxes, as they were associated with the truck used by Mr. Deffenderfer. Staff is not including this vehicle as part of RDE's rate base since the majority of its use is for personal travel. Therefore, ratepayers should not bear the cost of personal property taxes for the truck.

STAFF RECOMMENDATIONS

Staff recommends the following items:

1. That the Commission grant RDE a \$20,801 increase in water revenues.
2. The Company will maintain the Company's books and records in accordance with National Association of Regulated Utility Commissioners (NARUC) Uniform System of Accounts (USOA) for Class B water systems.
3. The Company will develop continuing property records (CPRs) for all of the Company's Plant in Service and Contribution in Aid of Construction (CIAC) that include, where applicable, the amount of plant, depreciation reserve, CIAC, and CIAC reserve used by Staff in this case;
4. The Company will keep the Company CPR's up to date and complete;
5. The Company will develop a list of duties and responsibilities for any employee that performs work for the Company and maintains records of the number of hours worked with a description of the functions performed by the employee;
6. Company shall develop and document an uncollectibles write-off policy where after six months of non-payment, an account is written off. Documentation shall be kept of accounts written off so as to have the ability to be reinstated for payment, if payment is received in the future.
7. Company shall pay the percentage interest on customer deposits as is stated in RDE's tariff. Currently that percentage is 6%.
8. Company shall document on each invoice received the date that each item on the invoice is placed into inventory and then subsequently the date when the item is placed into plant in service.
9. Company shall track all meters installed on its water system to ensure the proper Commission approved depreciation rate is applied for ratemaking purposes, and to ensure adequate records for tracking meter life, locations, and meter accuracy. Staff recommends this condition be met no later than six months after new rates become effective.

10. Company shall immediately maintain a Plant Additions and Retirement spreadsheet along with supporting documentation to ensure all plant assets are properly reflected in future rate case proceedings. This supporting documentation shall include any bids received, sales or purchase agreements, loan agreements, invoices by vendor and proof of payment. Staff recommends this condition be met no later than six months after new rates become effective.
11. Company shall also electronically backup all books and records recorded in its Accounting System to ensure proper maintenance of Company documentation.
12. Staff recommends that the Company discuss checking account options with Commerce Bank to determine if the current type of checking account is most cost effective for RDE.
13. Staff recommends that the Company enter into a written contract with Christian County Underground Services to perform maintenance activities for RDE. If the Company is unable to secure an executed contract, Company shall provide written notice to Staff explaining such attempt and inability to secure a contract, due to refusal by Christian County Underground Services.

Disposition Agreement Attachment J

Summary of Case Events

RDE Water Company
Case #WR-20016-0267
Summary of Case Events

Date Filed: April 11, 2016

Day 150: October 11, 2016

Extension? YES
If yes, why? Extension was requested in order to address DNR issues.

Amount Requested: \$60,385.56
Amount Agreed Upon: \$20,801.00

Item(s) Driving Rate Increase: Increases in Company's annual operating revenues for water service due to increases in utility plant investment and increases in both operation and maintenance expenses.

Number of Customers: 1,138

Return on Equity: 8.03%

Assessment Current: Yes
Annual Reports Filed: Yes

Other Open Cases before Commission: No

Status with Secretary of State: Good Standing
DNR Violations: yes

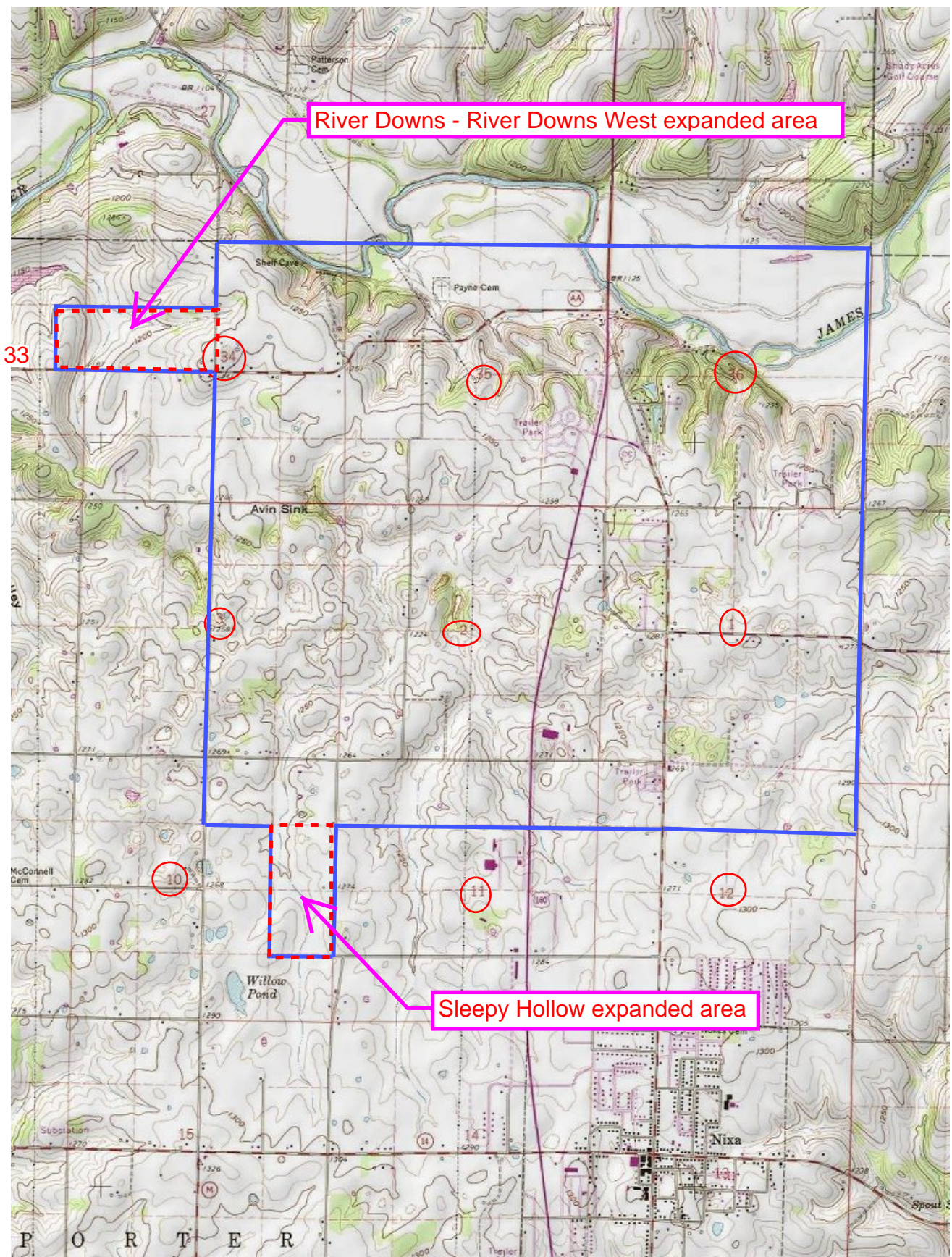
Significant Service/Quality Issues: The Company has failed to add permanent chlorination to Well #1, properly certify to DNR that consumer notification of lead tap water monitoring results were performed, provide a written total coliform bacteria sample site plan to DNR, prepare an Emergency Operations Plan and hire a back-up Operator.

WR-2016-0267

RDE Water Company Staff Proposed Revised Service Area Description

Yellow highlighting is addition of River Downs, and of Sleepy Hollow
Remove highlighting for tariff

The E ½ of the SE ¼ of the NE ¼ of Section 33, the S ½ of the NW ¼ of Section 34, the E ½ of Section 34, all of Section 35 and Section 36 T 28 N, R 22 W. The E ½ of Section 3, all of Section 2, and Section 1, the N ¼ of Section 12, the N ¼ of Section 11, the N ½ of the NE ¼ of Section 10, the SE ¼ of the NE ¼ of Section 10, and the NE ¼ of the SE ¼ of Section 10 T 27 N, R 22 W. All in Christian County, Missouri.



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

In the Matter of Rate Increase for Rex)
Deffenderfer Enterprises Incorporated d/b/a)
RDE Water Company)

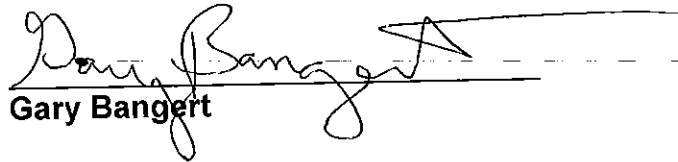
Case No. WR-2016-0267

AFFIDAVIT

State of Missouri)
) ss.
County of Cole)

COMES NOW Gary Bangert and on his oath declares that he is of sound mind and lawful age; that he contributed to the attached Disposition Agreement; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

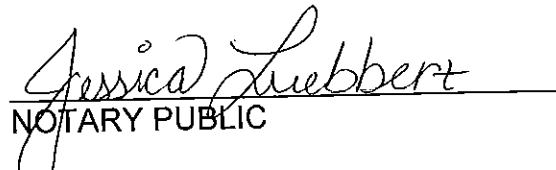


Gary Bangert

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 11th day of October, 2016.

JESSICA LUEBBERT Notary Public - Notary Seal State of Missouri Commissioned for Cole County My Commission Expires: February 19, 2019 Commission Number: 15633434



NOTARY PUBLIC

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

In the Matter of Rate Increase for Rex)
Deffenderfer Enterprises Incorporated d/b/a)
RDE Water Company) Case No. WR-2016-0267

AFFIDAVIT

State of Missouri)
) ss.
County of St. Louis)

COMES NOW Erin M. Carle and on her oath declares that she is of sound mind and lawful age; that she contributed to the attached Disposition Agreement; and that the same is true and correct according to her best knowledge and belief.

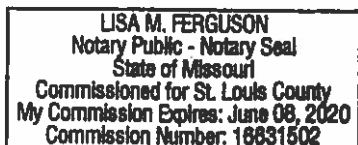
Further the Affiant sayeth not.

Erin M. Carle
Erin M. Carle

JURAT

Subscribed and sworn to before me this 11th day of October, 2016.

Lisa M. Ferguson
NOTARY PUBLIC



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


In the Matter of Rate Increase for Rex)
Deffenderfer Enterprises Incorporated d/b/a)
RDE Water Company)
Case No. WR-2016-0267

AFFIDAVIT

State of Missouri)
) ss.
County of Cole)

COMES NOW Jonathan Dallas and on his oath declares that he is of sound mind and lawful age; that he contributed to the attached Disposition Agreement; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.



Jonathan Dallas

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 11th day of October, 2016.

JESSICA LUEBBERT
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: February 19, 2019
Commission Number: 15633434



NOTARY PUBLIC

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

In the Matter of a Rate Increase for Rex)
Deffenderfer Enterprises Incorporated d/b/a) **Case No. WR-2016-0267**
RDE Water Company)

AFFIDAVIT

State of Missouri)
) ss.
County of St. Louis)

COMES NOW Lisa M. Ferguson and on her oath declares that she is of sound mind and lawful age; that she contributed to the attached Disposition Agreement; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.

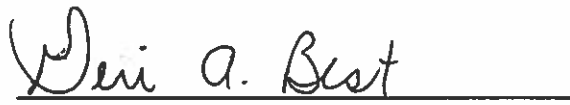


Lisa M. Ferguson

JURAT

Subscribed and sworn to before me this 11th day of October, 2016.





NOTARY PUBLIC

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

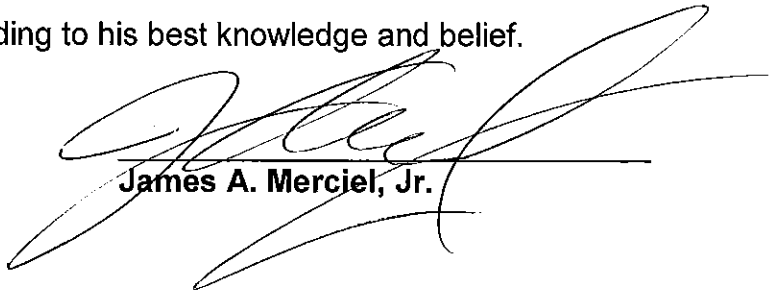
In the Matter of Rate Increase for Rex)
Deffenderfer Enterprises Incorporated d/b/a)
RDE Water Company) Case No. WR-2016-0267

AFFIDAVIT

State of Missouri)
) ss.
County of Cole)

COMES NOW James A. Merciel, Jr. and on his oath declares that he is of sound mind and lawful age; that he contributed to the attached Disposition Agreement; and that the same is true and correct according to his best knowledge and belief.

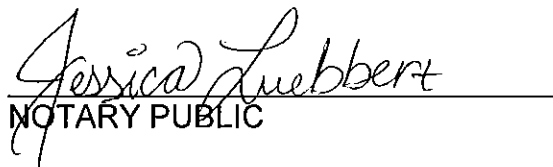
Further the Affiant sayeth not.


James A. Merciel, Jr.

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 11th day of October, 2016.

JESSICA LUEBBERT
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: February 19, 2019
Commission Number: 15633434


NOTARY PUBLIC

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

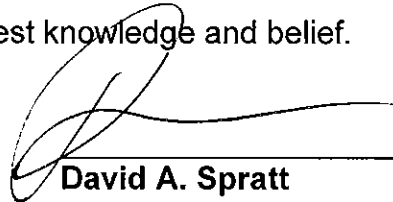
In the Matter of Rate Increase for Rex)
Deffenderfer Enterprises Incorporated d/b/a)
RDE Water Company) **Case No. WR-2016-0267**

AFFIDAVIT

State of Missouri)
) ss.
County of Cole)

COMES NOW David A. Spratt and on his oath declares that he is of sound mind and lawful age; that he contributed to the attached Disposition Agreement; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.



David A. Spratt

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 11th day of October, 2016.

JESSICA LUEBBERT
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: February 19, 2019
Commission Number: 15633434



NOTARY PUBLIC