

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

In the Matter of P.C.B., Inc.'s Request for            )  
Increase in Annual Sewer System                    )  
Operating Revenues.                                    )        **Case No. SR-2014-0068**

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

**COMES NOW** the Staff of the Missouri Public Service Commission (“Staff”), by and through counsel, and on behalf of P.C.B., Inc. (“P.C.B.” or “the Company”), files this *Notice of Updated Staff/Company Agreement Regarding Disposition of Small Company Rate Increase Request*, stating:

1. On September 9, 2013, the Missouri Public Service Commission (“Commission”) received a *Request for Increase* (“*Request*”) from P.C.B., seeking review of a revenue increase request and the implementation of emergency/interim rates per the agreement in Case No. SO-2014-0052.

2. In its *Request*, the Company requested Commission approval of a 100% increase in its annual sewer system operating revenues pursuant to Commission Rule 4 CSR 240-3.050 (“Small Utility Rate Case Procedure”), which was assigned Commission Case No. SR-2014-0068.

3. On September 19, 2013, P.C.B. submitted two revised tariff sheets to implement the interim/emergency monthly rates.

4. On September 24, 2013, the Commission issued its *Order Approving Interim Rates*, approving P.C.B.’s request for interim rates pursuant to § 393.140, RSMo., with the assigned Tariff No. YS-2014-0130 and an effective date of October 1, 2013.

5. 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

materials related to Staff's investigation, as well as the Staff's initial recommendation for the resolution of the *Request*.

6. Subsequent to the Staff's investigation and pursuant to negotiations between Staff and the Company, the Staff and the Company reached a *Company/Staff Agreement Regarding Disposition of Small Company Revenue Increase Request ("Company/Staff Agreement")*, which was filed on April 8, 2014. Thereafter, on April 15, 2014, the Company filed implementing tariff sheets with an effective date of June 1, 2014.

7. Thereafter, the Office of the Public Counsel ("OPC") requested a Local Public Hearing on April 16, 2014, which Local Public Hearing was set for June 12, 2014. On May 22, 2014, at the request of certain ratepayers, OPC requested a second Local Public Hearing, which was set for June 11, 2014. Both Local Public Hearings were convened as scheduled and, on June 19, 2014, Staff filed its *Report on Issues Raised at Local Public Hearings*, noting that no material issues had been raised.

8. On April 23, 2014, the Commission suspended P.C.B.'s tariff until August 10, 2014. Thereafter, on August 5, 2014, the Commission further suspended the tariffs until October 15, 2014.

9. The Staff and the Company have now reached an *Updated Company/Staff Agreement Regarding Disposition of Small Company Revenue Increase Request ("Company/Staff Agreement")*, attached hereto as Appendix A, and incorporated by reference herein.

10. Included in Appendix A is a copy of the above-referenced *Updated Company/Staff Agreement*, as well as a prescribed schedule of depreciation rates and the Company's agreement to implement Staff's recommendations. It also includes various other attachments related to the *Updated Company/Staff Agreement*. Additionally,

Appendix A contains affidavits from Staff members that participated in the investigation of this matter.

11. The *Updated Company/Staff Agreement* provides for a revenue requirement increase of \$64,592 (118.94% increase) added to the level of previous revenues of \$54,306 results in overall revenues of \$118,898.

12. In addition, the *Updated Company/Staff Agreement* provides the agreed-upon net rate base of \$0 for the Company's sewer operating system.

13. The company will file substitute tariff sheets by September 10, 2014, with rates reflecting the new, agreed-upon rate increase and substitute tariff sheets reflecting the changes to Chapter 13 of the Commission's rules.

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

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

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

Respectfully submitted,  
**/s/ Kevin A. Thompson**  
Kevin A. Thompson  
Chief Staff Counsel  
Missouri Bar Number 36288

Missouri Public Service Commission  
Post Office Box 360  
Jefferson City, MO 65102  
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[Kevin.thompson@psc.mo.gov](mailto:Kevin.thompson@psc.mo.gov)

Attorney for the Staff of the  
Missouri Public Service Commission

**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 5<sup>th</sup> day of September, 2014.**

**/s/ Kevin A. Thompson**

# APPENDIX A

CASE No. SR-2014-0068

# STAFF/COMPANY DISPOSITION AGREEMENT WITH ATTACHMENTS AND STAFF AFFIDAVITS

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Note: To browse through this document by item, click on the "Bookmark" tab at the top of the menu bar to the left of the screen and then click on the item that you want to see.

# Company/Staff Disposition Agreement

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

**P.C.B., INC.**

**MO PSC FILE NO. SR-2014-0068**

**BACKGROUND**

P.C.B., Inc. ("Company") initiated the small company revenue increase request ("Request") for sewer 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 September 10, 2013, the Company set forth its request for an increase of 100% in its total annual sewer 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 333 residential customers, located in Jefferson County.

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

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



## **RESOLUTION OF THE COMPANY'S RATE INCREASE REQUEST**

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

- (1) The agreed upon revenue requirement increase of \$64,592 (118.94% increase) added to the level of previous revenues of \$54,306 results in overall revenues of \$118,898. This revenue requirement is just and reasonable and designed to recover the Company's cost of service. These amounts are shown on the ratemaking income statement found in Attachment A, incorporated by reference herein;
- (2) The Auditing Unit conducted a full and complete audit of the Company's books and records using the 12-month period ending June 30, 2013, updated to June 30, 2014, as the basis for the revenue requirement determined above. The audit findings can be found in Attachment B, incorporated by reference herein;
- (3) The agreed upon net rate base is \$0 (zero). 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) 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 sewer plant depreciation rates for the Company;
- (5) 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;
- (6) For the purposes of implementing the agreements set out in this disposition agreement, the Company will file with the Commission proposed tariff revisions containing the rates, charges, and language set out in the example tariff sheet(s) attached as Attachment E. The proposed tariff revisions will bear an effective date of June 1, 2014;
- (7) The current PSC MO Number 2 tariff will be cancelled and replaced by PSC MO Number 3, which is included in the example tariff described above;
- (8) Within thirty (30) days of the effective date of an order approving this Company/Staff Disposition Agreement, the Company will implement the following recommendation contained in the Water & Sewer Unit Memorandum, attached hereto as Attachment G and incorporated by reference herein, and provide proof of

implementing the recommendation to the Manager of the Commission's Water & Sewer Unit:

- (a) The Company will hire, on a permanent basis, a contract operator for each sewer system, to undertake and oversee daily operations, provide required operations reporting to the Missouri Department of Natural Resources, and serve as consultant to make recommendations regarding needed repairs and upgrades;

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

- (a) The Company will continue to develop continuous 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;
- (b) The Company will keep the Company CPRs and general ledger up to date and complete;
- (c) 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);
- (d) The Company will calculate depreciation expense on a monthly basis and include amounts in the Companies' general ledger;
- (e) The Company will develop a list of duties and responsibilities for the certified operator and maintain the number of hours worked with a description of the functions performed by the operator;
- (f) The Company will develop a list of duties and responsibilities for any employee that performs work for the Companies and maintain the number of hours worked with a description of the functions performed by the employees; and
- (g) The Company will maintain a log of the date, number of hours, travel time, and any other expense incurred or charged to the Company's by the receiver;

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

- (a) The Company will develop and utilize written records to record the time the Company's receiver spends working on Company business, provide a description of the receiver's work, and record the travel time and mileage associated with the receiver's work;
  - (b) The Company will incorporate a delinquent date on customer bills that designates the date when customer accounts will be subject to late payment fees. The delinquent date should allow at least twenty-one (21) days from the rendition of bills before a payment is considered delinquent;
  - (c) The Company will develop and utilize a signed customer application prior to providing service as specified in the Company's tariff. The Company's customer application will include the date, the customer's signature, and a statement indicating that the customer agrees to abide by the Company's rates, rules and regulations, and applicable state statutes;
  - (d) The Company will develop and utilize a notice of discontinuance of service;
  - (e) The Company will develop and implement a process to ensure all customer complaints received by Company personnel are documented and maintained for at least two (2) years. Documentation should include the customer name, address, nature of the complaint, date of occurrence, as well as an explanation of actions the Company has taken to address the complaint; and
  - (f) The Company will develop and distribute to all current and future customers written information specifying the rights and responsibilities of the Company and its customers;
- (11) The Company and Staff will perform a drive-by of the Company's sewer customer(s) to identify and confirm the number of customer's receiving service from the Company. This customer conformation will be completed during the next case proceeding filed by the Company;
- (12) The Company will 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;
- (13) 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;
- (14) 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; and

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

### **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.

The Company and Staff acknowledge that they have previously agreed to an extension of the normal "Day-150" date by which an agreement regarding the resolution of a small company revenue increase request is to be reached. A copy of the extension agreement can be found in the above-referenced EFIS Case Number for the Request.

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.

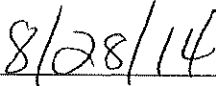
Additionally, the Company agrees that subject to the rules governing practice before the Commission, Staff shall have the right to provide whatever oral explanation the Commission may request regarding this Company/Staff Disposition Agreement at any agenda meeting at which this case is noticed to be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

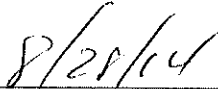
The undersigned representatives of the Company and the Staff verify that they have read this Company/Staff Disposition Agreement, that the facts stated herein are true and accurate to the best of their knowledge and belief, that the conditions set out herein accurately reflect the agreements reached between the Company and Staff, and that they freely and voluntarily enter into this Disposition Agreement.

Agreement Signed and Dated:

  
Dale W. Johansen – Manager  
Johansen Consulting Services, LLC  
Court-Appointed Receiver  
P.C.B., Inc.

  
Date

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

  
Date

**List of Attachments**

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

Agreement Attachment A  
Ratemaking Income Statement

# P. C. B., INC.

## Rate Making Income Statement-Sewer

### Operating Revenues at Current Rates

1	Tariffed Rate Revenues *	\$	54,306
2	Other Operating Revenues *	\$	-
3	<b>Total Operating Revenues</b>	<b>\$</b>	<b>54,306</b>
4	* See "Revenues - Current Rates" for Details		

### Cost of Service

Item		Amount
1	Receivership Fee	\$ 10,684
2	Receivership Fee-Travel Expenses	\$ 3,264
3	Electricity	\$ 23,434
4	Sewer Treatment -Chemicals	\$ -
5	Mowing Expense	\$ -
6	Sludge Removal	\$ 27,203
7	Certified Operator Fees	\$ 25,287
8	System Repairs & Maintenance	\$ -
9	Office Supplies	\$ -
10	Postage Expense	\$ 4,068
11	Permit Fees	\$ 11,520
12	Testing & Sampling	\$ 2,351
13	Regulatory Commission Expense	\$ 2,302
14	Miscellaneous General Expenses	\$ -
15	<b>Sub-Total Operating Expenses</b>	<b>\$ 110,113</b>
16	Property Taxes	\$ 8,785
17	MO Franchise Taxes	\$ -
18	Employer FICA Taxes	\$ -
19	Federal Unemployment Taxes	\$ -
20	State Unemployment Taxes	\$ -
21	State & Federal Income Taxes	\$ -
22	<b>Sub-Total Taxes</b>	<b>\$ 8,785</b>
23	Depreciation Expense	\$ -
24	Amortization Expense--18 months	\$ -
25	Amortization Expense--36 months	\$ -
26	Negative Depreciation Expense Adjustment	\$ -
27	<b>Sub-Total Depreciation/Interest/Amortization</b>	<b>\$ -</b>
28	<b>Return on Rate Base</b>	<b>\$ -</b>
29	<b>Total Cost of Service</b>	<b>\$ 118,898</b>
30	<b>Overall Revenue Increase Needed</b>	<b>\$ 64,592</b>

# Agreement Attachment B

## EMS Run



**Exhibit No.:**  
**Issue:** Accounting Schedules  
**Witness:** MO PSC Auditors  
**Sponsoring Party:** MO PSC Staff  
**Case No:** SR-2014-0068  
**Date Prepared:** April 23, 2014



**MISSOURI PUBLIC SERVICE COMMISSION**

**UTILITY SERVICES DIVISION**

**STAFF ACCOUNTING SCHEDULES**

**PCB SEWER**

**CASE NO. SR-2014-0068**

**Jefferson City, Missouri**

**April 2014**

PCB Sewer  
Rate Case  
SR-2014-0068  
Test Year Ending 6-30-2013, Update 4-23-2014  
Rate Design Schedule - Sewer

Line Number	A Description	B Account Number (Optional)	C Staff Annualized	D Customer Charge	E Commodity	F Percentage Rate
Rev-1	ANNUALIZED REVENUES					
Rev-2	Annualized Rate Revenues	(1)	\$54,306			
Rev-3	Miscellaneous Revenues	(1)	\$0			
Rev-4	TOTAL ANNUALIZED REVENUES		<u>\$54,306</u>			
1	OPERATIONS EXPENSES	(2)				
2	Receivership Fee (base charge)		\$10,684	\$0	\$10,684	0.00%
3	Receiver Excess Hours		\$0	\$0	\$0	0.00%
4	Receivership Fee (travel expenses)		\$3,264	\$0	\$3,264	0.00%
5	Electricity Expense		\$23,434	\$0	\$23,434	0.00%
6	Chemicals		\$0	\$0	\$0	0.00%
7	Grounds Maintenance & Upkeep (Mowing Expense)		\$0	\$0	\$0	0.00%
8	Sludge Removal		\$27,203	\$0	\$27,203	0.00%
9	TOTAL OPERATIONS EXPENSE		<u>\$64,585</u>	\$0	\$64,585	
10	MAINTENANCE EXPENSES					
11	Certified Operator Fees		\$25,287	\$0	\$25,287	0.00%
12	System Repairs and Maintenance		\$0	\$0	\$0	0.00%
13	TOTAL MAINTENANCE EXPENSE		<u>\$25,287</u>	\$0	\$25,287	
14	CUSTOMER ACCOUNT EXPENSE					
15	Office Supplies - billing postcards		\$0	\$0	\$0	0.00%
16	Postage Expense, PO Box Rental, Bank & One Call Fees		\$4,068	\$0	\$4,068	0.00%
17	TOTAL CUSTOMER ACCOUNT EXPENSE		<u>\$4,068</u>	\$0	\$4,068	
18	ADMINISTRATIVE & GENERAL EXPENSES					
19	Outside Services - Contractors		\$0	\$0	\$0	0.00%
20	TOTAL ADMINISTRATIVE AND GENERAL		<u>\$0</u>	\$0	\$0	
21	OTHER OPERATING EXPENSES					
22	MO DNR Fees		\$11,520	\$0	\$11,520	0.00%
23	Testing & Sampling Discharged Water		\$2,351	\$0	\$2,351	0.00%
24	PSC Assessment		\$2,302	\$0	\$2,302	0.00%
25	Rate Case Expense		\$0	\$0	\$0	0.00%
26	Negative Depreciation Expense Adjustment		\$0	\$0	\$0	0.00%
27	Depreciation		\$0	\$0	\$0	0.00%
28	TOTAL OTHER OPERATING EXPENSES		<u>\$16,173</u>	\$0	\$16,173	
29	TAXES OTHER THAN INCOME					
30	Real & Personal Property Taxes		\$8,785	\$0	\$8,785	0.00%
31	TOTAL TAXES OTHER THAN INCOME		<u>\$8,785</u>	\$0	\$8,785	
32	TOTAL OPERATING EXPENSES		<u>\$118,898</u>	\$0	\$118,898	
33	Interest Expense	(3)	\$0	\$0	\$0	0.00%
34	Return on Equity	(3)	\$0	\$0	\$0	0.00%
35	Income Taxes	(3)	\$0	\$0	\$0	0.00%
36	TOTAL INTEREST RETURN & TAXES		<u>\$0</u>	\$0	\$0	
37	TOTAL COST OF SERVICE		<u>\$118,898</u>	\$0	\$118,898	
38	Less: Miscellaneous Revenues		<u>\$0</u>	\$0	\$0	0.00%
39	COST TO RECOVER IN RATES		<u>\$118,898</u>	\$0	\$118,898	
40	INCREMENTAL INCREASE IN RATE REVENUES		<u>\$64,592</u>			

PCB Sewer  
Rate Case  
SR-2014-0068  
Test Year Ending 6-30-2013, Update 4-23-2014  
Rate Design Schedule - Sewer

A	B	C	D	E	F	
Line Number	Description	Account Number (Optional)	Staff Annualized	Customer Charge	Commodity	Percentage Rate
41	PERCENTAGE OF INCREASE		<u>118.94%</u>			
42	REQUESTED INCREASE IN REVENUES			\$0		

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

PCB Sewer  
Rate Case  
SR-2014-0068  
Test Year Ending 6-30-2013, Update 4-23-2014  
Rate Base Required Return on Investment Schedule - Sewer

Line Number	A Rate Base Description	B Dollar Amount
1	Plant In Service	\$1,000 From Plant Schedule
2	Less Accumulated Depreciation Reserve	<u>\$0</u> From Depreciation Reserve Schedule
3	Net Plant In Service	\$1,000
4	Other Rate Base Items:	\$0
	To adjust net plant in service to zero	-\$1,000
	To reverse the CIAC entry for this Case	\$61,475
	Contributions In Aid of Construction	-\$61,475
	To reverse the CIAC Amortization for this Case	-\$37,645
	CIAC Amortization	\$37,645
5	Total Rate Base	<u>\$0</u>
6	Total Weighted Rate of Return Including Income Tax	<u>11.82%</u> From PreTax Return & Taxes Schedule
7	Required Return & Income Tax	<u><u>\$0</u></u>

PCB Sewer  
Rate Case  
SR-2014-0068  
Test Year Ending 6-30-2013, Update 4-23-2014  
Rate of Return Including Income Tax - Sewer

	A	B	formulas
1 State Income Tax Rate Statutory / Effective	6.25% (2)	6.25%	$(1 - (B2 \times .5)) \times A1$
2 Federal Income Tax Rate Statutory / Effective	0.00% (1) & (2)	0.00%	$(1 - B1) \times A2$
3 Composite Effective Income Tax Rate		6.25%	$B1 + B2$
4 Equity Tax Factor		1.0667	$1 / (1 - B3)$
5 Recommended Weighted Rate of Return on Equity - Common and Preferred		11.08%	From Capital Structure Schedule
6 Weighted Rate of Return on Equity Including Income Tax		11.82%	$B4 \times B5$
7 Recommended Weighted Rate of Return on Debt - Long-Term and Short-Term		0.00%	From Capital Structure Schedule
8 Total Weighted Rate of Return Including Income Tax		11.82%	$B6 + B7$

To Rate Base Schedule

(1) If Sub-Chapter S Corporation, Enter 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
			\$0	\$0
			Consolidated Tax Rate:	
			Average Tax Rate:                    0	

PCB Sewer  
Rate Case  
SR-2014-0068  
Test Year Ending 6-30-2013, Update 4-23-2014  
Capital Structure Schedule - Sewer

Line Number	A Description	B Dollar Amount	C Percentage of Total Capital Structure	D Embedded Cost of Capital	E Weighted Cost of Capital
1	Common Stock	\$1,000	100.00%	11.08%	11.080%
2	Other Security-Non Tax Deductible	\$0	0.00%	0.00%	0.000%
3	Preferred Stock	\$0	0.00%	0.00%	0.000%
4	Long Term Debt	\$0	0.00%	7.08%	0.000%
5	Short Term Debt	\$0	0.00%	0.00%	0.000%
6	Other Security-Tax Deductible	\$0	0.00%	0.00%	0.000%
<b>7</b>	<b>TOTAL CAPITALIZATION</b>	<b><u>\$1,000</u></b>	<b><u>100.00%</u></b>		<b><u>11.080%</u></b>

To PreTax Return Rate Schedule

PCB Sewer  
Rate Case  
SR-2014-0068  
Test Year Ending 6-30-2013, Update 4-23-2014  
Plant In Service - Sewer

Line Number	A Account # (Optional)	B Plant Account Description	C Total Plant	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
1		INTANGIBLE PLANT					
2	301.000	Organization	\$0			100.00%	\$0
3	302.000	Franchises	\$0			100.00%	\$0
4	303.000	Miscellaneous Intangible Plant	\$0			100.00%	\$0
5		TOTAL INTANGIBLE PLANT	\$0		\$0		\$0
6		SOURCE OF SUPPLY PLANT					
7	310.000	Land & Land Rights	\$1,000			100.00%	\$1,000
8	311.000	Structures & Improvements	\$7,529	P-8	-\$7,529	100.00%	\$0
9		TOTAL SOURCE OF SUPPLY PLANT	\$8,529		-\$7,529		\$1,000
10		COLLECTION PLANT					
11	352.100	Collection Sewers - Force	\$0			100.00%	\$0
12	352.200	Collection Sewers - Gravity	\$60,705	P-12	-\$60,705	100.00%	\$0
13	353.000	Services to Customers	\$0			100.00%	\$0
14	355.000	Flow Measuring Devices	\$850	P-14	-\$850	100.00%	\$0
15		TOTAL COLLECTION PLANT	\$61,555		-\$61,555		\$0
16		PUMPING PLANT					
17	362.000	Receiving Wells and Pump Pits	\$6,560	P-17	-\$6,560	100.00%	\$0
18	363.000	Pumping Equipment (Elec., Diesel, other)	\$0			100.00%	\$0
19		TOTAL PUMPING PLANT	\$6,560		-\$6,560		\$0
20		TREATMENT & DISPOSAL PLANT					
21	372.000	Oxidation Lagoon	\$0			100.00%	\$0
22	373.000	Treatment and Disposal Equipment	\$19,983	P-22	-\$19,983	100.00%	\$0
23	374.000	Plant Sewers	\$7,140	P-23	-\$7,140	100.00%	\$0
24	375.000	Outfall Sewer Lines	\$0			100.00%	\$0
25		TOTAL TREATMENT & DISPOSAL PLANT	\$27,123		-\$27,123		\$0
26		GENERAL PLANT					
27	391.000	Office Furniture & Equipment	\$403	P-27	-\$403	100.00%	\$0
28	391.100	Office Computer Equipment	\$0			100.00%	\$0
29	392.000	Transportation Equipment	\$0			100.00%	\$0
30	394.000	Tools Shop & Garage Equipment	\$0			100.00%	\$0
31		TOTAL GENERAL PLANT	\$403		-\$403		\$0
32		TOTAL PLANT IN SERVICE	\$104,170		-\$103,170		\$1,000

To Rate Base & Depreciation Schedules

PCB Sewer  
Rate Case  
SR-2014-0068

Test Year Ending 6-30-2013, Update 4-23-2014  
Schedule of Adjustments for Plant in Service - Sewer

A Plant Adjustment Number	B Plant In Service Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment
P-8	Structures & Improvements	311.000		-\$7,529
	To adjust Structures & Improvements plant-in-service to zero balance. (Harrison)		-\$7,529	
P-12	Collection Sewers - Gravity	352.200		-\$60,705
	To adjust Collection Sewer - Gravity plant-in-service to zero balance. (Harrison)		-\$60,705	
P-14	Flow Measuring Devices	355.000		-\$850
	To adjust Flow Measuring Devices plant-in-service to zero balance. (Harrison)		-\$850	
P-17	Receiving Wells and Pump Pits	362.000		-\$6,560
	To adjust Receiving Wells & Pump Pits plant-in-service to zero balance. (Harrison)		-\$6,560	
P-22	Treatment and Disposal Equipment	373.000		-\$19,983
	To adjust Treatment & Disposal Equipment plant-in-service to zero balance. (Harrison)		-\$19,983	
P-23	Plant Sewers	374.000		-\$7,140
	To adjust Plant Sewers plant-in-service to zero balance. (Harrison)		-\$7,140	
P-27	Office Furniture & Equipment	391.000		-\$403
	To adjust Office Furniture & Equipment plant-in-service to zero balance. (Harrison)		-\$403	
<b>Total Plant Adjustments</b>				<b><u>-\$103,170</u></b>



PCB Sewer  
Rate Case  
SR-2014-0068  
Test Year Ending 6-30-2013, Update 4-23-2014  
Depreciation Expense - Sewer

Line Number	A Account Number	B Plant Account Description	C Adjusted Jurisdictional	D Depreciation Rate	E Depreciation Expense
1		INTANGIBLE PLANT			
2	301.000	Organization	\$0	0.00%	\$0
3	302.000	Franchises	\$0	0.00%	\$0
4	303.000	Miscellaneous Intangible Plant	\$0	0.00%	\$0
5		TOTAL INTANGIBLE PLANT	<u>\$0</u>		<u>\$0</u>
6		SOURCE OF SUPPLY PLANT			
7	310.000	Land & Land Rights	\$1,000	0.00%	\$0
8	311.000	Structures & Improvements	\$0	4.00%	\$0
9		TOTAL SOURCE OF SUPPLY PLANT	<u>\$1,000</u>		<u>\$0</u>
10		COLLECTION PLANT			
11	352.100	Collection Sewers - Force	\$0	2.00%	\$0
12	352.200	Collection Sewers - Gravity	\$0	2.00%	\$0
13	353.000	Services to Customers	\$0	2.00%	\$0
14	355.000	Flow Measuring Devices	\$0	3.30%	\$0
15		TOTAL COLLECTION PLANT	<u>\$0</u>		<u>\$0</u>
16		PUMPING PLANT			
17	362.000	Receiving Wells and Pump Pits	\$0	4.00%	\$0
18	363.000	Pumping Equipment (Elec., Diesel, other)	\$0	10.00%	\$0
19		TOTAL PUMPING PLANT	<u>\$0</u>		<u>\$0</u>
20		TREATMENT & DISPOSAL PLANT			
21	372.000	Oxidation Lagoon	\$0	4.00%	\$0
22	373.000	Treatment and Disposal Equipment	\$0	4.50%	\$0
23	374.000	Plant Sewers	\$0	2.50%	\$0
24	375.000	Outfall Sewer Lines	\$0	2.00%	\$0
25		TOTAL TREATMENT & DISPOSAL PLANT	<u>\$0</u>		<u>\$0</u>
26		GENERAL PLANT			
27	391.000	Office Furniture & Equipment	\$0	5.00%	\$0
28	391.100	Office Computer Equipment	\$0	14.30%	\$0
29	392.000	Transportation Equipment	\$0	13.00%	\$0
30	394.000	Tools Shop & Garage Equipment.	\$0	5.00%	\$0
31		TOTAL GENERAL PLANT	<u>\$0</u>		<u>\$0</u>
32		<b>Total Depreciation</b>	<u><u>\$1,000</u></u>		<u><u>\$0</u></u>

PCB Sewer  
Rate Case  
SR-2014-0068  
Test Year Ending 6-30-2013, Update 4-23-2014  
Accumulated Depreciation Reserve - Sewer

Line Number	A Account Number	B Depreciation Reserve Description	C Total Reserve	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
1		INTANGIBLE PLANT					
2	301.000	Organization	\$0			100.00%	\$0
3	302.000	Franchises	\$0			100.00%	\$0
4	303.000	Miscellaneous Intangible Plant	\$0			100.00%	\$0
5		TOTAL INTANGIBLE PLANT	\$0		\$0		\$0
6		SOURCE OF SUPPLY PLANT					
7	310.000	Land & Land Rights	\$0			100.00%	\$0
8	311.000	Structures & Improvements	\$6,435	R-8	-\$6,435	100.00%	\$0
9		TOTAL SOURCE OF SUPPLY PLANT	\$6,435		-\$6,435		\$0
10		COLLECTION PLANT					
11	352.100	Collection Sewers - Force	\$0			100.00%	\$0
12	352.200	Collection Sewers - Gravity	\$30,798	R-12	-\$30,798	100.00%	\$0
13	353.000	Services to Customers	\$0			100.00%	\$0
14	355.000	Flow Measuring Devices	\$587	R-14	-\$587	100.00%	\$0
15		TOTAL COLLECTION PLANT	\$31,385		-\$31,385		\$0
16		PUMPING PLANT					
17	362.000	Receiving Wells and Pump Pits	\$8,622	R-17	-\$8,622	100.00%	\$0
18	363.000	Pumping Equipment (Elec., Diesel, other)	\$0			100.00%	\$0
19		TOTAL PUMPING PLANT	\$8,622		-\$8,622		\$0
20		TREATMENT & DISPOSAL PLANT					
21	372.000	Oxidation Lagoon	\$0			100.00%	\$0
22	373.000	Treatment and Disposal Equipment	\$23,893	R-22	-\$23,893	100.00%	\$0
23	374.000	Plant Sewers	\$9,384	R-23	-\$9,384	100.00%	\$0
24	375.000	Outfall Sewer Lines	\$0			100.00%	\$0
25		TOTAL TREATMENT & DISPOSAL PLANT	\$33,277		-\$33,277		\$0
26		GENERAL PLANT					
27	391.000	Office Furniture & Equipment	\$832	R-27	-\$832	100.00%	\$0
28	391.100	Office Computer Equipment	\$0			100.00%	\$0
29	392.000	Transportation Equipment	\$0			100.00%	\$0
30	394.000	Tools Shop & Garage Equipment	\$0			100.00%	\$0
31		TOTAL GENERAL PLANT	\$832		-\$832		\$0
32		TOTAL DEPRECIATION RESERVE	\$80,551		-\$80,551		\$0

To Rate Base Schedule

PCB Sewer  
Rate Case  
SR-2014-0068  
Test Year Ending 6-30-2013, Update 4-23-2014  
Schedule of Adjustments for Accumulated Depreciation Reserve - Sewer

A Reserve Adjustment Number	B Accumulated Depreciation Reserve Adjustments Description	C Account Number	D Adjustment Amount	E Total Adjustment Amount
R-8	<b>Structures &amp; Improvements</b>	311.000		-\$6,435
	To adjust Structures & Improvements Depreciation Reserve to zero balance. (Harrison)		-\$6,435	
R-12	<b>Collection Sewers - Gravity</b>	352.200		-\$30,798
	To adjust Collection Sewer - Gravity Depreciation Reserve to zero balance. (Harrison)		-\$30,798	
R-14	<b>Flow Measuring Devices</b>	355.000		-\$587
	To adjust Flow Measuring Devices Depreciation Reserve to zero balance. (Harrison)		-\$587	
R-17	<b>Receiving Wells and Pump Pits</b>	362.000		-\$8,622
	To adjust Receiving Wells & Pump Pits Depreciation Reserve to zero balance. (Harrison)		-\$8,622	
R-22	<b>Treatment and Disposal Equipment</b>	373.000		-\$23,893
	To adjust Treatment & Disposal Equipment Depreciation Reserve to zero balance. (Harrison)		-\$23,893	
R-23	<b>Plant Sewers</b>	374.000		-\$9,384
	To adjust Plant Sewers Depreciation Reserve to zero balance. (Harrison)		-\$9,384	

PCB Sewer  
Rate Case  
SR-2014-0068

Test Year Ending 6-30-2013, Update 4-23-2014  
Schedule of Adjustments for Accumulated Depreciation Reserve - Sewer

A	B	C	D	E
Reserve Adjustment Number	Accumulated Depreciation Reserve Adjustments Description	Account Number	Adjustment Amount	Total Adjustment Amount
R-27	Office Furniture & Equipment	391.000		-\$832
	To adjust Office Furniture & Equipment Depreciation Reserve to zero balance. (Harrison)		-\$832	
<b>Total Reserve Adjustments</b>				<b>-\$80,551</b>

PCB Sewer  
Rate Case  
SR-2014-0068  
Test Year Ending 6-30-2013, Update 4-23-2014  
Revenue Schedule - Sewer

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	\$0	Rev-2	\$54,306	100.00%	\$54,306
Rev-3		Miscellaneous Revenues	\$0	Rev-3	\$0	100.00%	\$0
Rev-4		<b>TOTAL ANNUALIZED REVENUES</b>	<b>\$0</b>		<b>\$54,306</b>		<b>\$54,306</b>

PCB Sewer  
Rate Case  
SR-2014-0068  
Test Year Ending 6-30-2013, Update 4-23-2014  
Revenue Adjustment Schedule - Sewer

A Revenue Adj Number	B Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment
Rev-2	Annualized Rate Revenues			\$54,306
	1. To Annualize Rate Revenues		\$54,306	
Rev-3	Miscellaneous Revenues			\$0
	1. To Annualize Miscellaneous Revenues		\$0	
<b>Total Revenue Adjustments</b>				<b>\$54,306</b>

PCB Sewer  
Rate Case  
SR-2014-0068  
Test Year Ending 6-30-2013, Update 4-23-2014  
Revenue Summary Schedule - Sewer

Line Number	A Description	Residential Sewer		Total	
		B Amount	C Amount	D Amount	E Amount
1	<u>Customer Charge Revenues:</u>				
2	Customer Number	333		333	
3	Bills Per Year	12			
4	Customer Bills Per year	3,996		3,996	
5	Current Customer Charge	<u>\$13.59</u>			
6	Annualized Customer Charge Revenues		\$54,306		\$54,306
7	<u>Commodity Charge Revenues:</u>				
8	Total Gallons Sold	0		0	
9	Less: Base Gallons Included In Customer Charge	<u>0</u>		0	
10	Commodity Gallons	0		0	
11	Block 1, Commodity Gallons per Block	0			
12	Block 1, Number of Commodity Gallons per Unit	<u>0</u>			
13	Block 1, Commodity Billing Units	0.00			
14	Block 1, Existing Commodity Charge	<u>\$0.00</u>			
15	Block 1, Annualized Commodity Charge Rev.		\$0		\$0
16	<b>Total Annualized Sewer Rate Revenues</b>		<u>\$54,306</u>		<u>\$54,306</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.

PCB Sewer  
Rate Case  
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Miscellaneous Revenues Feeder - Sewer

Line Number	A Description	B Amount
1	Late Payment Fee	\$0
2	Reconnect Fee	\$0
3	Other Revenues	\$0
4	Total Miscellaneous Revenues	<u>\$0</u>



PCB Sewer  
Rate Case  
SR-2014-0068  
Test Year Ending 6-30-2013, Update 4-23-2014  
Expense Schedule - Sewer

Line Number	A Account Number (Optional)	B Expense Description	C Company/ Test Year Amount	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
1		<b>OPERATIONS EXPENSES</b>					
2		Receivership Fee (base charge)	\$0	S-2	\$10,684	100.00%	\$10,684
3		Receiver Excess Hours	\$0	S-3	\$0	100.00%	\$0
4		Receivership Fee (travel expenses)	\$0	S-4	\$3,264	100.00%	\$3,264
5		Electricity Expense	\$0	S-5	\$23,434	100.00%	\$23,434
6		Chemicals	\$0	S-6	\$0	100.00%	\$0
7		Grounds Maintenance & Upkeep (Mowing Expense)	\$0	S-7	\$0	100.00%	\$0
8		Sludge Removal	\$0	S-8	\$27,203	100.00%	\$27,203
9		<b>TOTAL OPERATIONS EXPENSE</b>	<u>\$0</u>		<u>\$64,585</u>		<u>\$64,585</u>
10		<b>MAINTENANCE EXPENSES</b>					
11		Certified Operator Fees	\$0	S-11	\$25,287	100.00%	\$25,287
12		System Repairs and Maintenance	\$0	S-12	\$0	100.00%	\$0
13		<b>TOTAL MAINTENANCE EXPENSE</b>	<u>\$0</u>		<u>\$25,287</u>		<u>\$25,287</u>
14		<b>CUSTOMER ACCOUNT EXPENSE</b>					
15		Office Supplies - billing postcards	\$0			100.00%	\$0
16		Postage Expense, PO Box Rental, Bank & One Call Fees	\$0	S-16	\$4,068	100.00%	\$4,068
17		<b>TOTAL CUSTOMER ACCOUNT EXPENSE</b>	<u>\$0</u>		<u>\$4,068</u>		<u>\$4,068</u>
18		<b>ADMINISTRATIVE &amp; GENERAL EXPENSES</b>					
19		Outside Services - Contractors	\$0	S-19	\$0	100.00%	\$0
20		<b>TOTAL ADMINISTRATIVE AND GENERAL</b>	<u>\$0</u>		<u>\$0</u>		<u>\$0</u>
21		<b>OTHER OPERATING EXPENSES</b>					
22		MO DNR Fees	\$0	S-22	\$11,520	100.00%	\$11,520
23		Testing & Sampling Discharged Water	\$0	S-23	\$2,351	100.00%	\$2,351
24		PSC Assessment	\$0	S-24	\$2,302	100.00%	\$2,302
25		Rate Case Expense	\$0	S-25	\$0	100.00%	\$0
26		Negative Depreciation Expense Adjustment	\$0			100.00%	\$0
27		Depreciation	\$0	S-27	\$0	100.00%	\$0
28		<b>TOTAL OTHER OPERATING EXPENSES</b>	<u>\$0</u>		<u>\$16,173</u>		<u>\$16,173</u>
29		<b>TAXES OTHER THAN INCOME</b>					
30		Real & Personal Property Taxes	\$0	S-30	\$8,785	100.00%	\$8,785
31		<b>TOTAL TAXES OTHER THAN INCOME</b>	<u>\$0</u>		<u>\$8,785</u>		<u>\$8,785</u>
32		<b>TOTAL OPERATING EXPENSES</b>	<u>\$0</u>		<u>\$118,898</u>		<u>\$118,898</u>

PCB Sewer  
Rate Case  
SR-2014-0068  
Test Year Ending 6-30-2013, Update 4-23-2014  
Expense Adjustment Schedule - Sewer

A Expense Adj Number	B Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment
S-2	<b>Receivership Fee (base charge)</b>			<b>\$10,684</b>
	To normalize court ordered receiver fees (Harrison)		\$10,684	
S-3	<b>Receiver Excess Hours</b>			<b>\$0</b>
	To normalize the excess hours worked by the receiver (Harrison)		\$0	
S-4	<b>Receivership Fee (travel expenses)</b>			<b>\$3,264</b>
	To normalize receiver travel expenses (Harrison)		\$3,264	
S-5	<b>Electricity Expense</b>			<b>\$23,434</b>
	To normalize electricity expense (Harrison)		\$13,093	
	To Amortize back-payment electric expense over a 18-month period in the cost of service. (Harrison)		\$10,341	
S-6	<b>Chemicals</b>			<b>\$0</b>
	Cost is included in the Certified Operator Contract (Harrison)		\$0	
S-7	<b>Grounds Maintenance &amp; Upkeep (Mowing Expense)</b>			<b>\$0</b>
	Cost is included in the Certified Operator Contract (Harrison)		\$0	
S-8	<b>Sludge Removal</b>			<b>\$27,203</b>
	To include recurring- sludge hauling expense (Merciel)		\$27,203	
S-11	<b>Certified Operator Fees</b>			<b>\$25,287</b>

PCB Sewer  
Rate Case  
SR-2014-0068  
Test Year Ending 6-30-2013, Update 4-23-2014  
Expense Adjustment Schedule - Sewer

A Expense Adj Number	B Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment
	To normalize certified operator fees (Harrison)		\$25,287	
<b>S-12</b>	<b>System Repairs and Maintenance</b>			<b>\$0</b>
	To normalize level of misc. maintenance expense (Harrison)		\$0	
<b>S-16</b>	<b>Postage Expense, PO Box Rental, Bank &amp; One Call F</b>			<b>\$4,068</b>
	To normalize postage, PO box rental, bank & Call One expense (Harrison)		\$4,068	
<b>S-19</b>	<b>Outside Services - Contractors</b>			<b>\$0</b>
	To normalize outside services - contractors (Harrison)		\$0	
<b>S-22</b>	<b>MO DNR Fees</b>			<b>\$11,520</b>
	To include DNR permit fees (Harrison)		\$7,200	
	To Amortize back-payment DNR Fees over a 5-year period in the cost of service. (Harrison)		\$4,320	
<b>S-23</b>	<b>Testing &amp; Sampling Discharged Water</b>			<b>\$2,351</b>
	To normalize testing and sampling expense (Harrison)		\$2,351	
<b>S-24</b>	<b>PSC Assessment</b>			<b>\$2,302</b>
	To annualize PSC Assessment (Harrison)		\$459	
	To Amortize back-payment PSC Assessment over a 5-year period in the cost of service. (Harrison)		\$1,843	
<b>S-25</b>	<b>Rate Case Expense</b>			<b>\$0</b>
	To normalize rate case expense (Harrison)		\$0	

PCB Sewer  
Rate Case  
SR-2014-0068  
Test Year Ending 6-30-2013, Update 4-23-2014  
Expense Adjustment Schedule - Sewer

A Expense Adj Number	B Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment
S-27	Depreciation			\$0
	1. To Annualize Depreciation		\$0	
S-30	Real & Personal Property Taxes			\$8,785
	To include a normalize level of property taxes in the cost of service. (Harrison)		\$2,942	
	To Amortize back-payment property taxes over a 18-month period in the cost of service. (Harrison)		\$5,843	
<b>Total Expense Adjustments</b>				<b>\$118,898</b>

# Agreement Attachment C

## Rate Base Worksheet

PCB Inc.  
SR-2014-0067 & SR-2014-0068  
Rate Base  
Source: EMSU Workpapers

<b>Rate Base</b>	
<b>As of 12-31-2013</b>	<u>PCB</u>
<b>Sewer</b>	
Plant in Service	104,170
Reserve	(80,551)
Adjust Negative Rate Base to 0	211
Contribution in Aid of Construction	(61,475)
CIAC Amortization	37,645
Materials & Supplies	<u>0</u>
<b>Net Rate Base</b>	<b>0</b>

# Agreement Attachment D

## Schedule of Depreciation Rates

**P.C.B., Inc.**  
**SCHEDULE of DEPRECIATION RATES**  
**(SEWER Class A & B)**  
**SR-2014-0068 Attachment D**

<u>ACCOUNT NUMBER</u>	<u>ACCOUNT DESCRIPTION</u>	<u>DEPRECIATION RATE</u>	<u>AVERAGE SERVICE LIFE (YEARS)</u>
<b>COLLECTION PLANT</b>			
351	Structures & Improvements	4.0%	27.5
352.1	Collection Sewers (Force)	2.0%	50
352.2	Collection Sewers (Gravity)	2.0%	50
353	Services	2.0%	50
355	Flow Measurement Devices	3.3%	30
<b>PUMPING PLANT</b>			
361	Structures & Improvements	4.0%	27.5
362	Receiving Wells	4.0%	26
363	Electric Pumping Equipment	10.0%	10
<b>TREATMENT &amp; DISPOSAL PLANT</b>			
371	Structures & Improvements	4.0%	27.5
373	Treatment & Disposal Facilities	4.5%	24.5
372	Oxidation Lagoons	4.0%	40
374	Plant Sewers	2.5%	40
375	Outfall Sewer Lines	2.0%	50
<b>GENERAL PLANT</b>			
390	Structures & Improvements	2.5%	44
391	Office Furniture & Equipment	5.0%	20
391.1	Office Electronic & Computer Equip.	14.3%	7
392	Transportation Equipment	13.0%	7
393	Stores Equipment	4.0%	25
394	Tools, Shop, and Garage Equipment	5.0%	18
395	Laboratory Equipment	5.0%	20
396	Power Operated Equipment	6.7%	13
397	Communication Equipment	6.7%	15

Depreciation Rate % = (100 % - Net Salvage %) / Average Service Life

The retirement rate equals the inverse of the average service life.



**P.C.B., Inc.**  
**SCHEDULE of DEPRECIATION RATES**  
**(SEWER Class C & D)**  
**SR-2014-0068 Attachment D**

<b>ACCOUNT NUMBER</b>	<b>ACCOUNT DESCRIPTION</b>	<b>DEPRECIATION RATE</b>	<b>AVERAGE SERVICE LIFE (YEARS)</b>
<b>COLLECTION PLANT</b>			
311	Structures & Improvements	3.3%	33
352.2	Collection Sewers (Gravity)	2.0%	50
355	Flow Measurement Devices	3.3%	30
<b>PUMPING PLANT</b>			
362	Receiving Wells	4.0%	26
363	Electric Pumping Equipment	10.0%	10
<b>TREATMENT &amp; DISPOSAL PLANT</b>			
372	Oxidation Lagoons	4.0%	40
373	Treatment & Disposal Facilities	5.0%	22
375	Outfall Sewer Lines	2.0%	50
<b>GENERAL PLANT</b>			
391	Office Furniture & Equipment	5.0%	20

Reviewed, 1/07/2014. The above are standard small company depreciation rates modified as a result of Staff's investigation of the Company's operation, records, and physical plant, and are dependent on the Company's implementation of the end of test year adjustments to the Company's plant in service and accumulated reserves as shown in the Staff accounting schedules.

# Agreement Attachment E

## Example Tariff Sheets

Service Area: Bel Air Estates, Sandia Heights and surrounding areas, Jefferson County, MO

Rules and Regulations Governing Rendering of Sewer Service																																			
<u>INDEX</u>																																			
Sheet No.																																			
1.....	Index																																		
2.....	Map of Service Area																																		
4.....	Legal Description of Service Area																																		
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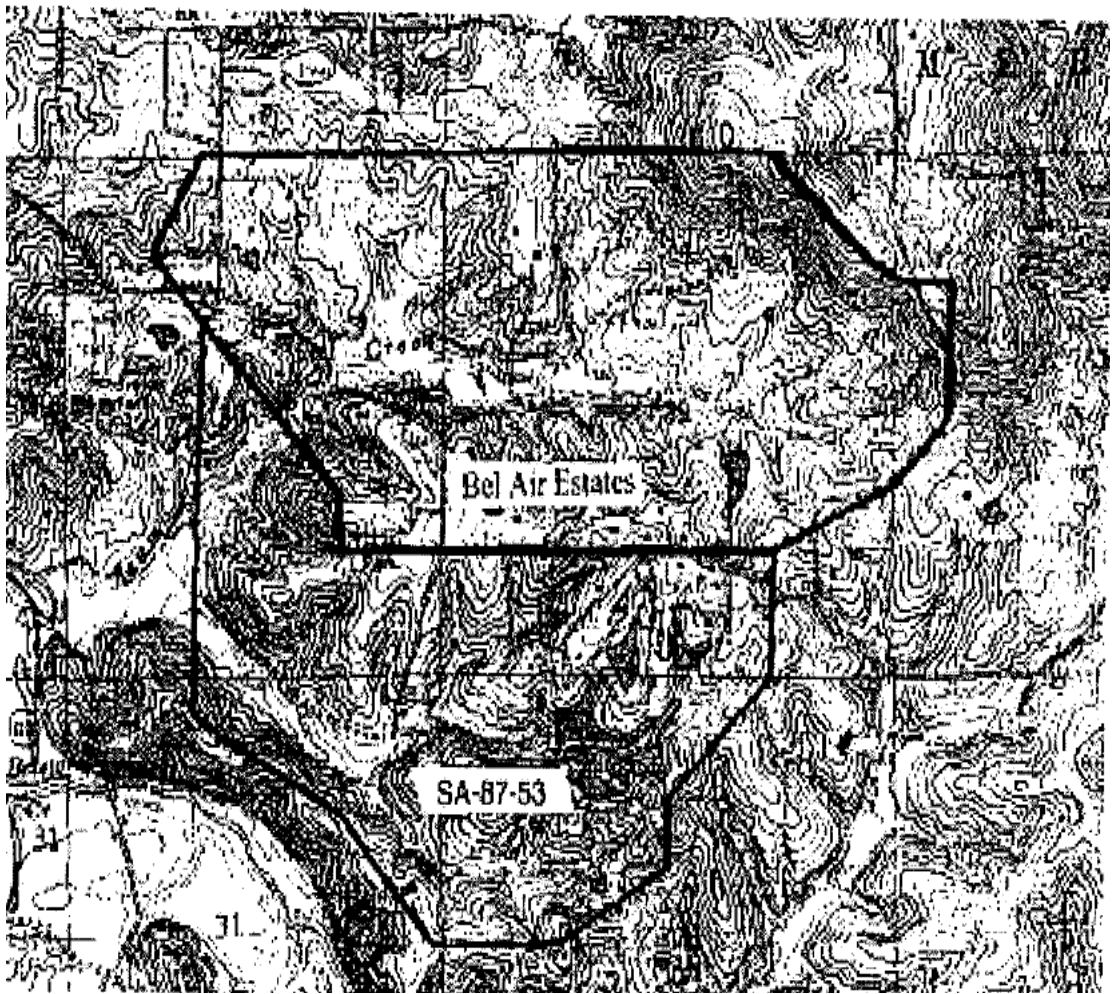
Issued By: Dale W. Johansen – Receiver  
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915 Country Ridge Dr., Jefferson City, MO 65109  
 Company Mailing Address

Service Area: Bel Air Estates, Sandia Heights and surrounding areas, Jefferson County, MO

Rules and Regulations Governing Rendering of  
Sewer Service

Map of Service Area  
Bel Air Estates



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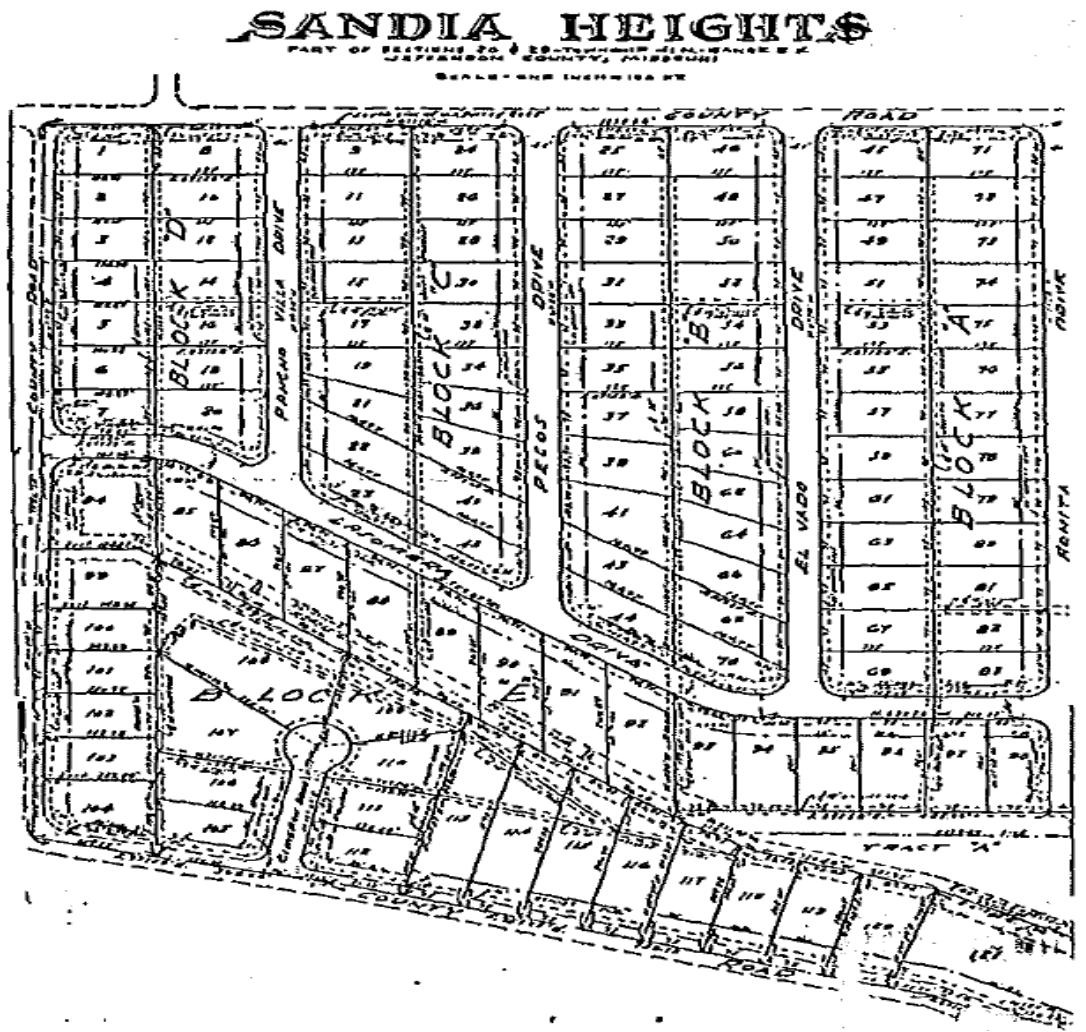
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Map of Service Area  
Sandia Heights



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Rules and Regulations Governing Rendering of  
Sewer Service

Legal Description of Service Area  
Bel Air Estates

An area located in Section 28, 29, and 30, Township 42 North, Range 4 East, Jefferson County, Missouri, and more particularly described as:

Commencing at the northwest corner of said Section 29 thence east along section line to the northeast corner of the northwest quarter of the northeast quarter of said Section 29; thence southeasterly to the northwest corner of the southwest quarter of the northwest quarter of Section 28; thence east 660 feet; thence south 1320 feet; thence southwesterly to the southeast corner of the northeast quarter of the northeast quarter of the southeast quarter of Section 29, thence southwesterly to the center of the southeast quarter of Section 29; thence west to the southwest corner of the northwest quarter of the southwest quarter of Section 29; thence west to the center of the southeast quarter of Section 30; thence north 660 feet; thence northwesterly to a point on a line extending from the north quarter corner of Section 30 to the northwest corner of the southwest quarter of the southwest quarter of Section 30; thence northeasterly along said line 1200 feet to the north quarter corner of Section 30; thence east along the north side of Section 30 to the northwest corner of Section 29 and point of beginning.

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Rules and Regulations Governing Rendering of  
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Legal Description of Service Area  
Sandia Heights

An area located in Section 29, 30, 31, and 32, Township 42 North, Range 4 East, Jefferson County, Missouri, and more particularly described as:

Beginning at the center of Southeast Quarter of said Section 29; thence Southwardly along the East line of the Southwest Quarter of Southwest Quarter of said Section 29 to the Southeast Corner of Southwest Quarter of Southeast Quarter of said Section 29; thence Southwestwardly to the Northeast corner of Southeast Quarter of Northwest Quarter of said Section 32; thence Southwardly along the East line of Northwest corner of Quarter of said Section 32 to the Northeast Quarter of Southeast Quarter of Northwest Quarter of said Section 32; thence Southwestwardly to the Southeast corner of Southwest Quarter of Northwest Quarter of said Section 32; thence Westwardly along the South line of Northwest Quarter of said Section 32 to the Southwest corner of the Northwest Quarter of said Section 32; thence Northwestwardly to the center of the Northeast Quarter of said Section 31; thence Northwestwardly to the Southwest corner of Northwest Quarter of the Northwest Quarter of Northeast Quarter of said Section 31; thence Northwardly along the continuation of the West line of the Northeast of said Section 31 to the intersection of a line (said line commencing at a point 660 feet North of the center of the Southeast Quarter of said Section 30; thence Northwestwardly to a point being 1200 feet Southwestwardly along a line extending from the North Quarter corner of said Section 30 to the Northwest corner of the Southwest Quarter the Southwest Quarter of said Section 30); thence Southeastwardly along the above described line to a point being 660 feet North of the center of the Southeast Quarter of said Section 30; thence South 660 feet to the center of the Southeast Quarter of said Section 30; thence Eastwardly to the point of beginning.

Thirty-nine and Eighty-four Hundredths(39.84) acres being part of the Southeast quarter of Fractional Section Twenty(20) and part of the Northeast quarter of Section Twenty-nine (29), in Township Forty-one(41) North, Range Five(5) East, described as follows: Beginning at the southeast corner of said Fractional section 20 and running thence with the eastern boundary line thereof North 28 minutes West 1227.5 feet to a point in the southern boundary line of U.S. Survey No. 2025; thence with the southern boundary line of said U.S. Survey No. 2025, North 89 degrees 58 minutes West 1239.26 feet; thence South 32 minutes West 1236.14 feet to a point in the center of the County Road; thence with the center of said County Road South 77 degrees 54 minutes East 368.84 feet; thence South 75 degrees 23 minutes east 750.13 feet; thence South 64 degrees 8 minutes East 45.24 feet to a point; thence departing from the center of said County Road and running South 75 degrees 20 minutes East 138.4 feet to a point in the eastern boundary line of said Section 29; thence with said boundary line North 330 feet to the place of beginning.

Said tract being subject to the easements of the County Roads and easements of record.

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**RATE SCHEDULE**

Availability

This rate is available for single family residences and mobile homes located on the company's collecting sewers suitable for providing the service requested, within the areas commonly known as Bel Air Estates, Sandia Heights, Secluded Forest, Sennawood Village and Wedgewood Village.

Rates

Regular Monthly Service Charge                      \$29.75

Taxes

All applicable federal, state and local taxes shall be added in addition to the above charges.

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Rules and Regulations Governing Rendering of  
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Schedule of Service Charges

New Service Connection

A new service connection charge of four hundred (\$400) dollars will be charged to the Customer to connect to the Collecting Sewer.

Late Charges

A charge of five dollars (\$5.00) or three percent (3%) per month times the unpaid balance, whichever is greater, will be added to delinquent accounts.

Returned Check Charge

A returned check charge of twenty-five dollars (\$25.00) per check will be due on all checks returned from the bank for insufficient funds.

Disconnection/Reconnection

If sewer Discontinuance of Service in accordance with Rule 8 is accomplished by physical disconnection, then the charge for reconnection after such disconnection by the Company shall be the total actual cost of disconnection and reconnection.

Disconnection/Reconnection by Public Water District

A fee of one hundred dollars (\$100.00) will be charged for disconnection/reconnection of water service by a public water district when the disconnection/reconnection is done at the request of the Company due to a delinquent sewer bill pursuant to Rule 8.

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Rules and Regulations Governing Rendering of  
Sewer Service

Schedule of Service Charges (Continued)

Inspection Fee

A fee of thirty-five dollars (\$35.00) will be charged for inspection of a new service sewer and connection to the collecting sewer.

Re-Inspection Fee

A fee of twenty dollars (\$20.00) will be charged for any re-inspection of the new service sewer that is not the fault of the Company.

Preliminary Estimate Fee for New Construction-Collecting Sewers, Lift Stations and Treatment Facilities

A preliminary estimate fee will be charged in accordance with Rule 11 C. 1.

Service Calls

Service calls during or after business hours shall be billed to the Customer based on the actual cost.

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Rules and Regulations Governing Rendering of  
Sewer Service

Rule 1 DEFINITIONS

- A. An "APPLICANT" is a person, firm, corporation, governmental body, or other entity that has applied for sewer service and/or an extension of collecting sewers along with additional plant facilities; two or more such entities may make one application for a sewer 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 collecting sewers 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. "B.O.D" denotes Biochemical Oxygen Demand. It is the quantity of oxygen utilized in the biochemical oxidation of waste matter under standard laboratory conditions expressed in milligrams per liter.
- C. "C.O.D" denotes Chemical Oxygen Demand. It is the quantity of oxygen utilized in the chemical oxidation of waste matter under standard laboratory conditions, expressed in milligrams per liter.
- D. A "COLLECTING SEWER" is a pipeline, including force pipelines, gravity sewers, interceptors, laterals, trunk sewers, manholes, lampholes, and necessary appurtenances, including service wyes and saddles, which is owned and maintained by the Company, located on public property or on private easements, and used to transport sewage waste from the Customer's service connection to the point of disposal.
- E. The "COMPANY" is P.C.B., Inc., acting through its officers, managers, or other duly authorized employees or agents.
- F. A "CUSTOMER" is any person, firm, corporation or governmental body which has contracted with the Company for sewer service, or is receiving service from the Company, or whose facilities are connected for utilizing such service.

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Rules and Regulations Governing Rendering of  
Sewer Service

Rule 1 continued

- G. The "DATE OF CONNECTION" shall be the date the permit for a service connection is issued by the Company. In the event no permit is taken and a service connection is made, the date of connection shall be determined based on available information, such as construction/occupancy permits, or water or electric service turn-on dates.
- H. "DISCONTINUANCE OF SERVICE" is intentional cessation of the use of sewer service by action of the Company not at the request of the Customer. Such DISCONTINUANCE OF SERVICE may be accomplished by methods including physical disconnection of the service sewer, or turn-off of water service by the water utility at the request of the Company.
- I. "DOMESTIC SEWAGE" is sewage, excluding storm and surface water, resulting from normal household activities; and, "NON-DOMESTIC SEWAGE" is all sewage other than DOMESTIC SEWAGE including, but not limited to, commercial or industrial wastes. See Rule 6 - Improper Waste or Excessive Use.
- J. A "FOUNDATION DRAIN" is a pipe installed inside or outside the foundation of a structure for the purpose of draining ground or subsurface water away from the foundation.
- K. "pH" is the relative degree of acidity or alkalinity of water as indicated by the hydrogen ion concentration. pH is indicated on a scale reading from 1-14, with 7.0 being neutral, below 7.0 acid, and above 7.0 alkaline; more technically defined as the logarithm of the reciprocal of the hydrogen ion concentration.
- L. A "SADDLE" is a fitting that connects the Customer's Service Sewer to the collecting sewer. The saddle clamps around the collecting sewer pipeline into which pipeline a hole is cut, and the Service Sewer is connected to the SADDLE thereby connecting it to the collecting sewer.

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Rules and Regulations Governing Rendering of  
Sewer Service

Rule 1 continued

- M. A "SERVICE CONNECTION" is the connection of a service sewer to the Company's collecting sewer either at the bell of a wye branch or the bell of a saddle placed on the barrel of the collecting sewer.
- N. A "SERVICE SEWER" or "CUSTOMER'S SERVICE SEWER" is a pipe with appurtenances installed, owned and maintained by the Customer, used to conduct sewage from the Customer's premises to the collecting sewer, excluding service wyes or saddles. The SERVICE SEWER is constructed, owned and maintained by the Customer.
- O. 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.
- P. A "TEE" is a three-way one-piece pipe fitting in the shape of the letter "T" that is a part of the Collecting Sewer pipeline and to which the Customer's Service Sewer is connected.
- Q. "TERMINATION OF SERVICE" is the cessation of the use of sewer service requested by the Customer. Such TERMINATION OF SERVICE shall be accomplished by a method verified and recognized by the Company, and may include physical disconnection of the service sewer, termination or disconnection of water service by the water utility, or the Company's observation of non-occupancy of the unit served.
- R. The word "UNIT" or "LIVING UNIT" shall be used herein to define the premises or property of a single sewer user, whether or not that sewer user is the Customer. It shall pertain to any building whether multi-tenant or single occupancy, residential or commercial, 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.

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Rules and Regulations Governing Rendering of  
Sewer Service

Rule 1 continued

- S. A "WYE" or "WYE BRANCH" or "Y" or "Y BRANCH" is a three-way one-piece pipe fitting in the shape of the letter "y" that is a part of the collecting sewer pipeline, and to which the Customer's service sewer is connected.

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Rules and Regulations Governing Rendering of  
Sewer Service

Rule 2 GENERAL MATTERS

- A. Every Customer, upon signing an application for service or accepting service rendered by the Company, 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 the numbered sheets of this tariff. The rates applicable to appropriate class of service are set forth in Rate Schedules and constitute a part of this tariff.
- C. The Company reserves the right, subject to approval from the Missouri Public Service Commission, to prescribe additional rates or to alter existing Rates or Rules as it may deem necessary or proper.
- D. At the effective date of these Rules, all new facilities, construction contracts and written agreements shall conform to these Rules in accordance with the statutes of the State of Missouri and authority of the Missouri Public Service Commission. Pre-existing facilities that do not conform with these Rules and Regulations may remain, if said facilities do not cause any service problems and reconstruction is impractical.
- E. The Company shall have the right to enter upon 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  
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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 service rendered to its Customers except as covered in the Company's Rates, 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 letter or intent of these Rates, Rules and Regulations.
- C. The Company shall not be responsible in damages for any failure to remove waste water from the premises 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 because of any interruption of sewer service or for damages caused by defective piping and appliances on the Customer's premises.
- E. The Company shall not be liable for damages due to damages from acts of God, civil disturbances, war, government actions, and other uncontrollable occurrences.

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Rule 4 APPLICATIONS FOR SEWER SERVICE

- A. A written application for service, signed by the Customer, and accompanied by the appropriate fees as provided in the Schedule of Rates, the Schedule of Service Charges, Rule 10 - Extension of Collecting Sewers, and other information required by these Rules, must be received from each Customer. Said application must be filed in writing seventy-two (72) hours in advance stating the street, house number, name of the applicant, name of the property owner, and the time, at which connection is to be made. The Company shall have the right to refuse service for failure to comply with the Rules herein, or if the Customer owes a past due bill not in dispute for sewer service at any location within the Company's service area. In any case where a collecting sewer extension or unusual construction or equipment expense is necessary to furnish the service, the Company may require a contract for service specifying a reasonable period of time for the Company to provide the service. If the Customer is a tenant, the Company shall notify the owner of the property or owner's property manager or other agent that the owner or property manager may be responsible for payment of the sewer service bill associated with the application.
- B. A prospective Customer shall, upon request of the Company, present in writing to the Company a list of devices that will discharge to the collecting sewers, the amount and specifications of any discharge, and the location of any buildings. The Company will then advise the Customer of the form and the character of the wastewater collection facilities available. If a sewer extension as provided for in Rule 10 - Extension of Collecting Sewers will be necessary, or if the Customer will be required to own, operate, and maintain a pretreatment facility, the Customer will also be so advised.
- C. When sewer charges are based on water usage, the Company reserves the right to refuse sewer service to any applicant unless said applicant agrees to install a water meter accessible by the Company, so that there will be a basis for sewer charges. The Company and Customer may agree to an estimated water use amount, on an interim basis for a period not to exceed six (6) months, to allow time to install suitable metering equipment.

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Rules and Regulations Governing Rendering of  
Sewer Service

Rule 4 continued

- D. The Company will determine or approve the location of the service connection. Service sewers will not be extended along public streets or roadways or through property of others in connecting with collecting sewers. If a service connection is requested at a point not already served by a collecting sewer of adequate capacity, the collecting sewer shall be extended in accordance with Rule 10 - Extension of Collecting Sewers, unless in the Company's judgment such a collecting sewer would serve no other purpose and a service sewer may be constructed to serve the Customer's premises in a reasonable manner.
- E. A new service connection shall be authorized when all conditions in Rule 2 – General Matters and Rule 5 – Inside Piping and Customer Service Sewer, regarding application, construction and inspection provisions, are met.
- F. No substantial addition to the water using equipment or appliances connected to the sewer system shall be made by Customers discharging non domestic sewage except upon written notice to and with the written consent of the Company.

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Rules and Regulations Governing Rendering of  
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Rule 5 INSIDE PIPING AND CUSTOMER SERVICE SEWER

- A. The Customer is obligated to construct, repair, and maintain the service sewer from the collecting sewer to the building, and make the connection to the collecting sewer. The Customer shall notify the Company prior to cleaning or repairing the service sewer.
- B. When a service sewer is to be connected to the collecting sewer, the plumber shall advise the Company seventy-two (72) hours in advance of when the connection is expected to be made so a representative of the Company can inspect the installation and connection. No backfill shall be placed until the work has been inspected by the Company. In the event the Customer or the Customer's agent shall damage a wye branch or saddle, or cause damage to the collecting sewer, then the Customer shall be responsible for the cost to repair any such damage, including replacement of pipe or appurtenances as necessary.
- C. Plumbing specifications of all governmental agencies having jurisdiction, and the Company's Rules, in effect at the time of connection, must be met. The Company may deny service or may discontinue service where foundation drains, downspouts, or other sources of surface or storm water are permitted to enter the sewer system through either the inside piping or through the building sewer.
- D. A separate and independent service sewer shall generally be required for every building. Exceptions are:
  - 1. When one building stands at the rear of another building on an interior lot where a proper service sewer cannot be constructed through an adjoining easement. In that situation, the service sewer from the front building may be extended to the rear building and it will be considered as one service sewer; or
  - 2. When two or more buildings are a part of a complex that cannot be subdivided.

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Rules and Regulations Governing Rendering of  
Sewer Service

Rule 5 continued

- E. The service sewer shall be one of the following: ductile iron pipe, vitrified clay sewer pipe (VCP), or polyvinyl chloride pipe (PVC), American Society for Testing and Materials (ASTM) specification or equal; or other suitable material approved by the Company. Only those jointing materials and methods that are approved by the Company may be used. Joints shall be tight and waterproof. Any part of the service sewer that is located within ten feet (10') of a water main or water service pipe shall be constructed of ductile iron or PVC pressure pipe. The pipe shall be bedded according to the manufacturer's specifications and on undisturbed earth or fill compacted to at least ninety-five percent (95%) proctor density. Fill may be non-organic soil or aggregate.
- F. The size and slope of the service sewer shall be subject to the approval of the Company, but in no event shall the diameter be less than four inches (4"). The slope of such four inch (4") pipe shall not be less than one-eighth inch (1/8") per foot.
- G. Whenever possible, the service sewer shall be brought to the building at an elevation below the basement floor. No building sewer shall be laid parallel to or within three feet (3') of any bearing wall. The depth shall be sufficient to afford protection from frost. The service sewer shall be laid at a uniform grade and in straight alignment insofar as possible. Changes in direction shall be made only with properly curved pipes and fittings.
- H. Existing service sewers may be used in connection with new buildings only when they are found on examination and test to meet all requirements of the Company.
- I. In any building in which a building drain is too low to permit the required slope of the service sewer, sanitary sewage carried by such drain shall be lifted by approved artificial means and discharged to the service sewer. No water operated sewage ejector shall be used.

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Name & Title of Issuing Officer

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Rules and Regulations Governing Rendering of  
Sewer Service

Rule 5 continued

- J. All excavations required for the installation of a service sewer and connection to the collecting sewer shall be open trench work unless otherwise approved by the Company. Pipe laying and backfill shall be performed in accordance with the latest published engineering specifications of the manufacturer of the materials used, and all applicable local plumbing codes.
- K. The connection of the service sewer to the collecting sewer shall be made at the wye branch, if such branch is available at a suitable location. If the collecting sewer is vitrified clay pipe of twelve inch (12") diameter or less and there is no properly located wye branch at a suitable location, a wye branch shall be installed at a location specified by the Company. If the collecting sewer is greater than twelve inches (12") in diameter, or is PVC of any size, a neat hole may be cut at a location specified by the Company, and a saddle installed to which the service sewer will be connected. The invert of the service sewer at the point of connection shall be at the centerline or higher elevation of the collecting sewer. The connection shall be secure and watertight.
- L. Any change in the location of an existing service connection and/or service sewer requested by the Customer shall be made at the Customer's expense.
- M. Company personnel may not work on piping or facilities not owned by the Company unless authorized by the Customer.

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Rule 6 – IMPROPER OR EXCESSIVE USE

- A. The following requirements for the use of sewer service provided by the Company shall be observed. Violation of the requirements will result in the discontinuance of service to the Customer, and the Customer may be required to comply with Paragraph B., below.
- B. In the event that the Customer to be served proposes to discharge an abnormally high volume or strength of waste, the Company may require:
  - 1. The Customer to install a pretreatment facility, grease trap or other device on the premises to prevent the exceeding of discharge limits or other adverse impacts upon the Company's system. The installation of any such device as well as its operation and maintenance shall be the responsibility of the Customer, and subject to approval and inspection by the Company; or
  - 2. The Customer to enter into a special contract with the Company for treatment of the Customer's discharge that could require an enlargement of the Company's existing sewage treatment plant or the construction of a temporary sewage treatment plant, and/or the construction or reconstruction of sewer lines or pump facilities. This special contract shall be in a form approved by the Missouri Public Service Commission with a rate applicable to the Customer to be included within this Schedule of Rates, Rules, and Regulations, that is fair and reasonable to both parties and so as not to constitute a burden upon the Company or the existing Customers of the Company.
- C. No Customer shall discharge or cause to be discharged any storm water, surface water, ground water, swimming pool water, roof runoff, sub-surface drainage, or cooling water into the collecting sewers.
- D. Except as may be provided in Paragraph B.2., above, the Customer shall be required to take any action necessary to meet the following described wastewater limits before the wastewater is discharged into the collecting sewer:

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Rule 6 continued

1. Maximum temperature of 150 degrees Fahrenheit; and
2. Maximum strength of four-hundred (400) parts per million Biological Oxygen Demand (B.O.D.); and
3. A maximum of one-hundred (100) parts per million, by weight, any fat, oil or grease; and
4. A maximum of twenty-five (25) parts per million, by weight, any soluble oils; and
5. No gasoline, benzene, naphtha, fuel oil, or other flammable or explosive liquid, solid or gas; and
6. No garbage that has not been properly shredded; and
7. No ashes, cinders, sand, mud, straw, shavings, metal, glass, rags, feathers, tar, plastics, wood or any other solid or viscous substance capable of causing obstruction to the flow in sewers or other interference with the proper operation of the sewer system; and
8. No waste-water having a pH less than 5.0 or greater than 9.0, or having any other corrosive property, capable of causing damage or hazard to structures, equipment or personnel of the Company; and
9. No waste-water containing heavy metals, toxic material, or Chemical Oxygen Demand (C.O.D.), in sufficient quantity to disrupt the operation of treatment facilities, or exceeding any limits which may be specified in a service contract for any such substance.

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Rule 7 – DISCONTINUANCE OR TERMINATION OF SERVICE

A. The Company reserves the right of discontinuance of service for any of the following reasons:

1. For nonpayment of the sewer utility bill (see Rule 9); or
2. For unauthorized resale of sewer service; or
3. For an unauthorized service connection to the Company's collecting sewer; or
4. Misrepresentation of identity in obtaining utility service; or
5. For failure to comply with these Rules and Regulations.

B. Discontinuance of service may be accomplished, but not limited to, physical disconnection of the Customer's service sewer from the Company's collecting sewer. Discontinuance of sewer service for non-payment of a sewer bill may be accomplished either by physical disconnection or by discontinuance by turn-off of water service by the Customer's water utility at the request of the Company. In such cases where discontinuance is accomplished by turn-off of water service:

1. If sewer billing is combined with water billing, Customers will be notified by the water utility by the terms of its Rules normally practiced for discontinuance of water service; or
2. If sewer billing is not combined with water billing, Customers will be notified by the terms of Paragraphs F. and H., below, and not by those of any water utility.

C. Discontinuance of service to a Customer for any reason as outlined in Paragraph A., above, shall not prevent the Company from pursuing any lawful remedy by action at law

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Rule 7 continued

or otherwise for the collection of monies due from the Customer.

- D. None of the following shall constitute sufficient cause for the Company to discontinue service:
- E. 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
- F. 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, 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
- G. 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
- H. 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
- I. 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 user; or

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

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Rule 7 continued

- J. payment arrangement equal to the period of underbilling.
- K. In the event of discontinuance of service by the Company for any reason as outlined in Paragraph A., above, then any monies due the Company shall become immediately due and payable.
- L. The Company reserves the right of discontinuance of service to a Customer, or to refuse service to any applicant or for any unit to reasonably protect itself against fraud or abuse.
- M. Unless discontinuance is accomplished by turn-off of water service and discontinuance notice is provided by the water utility as provided for in Paragraph B.1., above, then at least thirty (30) days prior to discontinuance of service, the Company will mail a written notice to the Customer by certified mail, return receipt requested, with a copy of the notice sent to the Public Service Commission and a copy to the property owner if different than the Customer and if known by the Company. Said notice shall state the reasons for discontinuance of service, the amount of money owed if for a past due bill including the amount of any service charges owed, and that service may be discontinued at any time after the expiration of the notice period, provided satisfactory arrangements for continuance of the service have not been made by the Customer. The thirty (30) day notice may be waived if there is any waste discharge that might be detrimental to the health and safety of the public, or cause damage to the sewer system. In the event of discontinuance of service without the thirty (30) day notice as above provided, the Customer and the Missouri Public Service Commission shall be notified immediately with a statement of the reasons for such discontinuance of service. If service is provided to a multi-tenant building or complex, the Company will make an effort to notify tenants by door hangers or other type of notice of the possibility of discontinuance of service.
- N. Reconnection of any Customer after discontinuance of service by authority of this Rule will be made subject to payment of the cost of reconnection.

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Rule 7 continued

- O. Where the owner of rental property is the Customer and has been notified of the intent of discontinuance of service, the tenants shall be given the opportunity in a reasonable and timely manner to pay delinquent bills in lieu of disconnection of service.
  
- P. Termination of service at the Customer's request may be accomplished at the expense of the Customer. If termination of service must be accomplished by physical disconnection, the Customer shall notify the Company of the date and time of the disconnection in writing at least five (5) days prior to the disconnection. If termination is accomplished by turn-off of water service, such notice shall be on or before the date of the water turn-off. Service may not be terminated for one unit of a multi-unit building if the building is served by one service sewer, unless accomplished by turnoff of water service to that unit. The method used for termination of service shall be determined by the Company.

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Rule 8 INTERRUPTIONS IN SERVICE

- A. The Company reserves the right to limit sewer service in its collecting sewers at any time, in a reasonable and non-discriminatory manner, for the purpose of making repairs to the sewer system.
- B. Whenever service is limited for repairs, all Customers affected by such limitation will be notified in advance whenever it is practicable to do so. Every effort will be made to minimize limitation of service.
- C. No refunds of charges for sewer service will be made for limitations of service unless due to willful misconduct of the Company.

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Rule 9 BILLS FOR SERVICE

- A. The charges for sewer service shall be at the rates specified in this tariff, which is on file with the Missouri Public Service Commission and at the Company's office. The point of assumption of sewer service shall be at the service connection. Service charges for connection or disconnection are set forth in the Schedule of Service Charges.
- B. A Customer who is or has been taking sewer service at one or more units connected to the collecting sewer shall be held liable for payment of any applicable charges for service furnished to such units from the date of connection until the date requested by the Customer in writing for service to be terminated, or until service is discontinued by the Company.
- C. Bills for sewer service will be mailed or delivered to the Customer's last address as shown by the records of the Company, but failure to receive the bill will not relieve the Customer from the obligation to pay the same.
- D. Payments shall be made at the office of the Company or at a convenient location designated by the Company, or by mailing to the Company's mailing address.
- E. Separate bills shall be rendered for each location at which sewer service is provided, even though one entity may be the Customer at such separate locations.
- F. The Company shall have the right to render bills monthly in advance, or on a monthly basis in arrears when the sewer charges are based on water usage. Bills shall have the due date indicated on the bill.
- G. 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.

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Rule 9 continued

- H. Billings will be made and distributed at monthly intervals. Bills will be rendered net, bearing the last date on which payment will then be considered delinquent. The period after which the payment is considered delinquent is a minimum of twenty-one (21) days after rendition of the bill. Service may be discontinued after thirty (30) days written notice by certified mail return receipt requested from the Company as provided by Rule 7 - Discontinuance or Termination of Service. Delinquent bills are subject to a late charge as provided in the Schedule of Service Charges.
- I. 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 for the proportionate part of the monthly charge, or where water usage is the basis for the charge, at the appropriate rate for water used. Customers terminating after taking service for less than one month shall pay not less than the monthly minimum.
- J. The owner of the property served will be held responsible for ultimate payment of a bill. Copies of all notices of violations of the Rules, or of disconnection of service shall also be sent to the owner of the property.
- K. 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 10 EXTENSION OF COLLECTING SEWERS

- A. Collecting sewers will be extended within the Company's certificated service area, at the applicant's cost, if service is requested by the applicant at a location where facilities do not exist (the "applicant" is sometimes referred to in this Rule as the "original applicant"). The applicant shall enter into a contract with the Company. The applicant may choose to have the Company perform all work under the terms and conditions of Paragraph C., below, or have a private contractor perform the work under the terms and conditions of Paragraph D., below. For purposes of this Rule, an extension could include, in addition to a collecting sewer, one or more pump station or treatment plant facilities, as necessary to provide the service.
- B. The pipe used in making extensions shall be of a type and size which will be reasonably adequate for the area to be served. Such determination as to size and type of pipe shall be left solely to the judgment of the Company. If the Company desires a pipe size, lift station, treatment plant, or any other facility larger than reasonably required to provide service to the applicant, the additional cost due to larger size shall be borne by the Company.
- C. The Company will extend collecting sewers for the applicant under the following terms and conditions:
1. Upon receipt of written application for service as provided in Rule 4, Applications for Service, the Company will provide the applicant an itemized estimate of the cost of the proposed extension. Said estimate shall include the cost of all labor and materials required, including reconstruction of existing facilities if necessary, and the direct costs associated with supervision, engineering, permits, and bookkeeping. Applicable income tax cost calculated at the maximum rate will be added to this estimate.
  2. The applicant shall enter into a contract with the Company for the installation of said extension and shall tender to the Company a contribution-in-aid-of-construction (CIAC) equal to the amount determined in Paragraph C.1., above,

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Rule 10 continued

plus any appropriate fees as provided in the Schedule of Rates or the Schedule of Service Charges.

3. If, as a result of reasonably unforeseen circumstances, the actual cost of the extension exceeds the estimated cost of the extension, the applicant shall pay the additional cost.

D. When the applicant elects to construct an extension, the Company will connect said extension to its existing collecting sewers under the following terms and conditions:

1. Applicant shall enter into a contract with the Company which provides that the applicant construct said collecting sewers and/or other facilities to meet the requirements of all governmental agencies and the Company's Rules and Regulations. Plans for the extension shall be submitted to the Company for approval prior to construction. Applicant's choice of construction contractor is subject to approval by the Company. Applicant shall contribute said facilities to the Company with a detailed accounting of the actual cost of construction, and contribute to the Company the estimated reasonable cost of the Company's inspection.
2. The Company, or its representative, shall have the right to inspect and test the extension prior to connecting it to the existing collecting sewers and acceptance of ownership.
3. Connection of the extension to existing Company collecting sewers shall be made by, or under direct supervision of, the Company or its representative.
4. The Company shall have the right to refuse ownership and responsibility for the sewer extension until applicant has met the contractual obligations as provided in Paragraph D.1., above.

E. The cost to additional applicants connecting to the sewer contributed by the original applicant shall be as follows:

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Rule 10 continued

1. For a single-family residential applicant applying for service in a platted subdivision, the Company shall divide the actual cost of the extension, including income tax impact if any, by the number of lots abutting said extension to determine the per lot extension cost. When counting lots, corner lots which abut existing sewers shall be excluded.
2. For a single-family residential applicant requesting service to areas that are not platted in subdivision lots, the applicant's cost shall be equal to the total cost of the extension times one hundred feet (100') divided by the total length of the extension in feet.
3. For an applicant that is not a single family residence as described in E.1. or E.2., above the cost will be multiplied by a water usage factor, as appropriate. The water usage factor shall be determined by dividing the average monthly usage in gallons by 7,000 gallons, but shall not be less than 1.

F. Refunds of contributions shall be made to the original applicant as follows:

1. Should the actual cost of an extension constructed by the Company under Paragraph C, or actual costs for inspection by the Company under Paragraph D, above, be less than the estimated cost, the Company shall refund the difference as soon as the actual cost has been ascertained.
2. During the first ten years after the extension is completed, the Company will refund to the original applicant who paid for the extension monies collected from additional applicants in accordance with Paragraph E., above.
3. The sum of all refunds to the applicant shall not exceed the total contribution, including income tax and inspection costs associated with the extension, which the applicant has paid.

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Rule 10 continued

- 4. If two or more entities are considered an original applicant, the refund shall be distributed to each entity based upon the percentage of the actual extension cost contributed by each entity.
  
- G. Any extension made under this Rule shall be and remain the property of the Company in consideration of its perpetual upkeep and maintenance.
  
- H. The Company reserves the right to connect additional extensions to a collecting sewer contributed by the applicant. The connection of new Customers to such additional extensions shall not entitle the applicant to any refund.

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# Agreement Attachment F

## Billing Comparison Worksheet

# P. C. B., INC.

## Residential Customer Bill Comparison-Sewer

### Rates for Residential Customer

<u>Current Base</u>	<u>Proposed Base</u>
<u>Customer Charge</u>	<u>Customer Charge</u>
<b>\$13.59</b>	<b>\$29.75</b>

current service charge is monthly charge

### MONTHLY BILL COMPARISON

#### Current Rates

Customer Charge	\$ 13.59
Interim Rate	\$ 10.44
Total Bill	\$ 24.03

#### Proposed Rates

Customer Charge	\$ 29.75
Interim Rate	\$ -
Total Bill	\$ 29.75

#### INCREASES

#### Customer Charge

<b>\$ Increase</b>	<b>\$16.16</b>
<b>% Increase</b>	<b>118.94%</b>

#### Total Bill

<b>\$ Increase</b>	<b>\$5.72</b>
<b>% Increase</b>	<b>23.82%</b>

# Agreement Attachment G

## Water & Sewer Unit Memorandum

**REPORT OF WATER AND SEWER UNIT  
FIELD OPERATIONS AND TARIFF REVIEW**

**Case No. SR-2014-0067 – P.C.B., Inc.  
and  
Case No. SR-2014-0068 – M.P.B., Inc.  
James Merciel/James Russo**

**Introduction**

This Report was prepared jointly by Staff members James Merciel and James Russo. The Staff member responsible for each section is denoted at the end of each section.

**Overview of the Companies**

P.C.B., Inc. (PCB) and M.P.B., Inc. (MPB) are regulated sewer utilities that have common ownership. These two companies, combined serving a total of approximately 475 residential customers utilizing seven (7) separate sewer systems and treatment facilities, were started by two business partners who worked as sewer system employee operators and contract operators. Although two family members of one of the partners had been operating the companies and the facilities in recent years, these companies are presently in interim receivership. The systems are not in good condition, as further described herein, and that along with associated problems pertaining to compliance with environmental regulations have been the primary factors in the companies owners becoming frustrated, and walking away from the businesses.

Because of inadequate attention to business matters including customer billing and shortcomings with respect to plant operations, Staff filed Case No. SO-2014-0052 in which it requested the Commission appoint an interim receiver for these two utility companies, and requested approval to seek the appointment of a permanent receiver in circuit court. On September 7, 2013, the Commission appointed Johansen Consulting Services, LLC of Jefferson City as an interim receiver. On January 17, 2014, Staff filed petitions in the Circuit Court of Cole County seeking the appointment of a permanent receiver for each of these Companies. The Circuit Court appointed Johansen Consulting Services, LLC as permanent receiver of both PCB and MPB<sup>1</sup>.

Prior to its filing before the Commission seeking receivership, Staff met with entities interested in purchasing the sewer systems, in attempts to get both the PCB and MPB systems into the hands of capable utility owners, but without success. In the context of this work, some of the fundamental problems with the involved facilities and possible needs for improvements have been identified. Staff from the Missouri Department of Natural Resources (DNR) participated in some of these meetings and system evaluations.

*(Merciel/Russo)*

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<sup>1</sup> Case No. AP14AC-CC-00020, seeking the appointment of a permanent receiver for PCB, had a hearing date on February 18, 2014. Case No. AP14AC-CC00019, seeking the appointment of a permanent receiver for MPB, had a hearing date on March 10, 2014.

## **Background - PCB**

PCB first obtained Certificates of Convenience and Necessity (CCN) in two concurrent cases. The first was SM-81-170, in which it acquired the assets of Stalwart Enterprises, Inc., a regulated sewer utility that was certificated to provide sewer service in Bel Air Estates, a mobile home park and subdivision near Cedar Hill, MO. The second was SM-81-171, in which it acquired the assets of Sesame, Inc., also a regulated sewer utility that was certificated to provide sewer service in Sandia Heights, a mobile home park and subdivision near Mapaville, MO. After these acquisitions, PCB began providing service in the Secluded Forest subdivision and the Sennawood Village subdivision within its Bel Air service area, and also expanded its service area in Case No. SA-87-53 to include an area adjacent to the original Bel Air service area in order to provide service to Wedgewood Village subdivision, located within that expanded service area. All of the service areas are in Jefferson County. PCB provides sewer service to approximately 284 residential customers.

*(Merciel)*

## **Tariff Review - PCB**

PCB's current tariff PSC MO No. 2 became effective on October 1, 1986. Staff's review of the existing tariff noted numerous updates to the original tariff. These updates included updating Rule 12 the Extension of Collecting Sewers in August of 1987; Rules 1, 2, 5, 9 and 10 in November of 1987; and Schedule of Rates in October of 2013. Staff is working with the receiver in completing a proposed replacement tariff, PSC MO No 3, that will update for current practice for the sewer service PCB provides to its customers.

*(Russo)*

## **Rate Design-PCB**

Staff also reviewed the Company's current rate design in its investigation. The current rate design consists of a monthly service charge and an interim monthly service charge. The interim monthly service charge was developed to recover receiver salary and expenses, initial sludge hauling and initial grass mowing. The interim rates are subject to refund if the actual costs of these items are less than the actual amount collected. In addition, the interim rate will be reduced to \$5.75 per month (the amount required for receiver salary and expenses) if the rate case is not completed within six months of the effective date of the interim rate. Staff is recommending the monthly service charge be increased based on the results of Staff's current cost of service and the monthly interim service charge be discontinued.

*(Russo)*

## **Background - MPB**

MPB first obtained a CCN in Case No. SM-86-72 in which it acquired the assets of Virginia Properties, Inc., a regulated sewer utility that was certificated to provide sewer service in Lake Virginia subdivision near Hematite, MO in Jefferson County. In Case No. SM-87-52, MPB acquired the assets of L and K Sewer Systems, Inc., a regulated sewer utility that was certificated to provide sewer service in the Villa Ridge subdivision near Gray Summit, MO in Franklin County. MPB provides sewer service to approximately 191 residential customers.

*(Merciel)*

## **Tariff Review - MPB**

MPB's current tariff PSC MO No. 1 became effective on July 9, 1987. Similar to PCB, Staff reviewed MPB's tariff and noticed the only changes to the original tariff were the updates of sheets 6 and 7 in October of 2013 with the appointment of the receiver taking over the operations of the Company. Staff is working with the receiver in completing a proposed replacement tariff, PSC MO No 2, that will update for current practice for the sewer service MPB provides to its customers.

*(Russo)*

## **Rate Design-MPB**

Staff also reviewed the Company's current rate design in its investigation. The current rate design consists of a monthly service charge and an interim monthly service charge. The interim service charge for MPB is similar to the interim charge described above for PCB. Staff is recommending the monthly service charge be increased based on the results of Staff's current cost of service and the monthly interim service charge be discontinued.

*(Russo)*

## **Facilities**

Although both PCB and MPB have performed routine day-to-day operations of the facilities for many years, to a great extent their operations have only included minimal efforts to keep the treatment facilities running, and the owners of the utilities accomplished only repairs that were vital to operations. There has been little or no replacement or upgrade activity regarding plant components that are aging and degrading beyond repair, nor of treatment facilities that can no longer meet increasingly stringent environmental regulations. As a result, these systems generally have become run-down and even though all of the treatment facilities were originally constructed with appropriate design capacity and met approval standards of the day, they no longer function adequately. DNR has issued multiple Letters of Warning (LOW), and at least one Notice of Violation (NOV) for each system and multiple NOV's for some of them. The NOV's have been for noncompliance with both discharge requirements and reporting requirements. The receiver is accomplishing work as funds allow, including using funds derived from interim increases as recently authorized in the two current rate cases.

Both PCB and MPB will need one or more qualified licensed treatment facility operators to undertake or supervise operational tasks, and submit plant performance reports to DNR as required. Qualified people are also needed to be able to undertake necessary repairs to the treatment facilities and collecting systems. The receiver is negotiating such contracts, and believes finalization may be accomplished shortly. Staff recommends that MPB and PCB finalize contracts for treatment facility operations and plant repairs within thirty (30) days after the Commission approves a rate change.

Staff has assisted the receiver with operations and initial limited clean-up activity, but a substantial amount of capital resources and additional manpower is needed either to get existing facilities operating adequately and dependably to meet environmental regulations, or to construct major replacement or additional plant components. Sludge hauling, plant cleanup and repairs, electrical improvements, grounds keeping, fence and driveway repairs/improvements, collection system pipe and manhole inspections/repairs, and creek cleanup are necessary for both of the systems. Exact quantifications and cost estimates of the needs are not available at present, and



will not be available until basic clean-up work is done followed by evaluation studies performed for each system. An additional limited amount of extraordinary cleanup and repair work is being accomplished by the receiver, the cost of which is proposed to be included in rates. However, no major repairs or capital upgrades are planned to be undertaken immediately, due to lack of funds readily available to the receiver. If any specific major project surfaces as being critical to operations, then evaluation of undertaking such a project will be needed, and would likely be included in either of the companies' next rate case. Real estate ownership and easement access to the collection systems are not clear for some of the systems.

*(Merciel)*

### **Staff's Summary of Inspections**

Details of each service area and the conditions of the sewer systems are as follows:

#### **PCB - Bel Air Estates**, DNR permit MO-0086576 (expired 3/8/12)

Prior to acquisition by PCB, this system was owned and operated by Stalwart Enterprises, Inc., which obtained a CCN in Case No. 18,187 in 1974. There are approximately 49 service connections, mostly mobile homes, although some are currently not occupied. The treatment facility is a 12,800 gallons per day (gpd) extended aeration facility. DNR imposed a compliance schedule that would include the addition of chlorination for effluent disinfection with de-chlorination, which has not been met. The treatment facility is steel construction which has significant corrosion. Only one plant blower is installed, but there should be at least two blowers with a motor for each at a sewage treatment facility of this type. The access road requires grading and rock.

#### **PCB – Secluded Forest**, DNR permit MO-0105597 (expired 10/30/2013)

There are approximately 29 service connections, mostly mobile homes with a few single family residences, a few of which are unoccupied. The treatment facility is a 9,400 gpd extended aeration facility with chlorine disinfection although chlorine contact time may be inadequate. Only one functional blower/motor is installed. The access road requires grading and rock. DNR imposed a compliance schedule that was supposed to be completed by June 2011, which would have included de-chlorination.

#### **PCB - Sennawood**, DNR permit MO-0106577 (expired 2/5/14)

There are approximately 63 single family residential customer connections. The treatment facility is a 26,600 gpd extended aeration treatment facility with an ultraviolet disinfection system that is not functioning. Only one functional blower/motor is installed. The access road requires grading and rock.

#### **PCB – Wedgewood**, DNR permit MO-0105970 (expired 11/2/11)

There are approximately 61 single family residential customer service connections, but a few homes are vacant. The treatment facility is a 23,600 gpd extended aeration facility with an ultraviolet disinfection system that is not functioning. The collection system includes a lift station (pump station) that is likely degraded beyond permanent rehabilitation due to age. Lift station failures have caused numerous sewage overflows. The receiver initially dealt with the problem by transporting sewage by tank truck every few days, which is quite expensive, but reported to Staff that as of Thursday January 30, 2014 a contract operator was able to install a new pump as a temporary installation so that the lift station is in operational status.

**PCB - Sandia Heights**, DNR permit MO-0087301 (expired in 2001)

Prior to acquisition by PCB, this system was owned and operated by Sesame, Inc., which obtained a CCN in Case No. 17,705 in 1973. There are approximately 82 mobile home and single family residential service connections. The treatment facility is a 26,600 gpd extended aeration facility and only one functional blower/motor is installed. The access road requires grading and rock. DNR has issued multiple NOVs and has denied renewal of the discharge permit because of failure of the treatment facility to meet discharge specifications. DNR has been pursuing enforcement action as of October 2011.

**MPB – Lake Virginia**, DNR permit MO-0101672 (expired 2/21/13)

Prior to acquisition by MPB, the Lake Virginia system was owned and operated by Virginia Properties, Inc. Regulation of that utility began as a formal complaint by Lake Virginia Property Owners Association against the then-owner, Case No. WC-82-20, and a subsequent CCN case filed by Virginia Properties, Inc., Case No. WA-82-28. There are approximately 36 single family residential customer service connections. There are two lagoons for sewage treatment. The East Lagoon is a two-cell lagoon with chlorine disinfection and 25 customers connected. The other is a single-cell “no discharge” lagoon with 11 customers connected and, as a no discharge facility, does not require a discharge permit issued by DNR. DNR has imposed a compliance schedule, which along with the permit applies only to the East Lagoon. Necessary maintenance includes repair of rodent damage to the earthen dykes of both lagoons. There is also a possibility of a need to dredge the lagoons to remove sludge buildup that occurs over many years, as well as fencing and collection system issues that are similar to MPB’s and PCB’s other facilities.

**MPB – Villa Ridge**, DNR permit MO-0038237 (will expire 3/24/2016)

Prior to acquisition by MPB, this system was owned and operated by L and K Sewer Systems, Inc., which obtained a CCN in Case No. 18,041 in 1974. There are approximately 155 single family residential customer service connections. The treatment facility is a 66,600 gpd extended aeration facility. Only one functional blower is installed, and the circular clarifier is not functioning properly, likely requiring a major repair. While L and K was the utility, home construction in the subdivision was very slow, and L and K never did operate the original treatment facility. After acquisition by MPB in 1987, home construction proceeded and the present treatment facility replaced the original treatment facility. The original facility still exists but is used only for sludge holding. While some of MPB’s and PCB’s other facilities have uncertainties with respect to ownership and easement access, issues with this system apparently include a dispute with the subdivision developer regarding collection system ownership, which could affect MPB’s ability to address operations and some customer service problems such as collecting sewer blockages.

*(Merciel)*

**WATER AND SEWER UNIT STAFF RECOMMENDATIONS:**

1. The Commission cancels the existing PSC MO No. 1 MPB sewer tariff and replaces that sewer tariff with PSC MO No. 2.
2. The Commission cancels the existing PSC MO No. 2 PCB sewer tariff and replaces that sewer tariff with PSC MO No. 3.

3. The Commission approves Staff's rate design.
4. The receiver hire, on a permanent basis, a contract operator for each sewer system, to undertake and oversee daily operations, provide required operations reporting to DNR, and serve as consultant to make recommendations regarding needed repairs and upgrades, within thirty (30) days of the effective date of a Commission order.
5. As an immediate undertaking, the receiver utilize available funds to clean up each treatment facility, to achieve good operational status and meeting effluent specifications as prescribed by DNR as best as practical.

# Agreement Attachment H

## Auditing Unit Recommendation Memorandum

## ***AUDITING UNIT RECOMMENDATION MEMORANDUM***

**FROM: Paul R. Harrison  
Jermaine Green  
Auditing Unit Staff**

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

**CC: Amy E. Moore  
Staff Counsel's Office  
Kim Bolin**

**SUBJECT: Auditing Unit's Findings and Recommendation for M.P.B., Inc.  
and P.C.B., Inc.  
Case Nos. SR-2014-0066 and SR-2014-0067**

**DATE: August 26, 2014**

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M.P.B., Inc. and P.C.B., Inc. ("MPB and PCB" or "the Companies") filed a rate increase request with the Missouri Public Service Commission ("Commission" or PSC) on September 9, 2013. On that date, the Companies also filed requests to implement emergency interim rates per an agreement filed in MO. PSC Case No. SO-2014-0052. The Companies requested 100% increases in each of the Companies' seven sewer districts. MPB currently serves approximately 228 sewer customers, and PCB serves approximately 333 sewer customers in Jefferson and Franklin County, Missouri. MPB and PCB's current sewer rates became effective in March 1994. In addition, the Companies are currently operating under the control of an interim receiver, Johansen Consulting Services, LLC (Johansen Consulting), pursuant to an order of the Commission in Case No. SO-2014-0052, which became effective on September 7, 2013.

### **AGREEMENT REGARDING EMERGENCY INTERIM RATES**

On September 20, 2013, MPB and PCB, the Commission Staff ("Staff"), the Office of the Public Counsel ("Public Counsel"), and the Missouri Department of Natural Resources (DNR) filed an *Agreement Regarding Emergency Interim Rates and a Request for Commission Order (Agreement)*.

The requested emergency rates consist of additional dollars to support receiver salary and expenses, initial sludge hauling, and initial grass mowing. The monthly emergency interim rates will be as follows: for MPB's Villa Ridge service territory, rates will be \$12.26; for MPB's Lake Virginia's East and West service territory, rates will be \$6.04; and for PCB, rates will be \$10.44. The emergency rates will be subject to refund if the actual costs of these emergency items are less than the actual amount collected

through the emergency rates. If the rate cases are not completed within six months after the effective date of the emergency rates, the emergency rates will all be reduced to \$5.75 per month, which represent the dollars needed to support the above-referenced receiver salary and expenses, until the conclusion of the permanent current rate cases.

### **ORDER APPROVING INTERIM RATES**

On September 24, 2013, the Commission ordered, in part, in its *Order Approving Interim Rates*, that:

The Commission has authority to issue interim rate increases. (Section 393.140 RSMo) Upon review of the pleadings, the Commission finds that the tariff sheets comport with the parties' prior agreement, and the Commission will therefore approve the tariff sheets. Further, the Commission finds that good cause exists for the tariff sheets to become effective in less than thirty days; therefore, the Commission will approve the tariff to become effective October 1.

### **TEST YEAR AND UPDATE PERIOD**

In order to calculate permanent rates for the Companies, Staff used a test year consisting of the twelve months ending June 30, 2013, with an update period through June 30, 2014, to develop its revenue requirement recommendation for all three systems. Based upon the examination of the Companies' books and records, Staff's cost of service calculations show a revenue requirement of \$23,545 (74.24% increase) for MPB's Villa Ridge and \$2,457 (67.85% increase) for MPB's Lake Virginia East and West service territory. In addition, Staff's cost of service calculations shows a revenue requirement of \$64,592 (118.94% increase) for P.C.B's five service territories. However, the interim rates that went into effect October 1, 2013, generate \$24,128 for MPB's Villa Ridge, \$2,113 for MPB's Lake Virginia East and West service territory and \$37,548 for P.C.B's five service territories. Therefore, Staff's recommended permanent rate increase in this case is \$18,169 for MPB & PCB service territories. Attached to this Memorandum are the Audit Staff's Accounting Schedules and relevant workpapers related to the audit.

Included in the computation of the sewer revenue requirements in the Staff Accounting Schedules is a 9.07% weighted average cost of capital (rate of return). Mr. David Murray of the Financial Analysis Unit provided and recommended this overall rate of return based upon a hypothetical capital structure. Also, the depreciation rates used in Staff's calculations for depreciation expense were provided and recommended by Mr. John Robinett of the Engineering and Management Services Unit (EMSU).

### **RATE BASE**

Plant in service, depreciation reserve, contribution in aid of construction (CIAC) and CIAC amortization were updated through December 31, 2013, for all investment that is paid for and in service for the sewer systems. Mr. Robinett of the EMSU compiled the plant in service, reserve, CIAC and CIAC amortization balances that was included in the last rate case and updated all items up through December 31, 2013. MPB's Villa Ridge, Lake Virginia and PCB sewer systems rate base were all negative as of December 31, 2013. Therefore, Audit Staff made adjustments to return rate base to \$0.00 as of December 31, 2013.

## **REVENUES**

Sewer revenues were developed by multiplying the fixed minimum monthly charge of \$13.91, \$7.94 and \$13.59 by the number of active customers of 190, 38 and 333 for MPB's Villa Ridge, MPB's Lake Virginia East and West and PCB's five sewer service territories in order to derive the amount of total customer charge revenues by month. This result was annualized by taking into account the twelve monthly billing periods to derive the total fixed annual revenue. The total annualized sewer revenue amount included in the Staff's revenue requirement is \$31,715, \$3,621 and \$54,306 for MPB's Villa Ridge, MPB's Lake Virginia East and West and PCB's five sewer service territories respectively.

## **EXPENSES**

The operating expenses of the Companies for the test year were reviewed during the audit and, when necessary, adjustments were made. In the course of the audit, the Audit Staff used actual costs where available; however some estimates had to be used to determine the expense portion of the cost of service for the utilities' operations because no books and records were available for these Companies. **As a result, Staff is recommending that the Companies file another rate case in 12-months in order to determine the actual cost of service for these sewer systems.** MPB and PCB are required to maintain its financial records in conformity with the Commission's Uniform System of Accounts (USOA) for sewer utilities. However, the current owners abandoned the systems and a receiver was appointed and started operating the system and maintaining the Companies' books and records in September of 2013. He is in the process of setting up his books and records to comply with the USOA requirements. **The Audit Staff recommends that the Companies continue to update and maintain their books and records in order to comply with the USOA requirements. An accurate record keeping system is essential for financial stability of a Company and is a key factor in providing safe and adequate service to its customers.**

## **RECEIVERSHIP FEES**

MPB and PCB are under the control of a court-appointed receiver, Johansen Consulting LLC, which is responsible for the management and operations of the Companies. In addition, the receiver provides all billing services for the sewer system. The compensation for services provided to the Companies by the receiver is at the rate of \$1,500 per month plus travel expenses for both companies. Because this compensation for the receiver is what was ordered by the court, Staff determined that this rate was reasonable for the amount of receivership fees authorized to Johansen Consulting. Staff normalized these expenses at \$18,000 annually for sewer operations. Staff allocated the receivership fee expense between the different sewer systems by using customer numbers. In addition, Mr. Johansen makes two trips per month from Jefferson City, Missouri, to MPB and PCB. However, in the future, it is Staff's understanding that Mr. Johansen will only be making approximately eighteen trips per year once the system is operating properly. Therefore, Staff annualized the travel expense by multiplying the mileage traveled by the receiver to and from MPB and PCB by the IRS allowed mileage reimbursement rate plus one meal at the per-diem rate and \$20 per hour for six hours of travel time. Staff also split Mr. Johansen's travel expenses between the sewer systems based upon customer numbers.

The current receivership fees for these two companies total \$29,411. The assumption used in this calculation is based on \$1,500 monthly fee, 18 trips per year to systems, time for monthly billing, four special mailings plus post office, bank and one call fees. For this rate case, all of these fees are included under receivership fees instead of attempting to separate them into different expenses for the Company.

### **CERTIFIED OPERATOR FEES**

Since MPB and PCB owners abandoned these sewer systems, Mr. Johansen has been checking the status of operators that would be interested in operating these systems at a reasonable rate. He has advised Staff that Environmental Consulting and Operations (Environmental Consulting) was interested in operating these systems and that they are discussing the details associated with operating and maintaining these systems. Staff expects that Environmental Consulting will be entering into a contract with Johansen Consulting Services as the operator for these systems in the near future. Therefore, for the current cost of service, Staff is using the estimated amount of \$42,000 which is based upon the estimate provided by the Receiver for these sewer operating systems. If necessary, Staff will be updating this expense once the negotiating is complete between Mr. Johansen and Environmental Consulting.

### **ELECTRIC EXPENSES**

Staff used the actual electric expense of \$16,868 for the twelve months ended April 2013 to annualize the electric costs for both MPB and PCB. In addition, MPB and PCB have incurred a past due electric expense of \$1,444 as of April 2013. Staff has not received the updated electric costs from Ameren Missouri for May 2013 to current date



and will be updating this back payment when received. Audit Staff is recommending an 18 month amortization of this one-time cost in its cost of service.

### **PROPERTY TAXES**

Property tax expense still needs to be included in Staff's cost of service. Mr. Johansen is in the process of getting the property tax records from the taxing authority and when available will be included in this case.

### **CHEMICALS**

MPB and PCB are required by DNR to treat its sewer water prior to discharging it into the creeks and streams. MPB and PCB use chlorine tablets to disinfect the discharged water for its sewer systems as required by DNR for seven months of the year (April through October). Mr. James Merciel of the Commission's Water and Sewer Unit (W&SU) recommended the overall level cost of the disinfectant for the discharged water for the seven month requirement to be \$15,083 for chlorination. Therefore, Audit Staff included a chemical expense of \$15,083 for the MPB and PCB systems and allocated the cost to each system based upon customer numbers.

### **WATER QUALITY TESTING AND SAMPLING DISCHARGED WATER**

The estimated cost for testing and sampling the discharged water for MPB and PCB is \$12,995. This amount was determined by using the analytical services quotation for each system of \$1,851 and multiplying that number by the seven sewer systems to determine the total Company cost of \$12,995.

### **SLUDGE HAULING**

The sludge for MPB and PCB treatment plants has not been removed for approximately two years due to lack of interest of the former owners that abandoned the systems. Since the test year did not reflect any sludge hauling expenses for the Companies, Mr. Merciel determined a reasonable cost of removing the initial sludge and a reasonable annual amount of sludge expense for the system. Mr. Merciel determined that MPB and PCB's total cost for initial sludge hauling for the treatment plants is approximately \$13,275 and included this amount in its cost of service. Mr. Merciel also estimated that approximately 295,887 gallons of sludge needed to be hauled from the six treatment plants on an annual basis. Therefore, based upon his analysis, the Audit Staff determined that the annualized amount for the sludge hauling expense should be \$54,675. Furthermore, Staff is in discussions with the receiver concerning this expense. Environmental Consulting is currently in the process of removing the initial sludge from these systems, and Staff has requested that Mr. Johansen coordinate and update this expense with the Environmental Consulting.

## **GROUNDS KEEPING EXPENSE**

Since the owners of these utility systems abandoned them, the grounds keeping of these systems has not been performed. Therefore, Staff developed an estimate of \$800 for initial grounds keeping expense and \$13,500 for recurring grounds keeping. These estimates were determined by using actual mowing receipts for other systems within the geographical area and adopting and applying that cost to these seven systems based upon their size.

## **MISSOURI DEPARTMENT OF NATURAL RESOURCES FEES (DNR)**

Staff included in its cost of service \$10,450 for DNR permits fees for MPB and PCB sewer systems. These amounts were invoices that the Receiver received from DNR identifying the amount of money that was currently owed, past due balance and penalties. Staff included the amounts that were currently owed to DNR in its cost of service and amortized the past due balance over a three-year period. Staff does not believe that the \$5,958 in penalties should be borne by the Receiver or the ratepayer since neither was responsible for the late payments. If DNR wishes to collect the penalties then the former owner of these systems should be held accountable for the penalties and interest.

## **PSC ASSESSMENT**

The Companies' current PSC Assessment fee for MPB and PCB is approximately \$5,580. Staff used the Companies' annualized revenue calculated in this case in order to determine the amount of the PSC assessment necessary for this case.

## **Audit Staff Recommendations:**

**The Companies should fully comply with these recommendations within 90 days of the effective date of the Commission Order for this case:**

- a) The Companies shall continue to develop continuous property records (CPRs) for all of the Companies' 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;
- b) The Companies shall keep the Companies' CPRs and general ledger up to date and complete;
- c) The Companies shall maintain the Companies' books and records in accordance with National Association of Regulated Utility Commissioners (NARUC) Uniform System of Accounts (USOA);
- d) The Companies shall calculate depreciation expense on a monthly basis and include the amounts in the Companies' general ledger;

- e) The Companies shall develop a list of duties and responsibilities for the certified operator and maintain the number of hours worked with a description of the functions performed by the operator;
- f) The Companies shall develop a list of duties and responsibilities for any employee that performs work for the Companies and maintain the number of hours worked with a description of the functions performed by the employees, and
- g) The Companies shall maintain a log of the date, number of hours, travel time, and any other expense incurred or charged to the Companies by the receiver.

# Agreement Attachment I

## EMSU Report

# **REPORT OF CUSTOMER SERVICE AND BUSINESS OPERATIONS REVIEW**

## **Engineering and Management Services Unit**

### **Small Company Rate Increase Request**

**File No. SR-2014-0068**

**PCB**

**Patricia Smith**

In September 2013, the Engineering and Management Services Unit (EMSU) staff of the Missouri Public Service Commission initiated an informal review of the customer service and business processes, procedures, and practices of PCB (“PCB” or “Company”) located in Labadie, Missouri. The review was performed in response to the request for a rate increase in Case No. SR-2014-0068 filed on September 9, 2013. This request was made pursuant to an Agreement between JCS(JCS), the Commission Staff, the Office of the Public Counsel and the Department of Natural Resources, which was filed as part of Staff’s receivership petition in Case No. SO-2014-0052; included in the request was a request for increased monthly sewer rates, along with requests to implement emergency/interim rates. The Company is requesting a 100% increase in its regular monthly customer charge.

The 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 EMSU staff submitted data requests to the Company and conducted interviews with Company personnel. The EMSU staff’s review of the Company resulted in the following seven (7) recommendations:

#### **THE EMSU STAFF RECOMMENDS THAT COMPANY MANAGEMENT:**

- 1. Develop and utilize time sheets to record the time associated with work assignments. This recommendation should be completed within ninety (90) days of the effective date of any Commission order issued in Case No. SR-2014-0068.*
- 2. Develop and utilize a written vehicle log to maintain information regarding vehicle usage. The log should include information regarding the vehicle type, date, description and location of the task, and the miles attributable to the task. This recommendation should be completed within ninety (90) days of the effective date of any Commission order issued in Case No. SR-2014-0068.*

3. Incorporate the correct delinquent date on customer bills that designates the date when customer accounts will be subject to late payment fees. The delinquent date should allow at least twenty-one (21) days from the rendition of bills before a payment is considered delinquent. This recommendation should be completed within ninety (90) days of the effective date of any Commission order issued in Case No.SR-2014-0068.
4. Develop and require a signed customer application prior to providing service as specified in the Company's tariff. The Company's customer application shall include the date, the customer's signature, and a statement indicating that the customer agrees to abide by the Company's rates, rules and regulations, and applicable state statutes. This recommendation should be completed within ninety (90) days of the effective date of any Commission order issued in Case No.SR-2014-0068.
5. Develop and utilize a notice of discontinuance of service. This recommendation should be completed within ninety (90) days of the effective date of any Commission order issued in Case No.SR-2014-0068.
6. Develop and implement a process to ensure all customer complaints received by Company personnel are documented and maintained for at least two (2) years. Documentation should include the customer name, address, nature of the complaint, date of occurrence, as well as an explanation of actions the Company has taken to address the complaint. This recommendation should be completed within ninety (90) days of the effective date of any Commission order issued in Case No.SR-2014-0068.
7. Develop and distribute to all current and future customers written information specifying the rights and responsibilities of the Company and its customers. This recommendation should be completed within ninety (90) days of the effective date of any Commission order issued in Case No.SR-2014-0068.

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

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

provide the Commission with information regarding the Company's customer service and business operations.

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

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

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

### **Overview**

PCB first obtained Certificates of Convenience and Necessity (CCN) in two concurrent Case No's SM-81-170 and SM-81-171. Following these acquisitions P.C.B. expanded its service area in Case No. SA-87-53. The EMSU staff has not previously performed a customer service review of the Company. In 2007, Nicole Marie Pfeffer became the Company's president along with Gregory Pfeffer serving on the board. There are no other members currently serving on the board.

On May 18, 2012 the Missouri Secretary of State administratively dissolved PCB for failure to file a correct and current annual report. The Commission has not received the Company's annual reports since 2010. On September 7, 2013 JCS was appointed Interim Receiver of PCB. The business office for JCS is located in Jefferson City, Missouri. Business office hours are 24/7 by phone and e-mail.

PCB has no employees, so JCS performs all business office functions. These functions include preparing and mailing customer bills, maintaining customer account records, posting customer bill payments, responding to customer complaints and inquiries, making bank deposits, and paying bills. JCS also performs general maintenance work and to responds to customer calls regarding system problems. PCB owns no vehicles, although JCS uses a personal vehicle when performing duties associated with Company business. JCS asserts that it keeps a personal log of mileage associated with Company business; however, although Staff requested a copy of this log one has not been provided.

### **Customer Billing**

The Company's tariffs provide the rates for sewer service. By August of 2012 the Company's owners no longer desired to own or operate PCB's systems. Customer billing had ceased completely and little to no operations had been performed on the systems since that time. On October 1, 2013 the requested Interim Rate of \$10.44 became effective. If the rate case is not completed within six (6) months after the effective date of emergency rates, the Interim Emergency Rates will be reduced to \$5.75 per month.

JCS uses Excel for accounting, billing, and to maintain customer records. JCS indicated that bills are usually prepared and mailed between the 16<sup>th</sup> and 18<sup>th</sup> of the month, although there is no set schedule. The accuracy of bills is verified through a visual inspection when the bills are produced. Information on the bills communicates that bills are due upon receipt and considered delinquent 21 days after the date the bills are mailed. JCS resumed billing as of October 1<sup>st</sup>, 2013. A late payment fee of \$10.00 is applied sometime after 22 days from the date the bills are mailed.

### **Payment Remittance**

Customer payments are made by mail and payment options include check, money order or cash. As of August of 2012, customer billing had ceased completely, but billing resumed in October 2013. JCS asserts that bill payments are processed as they are received and recorded on an Excel spreadsheet. JCS indicates that bank deposits are made promptly after the receipt of payments.

### **Credit and Collections**

A written application and a security deposit are not required as a condition for providing service. JCS asserts that returned checks have not been a problem. A notice of discontinuance of service has not been prepared for use if a customer's service was scheduled to be discontinued for nonpayment. If a customer's sewer service is discontinued for nonpayment, the Company's tariff provides for a \$14.00 reconnection fee during regular business hours and \$42.00 reconnection fee for 'other' than regular business hours. The Company does not use a collection agency to pursue the collection of amounts owed to PCB. No historical data exists or had been provided to JCS for sewer accounts that had been written off.



### **Complaints and Inquiries**

Customers with questions or concerns may call or e-mail JCS using the contact information appearing on their bill. JCS asserts that customer contacts are noted on a general work summary spreadsheet. However, the EMSU staff has been unable to verify the information that is recorded. A copy of the spreadsheet was requested by the EMSU staff but has not been provided. A review of the Commission's Electronic Filing Information System (EFIS) showed five (5) sewer complaints spanning from 2010 to 2013.

### **Customer Communication**

Customer bills are the primary means of communicating with customers and customer letters have also been used to provide notice of rate increase requests. In addition, property association meetings are held where information related to sewer service has been discussed; most recently in October 2013. Summary information regarding the rights and responsibilities of the Company and its customers has not been prepared and made available to 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. The information presented in this section focuses on the following nine issues that require Company management's attention:

- Time Records
- Vehicle Log
- Delinquent Date Bill Information
- Written Service Application
- Notice of Discontinuance of Service
- Complaint and Inquiry Log
- Rights and Responsibilities Documentation

## **Time Record**

Time records associated with Company work activity have not been developed. JCS asserts that hand-written notes of activities will be transferred to a spreadsheet, but this information has not been provided to the EMSU staff.

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

Time sheets create a record, serving as visual feedback of the work and projects that have been accomplished. Time records assist in tracking the amount of time employees expend on all projects. Data contained in the time records should be linked to accounting records and provide the necessary support for financial reporting and allocation of costs. Employee time records are useful in the regulatory process to support the pay and benefits that regulated utilities will receive in customer rates.

### ***THE EMSU STAFF RECOMMENDS THAT COMPANY MANAGEMENT:***

*Develop and utilize time sheets to record the time associated with work assignments. This recommendation should be completed within ninety (90) days of the effective date of any Commission order issued in Case No.SR-2014-0068.*

## **Vehicle Log**

JCS has not provided examples of vehicle logs associated with the performance of Company business while using a personal vehicle. While JCS asserts that mileage records are kept, the EMSU staff has been unable to verify the existence and appropriateness of these records. Although the Company owns no vehicles, this lack of written documentation makes it difficult to determine the utilization of personal vehicles for Company-related activities. An appropriate vehicle log would provide useful information including the vehicle type, date, a general description and location of the task, and the mileage attributable to the task. This information could be helpful in making Company business decisions.

### ***THE EMSU STAFF RECOMMENDS THAT COMPANY MANAGEMENT:***

*Develop and utilize a written vehicle log to maintain information regarding vehicle usage. The log should include information regarding the vehicle type, date, description and location of the task, and the miles attributable to the task.*

*This recommendation should be completed within ninety (90) days of the effective date of any Commission order issued in Case No.SR-2014-0068.*

### **Delinquent Date Bill Information**

Customer bills do not clearly state the date that account payments will be delinquent and subject to a late payment fee. Information included on customer bills states that accounts are considered delinquent and subject to late fees 22 days after bills are mailed. JCS asserts that late fees are not assessed until at least 22 days after mailing. A bill payment should not be considered delinquent until the 22<sup>nd</sup> day after rendition or mailing. Incorporating the correct description of the delinquent date on customer bills would ensure that the communication provided to customers is consistent with Commission rules.

### ***THE EMSU STAFF RECOMMENDS THAT COMPANY MANAGEMENT:***

*Incorporate the correct delinquent date on customer bills that designates when customer accounts will be subject to late payment fees. The delinquent date should allow at least twenty-one (21) days from the rendition (or the mailing) of bills before a payment is considered delinquent. This recommendation should be completed within ninety (90) days of the effective date of any Commission order issued in Case No.SR-2014-0068.*

### **Written Service Application**

The Company has not prepared and does not collect a signed customer application for service from its customers. Rule 4(a) of the Company's sewer tariff requires a signed application from any customer prior to the provision of service. The customer application should include the customer's signature, the date the document was signed, and a statement indicating that the customer agrees to abide by the Company's rates, rules and regulations, and applicable state statutes. The signed and dated customer application would provide PCB more leverage to collect monies owed should the need arise.

### ***THE EMSU STAFF RECOMMENDS THAT COMPANY MANAGEMENT:***

*Develop and require a signed customer application prior to providing service as specified in the Company's tariff. The Company's customer application shall include the date, the customer's signature, and a statement indicating that the customer agrees to abide by the Company's rates, rules and regulations, and*

applicable state statutes. This recommendation should be completed within ninety (90) days of the effective date of any Commission order issued in Case No.SR-2014-0068.

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

The Company has not prepared a notice of discontinuance of service. While no services have been discontinued for nonpayment since JCS has taken responsibility for the Company's operations, a notice of discontinuance is not available for use.

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

### ***THE EMSU STAFF RECOMMENDS THAT COMPANY MANAGEMENT:***

Develop and utilize a notice of discontinuance of service. This recommendation should be completed within ninety (90) days of the effective date of any Commission order issued in Case No.SR-2014-0068.

### **Complaint and Inquiry Log**

No Company record of customer contacts has been made available to the EMSU staff. JCS asserts that information associated with customer contacts is recorded on a general work summary spreadsheet; however, the EMSU staff has been unable to verify the appropriateness of this record.

The lack of a complaint and inquiry log makes it difficult, if not impossible, for the Company to provide accurate documentation of the nature of its complaints and inquiries. The availability of documented complaint information is a good tool which would enable Company management to evaluate the reasons customers contact the Company and determine if any measures could be taken to reduce customer contacts and improve customer satisfaction. The availability of documentation regarding customer contacts would also help to show the Company's responsiveness in addressing customer issues.

### ***THE EMSU STAFF RECOMMENDS THAT COMPANY MANAGEMENT:***

Develop and implement a process to ensure all customer complaints received by Company personnel are documented and maintained for at least two (2) years.

Documentation should include the customer name, address, nature of the complaint, date of occurrence, as well as an explanation of what the Company has done to address the complaint. This recommendation should be completed within ninety (90) days of the effective date of any Commission order issued in Case No.SR-2014-0068.

### **Rights and Responsibilities Documentation**

The Company has not prepared comprehensive, written information documenting the rights and responsibilities of the Company and its customers.

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

### ***THE EMSU STAFF RECOMMENDS THAT COMPANY MANAGEMENT:***

Develop and distribute to all current and future customers written information specifying the rights and responsibilities of the Company and its customers. This recommendation should be completed within ninety (90) days of the effective date of any Commission order issued in Case No.SR-2014-0068.

### **Implementation Review**

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

# Agreement Attachment J

## Summary of Case Events

PCB, Inc.  
Case #SR-2014-0068  
Summary of Case Events

Date Filed	September 10, 2013
Day 150	April 8, 2014
Extension?	Yes
If yes, why?	Allow Staff/Reciever to get an idea of what annual opeerating costs would be.
Amount Requested	\$48,924
Amount Agreed Upon	\$64,592
Item(s)/Dollar(s) Driving Rate Increase	No filed rate case since 1992 and neglected system.
Number of Customers	300
Return on Equity	11.08%
Assessments Current	Part of 2012, all of 2013 and 2014 delinquent.
Annual Reports Filed	Current
Statement of Revenue Filed	Nothing filed since 2010
Other Open Cases before Commission	None
Status with Secretary of State	Administratively Dissolved
DNR Violations	Yes-See Water & Sewer Memorandum
Significant Service/Quality Issues	Yes-See Water & Sewer Memorandum

## Staff Participant Affidavits

James M. Russo – Water & Sewer Department

Paul Harrison-Auditing Department

John Robinett – Engineering & Management Services Department

Patricia Smith – Engineering & Management Services Department



**BEFORE THE PUBLIC SERVICE COMMISSION**

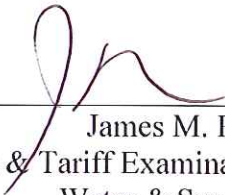
**OF THE STATE OF MISSOURI**

**AFFIDAVIT OF JAMES M. RUSSO**

In the Matter of P.C.B., Inc.'s Request for )  
Increase in Annual Sewer System Operating ) File No. SR-2014-0068  
Revenues )


STATE OF MISSOURI )  
 ) SS  
COUNTY OF COLE )

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

  
\_\_\_\_\_  
James M. Russo  
Rate & Tariff Examination Supervisor  
Water & Sewer Unit

Subscribed and sworn to before me this 27<sup>th</sup> day of August, 2014.



  
\_\_\_\_\_  
Notary Public

**BEFORE THE PUBLIC SERVICE COMMISSION**

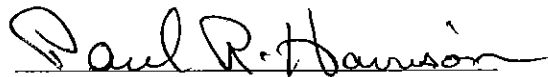
**OF THE STATE OF MISSOURI**

**AFFIDAVIT OF PAUL R. HARRISON**

In the Matter of M.P.B., Inc.'s Request for ) File No. SR-2014-0067  
Increase in Annual Sewer System Operating )  
Revenues ) And  
)  
In the Matter of P.C.B., Inc.'s Request for ) File No. SR-2014-0068  
Increase in Annual Sewer System Operating )  
Revenues )

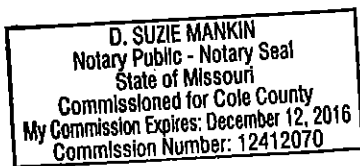
STATE OF MISSOURI )  
) ss  
COUNTY OF COLE )

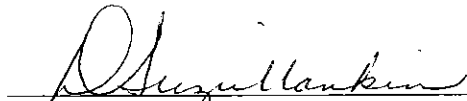
**COMES NOW** Paul R. Harrison, being of lawful age, and on his oath states the following: (1) that he is a Regulatory Auditor IV in the Missouri Public Service Commission's Regulatory Review, Utility Services Department, Auditing Unit; (2) that he participated in the Staff's investigation of the small company rate increase request that is the subject of the instant case; (3) that he has knowledge of the foregoing *Company/Staff Agreement Regarding Disposition of Small Sewer Company Revenue Increase Request*, ("Disposition Agreement"); (4) that he was responsible for the preparation of Attachments B, C & H to the Disposition Agreement; (5) that he has knowledge of the matters set forth in Attachments B, C & H to the Disposition Agreement; and (6) that the matters set forth in Attachments B, C & H to the Disposition Agreement are true and correct to the best of his knowledge, information, and belief.



Paul R. Harrison  
Regulatory Auditor IV  
Auditing Unit

Subscribed and sworn to before me this 27<sup>th</sup> day of August, 2014.



  
Notary Public

**BEFORE THE PUBLIC SERVICE COMMISSION**

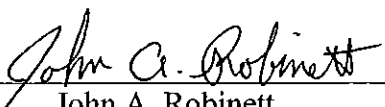
**OF THE STATE OF MISSOURI**

**AFFIDAVIT OF JOHN A. ROBINETT**

In the Matter of M.P.B., Inc.'s Request for ) File No. SR-2014-0067  
Increase in Annual Sewer System Operating )  
Revenues ) And  
)  
In the Matter of P.C.B., Inc.'s Request for ) File No. SR-2014-0068  
Increase in Annual Sewer System Operating )  
Revenues )

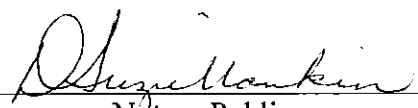
STATE OF MISSOURI )  
) ss.  
COUNTY OF COLE )

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

  
\_\_\_\_\_  
John A. Robinett  
Utility Engineering Specialist III  
Engineering & Management  
Services Unit

Subscribed and sworn to before me this 27<sup>th</sup> day of August, 2014.

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

  
\_\_\_\_\_  
Notary Public

**BEFORE THE PUBLIC SERVICE COMMISSION**

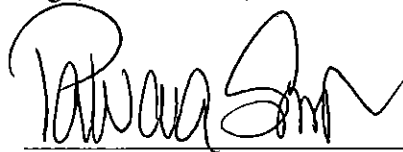
**OF THE STATE OF MISSOURI**

**AFFIDAVIT OF PATRICIA SMITH**

In the Matter of M.P.B., Inc.'s Request for Increase in Annual Sewer System Operating Revenues	)	File No. SR-2014-0067
	)	
	)	And
	)	
In the Matter of P.C.B., Inc.'s Request for Increase in Annual Sewer System Operating Revenues	)	File No. SR-2014-0068
	)	
	)	

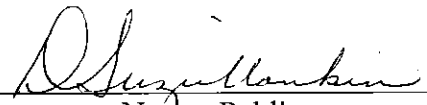
STATE OF MISSOURI     )  
  )  
  )     ss.  
COUNTY OF COLE     )

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

  
\_\_\_\_\_  
Patricia Smith  
Utility Management Analyst III  
Engineering & Management  
Services Unit

Subscribed and sworn to before me this 27<sup>th</sup> day of August, 2014.

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

  
\_\_\_\_\_  
Notary Public