

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 4th day of
January, 2023.

In the Matter of Argyle Estates Water)
Supply's Request for a Water Rate)
Increase)

File No. WR-2022-0345

**ORDER APPROVING DISPOSITION AGREEMENT AND SMALL
COMPANY RATE INCREASE**

Issue Date: January 4, 2023

Effective Date: February 3, 2023

Procedural history

On June 13, 2022, Argyle Estates Water Supply (Argyle) filed a notice opening a staff assisted rate case under Commission Rule 20 CSR 4240-10.075. Argyle sought an increase of \$6,000 in its total annual water service operating revenues.¹ Argyle serves approximately 53 water customers on its single system.

The Commission held one local public hearing and heard from no witnesses.² No public comments were filed.

On December 9, 2022, Argyle and Staff filed a *Non-Unanimous Agreement Regarding Disposition of Small Utility Company Revenue Increase Request* (Disposition Agreement). The Disposition Agreement purports to resolve all issues in this matter, and agrees to an annual revenue increase for the system. Argyle initially filed a tariff revision to implement the Disposition Agreement, and on December 29, 2022, filed a substitute tariff with an effective date of February 12, 2023, Tariff No. YW-2023-0116.

¹ The rate increase is requested for the Argyle Estates system at Union, Missouri.

² Hearing was held via WebEx, on August 11, 2022.

Commission Rule 20 CSR 4240-10.075(11)(D) allows non-signatory parties five business days to object to a non-unanimous agreement. Five business days have elapsed since the signatories filed the Disposition Agreement, and no party has objected. Thus, the Commission will treat the Disposition Agreement as unanimous.

Discussion

The Disposition Agreement provides for an increase to Argyle's water revenue requirement of \$7,262 (58.254%). Added to the previous water revenues of \$12,466, this results in overall annual water revenues of \$19,728. The agreed upon net rate base is \$2,435 for water service, and the agreed upon capital structure includes Argyle's overall recommended rate of return of 4.92%, which is calculated based on a hypothetical capital structure consisting of 100% debt and 0% equity, with a cost of debt of 4.92%. Argyle's customers will average a 58.254% increase to their water service rate, from \$37.94 to \$60.97 per month with a usage rate increase from \$2.46 to \$3.80 per 1,000 gallons.

The terms of the Disposition Agreement reflect compromises between the Staff and Argyle, and no party has agreed to any particular ratemaking principle in arriving at the amount of the specified annual operating revenue increases.

The Commission is tasked with setting just and reasonable rates, which may result in a revenue increase more or less than the increase originally sought by the utility.³ The Commission has the authority to approve a disposition agreement.⁴

The Commission finds and concludes that the Disposition Agreement is reasonable and should be approved. Furthermore, the unopposed proposed rates are just and reasonable to enable Argyle to provide safe and adequate service to the ratepayers.

³ Commission Rule 20 CSR 4240-10.075(14).

⁴ Commission Rule 20 CSR 4240-10.075(11).

On December 29, 2022, Argyle filed Tariff No. YW-2023-0116, pursuant to the Disposition Agreement, bearing an effective date of February 12, 2023. Upon reviewing the pleadings, the Commission finds Argyle's proposed tariff complies with the Disposition Agreement and will approve it.

THE COMMISSION ORDERS THAT:

1. The *Non-Unanimous Agreement Regarding Disposition of Small Utility Company Revenue Increase Request* filed on December 9, 2022, and attached as Attachment 1, is approved.

2. All parties shall comply with the terms of the *Non-Unanimous Agreement Regarding Disposition of Small Utility Company Revenue Increase Request*.

3. Tariff No. YW-2023-0116, which was submitted on December 29, 2022, is approved to become effective on February 12, 2023. The specific tariff is as follows:

P.S.C. MO No. 3, cancelling P.S.C. MO No. 2

4. This order shall become effective on February 3, 2023.



BY THE COMMISSION

A handwritten signature in black ink that reads "Morris L. Woodruff".

Morris L. Woodruff
Secretary

Silvey, Chm., Rupp, Coleman, Holsman, and
Kolkmeier CC., concur.

Keeling, Regulatory Law Judge

**NON-UNANIMOUS AGREEMENT REGARDING DISPOSITION OF
SMALL UTILITY COMPANY REVENUE INCREASE REQUEST**

ARGYLE ESTATES WATER SUPPLY

MO PSC FILE NO. WR-2022-0345

BACKGROUND

Argyle Estates Water Supply, ("Company") initiated the small company revenue increase request ("Request") for water service that is the subject of the above-referenced Missouri Public Service Commission ("Commission") File Number by submitting a letter to the Secretary of the Commission in accordance with the provisions of Commission Rule 20 CSR 4240-10.075, Small Utility Rate Case Procedure ("Small Company Procedure"). In its request letter, which was received at the Commission's offices on June 13, 2022, the Company set forth its request for an increase of \$6,000 in its total annual water service operating revenues. The Company also acknowledged that the design of its customer rates, its service charges, its customer service practices, its general business practices and its general tariff provisions would be reviewed during the Commission Staff's ("Staff") review of the revenue increase request, and could thus be the subject of Staff's recommendations. The Company provides service to approximately 53 water customers.

Pursuant to the provisions of the Staff Assisted Rate Case 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.)

Upon completion of its 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 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 water revenue requirement increase of \$7,262 (58.25% increase) added to the level of previous revenues of \$12,466 results in overall annual revenues of \$19,728. 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 statements found in Attachment A, incorporated by reference herein;
- (2) The Auditing Department conducted a full and complete audit of the Company's books and records using the 12-month period ended December 31, 2021 updated to June 30, 2022, as the basis for the revenue requirement determined above. The audit findings can be found in Attachments B and C, incorporated by reference herein;
- (3) The agreed upon net rate base is \$2,435 for water service. The development of this amount is shown on the rate base worksheet that is found in Attachment D, incorporated by reference herein. This amount is included in the audit work papers in the ultimate determination of the revenue requirement shown in (1) above;
- (4) Included in Attachment B is the agreed upon capital structure which includes the Company's overall recommended rate of return of 4.92%, which is calculated based on a hypothetical capital structure consisting of 100% debt and 0% equity, with a cost of debt of 4.92%.
- (5) The schedule of depreciation rates in Attachment E, incorporated by reference herein, includes the depreciation rates used by Staff in its revenue requirement analysis and shall be the prescribed schedule of water/sewer plant depreciation rates for the Company;
- (6) To allow the Company the opportunity to collect the revenue requirement agreed to in (1) above, the rates as shown on Attachment F, 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 G, also attached and incorporated by reference herein;
- (7) For the purposes of implementing the agreements set out in this disposition agreement, the Company will file with the Commission, proposed tariff revisions containing the rates, charges, and language set out in the example tariff sheet(s) attached as Attachment H. The proposed tariffs will contain a set of consolidated rates, charges, and rules for water customers. The proposed tariff revisions will bear an effective date of January 24, 2023;
- (8) 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;
- (9) Within thirty (30) days of the effective date of an order approving this Non-Unanimous Disposition Agreement, the Company shall implement the

recommendations contained in the Customer Experience Department (CXD) Report, attached hereto as Attachment I and incorporated by reference herein and provide proof of implementing the recommendations to the Manager of the Customer Experience Department:

- (a) Implement immediately a process to track and maintain records of inquiries and complaints according to Rule 20 CSR 4240-13.040. Staff also recommends that qualified personnel shall be available and be prepared to respond to all customer inquiries, service requests and, safety concerns and complaints according to Commission Rule 20 CSR 4240-13.040(2)(A). To this end, Mr. Argyle should immediately setup the voicemail on the Company phone number so customers can leave a message and if Mr. Argyle is unavailable, qualified personnel shall be available. Additionally, the billing statement should be corrected to list the accurate phone number(s) a customer can use to reach Company personnel.
- (b) Develop and distribute to all current and future customers written information specifying the rights and responsibilities of the Company and the customers as required by Commission Rule 20 CSR 4240-13.040(3).
- (c) Develop and implement a Disconnect Notice as required by Commission Rule 20 CSR 4240-13.050
- (d) Commission Rule 20 CSR 4240-13.020(9) states clearly that “Every bill for residential utility service shall clearly state (B) the date when the bill will be considered due and the date when it will be delinquent, if different.” Indicating a due date on the bill would let customers know the exact date the payment is due to the Company and when the payment is considered delinquent.

(10) Within ninety (90) days of the effective date of an order approving this Non-Unanimous Disposition Agreement, the Company shall implement the recommendations contained in the Auditing Department Report attached hereto as Attachment B and incorporated by reference herein and provide proof of implementing the recommendations to the Manager of the Commission’s Auditing Department:

- (a) The Company will begin tracking all work conducted in the form of a Time Record. This time record will include a description of the job performed, length of time to complete, name/title of the employee who conducted the work, and tracked by each system. The time record information should be maintained in sufficient detail to capture the amount of time each employee spends on operation and maintenance activities, as opposed to construction activities. The Company also agrees that detailed timesheets will be maintained for any future employees the Company may retain.

(11) The Company shall mail its customers a final written notice of the rates and charges included in its proposed tariff revisions prior to or with its next billing cycle after issuance of the Commission order approving the terms of this Non-Unanimous

Disposition Agreement. The notice shall include a summary of the impact of the proposed rates on an average residential customer's bill.

(12) 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 Non-Unanimous Disposition Agreement;

(13) Staff or Public Counsel may file a formal complaint against the Company, if the Company does not comply with the provisions of this Non-Unanimous Disposition Agreement;

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

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

Additional Matters

Other than the specific conditions agreed upon and expressly set out herein, the terms of this Non-Unanimous Disposition Agreement reflect compromises between the Staff and the Company, and no party has agreed to any particular ratemaking principle in arriving at the amount of the annual operating revenue increase specified herein.

The results of Staff's inspections and review of the Company's operation of its facilities can be found in the Water, Sewer, & Steam Department Report, Attachment J. Staff has completed a Summary of Case Events and has included that summary as Attachment K to this Non-Unanimous Disposition Agreement.

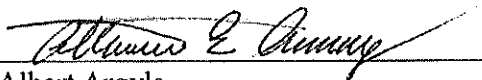
The Company, Public Counsel, and Staff acknowledge that Staff will be filing this Non-Unanimous Disposition Agreement and the attachments hereto, in the existing case and that the Company will file the proposed tariff revisions called for in the agreement. The Company and Public Counsel also acknowledge that Staff may make other filings in this case.

Additionally, the Company and Public Counsel agree that subject to the rules governing practice before the Commission and without waiving the confidentiality of the facts and positions disclosed in the course of settlement, Staff shall have the right to provide an oral explanation to support its entering into this Non-Unanimous Disposition Agreement, if the Commission requests one 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 and without waiving the confidentiality of the facts and positions disclosed in the course of settlement, Staff will be available to answer Commission questions regarding this Non-Unanimous Disposition Agreement. To the extent reasonably practicable, Staff shall provide the Company with advance notice of any such agenda meeting so that it may have the opportunity to be present and/or represented at the meeting.


SIGNATURES

Agreement Signed and Dated:



Albert Argyle
President
Argyle Estates Water Supply

11-23-2022
Date



Curtis Gateley
Manager – Water & Sewer Department
Missouri Public Service Commission Staff

11-28-22
Date

List of Attachments

- Attachment A – Ratemaking Income Statements
- Attachment B – Auditing Department Report
- Attachment C – EMS Run
- Attachment D – Rate Base Worksheets
- Attachment E – Schedules of Depreciation Rates
- Attachment F – Rate Design Worksheets
- Attachment G – Billing Comparison Worksheet
- Attachment H – Example Tariffs
- Attachment I – CXD Report
- Attachment J – Water and Sewer Department Report
- Attachment K – Summary of Events

Disposition Agreement Attachment A
Ratemaking Income Statement

Argyle Estates Water Supply

Water Rate Making Income Statement

Operating Revenues at Current Rates			Customer Charge	Commodity
1	Tariffed Rate Revenues *	\$ 12,466		
2	Other Operating Revenues *			
3	Total Operating Revenues	\$ 12,466		
4	* See "Revenues - Current Rates" for Details.			
Cost of Service				
Item	Amount			
5	Operations Expenses	\$ 1,375	0.90 \$	1,238 \$ 138
6	Maintenance Expenses	\$ 910	0.90 \$	819 \$ 91
7	Customer Account Expense		0.20 \$	- \$ -
8	Administrative & General Expenses	\$ 13,587	0.60 \$	8,152 \$ 5,435
9	DNR Fees		1.00 \$	- \$ -
10	PSC Assessment	\$ 68	1.00 \$	68 \$ -
11	Rate Case Expense	\$ 64	0.50 \$	32 \$ 32
12	Sub-Total Operating Expenses	\$ 16,004		\$ 10,309 \$ 5,695
13	Property Taxes		0.50 \$	- \$ -
14	Payroll Taxes (FICA)		0.50 \$	- \$ -
	Payroll taxes (Unemployment)			
15	Income Taxes		0.50 \$	- \$ -
16	Sub-Total Taxes	\$ -		\$ - \$ -
17	Depreciation	\$ 3,604	0.70 \$	2,523 \$ 1,081
18	Interest Expense	\$ 120	0.60 \$	72 \$ 48
19	Sub-Total Depreciation/Interest/Amortization	\$ 3,724		\$ 2,595 \$ 1,129
20	Return on Equity		0.60 \$	- \$ -
21	Total Cost of Service	\$ 19,728		\$ 12,904 \$ 6,825
22	Cost to recover in rates	\$ 19,728		\$ 12,904 \$ 6,825
23	Overall Revenue Increase Needed	\$ 7,262		

Disposition Agreement Attachment B
Auditing Department Report

MISSOURI PUBLIC SERVICE COMMISSION

PRELIMINARY STAFF REPORT

CASE NO. WR-2022-0345

October 11, 2022

**AUDITING DEPARTMENT
PRELIMINARY
REVIEW AND AUDIT**

BACKGROUND

On June 13, 2022, Argyle Estates Water Supply (“Argyle”) filed a letter with the Missouri Public Service Commission (“Commission”) requesting an increase in annual operating revenues. Its request consisted of an annual increase of at least \$6,000.

Argyle is located in Union, Missouri and as of June 7th, 2022 provides water service to 53 customers.

The Commission’s last approved rate case for Argyle became effective on March 22, 2002, in Case No. WR-2002-371. The new rates from this case added \$5,433 in annual operating revenues for its water operations. This increase translated into an increase in the quarterly flat rate charge of \$14.12 and an increase in the usage rate charge of \$0.91 per 1,000 gallons. Overall, this case resulted in a quarterly flat rate charge of \$37.94 and a usage rate charge of \$2.46 per 1,000 gallons.

RECOMMENDATION

The Audit Staff performed an analysis of Argyle’s books and records, based on a test year consisting of the twelve months ending December 31, 2021. Staff’s analysis shows that based on the current rates, Argyle’s water operations are under recovering the cost of service by \$7,262. For this reason, Staff recommends an annual increase in operating revenues of \$7,262. Attached to this Memorandum are Audit Staff’s Accounting Schedules and relevant workpapers related to the audit. The following is a discussion of Staff’s finding in this case.

RATE OF RETURN AND CAPITAL STRUCTURE

Staff’s Financial Analysis Department provided the Audit Staff with a preliminary rate of return (“ROR”) recommendation. To recommend the allowed ROR, the Staff of the Financial Analysis Department used its “Small Utility Return on Equity (ROE)/Rate of Return (ROR) Methodology” (“ROR Methodology”). Staff’s ROR Methodology is based on the S&P Credit Ratings guide and the Bond Yield Plus Risk Premium method. The S&P Credit Ratings guide provides parameters for estimating credit ratings. Credit ratings are in turn used to estimate debt cost. The Bond Yield Plus Risk Premium method simply adds a premium, known as equity risk premium (“ERP”), to the estimated debt cost to come up with a return on equity (“ROE”). ROE is combined with debt cost to arrive at an estimated ROR.

To estimate credit ratings using the S&P Credit Ratings guide, Staff examined the financial risk profile (“FRP”) and business risk profile (“BRP”) of Argyle. Usually, to examine the FRP and BRP of a small utility, Staff would analyze financial statements and ratios. In the case of Argyle, the only financial statements available are Annual Reports filed with the Commission. Balance sheets included in the 2021 Annual Report show a large negative amount of Retained Earnings of \$79,080.77¹ along with relatively large amounts of long-term debt of \$30,038.77² and accounts payable of \$75,000.00.³ It is Staff’s understanding that over the course of several years, the owner has used personal funds and taken personal loans for Argyle’s operations (long-term debt) and has not been paid for services provided to the business (accounts payable).

According to a November 27, 2007, S&P Credit Ratings publication, regulated utilities and holding companies that are utility-focused virtually always fall in the upper range (“Excellent” or “Strong”) of business risk profile. In addition, all water utilities currently rated by S&P are assigned a BRP of “Excellent”, owing to their regulated revenues. Due to the fact that Argyle is smaller than other regulated water utilities rated by S&P (Argyle serves 53 water customers), in Staff’s reasonable judgement, a BRP of “Strong”, one notch lower than the “Excellent” assigned to water utilities by S&P Credit Ratings, for Argyle is appropriate.

Considering Argyle’s FRP, Argyle reported net losses for 2019 and 2020 but did report a net income in 2021. While a net income would normally indicate the company is operating in a sustainable manner, and considered by itself would indicate a minimal financial risk, the company’s previous net losses, an exceedingly high debt to capital ratio, and a substantial amount of accounts payable (unpaid salary) reveal that the company is still considered highly leveraged. The combination of these factors leads Staff, in its reasonable judgment, to believe an FRP of “Highly Leveraged” is appropriate.⁴ Argyle’s previous rate case, WR-2002-371, was over twenty years ago.

With a BRP and FRP of “Strong” and “Highly Leveraged” for Argyle, respectively, the S&P Credit Ratings guide matrix indicates a credit rating of ‘BB-’. A credit rating of ‘BB-’ for public utilities bonds has a current corresponding interest rate of approximately 6.51%.⁵ Typically, the most recent three month average of the Mergent Public Utility Bond Yield would be used. The Federal Open Market Committee (FOMC) raised the target range for federal funds by 75 basis points during each of its July 26-27, 2022 and September 20-21, 2022 meetings and issued statements

¹ Staff’s Workpaper.

² Ibid

³ 2021 Argyle Estates Water Supply Annual report.

⁴ According to a May 27, 2009, S&P guide, utilities with a Funds From Operations (FFO) to Total Debt (Debt) ratio of less than 12% typically have an FRP of “Highly Leveraged”, a ratio of Debt to Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) of greater than 5.0 is typically “Highly Leveraged” and capital structures with a Debt to Capital ratio higher than 60% is typically “Highly Leveraged”. Argyle’s ratios for 2021 were FFO/Debt = 7.30%, Debt/EBITDA = 11.70 and Debt/Capital = 10066.00%.

⁵ June 2022 Mergent Bond Record, page 18.

after each meeting that ongoing increases in the target range will be appropriate.⁶ Accordingly, the bond yield for only the most recent month (July) was used as a reference point. Because of high inflation rates and ongoing interest rate increases, Staff will monitor market conditions and update as needed.

Adding a 4% Equity Risk Premium (“ERP”), as prescribed by the Bond Yield Plus Risk Premium method, to the 6.51% estimated debt cost results in a 10.51% ROE. Argyle is capitalized with 100.00% debt and 0.00% common equity. According to annual reports filed with the Commission and documents supplied, Argyle’s debt is financed at a weighted cost of 4.92%. Staff’s recommended ROE of 10.51% for Argyle and embedded cost of debt of 4.92% applied to a capital structure of 100.00% debt and 0.00% common equity, results in an allowed ROR of 4.92%.

RATE BASE

As of June 30, 2022, the water plant balance was \$84,606 and the water reserve balance was \$82,171.

Staff’s Engineering Analysis Department obtained information regarding plant additions from invoices obtained by Staff during a site visit, and plant additions noted in annual reports to update plant in service balances and calculate depreciation and net plant. Several accounts had a negative net plant balance due to over accumulated depreciation. In order to prevent further depreciation in these accounts, Staff reallocated the negative plant balances to accounts that were capable of absorbing the deficit and is recommending depreciation rates for these accounts be set to zero (0). Staff’s recommended depreciation rates are included as attachment E.

REVENUES

Staff determined the revenue for minimum customer charges by calculating the number of customers (53) as of June 30, 2022 then multiplied 53 by the current quarterly minimum rate established in Tariff No. JW-2002-0265 of \$37.94 per quarter for all customers. Staff then annualized the minimum charge by multiplying the 53 total customers by the \$37.94 quarterly rate and then by four quarters to determine the total fixed charges of \$8,043.

Staff developed the water usage for customers based on the usage for 12 months ending December 31, 2021. Staff then applied the current commodity charge of \$2.46 per 1,000 gallons for all metered usage (over 6,000 gallons per quarter). Staff’s annualized revenues for commodity charge is \$4,423. The total annualized revenue for Argyle is \$12,466 based on the current tariff rates.

OPERATING EXPENSES

⁶ Federal Reserve Board-Federal Reserve issues FOMC statement, <https://www.federalreserve.gov/newsevents/pressreleases/monetary20220727a.htm>

Fuel or Power Purchased for Pumping

Electricity Bills

Staff has reviewed the electric bills for the water system to determine the amount of electricity expense to include in rates for the water operations. Staff annualized 12 months ending June 2022. The annualized amount included electric energy charge, base energy charge, seasonal energy charge, electric customer charge, renewable energy adjustment, fuel adjustment charge, energy efficiency investment charge, and tax.

Supplies and Expenses

DNR

Staff included the current yearly DNR public drinking water Laboratory Services and Program Administration Fee.

Miscellaneous Expense

Staff annualized miscellaneous expenses incurred during the test year ending December 31, 2021, which included spray paint, glue, bolts, emery cloth, batteries, etc. to develop the annualized miscellaneous expense.

Regulatory Commission Expense

PSC Assessment

Staff included the fiscal year 2023 PSC Assessment fee.

Administrative and General Salaries

Payroll

Staff has adjusted Argyle's test year expense to reflect an annualized level of payroll and payroll tax. Argyle does not employ any employees, other than Albert Argyle, its owner. The owner's job duties include operations, administrative work, and repairs and maintenance. Staff used the average hourly wage from the St. Louis region of the Missouri Economic Research and Information Center ("MERIC") website for each job duty. Albert Argyle did not retain timesheets and he told Staff that he worked on average 10 hours a week. Using the classifications from the MERIC website, the hours were split into three categories with different hourly rates. The administrative hours were based on the MERIC job classification: "Office Clerks, General" at

\$19.52 per hour. The Operation/ Repair/ Maintenance hours were based on the MERIC job classification: "Helpers--Installation, Maintenance, and Repair Workers", at \$21.50 per hour. The Operator – Water hours were based on the MERIC job classification; “Water and Wastewater Treatment Plant and System Operators”, at \$27.74 per hour. Staff’s annualized level for payroll is \$11,918. Staff has also included annualized payroll taxes in the amount of \$954 to cover the company’s portion of FUTA, and FICA which is comprised of Social Security and Medicare at the current tax rates.

Outside Services Employed

Contract Services

Mr. Argyle hired two employees to help around the water plant. One person reads the meter usage every quarter for \$60 a quarter and the other person airs the pressure tank monthly for \$35 a month. The company had no formal job description or timesheets of their work. We informed Argyle that going forward it will need to have better documentation including timesheets for the work being done and amounts paid.

Tax Preparation

Staff included the most current annual fee charged by Ellison & Associates, Inc. to prepare Argyle’s yearly income taxes.

Office Supplies and Other Expenses

Postage

Staff used the current total customer count of 53 customers and the current postage stamp rate to determine the annual postage for billings. In addition to the postage for the quarterly billings, Staff also included postage for mailing the water certification class payment, mailing the consumer confidence reports to customers annually, mailing income tax documentation and payment to Ellison and Associates, Inc. annually, and mailing the annual report and PSC Assessment fee to PSC.

Office Supplies Expense

Staff included office supplies incurred during the test year, such as notebooks, paper clips, envelopes, copies of annual reports, and copies of consumer confidence reports. Staff also included the most current cost of water bills.

Telephone Expense

Staff reviewed the current monthly Verizon bill total to determine an appropriate annualized level for telephone expense. The phone bill included a total of two lines which consisted of a cell phone and a home phone. Staff disallowed 50% of the two phone lines since both are used for personal and business purposes and Staff also disallowed the international calling cost.

Bank Fees

Staff annualized the most current monthly bank service charge to determine the annualized bank fees.

Miscellaneous General Expenses

Rate Case Expense

The original local public hearing notice mailed to customers on July 8, 2022 included an error, which was not Argyle's fault. Therefore, a second local public hearing notice was mailed to customers on July 28, 2022. Staff used the most current total customer count of 53 customers and the most current postage stamp rate to determine the rate case expense.

STAFF RECOMMENDATIONS:

1. The Commission order the depreciation rates shown in Attachment E.
2. The Commission order the Company to purchase property and general liability insurance within 90 days following the conclusion of the rate increase.

STAFF SUGGESTIONS:

1. Argyle should charge customers all the fees listed in its Commission approved tariff including but not limited to late fees.
2. All receipts/invoices for Argyle should be retained and stored.
3. Argyle should maintain a monthly mileage log and vehicle maintenance log.
4. Argyle should maintain timesheets for all employees.
5. Argyle should maintain a record of work completed by any outside contractors along with corresponding payments.

Disposition Agreement Attachment C
EMS Run

ARGYLE ESTATES WATER SUPPLY
Case No. WR-2022-0345
Test Year 12 Months Ending December 31, 2021
Updated Through June 30, 2022
Rate Design Schedule - Water

A	B	C	D	E	E	
Line Number	Description	Account Number (Optional)	Staff Annualized	Customer Charge	Commodity	Percentage Rate
Rev-1	ANNUALIZED REVENUES					
Rev-2	Annualized Rate Revenues		(1) \$12,466			
Rev-3	Miscellaneous Revenues		(1) \$0			
Rev-4	TOTAL ANNUALIZED REVENUES		<u>\$12,466</u>			
1	OPERATIONS EXPENSES		(2)			
2	Fuel or Power Purchased for Pumping	620.000	\$990	\$0	\$990	0.00%
3	Supplies and Expenses	640.000	\$385	\$0	\$385	0.00%
4	TOTAL OPERATIONS EXPENSE		<u>\$1,375</u>	\$0	\$1,375	
5	MAINTENANCE EXPENSES					
6	Outside Services Employed	682.000	\$910	\$0	\$910	0.00%
7	TOTAL MAINTENANCE EXPENSE		<u>\$910</u>	\$0	\$910	
8	CUSTOMER ACCOUNT EXPENSE					
9	TOTAL CUSTOMER ACCOUNT EXPENSE		<u>\$0</u>	\$0	\$0	
10	ADMINISTRATIVE & GENERAL EXPENSES					
11	Administration and General Salaries	680.000	\$12,872	\$0	\$12,872	0.00%
12	Office Supplies and Other Expenses	681.000	\$715	\$0	\$715	0.00%
13	TOTAL ADMINISTRATIVE AND GENERAL		<u>\$13,587</u>	\$0	\$13,587	
14	OTHER OPERATING EXPENSES					
15	Regulatory Commission Expenses	688.000	\$68	\$0	\$68	0.00%
16	Miscellaneous General Expenses	689.000	\$64	\$0	\$64	0.00%
17	Depreciation		\$3,604	\$0	\$3,604	0.00%
18	TOTAL OTHER OPERATING EXPENSES		<u>\$3,736</u>	\$0	\$3,736	
19	TAXES OTHER THAN INCOME					
20	TOTAL TAXES OTHER THAN INCOME		<u>\$0</u>	\$0	\$0	
21	TOTAL OPERATING EXPENSES		<u>\$19,608</u>	\$0	\$19,608	
22	Interest Expense		(3) \$120	\$0	\$120	0.00%
23	Return on Equity		(3) \$0	\$0	\$0	0.00%
24	Income Taxes		(3) \$0	\$0	\$0	0.00%
25	TOTAL INTEREST RETURN & TAXES		<u>\$120</u>	\$0	\$120	
26	TOTAL COST OF SERVICE		<u>\$19,728</u>	\$0	\$19,728	
27	Less: Miscellaneous Revenues		<u>\$0</u>	\$0	\$0	0.00%
28	COST TO RECOVER IN RATES		<u>\$19,728</u>	\$0	\$19,728	
29	INCREMENTAL INCREASE IN RATE REVENUES		<u>\$7,262</u>			
30	PERCENTAGE OF INCREASE		<u>58.25%</u>			
31	REQUESTED INCREASE IN REVENUES		\$6,000			

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

ARGYLE ESTATES WATER SUPPLY
Case No. WR-2022-0345
Test Year 12 Months Ending December 31, 2021
Updated Through June 30, 2022
Rate Base Required Return on Investment Schedule - Water

Line Number	A Rate Base Description	B Dollar Amount	
1	Plant In Service	\$84,606	From Plant Schedule
2	Less Accumulated Depreciation Reserve	\$82,171	From Depreciation Reserve Schedule
3	Net Plant In Service	\$2,435	
4	Other Rate Base Items:	\$0	
	Contribution in Aid of Construction Amortization (positive or zero)	\$0	
	Contribution in Aid of Construction (negative or zero)	\$0	
5	Total Rate Base	\$2,435	
6	Total Weighted Rate of Return Including Income Tax	4.92%	From PreTax Return & Taxes Schedule
7	Required Return & Income Tax	\$120	

ARGYLE ESTATES WATER SUPPLY
Case No. WR-2022-0345
Test Year 12 Months Ending December 31, 2021
Updated Through June 30, 2022
Rate of Return Including Income Tax - Water

		A		B	formulas
1	State Income Tax Rate Statutory / Effective	4.23%	(2)	4.23%	$(1 - (B2 \times .5)) \times A1$
2	Federal Income Tax Rate Statutory / Effective	0.00%	(1) & (2)	0.00%	$(1 - B1) \times A2$
3	Composite Effective Income Tax Rate			4.23%	$B1 + B2$
4	Equity Tax Factor			1.0441	$1 / (1 - B3)$
5	Recommended Weighted Rate of Return on Equity - Common and Preferred			0.00%	From Capital Structure Schedule
6	Weighted Rate of Return on Equity Including Income Tax			0.00%	$B4 \times B5$
7	Recommended Weighted Rate of Return on Debt - Long-Term and Short-Term			4.92%	From Capital Structure Schedule
8	Total Weighted Rate of Return Including Income Tax			4.92%	$B6 + B7$

To Rate Base Schedule

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

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	21.00%	\$0	\$0
\$50,001	\$75,000	21.00%	\$0	\$0
\$75,001	\$100,000	21.00%	\$0	\$0
\$100,001	\$335,000	21.00%	\$0	\$0
\$335,001	\$9,999,999,999	21.00%	\$0	\$0
			\$0	\$0
Consolidated Tax Rate:				
Average Tax Rate:				0

ARGYLE ESTATES WATER SUPPLY
Case No. WR-2022-0345
Test Year 12 Months Ending December 31, 2021
Updated Through June 30, 2022
Capital Structure Schedule - Water

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	\$0	0.00%	0.00%	0.000%
2	Other Security-Non Tax Deductible	\$0	0.00%	0.00%	0.000%
3	Preferred Stock	\$0	0.00%	0.00%	0.000%
4	Long Term Debt	\$30,039	100.00%	4.92%	4.920%
5	Short Term Debt	\$0	0.00%	0.00%	0.000%
6	Other Security-Tax Deductible	\$0	0.00%	0.00%	0.000%
7	TOTAL CAPITALIZATION	\$30,039	100.00%		4.920%

To PreTax Return Rate Schedule

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

ARGYLE ESTATES WATER SUPPLY
 Case No. WR-2022-0345
 Test Year 12 Months Ending December 31, 2021
 Updated Through June 30, 2022
 Plant In Service - Water

Line Number	A Account # (Optional)	B Plant Account Description	C Total Plant	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
1		INTANGIBLE PLANT					
2	301.000	Organization	\$1,111			100.00%	\$1,111
3		TOTAL INTANGIBLE PLANT	\$1,111		\$0		\$1,111
4		SOURCE OF SUPPLY PLANT					
5	310.000	Land & Land Rights - SSP	\$150			100.00%	\$150
6	311.000	Structures & Improvements - SSP	\$2,846			100.00%	\$2,846
7	314.000	Wells & Springs	\$8,375			100.00%	\$8,375
8		TOTAL SOURCE OF SUPPLY PLANT	\$11,371		\$0		\$11,371
9		PUMPING PLANT					
10	320.000	Land and Land Rights	\$1,500			100.00%	\$1,500
11	325.000	Electric Pumping Equipment	\$8,400			100.00%	\$8,400
12	325.100	Submersible Pumping Equipment	\$11,993			100.00%	\$11,993
13	325.200	High Service or Booster Pumping Equipment	\$1,659			100.00%	\$1,659
14		TOTAL PUMPING PLANT	\$23,552		\$0		\$23,552
15		WATER TREATMENT PLANT					
16		TOTAL WATER TREATMENT PLANT	\$0		\$0		\$0
17		TRANSMISSION & DISTRIBUTION PLANT					
18	342.000	Distribution Reservoirs & Standpipes	\$22,045			100.00%	\$22,045
19	343.000	Transmission & Distribution Mains	\$14,056			100.00%	\$14,056
20	348.000	Hydrants	\$1,553			100.00%	\$1,553
21	349.000	Other Transmission and Distribution Plant	\$1,680			100.00%	\$1,680
22		TOTAL TRANS. & DISTRIBUTION PLANT	\$39,334		\$0		\$39,334
23		GENERAL PLANT					
24	394.000	Tools, Shop, and Garage Equipment	\$5,599			100.00%	\$5,599
25	398.000	Miscellaneous Equipment	\$1,445			100.00%	\$1,445
26	399.000	Other Intangible Property	\$2,194			100.00%	\$2,194
27		TOTAL GENERAL PLANT	\$9,238		\$0		\$9,238
28		TOTAL PLANT IN SERVICE	\$84,606		\$0		\$84,606

ARGYLE ESTATES WATER SUPPLY
 Case No. WR-2022-0345
 Test Year 12 Months Ending December 31, 2021
 Updated Through June 30, 2022
 Schedule of Adjustments for Plant in Service - Water

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

ARGYLE ESTATES WATER SUPPLY
Case No. WR-2022-0345
Test Year 12 Months Ending December 31, 2021
Updated Through June 30, 2022
Depreciation Expense - Water

Line Number	A Account Number	B Plant Account Description	C Adjusted Jurisdictional	D Depreciation Rate	E Depreciation Expense	F Average Life	G Net Salvage
1		INTANGIBLE PLANT					
2	301.000	Organization	\$1,111	0.00%	\$0	0	0.00%
3		TOTAL INTANGIBLE PLANT	\$1,111		\$0		
4		SOURCE OF SUPPLY PLANT					
5	310.000	Land & Land Rights - SSP	\$150	0.00%	\$0	0	0.00%
6	311.000	Structures & Improvements - SSP	\$2,846	2.50%	\$71	0	0.00%
7	314.000	Wells & Springs	\$8,375	2.00%	\$168	0	0.00%
8		TOTAL SOURCE OF SUPPLY PLANT	\$11,371		\$239		
9		PUMPING PLANT					
10	320.000	Land and Land Rights	\$1,500	0.00%	\$0	0	0.00%
11	325.000	Electric Pumping Equipment	\$8,400	10.00%	\$840	0	0.00%
12	325.100	Submersible Pumping Equipment	\$11,993	10.00%	\$1,199	0	0.00%
13	325.200	High Service or Booster Pumping Equipment	\$1,659	6.70%	\$111	0	0.00%
14		TOTAL PUMPING PLANT	\$23,552		\$2,150		
15		WATER TREATMENT PLANT					
16		TOTAL WATER TREATMENT PLANT	\$0		\$0		
17		TRANSMISSION & DISTRIBUTION PLANT					
18	342.000	Distribution Reservoirs & Standpipes	\$22,045	2.50%	\$551	0	0.00%
19	343.000	Transmission & Distribution Mains	\$14,056	2.00%	\$281	0	0.00%
20	348.000	Hydrants	\$1,553	2.00%	\$31	0	0.00%
21	349.000	Other Transmission and Distribution Plant	\$1,680	0.00%	\$0	0	0.00%
22		TOTAL TRANS. & DISTRIBUTION PLANT	\$39,334		\$863		
23		GENERAL PLANT					
24	394.000	Tools, Shop, and Garage Equipment	\$5,599	5.00%	\$280	0	0.00%
25	398.000	Miscellaneous Equipment	\$1,445	5.00%	\$72	0	0.00%
26	399.000	Other Intangible Property	\$2,194	0.00%	\$0	0	0.00%
27		TOTAL GENERAL PLANT	\$9,238		\$352		
28		Total Depreciation	\$84,606		\$3,604		

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

ARGYLE ESTATES WATER SUPPLY
 Case No. WR-2022-0345
 Test Year 12 Months Ending December 31, 2021
 Updated Through June 30, 2022
 Accumulated Depreciation Reserve - Water

Line Number	A Account Number	B Depreciation Reserve Description	C Total Reserve	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
1		INTANGIBLE PLANT					
2	301.000	Organization	\$0			100.00%	\$0
3		TOTAL INTANGIBLE PLANT	\$0		\$0		\$0
4		SOURCE OF SUPPLY PLANT					
5	310.000	Land & Land Rights - SSP	\$0			100.00%	\$0
6	311.000	Structures & Improvements - SSP	\$3,649			100.00%	\$3,649
7	314.000	Wells & Springs	\$8,649			100.00%	\$8,649
8		TOTAL SOURCE OF SUPPLY PLANT	\$12,298		\$0		\$12,298
9		PUMPING PLANT					
10	320.000	Land and Land Rights	\$0			100.00%	\$0
11	325.000	Electric Pumping Equipment	\$18,230			100.00%	\$18,230
12	325.100	Submersible Pumping Equipment	\$5,397			100.00%	\$5,397
13	325.200	High Service or Booster Pumping Equipment	\$2,557			100.00%	\$2,557
14		TOTAL PUMPING PLANT	\$26,184		\$0		\$26,184
15		WATER TREATMENT PLANT					
16		TOTAL WATER TREATMENT PLANT	\$0		\$0		\$0
17		TRANSMISSION & DISTRIBUTION PLANT					
18	342.000	Distribution Reservoirs & Standpipes	\$14,489			100.00%	\$14,489
19	343.000	Transmission & Distribution Mains	\$14,084			100.00%	\$14,084
20	348.000	Hydrants	\$1,855			100.00%	\$1,855
21	349.000	Other Transmission and Distribution Plant	\$0			100.00%	\$0
22		TOTAL TRANS. & DISTRIBUTION PLANT	\$30,428		\$0		\$30,428
23		GENERAL PLANT					
24	394.000	Tools, Shop, and Garage Equipment	\$11,599			100.00%	\$11,599
25	398.000	Miscellaneous Equipment	\$1,662			100.00%	\$1,662
26	399.000	Other Intangible Property	\$0			100.00%	\$0
27		TOTAL GENERAL PLANT	\$13,261		\$0		\$13,261
28		TOTAL DEPRECIATION RESERVE	\$82,171		\$0		\$82,171

ARGYLE ESTATES WATER SUPPLY
 Case No. WR-2022-0345
 Test Year 12 Months Ending December 31, 2021
 Updated Through June 30, 2022
 Schedule of Adjustments for Accumulated Depreciation Reserve - Water

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

ARGYLE ESTATES WATER SUPPLY
 Case No. WR-2022-0345
 Test Year 12 Months Ending December 31, 2021
 Updated Through June 30, 2022
 Revenue Schedule - Water

A	B	C	D	E	F	G	
Line Number	Account Number (Optional)	Revenue Description	Company/ Test Year Amount	Adjustment Number	Jurisdictional Adjustments	Jurisdictional Allocation	Adjusted Jurisdictional
Rev-1		ANNUALIZED REVENUES					
Rev-2		Annualized Rate Revenues	\$0	Rev-2	\$12,466	100.00%	\$12,466
Rev-3		Miscellaneous Revenues	\$0	Rev-3	\$0	100.00%	\$0
Rev-4		TOTAL ANNUALIZED REVENUES	\$0		\$12,466		\$12,466

ARGYLE ESTATES WATER SUPPLY
 Case No. WR-2022-0345
 Test Year 12 Months Ending December 31, 2021
 Updated Through June 30, 2022
 Revenue Adjustment Schedule - Water

A Revenue Adj Number	B Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment
Rev-2	Annualized Rate Revenues			\$12,466
	1. To Annualize Rate Revenues		\$12,466	
Rev-3	Miscellaneous Revenues			\$0
	1. To Annualize Miscellaneous Revenues		\$0	
Total Revenue Adjustments				\$12,466

ARGYLE ESTATES WATER SUPPLY
 Case No. WR-2022-0345
 Test Year 12 Months Ending December 31, 2021
 Updated Through June 30, 2022
 Rate Revenue Feeder Schedule - Water

Line Number	A Description	Residential All Customers		Commercial 2"	
		B Amount	C Amount	D Amount	E Amount
1	Customer Charge Revenues:				
2	Customer Number	53		0	
3	Bills Per Year	4		0	
4	Customer Bills Per year	212		0	
5	Current Customer Charge	<u>\$37.94</u>		<u>\$0.00</u>	
6	Annualized Customer Charge Revenues		\$8,043		\$0
7	Commodity Charge Revenues:				
8	Total Gallons Sold	12,466		0	
9	Less: Base Gallons Included In Customer Charge	<u>8,043</u>		<u>0</u>	
10	Commodity Gallons	4,423		0	
11	Block 1, Commodity Gallons per Block	1,797,980		0	
12	Block 1, Number of Commodity Gallons per Unit	<u>1,000</u>		<u>0</u>	
13	Block 1, Commodity Billing Units	1,797.98		0.00	
14	Block 1, Existing Commodity Charge	<u>\$2.46</u>		<u>\$0.00</u>	
15	Block 1, Annualized Commodity Charge Rev.		\$4,423		\$0
16	Total Annualized Water Rate Revenues		<u>\$12,466</u>		<u>\$0</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.

ARGYLE ESTATES WATER SUPPLY
Case No. WR-2022-0345
Test Year 12 Months Ending December 31, 2021
Updated Through June 30, 2022
Rate Revenue Feeder Schedule - Water

Line Number	A Description	Total	
		E Amount	G Amount
1	<u>Customer Charge Revenues:</u>		
2	Customer Number	53	
3	Bills Per Year		
4	Customer Bills Per year	212	
5	Current Customer Charge		
6	Annualized Customer Charge Revenues		\$8,043
7	<u>Commodity Charge Revenues:</u>		
8	Total Gallons Sold	12,466	
9	Less: Base Gallons Included In Customer Charge	8,043	
10	Commodity Gallons	4,423	
11	Block 1, Commodity Gallons per Block		
12	Block 1, Number of Commodity Gallons per Unit		
13	Block 1, Commodity Billing Units		
14	Block 1, Existing Commodity Charge		
15	Block 1, Annualized Commodity Charge Rev.		\$4,423
16	Total Annualized Water Rate Revenues		\$12,466

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.

ARGYLE ESTATES WATER SUPPLY
Case No. WR-2022-0345
Test Year 12 Months Ending December 31, 2021
Updated Through June 30, 2022
Miscellaneous Revenues Feeder - Water

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

ARGYLE ESTATES WATER SUPPLY
Case No. WR-2022-0345
Test Year 12 Months Ending December 31, 2021
Updated Through June 30, 2022
Expense Schedule - Water

Line Number	A Account Number (Optional)	B Expense Description	C Company/ Test Year Amount	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
1		OPERATIONS EXPENSES					
2	620.000	Fuel or Power Purchased for Pumping	\$1,116	W-2	-\$126	100.00%	\$990
3	640.000	Supplies and Expenses	\$369	W-3	\$16	100.00%	\$385
4		TOTAL OPERATIONS EXPENSE	<u>\$1,485</u>		<u>-\$110</u>		<u>\$1,375</u>
5		MAINTENANCE EXPENSES					
6	682.000	Outside Services Employed	\$836	W-6	\$74	100.00%	\$910
7		TOTAL MAINTENANCE EXPENSE	<u>\$836</u>		<u>\$74</u>		<u>\$910</u>
8		CUSTOMER ACCOUNT EXPENSE					
9		TOTAL CUSTOMER ACCOUNT EXPENSE	<u>\$0</u>		<u>\$0</u>		<u>\$0</u>
10		ADMINISTRATIVE & GENERAL EXPENSES					
11	680.000	Administration and General Salaries	\$0	W-11	\$12,872	100.00%	\$12,872
12	681.000	Office Supplies and Other Expenses	\$389	W-12	\$326	100.00%	\$715
13		TOTAL ADMINISTRATIVE AND GENERAL	<u>\$389</u>		<u>\$13,198</u>		<u>\$13,587</u>
14		OTHER OPERATING EXPENSES					
15	688.000	Regulatory Commission Expenses	\$117	W-15	-\$49	100.00%	\$68
16	689.000	Miscellaneous General Expenses	\$0	W-16	\$64	100.00%	\$64
17		Depreciation	\$0	W-17	\$3,604	100.00%	\$3,604
18		TOTAL OTHER OPERATING EXPENSES	<u>\$117</u>		<u>\$3,619</u>		<u>\$3,736</u>
19		TAXES OTHER THAN INCOME					
20		TOTAL TAXES OTHER THAN INCOME	<u>\$0</u>		<u>\$0</u>		<u>\$0</u>
21		TOTAL OPERATING EXPENSES	<u>\$2,827</u>		<u>\$16,781</u>		<u>\$19,608</u>

ARGYLE ESTATES WATER SUPPLY
Case No. WR-2022-0345
Test Year 12 Months Ending December 31, 2021
Updated Through June 30, 2022
Expense Adjustment Schedule - Water

A Expense Adj Number	B Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment
W-2	Fuel or Power Purchased for Pumping	620,000		-\$126
	1. To adjust for purchased power.		-\$126	
W-3	Supplies and Expenses	640,000		\$16
	1. To adjust for supplies and expenses.		\$16	
W-6	Outside Services Employed	682,000		\$74
	1. To adjust for outside services.		\$74	
W-11	Administration and General Salaries	680,000		\$12,872
	1. To adjust for salaries.		\$12,872	
W-12	Office Supplies and Other Expenses	681,000		\$326
	1. To adjust for office supplies and other expenses.		\$326	
W-15	Regulatory Commission Expenses	688,000		-\$49
	1. To adjust for regulatory expense.		-\$49	
W-16	Miscellaneous General Expenses	689,000		\$64
	1. To adjust for miscellaneous expenses.		\$64	
W-17	Depreciation			\$3,604
	1. To Annualize Depreciation		\$3,604	
Total Expense Adjustments				\$16,781

ARGYLE ESTATES WATER SUPPLY
 Case No. WR-2022-0345
 Test Year 12 Months Ending December 31, 2021
 Updated Through June 30, 2022
 Salary Support Data - Water

Salary Amounts by Employee

Employee Name	Job Title(s)	Exp. Schedule Category	Duties Performed	Hours	Salary
Tom Smith	Operator	Management	Administrative function	500	\$ 7,500
		Operator	Operator of facility, licensed	1,580	\$ 31,600
				2,080	\$ 39,100
John Smith	Maintenance	Outside Services	Maintain grounds and equipment	500	\$ 7,500
				500	\$ 7,500
Don Smith	Office Manager/ Meter Reader	Adm/Gen	Billing, phones, regulatory filings	1,040	\$ 15,600
		Contract	Meter reading	1,040	\$ 12,480
				2,080	\$ 28,080

Salary Amounts by Category

	Hours	Salary
Management		
Tom Smith	500	\$ 7,500
Total Management	500	\$ 7,500
Operator/Contract		
Tom Smith	1,580	\$ 31,600
Don Smith	1,040	\$ 12,480
Total Oper/Contract	2,620	\$ 44,080
Outside Services		
John Smith	500	\$ 7,500
Total Outside Services	500	\$ 7,500
Administrative/General		
Don Smith	1,040	\$ 15,600
Total Adm/Gen	1,040	\$ 15,600

Disposition Agreement Attachment D
Rate Base Worksheet

ARGYLE ESTATES WATER SUPPLY
Case No. WR-2022-0345
Test Year 12 Months Ending December 31, 2021
Updated Through June 30, 2022
Rate Base Required Return on Investment Schedule - Water

Line Number	A Rate Base Description	B Dollar Amount	
1	Plant In Service	\$84,606	From Plant Schedule
2	Less Accumulated Depreciation Reserve	\$82,171	From Depreciation Reserve Schedule
3	Net Plant In Service	\$2,435	
4	Other Rate Base Items:	\$0	
	Contribution in Aid of Construction Amortization (positive or zero)	\$0	
	Contribution in Aid of Construction (negative or zero)	\$0	
5	Total Rate Base	\$2,435	
6	Total Weighted Rate of Return Including Income Tax	4.92%	From PreTax Return & Taxes Schedule
7	Required Return & Income Tax	\$120	

Disposition Agreement Attachment E
Schedule of Depreciation Rates

ATTACHMENT - A
Argyle Estates Water Supply
Depreciation Rates
WR-2022-0345

Account Number	Account	Depreciation Rate	Average Service Life
301	Organization	0.0%	-
310	Land	0.0%	-
311	Structures and Improvements	0.0%	-
314	Wells and Springs	0.0%	-
320	Land and Land Rights	0.0%	-
325	Electric Pumping Equipment	0.0%	-
325.1	Submersible Pumping Equipment	10.0%	10
325.2	High Service or Booster Pumping Equipment	0.0%	-
342	Distribution Reservoirs and Standpipes	2.5%	40
343	Transmission and Distribution Mains	0.0%	-
348	Hydrants	0.0%	-
349	Other Transmission and Distribution Plant	0.0%	-
394	Tools, Shop, Garage Equipment	0.0%	-
398	Miscellaneous Equipment	0.0%	-

Disposition Agreement Attachment F
Rate Design Worksheet

Disposition Agreement Attachment G
Billing Comparison Worksheet

Argyle Estates Water Supply

Residential Customer Bill Comparison-Water

Rates for all Customers

<u>Current Base Customer Charge</u>	<u>Proposed Base Customer Charge</u>	<u>Current Usage Rate per 1,000 gal</u>	<u>Proposed Usage Rate per 1,000 gal</u>
\$ 37.94	\$ 60.87	\$ 2.46	\$ 3.80

QUARTERLY BILL COMPARISON

Using average of 12,000 gallons of water used /quarter
Base Rate includes 6,000 gallons of water per quarter

Quarterly Billing

Current Rates

Customer Charge	\$ 37.94
Usage Charge	\$ 14.76
Total Bill	\$ 52.70

Proposed Rates

Customer Charge	\$ 60.87
Usage Charge	\$ 22.77
Total Bill	\$ 83.64

INCREASES

Customer Charge

\$ Increase	\$22.93
% Increase	60.43%

Usage Charge

\$ Increase	\$8.01
% Increase	54.29%

Total Bill

\$ Increase	\$30.94
% Increase	58.71%

Disposition Agreement Attachment H
Example Tariff

Name of Utility: Argyle Estates Water Supply
Service Area: Certificated Water Service Area in Franklin County

Rules and Regulations Governing Rendering of
Water Service

INDEX

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- 5 Schedule of Rates
- 6 Schedule of Service Charges

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123.	Company Employees and Customer Relations
134.	Applications for Service
14	.....5.	Inside Piping and Water Service Lines
17	.....6.	Improper or Excessive Use
18	.....7.	Discontinuance of Service by Company
23	.....8.	Termination of Water Service at Customer's Request
24	.....9.	Interruptions in Service
25	.....10.	Bills for Service
28	.....11.	Meters and Meter Installations
31	.....12.	Meter Tests and Test Fees
32	.....13.	Bill Adjustments Based on Meter Tests
33	.....14.	Extension of Water Mains

* Indicates new rate or text
+ Indicates change

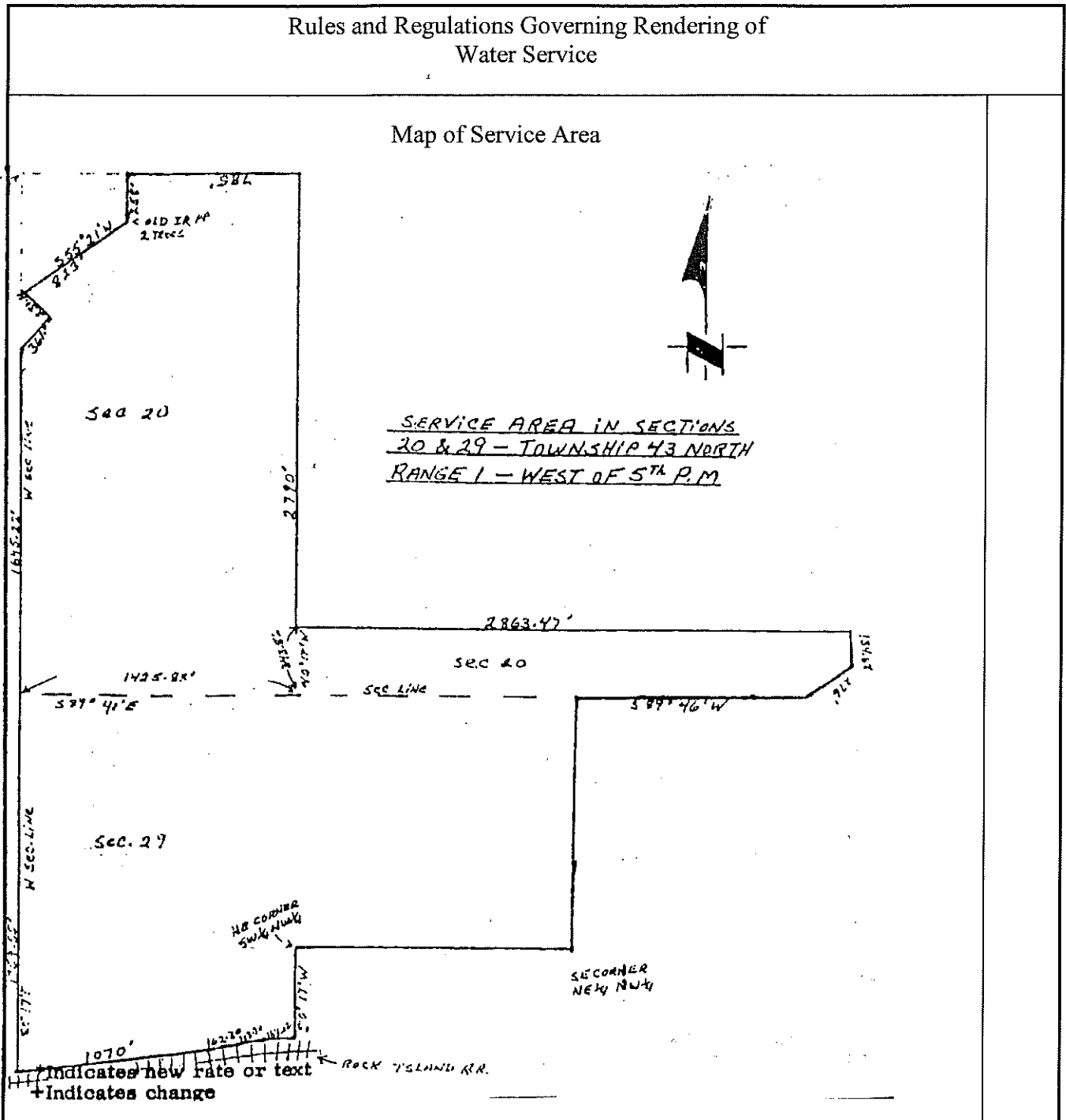
Issue Date: December 9, 2022
Month /Day/Year

Effective Date: January 24, 2023
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ISSUED BY Albert E. Argyle, President
Name and Title of Issuing Officer

408 Hillcrest Drive, Union, MO 63084
Mailing Address

Name of Utility: Argyle Estates Water Supply
Service Area: Certificated Water Service Area in Franklin County



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Rules and Regulations Governing Rendering of
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Legal Description of Service Area

TRACT 1.

A tract of land in part of the Northwest Quarter of Section Twenty-Nine (29), and part of the Southwest Quarter of the Southwest Quarter and part of the Southwest Quarter of the Southeast Quarter of Section Twenty (20), All in Township Forty-Three (43), Range One (1), West of the 5th P.M. in Franklin County, Missouri, more fully described as follows:

Beginning at an old stoner marking the Northwest corner of Section Twenty-Nine (29); thence South 89 degrees 41' East along the North line of said Section Twenty-Nine (29), 1425.83 feet to an old stone; thence North 0 degrees 17' East along the West line of the Southeast Quarter of the Southwest Quarter of Section Twenty (20), 343.86 feet to a point; thence in an easterly direction 2863.47 feet to a Southeast Quarter of section Twenty (20), said point being 344.68 feet northerly along the qr. qr. line from the Southeast corner of said qr. qr. section; thence in a southerly direction along said qr. qr. line 134.68 feet to a point; thence in a southwestwardly direction to a point in the South line of Section Twenty (20), said point being South 89 degrees 46' West 276 feet from the Southeast corner the Southwest Quarter of the Southeast Quarter of said Section Twenty (20); thence South 89 degrees 46' West along section line to the Northeast corner of the Northwest Quarter of Section Twenty-Nine (29); thence South 0 degrees 17' West along quarter section line 1370.82 feet to the Southeast corner of the Northeast Quarter of the Northwest Quarter of Section Twenty-Nine (29); thence South 0 degrees 17' West along qr. qr. line to its intersection with the North right-of-way of the Rock Island Railroad; thence along said North right-of-way, North 88 degrees 44' West 168.02 feet, South 85 degrees 58' West 103.70 feet. South 82 degrees 48' West 102.30, and South 81 degrees 43' West 1070 feet to the intersection of said North right-of-way with the West line of Section Twenty-Nine (29); thence North 0 degrees 17' East along West line of Section Twenty-Nine (29) 1759.56 feet to the point of beginning.

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Legal Description of Service Area

TRACT 2.

All that part of the West half of the Southwest qr. in Section Twenty (20), Township Forty-Three (43) North, Range One (1) West of the 5th P.M. as per plat of record in Plat Book H, page 74 in the office of the Recorder of Deeds, in Franklin County, Missouri. Excepting there from a parcel described as follows:

Beginning at the Northeast Corner of the Northeast qr. of the Southeast qr. of Section Nineteen (19); thence South 89 degrees 51' East on the North line of the West half of the Southwest qr. of Section twenty (20); 659 feet to a point, thence South 254 feet to an old iron p.p. and two trees thence South 55 degrees 21' West for approximately 778.5 feet to Section line Nineteen (19) thence due North to the Northeast corner of the Northeast qr. of the Southeast qr. of Section Nineteen (19). Also, part of lot five (5) and lot six (6) of Country Acres Subdivision, being part of the West half of the Southwest qr. of Section Twenty (20).

Also the right of ingress and egress over a strip of ground of the uniform width of twenty-five (25) feet off the West side of all that part of the Southeast quarter of the Northwest quarter in Section Twenty-Nine (29); lying North of U.S. Highway No. 50.

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Schedule of Rates

Availability: This rate is available to any customers located in the Argyle Estates service area.

Quarterly Minimum Charge:

Includes 6,000 gallons of water per quarter - \$60.87

Commodity Charge

For all metered usage over 6,000 gallons per quarter - \$3.80 per 1,000 gallons

PRIMACY FEE: There shall be added to the Customer's bill, as a separate item, the amount of the Safe Water Act primacy fee authorized and required by Section 640.100 of the Revised Statutes of Missouri.

TAXES: These rates do not include any municipal, state or federal taxes computed on either billing or consumption basis. Any such taxes applicable shall be added as separate items in rendering each bill.

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Schedule of Service Charges

The following Miscellaneous Charges apply as authorized and Described elsewhere in the Company's filed Rule and Regulations:

New Service Connection Fee	Actual Cost
Consists of the costs incurred by the Company for construction including parts, material, labor and equipment, but excluding the cost of the meter. See Rule 5 B.	
Service Connection Inspection Fee See Rule 5 B. 2 and 5 B. 3.	\$25
Water Service Line Inspection Fee See Rule 5 C.	\$25
Turn-On/Turn-Off Fee	\$25 each
On-site Collection Charge This charge will be added to the current bill if the Company personnel is on-site to disconnect the service when the Customer pays the bill. The disconnection fee may not be assessed if the service is not physically disconnected.	\$15
Meter Test Fee See Rule 12 B.	\$25
Late Charges The late charge is calculated monthly with the greater amount above being added to the delinquent bill in accordance with Rule 10 G.	\$5 or 3% per month

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Rules and Regulations Governing Rendering of
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Schedule of Service Charges continued

Returned Check Charges	\$25
Service Calls for Damages caused by Customer	Actual cost but not less than \$40

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Rules and Regulations Governing Rendering of
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Rule 1 DEFINITIONS

- A. The "COMPANY" is Argyle Estates Water Supply, acting through its officers, managers, or other duly authorized employees or agents.
- B. The "CURB STOP" is a valve on the Service Connection, located at or near the Customer's property line, and used to shut off water service to the premises. The Curb Stop is owned and maintained by the Company.
- C. A "CUSTOMER" is any person, firm, corporation or governmental body which has contracted with the Company for water service or is receiving service from Company, or whose facilities are connected for utilizing such service, and except for a guarantor is responsible for payment for service.
- D. The "DATE OF CONNECTION" shall be the date of the permit for installation and connection issued by the Company. In the event no permit is taken and a connection is made, the date of connection shall be based on available information such as construction/occupancy permits, electric service turn-on date, or may be the date of commencement of construction of the building upon the property.
- E. A "DEVELOPER" is any person, firm, corporation, partnership or any entity that, directly or indirectly, holds title to, or sells or leases, or offers to sell or lease, or advertises for sale or lease, any lots in a subdivision.
- F. "DISCONTINUANCE OF SERVICE" is the intentional cessation of service by the Company not requested by the Customer.
- G. The "MAIN" is a pipeline which is owned and maintained by the Company, located on public property or private easements, and used to transport water throughout the Company's service area.

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- H. The "METER" is a device, owned by the Company, used to measure and record the quantity of water that flows through the service line, and is installed in the outdoor meter setting, or inside the Customer's building where the water service line enters through a foundation wall.
- I. The "METER SETTING" is a place either in the service connection or building plumbing for a water meter to be installed. An outdoor meter setting is located at or near the property line, and includes the meter box, meter yoke, lid, and appurtenances, all of which shall be owned and maintained by the Company. Indoor meter settings are located inside the Customer's premises where the water service line enters the foundation wall either installed directly in the piping or in a meter yoke.
- J. A "RETURNED CHECK" is a check that is returned to the Company from any bank unpaid for any reason.
- K. A "SEASONAL CUSTOMER" is a Customer who is absent from the premises and may turn off, or request the Company turn off, water service temporarily. All Rates, Rules and Regulations within this tariff continue to apply to "Seasonal Customers" during periods of seasonal absence or turn-off.
- L. The "SERVICE CONNECTION" is the pipeline connecting the main to the Customer's water service line and includes the curb stop, or outdoor meter setting and all necessary appurtenances located at or near the property line, or at the property line if there is no curb stop or outdoor meter setting. If the property line is in a street, and if the curb stop or meter setting is not located near the edge of the street abutting the Customer's property, the service connection shall be deemed to end at the edge of the street abutting the Customer's property. The service connection shall be owned and maintained by the Company.
- M. A "SUBDIVISION" is any land in the state of Missouri which is divided or proposed to be divided into two or more lots or other divisions of land, whether contiguous or not, or uniform in size or not, for the purpose of sale or lease, and includes resubdivision thereof.

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- N. "TERMINATION OF SERVICE" is cessation of service requested by the Customer.
- O. "TURN-OFF" is the act of turning water service off by physically turning a valve such that water is unavailable to a Customer's premises.
- P. "TURN-ON" is the act of turning water service on by physically turning a valve to allow water to be available to a Customer's premises.
- Q. The word "UNIT" or "LIVING UNIT" shall be used herein to define the premises or property of a single water consumer, whether or not that consumer is the Customer. It shall pertain to any building whether multi-tenant or single occupancy, residential or commercial, or owned or leased. Each domicile within a multi-tenant building is a separate unit. Each mobile home in a mobile home park and each rental unit of a multi-tenant rental property are considered as separate units for each single family or firm occupying same as a residence or place of business.
- R. The "WATER SERVICE LINE" is a pipe with appurtenances installed, owned and maintained by the Customer, used to conduct water to the Customer's unit from the property line, curb stop or outdoor meter setting, including the connection to the curb stop or meter setting. If the property line is in a street, then the water service line shall be deemed to begin at the edge of the street abutting the Customer's property.

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Rule 2 GENERAL RULES & REGULATIONS

- A. Every applicant, upon signing an application for any water service rendered by the Company, or any Customer upon taking of water service, shall be considered to have expressed consent to be bound by these Rates, Rules and Regulations.
- B. The Company's Rules and Regulations governing rendering of service are set forth in these numbered sheets. The rates applicable to appropriate water service or service in particular service areas are set forth in rate schedules and constitute a part of these Rules and Regulations.
- C. The Company reserves the right, subject to authority of the Missouri Public Service Commission, to prescribe additional Rates, Rules or Regulations or to alter existing Rates, Rules or Regulations as it may from time to time deem necessary and proper.
- D. After the effective date of these Rules and Regulations, all new facilities, construction contracts, and written agreements shall conform to these Rules and Regulations, and in accordance with the statutes of the state of Missouri and the Rules and Regulations of the Missouri Public Service Commission. Pre-existing facilities that do not comply with applicable Rules and Regulations may remain, provided that their existence does not constitute a service problem or improper use, and reconstruction is not practical.
- E. The point of delivery of water service shall be at the connection of the Customer's service line to the Company's service connection.
- F. 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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Rule 3 COMPANY EMPLOYEES AND CUSTOMER RELATIONS

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

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Rule 4 APPLICATIONS FOR SERVICE

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

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Rule 5 INSIDE PIPING AND WATER SERVICE LINES

- A. The Company will provide water service at the outdoor meter, at the curb stop if an indoor meter setting is utilized; or at the property line if neither an outdoor meter nor a curb stop exists at or near the property line, or at the edge of the street if such property line is in the street. Separate buildings shall be served through separate water service lines if they are not on one lot that cannot be subdivided.
- B. The service connection from the water main to the Customer's property line shall be owned and maintained by the Company. Construction of the service connection, outdoor meter setting and curb stop shall be accomplished in one of the following ways at the Customer's option:
1. The Company will construct the service connection, outdoor meter setting and curb stop, as necessary, and make the connection to the main, within three (3) business days of an application for service, or within the time period specified in an application for service (See Rule 4). The Customer shall be responsible for payment of the New Service Connection Fee, as specified by or provided for in the Schedule of Service Charges; or,
 2. The Customer may install, or have installed by a professional contractor or plumber, the service connection from the water main to the meter setting, and make the connection to the main, subject to prior approval of the Company; or,
 3. The Customer may install, or have installed by a professional contractor or plumber, the service connection from the water main to the meter setting, and the Company will tap the main and connect the service connection. The Customer shall be responsible for payment of a New Service Connection Fee as specified by or provided for in the Schedule of Service Charges.
- C. A service connection installation constructed by the Customer as provided for in paragraphs B. 2. or 5 B. 3., above, is subject to inspection by the Company. The Service Connection Inspection Fee as specified in the Schedule of Service

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Charges shall apply if the Company must make a trip solely to conduct an inspection of a service connection constructed by the Customer, and shall not apply if the inspection of a service connection is accomplished at the same time as a tap is made for the Customer, or the same time as an inspection of the water service line as provided for in paragraph D., below, or if the Company installs the service connection as provided in 5 B. 1., above.

- D. Water service line construction and maintenance from the property line, curb stop or meter setting, including the connection to the curb stop or meter setting, to the building shall be the responsibility of the Customer, and is subject to inspection by the Company. The Customer shall be responsible for any applicable fees as listed in the Schedule of Service Charges.
- E. Customers shall be responsible for the cost of repairing any damage to the Company's mains, curb stops, valve boxes, meters, and meter installations caused by the Customer, Customer's agent, or tenant.
- F. Existing water service lines and service connections may be used in connecting with new buildings only when they are found by examination and testing not to constitute a hazard to the health and safety of any Customer or the Company's facilities.
- G. The water service line shall be brought to the unit at a depth of not less than thirty-six inches (36") and have a minimum inside diameter of three-quarters inch (3/4"). The Customer is responsible for the determination of whether or not a larger size is needed to provide adequate flow to the unit. A valve must be installed in the service line where it enters the unit. This valve must be kept in good repair in order to shut off the water supply and drain the inside plumbing, if necessary.
- H. Water service lines and inside piping shall be of material conforming to recognized standards for potable water service and shall have a pressure rating of at least one hundred sixty (160) psi working pressure.
- I. The Company will not install a service connection to a vacant lot.

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- J. Any change in the location of an existing service connection requested by the Customer shall be made by the Company or with the Company's approval, at the Customer's expense.
- K. The Company shall have the right to enter the Customer's premises, after reasonable notice, for the purposes of inspection to ensure compliance with these Rules and Regulations. Company personnel shall identify themselves and make these inspections only at reasonable hours.
- L. Neither water service lines nor service connections may be extended along public streets or roadways or through property of others in connecting with the Company's mains. The service connection may, however, extend through the water main easement and roadway easement as necessary in order to be connected to a main located across and adjacent to a street in front of the Customer's living unit. The service connection and service line must be laid in a straight line and at right angles to the main and the face of the structure or as nearly so as possible. Any deviation from this because of physical obstruction, landlocked property, or a clear impossibility to construction a future main extension for further subdivision development or additional future customers, will be at the discretion of the Company.
- M. Any Customer having a plumbing arrangement, or a water-using device that could allow backsiphonage of any chemical, petroleum, process water, water from a questionable supply, or other substance that could create a health hazard or damage to the water system; or, any Customer's plumbing classified as an actual or potential backflow hazard in the Regulations of the Missouri Department of Natural Resources shall be required to install and maintain a backflow prevention device. This rule may also apply to Customers on whose premises it is impossible or impractical for the Company to perform a cross connection survey. The device, installation, location and maintenance program shall be approved by the Company.

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Rule 6 IMPROPER OR EXCESSIVE USE

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

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Rule 7 DISCONTINUANCE OF SERVICE BY COMPANY

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

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apply, and notice to the Customer shall be provided by rules and procedure applicable to the Customer's sewer service in lieu of notification required by these Rules and Regulations.

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

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

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6. The failure to pay a bill correcting a previous underbilling, whenever the customer claims an inability to pay the corrected amount, unless a utility has offered the customer a payment arrangement equal to the period of underbilling.
- C. The Company may discontinue service after notice by first class mail is sent to the Customer at least ten (10) days prior to the date of the proposed discontinuance. Service of notice by mail is complete upon mailing. If written notice is hand delivered to the Customer, it shall be done at least ninety-six (96) hours prior to discontinuance. If the Company intends to discontinue service to a multi-tenant dwelling with occupants who are not customers, a notice shall also be conspicuously posted in the building ten (10) days prior to the proposed discontinuance, along with information pertaining to how one or more of the tenants may apply to become customers. Discontinuance shall occur within thirty (30) calendar days after the date given as the discontinuance date, shall occur between the hours of 8:00 a.m. and 4:00 p.m., and shall not occur on a day when the Company will not be available to reconnect service or on a day immediately preceding such a day.
- D. A discontinuance notice provided to a customer shall include:
1. The name and address of the Customer, the service address if different than the Customer's address; and
 2. A statement of the reason for the proposed discontinuance of service and the cost for reconnection; and
 3. How the customer may avoid the discontinuance; and
 4. The possibility of a payment agreement if the claim is for a charge not in dispute and the Customer is unable to pay the charge in full at one time; and
 5. A telephone number the Customer may call from the service location without incurring toll charges and the address and any available electronic

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ISSUED BY Albert E. Argyle, President
Name and Title of Issuing Officer

408 Hillcrest Drive, Union, MO 63084
Mailing Address

Name of Utility: Argyle Estates Water Supply
Service Area: Certificated Water Service Area in Franklin County

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contact information of the utility prominently displayed where the customer may make an inquiry.

- E. The Company shall make reasonable efforts to contact the Customer, at least twenty-four (24) hours prior to any discontinuance, regarding the reason(s) for discontinuance of service, and the resolution. If discontinuance of service would affect an occupant who is not the Company's Customer, or is not responsible for payment of the bill, then the Company shall make reasonable efforts to inform such occupant(s).
- F. The Company shall postpone the discontinuance if personnel will not be available to restore service the same day, or if personnel will not be available to restore service the following day. The Company also shall postpone discontinuance if a medical emergency exists on the premises, however the postponement may be limited to twenty-one (21) days, and the Company may require proof of a medical emergency.
- G. The Company shall have the right to enter the Customer's premises for purposes of discontinuance of service in compliance with these Rules and Regulations. Discontinuance of service will be made during reasonable hours. Company personnel shall identify themselves and announce the intention to discontinue service, or leave a conspicuous notice of the discontinuance. The Company shall have the right to communicate with the owner of the Customer's Unit for purposes of gaining access to the property for discontinuance of service in accordance with the Missouri Public Service Commission's billing practices, but any extra costs for arranging such access shall not be charged to the Customer's account.
- H. The provisions of paragraphs C. and E. above may be waived if safety of Company personnel while at the premises is a consideration.
- I. Discontinuance of service to a unit for any reason shall not prevent the Company from pursuing any lawful remedy by action at law or otherwise for the collection of monies due from the Customer.

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- J. In case the Company discontinues its service for any violation of these Rules and Regulations, then any monies due the Company shall become immediately due and payable.
- K. The Company has the right to refuse or to discontinue service to any unit to protect itself against fraud or abuse.
- L. The Company shall deal with Customers, handle Customer accounts, and manage discontinuance of service procedures in accordance with the Missouri Public Service Commission's Utility Billing Practices.
- M. Applicable Turn-off and turn-on charges are specified in the Schedule of Service Charges.

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Rule 8 TERMINATION OF WATER SERVICE AT CUSTOMER'S REQUEST

- A. Service will be terminated at the Customer's request, by giving not less than twenty-four (24) hours notice to the Company during its regular office hours. The Company shall, on the requested day, read the Customer's meter and charges for water service rendered up to and including the time of termination shall be computed and will become due and payable immediately.
- B. A Customer may request temporary turn-off by the Company for the Customer's own convenience; however, the Customer shall still be charged for service at the appropriate rate as specified in the Schedule of Rates during the time the service is turned off.
- C. Turn-off and turn-on charges shall apply, and are specified in the Schedule of Service Charges.
- D. A Customer who requests termination of service, but returns to the premises and requests water service within nine (9) months of such termination, at the Company's discretion may be deemed to have been a seasonal customer, and applicable charges incurred during the period of absence may apply.

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Rule 9 INTERRUPTIONS IN SERVICE

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

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Rule 10 BILLS FOR SERVICE

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

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- G. Quarterly bills shall be due sixteen (16) calendar days from the date of rendition, unless such due date falls on a Sunday, a legal holiday, or other day when the office is closed, in which case the due date shall be extended to the next business day. Bills unpaid after the stated due date will be delinquent and the Company shall have the right to discontinue service in accordance with Rule 7. Delinquent bills may be subject to a late charge as provided in the Schedule of Service Charges. The Company shall not be required to restore or connect any new service for such delinquent Customers until the unpaid account due the Company under these Rules and Regulations has been paid in full or arrangements satisfactory to the Company have been made to pay said account.
- H. When bills are rendered for a period of less than a complete billing period due to the connection or termination of service, the billing shall be the quarterly minimum plus an amount based on the water used at the commodity (water usage) rate.
- I. The Company may require a security deposit or other guarantee as a condition of new service if the Customer:
1. Still has an unpaid account with a utility providing the same type of service accrued within the last five (5) years; or,
 2. Has diverted or interfered with the same type of service in an unauthorized manner within the last five (5) years; or,
 3. Is unable to establish a credit rating with the Company. Adequate credit rating for a residential Customer shall be established if the Customer:
 - a. Owns or is purchasing a home; or,
 - b. Is and has been regularly employed full time for at least one (1) year; or,
 - c. Has an adequate and regular source of income; or
 - d. Can provide credit references from a commercial credit source.

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- J. The Company may require a security deposit or other acceptable written guarantee of payment as a condition of continued service if:
1. The water service of the Customer has been discontinued for non-payment of a delinquent account not in dispute; or,
 2. The utility service to the unit has been diverted or interfered with in an unauthorized manner; or,
 3. The Customer has failed to pay undisputed bills before the delinquency date for two (2) quarters out of four (4) consecutive quarters.
- K. The amount of a security deposit shall be two times the quarterly minimum charge of \$60.87.
- L. Interest shall be payable annually on all deposits, but shall not accrue after the utility has made reasonable effort to return the deposit. Interest will be paid at a per annum rate equal to the prime bank lending rate, as published in the *Wall Street Journal* for the last business day of the preceding calendar year, plus one (1) percentage point. Interest may be credited to the Customer's account.
- M. After a Customer has paid proper and undisputed utility bills by the due dates, for a period not to exceed one (1) year, credit shall be established or re-established, and the deposit and any interest due shall be refunded. The utility may withhold full refund of the deposit pending resolution of a disputed matter.
- N. The utility shall give a receipt for deposits received, but shall also keep accurate records of deposits, including Customer name, service address, amounts, interest, attempts to refund and dates of every activity regarding the deposit.
- O. All billing matters shall be handled in accordance with the Missouri Public Service Commission's Rules and Regulations regarding Utility Billing Practices, 20 CSR 4240-13.

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Rule 11 METERS AND METER INSTALLATIONS

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

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the meter may be installed inside the Customer's premises where the water service line enters the building and just downstream of the inside shutoff valve. The Company shall install a curb stop within the service connection at or near the property line as practical. When the meter is installed inside the Customer's premises, the Customer will either provide a meter yoke to accept installation of the Company's meter, or provide proper fittings for the house plumbing pipe to allow for direct installation of the Company's meter, along with a proper grounding strap installed around the meter to prevent electric charge build-up on either side of the meter or while a meter is removed. If installation in a special setting is necessary, the excess cost of installation shall be paid by the Customer.

- F. If an existing basement meter location is determined by the Company to be inadequate or inaccessible, then the Customer must provide for the installation of a meter to be located at or near the Customer's property line. The Customer shall furnish or obtain from the Company, as appropriate, the necessary meter installation appurtenances conforming to the Company's specifications, and the cost of said appurtenances and labor shall be paid by the Customer.
- G. Approved meter installation locations in dry basements, sufficiently heated to keep the meter from freezing, may remain provided the meter is readily accessible, at the Company's and Customer's convenience as determined by the Company, for servicing and reading and the meter space provided is located where the service line enters the building. The Company may, at its discretion, require the Customer to install a remote reading device at an approved location, for the purpose of reading the meter. It is the responsibility of the Customer and/or the owner of the premises to provide a location for the water meter which, in the event of water discharge as a result of leakage from the meter or couplings, will not result in damage. The Company's liability for damages to any and all property caused by such leakage shall in no event exceed the price of water service to the affected premises for one average billing period in the preceding year. Where damage is caused by the negligence of Company personnel at the premises, this limitation will not apply. If a Customer refuses to provide an accessible location for a meter as determined by the Company, the Company will notify the Staff of the Water and Sewer Unit of the Missouri Public Service Commission before ultimately refusing service or proceeding to discontinue service.

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- H. The Customer shall promptly notify the Company of any defect in, or damage to, the meter setting.
- I. Any change in the location of any existing meter or meter setting at the request of the Customer shall be made at the expense of the Customer, and with the approval of the Company.

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Rule 12 METER TESTS AND TEST FEES

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

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Rule 13 BILL ADJUSTMENTS BASED ON METER TESTS

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

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Rule 14 EXTENSION OF WATER MAINS

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

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are unplatted in subdivision lots, an applicant(s) cost shall be equal to the total cost of the main extension divided by the total length of the main extension in feet times one hundred (100) feet.

3. For industrial, commercial, or multifamily residential applicants, the cost will be equal to the amount calculated for a single-family residence in paragraphs D.1. or D.2. above, multiplied by the flow factors of the applicants' meter. The flow factors of the various sizes of meters are as follows:

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

- E. Refunds of funds paid by applicant(s) for any estimated costs or actual costs of a main extension shall be made to such applicant(s) as follows:
1. Should the actual cost of the extension be less than the estimated cost, the Company shall refund the difference to the applicant(s) as soon as the actual cost has been ascertained.
 2. During the first ten (10) years after the main extension is completed, the Company will refund to the applicant(s) who paid for the extension the money collected from applicant(s) in accordance with paragraph D. above. The refund shall be paid within a reasonable time after the money is collected.
 3. The sum of all refunds to any applicant shall not exceed the total amount which the applicant(s) has paid.

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

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Disposition Agreement Attachment I
Customer Experience Department Report

CUSTOMER EXPERIENCE DEPARTMENT REPORT

The role of the Customer Experience Department (CXD) is to investigate and make recommendations to the Commission on issues related to the customer experience, including promoting and encouraging efficient and effective utility management and customer service. These objectives contribute to the Commission's overall mission to ensure that Missourians receive safe and reliable utility service at just and reasonable rates.

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

The scope of this review will focus on the processes, procedures and practices related to:

1. Customer Billing
2. Payment Remittance and Collections
3. Customer Information
4. Complaints and Inquiries
5. Customer Rights and Responsibility Brochure
6. Disconnect Notice
7. Meter Reading

The CXD Staff reviewed the Company's tariffs, Commission complaint and inquiry records, and other documentation related to the Company's customer service and business operation. In preparation of this report, the CXD Staff met with Mr. Argyle on August 3, 2022 in Union, Missouri. A local public hearing was held on August 11, 2022, and was attended by CXD Staff.

Overview

Argyle Estates Water Supply is a water company that provides water services to customers in Union, Missouri. Argyle Estates Water Supply is owned by Mr. Argyle who developed the subdivision in the early 1970's. The business office is located at Mr. Argyle's residence which is at 408 Hillcrest Drive, Union, Missouri 63084. At year end 2021 Mr. Argyle states he had 53 water customers. Mr. Argyle states he is available 24/7 at (636)583-8415. He is the only employee of the Company but does have one person who helps read the meters and another person who helps with maintenance, both being on an as needed basis.

Customer Billing

Staff requested and received a number of sample bills from Mr. Argyle. Customers are billed on a quarterly basis, i.e. January-March, April-June, July-September and October-December. The bills are calculated and prepared by Mr. Argyle. He is responsible for manually reading the meters. There are two (2) meters for each customer. One is located inside the customer's residence and

the other is located outside. The outside meters are read every quarter but every January, the meters inside are also read for comparison. Meters are read the 1st day of the next quarterly month. It takes Mr. Argyle roughly two (2) days to prepare the customer bills which are all handwritten by him. The bill is a two (2) part carbon copy pre-printed bill. Mr. Argyle mails the white copy to the customer and retains the yellow copy for his records. Customers are expected to make payment upon receipt of their bill. It states on the customer's bill the due date is thirty (30) days from the date of billing but does not state an actual due date nor does it state when that amount will be considered delinquent.

Argyle Estates Water Supply charges water customers a minimum fee of \$37.94 per quarter for 6,000 gallons. Over 6,000 gallons the fee is \$2.46 per 1,000 gallons. These charges were set by the Commission in 2001 at the last rate case.

Payment Remittance and Collections

Customers can pay by check, cash or money order. Payments are usually mailed to Mr. Argyle's residence at 408 Hillcrest Dr., Union, MO 63084. There are some customers who drop their payment off in Mr. Argyle's mailbox. Some of these payments may include cash. He does not have a drop box at his residence. Mr. Argyle's system for documenting receipt of payments is a handwritten record which he lists numerically in lot order along with the customer name, the amount due for that quarter and the date the payment was received.

Mr. Argyle states he has little to no problems with collections of past due accounts. Past due fees are not assessed to customers as well. If a customer hasn't paid in the quarter billed, he adds that amount to the next quarter billing.

Customer Information

New water customers requesting service are not required to complete an application nor does Mr. Argyle collect a fee for new service. He states that he does not get a lot of information on the new customer. He can call the Home Owner's Association if he needs to get a phone number or more information on a customer in case he needs to contact them. He does not keep any sort of record on current or new customers. Staff discussed with Mr. Argyle at the meeting on August 3, 2022 the importance of obtaining new customer information. A sample new customer application was given to Mr. Argyle.

Complaints and Inquiries – The following is an update to the 90 day report:

Customers of Argyle Estates Water Supply can reach Mr. Argyle 24/7 with any complaints or inquires at (636)583-8415. He is the only employee of the Company. He states that he has an answering machine at his residence that customers can leave a message. According to Mr. Argyle, he checks the machine daily for any messages. He also provides customers his cell phone number (636)283-1181 as another contact method. There are four emergency numbers listed on the current billing statement. Commission Staff from different departments made numerous calls to the Company phone number from September 23 to September 29, 2022 without reaching Mr. Argyle or someone else. Each time the call was forwarded to a voicemail that had not been set up. Staff from CXD then contacted the four emergency numbers listed on the billing statement to which two of the numbers are no longer

in service, one number is an electrical contractor and the other is Washington Electric. Both individuals Staff spoke with stated that they have not done work for Mr. Argyle for “many years”.

Mr. Argyle states that he does not document complaints or inquires. He states the Company rarely has any complaints. Per Commission rule 20 CSR 4240-13.040(5), “A utility shall maintain records on its customers for at least two (2) years which contain all information concerning-“. Staff created a Customer Complaint and Inquiry log for Mr. Argyle. It was given to him during the August 3, 2022 meeting.

Customer Rights and Responsibility Brochure

Mr. Argyle does not have a Customer Brochure. Per Commission rule 20 CSR 4240-13.040(3), “A utility shall prepare, in written form, information in plain language, which summarizes the rights and responsibilities of the utility and its customers in accordance with this chapter” A sample brochure was given to him at the August 3, 2022 meeting. Staff discussed the need to develop and implement a company brochure according to the requirements of Chapter 13 which was also given to him.

Disconnect Notice

There is currently no disconnect notice used by Argyle Estates Water Supply. Mr. Argyle states he hasn’t had any disconnections in the past 10 years. A sample disconnect notice was given to Mr. Argyle during the August 3, 2022 meeting. Staff discussed the requirements of Chapter 13 in regards to disconnect notices and the time frames associated with it.

Meter Reading

As previously stated, there are two (2) meters for each customer. One is located in the customer’s home and another meter is located outside the customer’s home. Mr. Argyle states he reads the outside meters quarterly but in January he will go in the customer’s home and read the meter in their residence. The reading registered on the meter located inside the residence and the reading registered on the meter outside the residence should ideally be the same. However, if an adjustment to an account is necessary due to a slight meter read difference in the customer’s residence, it is made on the customer’s first quarter bill.

Findings and Conclusions

After review the following is a summary of the preliminary findings, conclusions and recommendations pertaining to Argyle Estates Water Supply’s operations. Areas of concern are addressed below which will need attention:

1. Customer Billing
2. Payment Remittance and Collections
3. Customer Information
4. Complaints and Inquiries
5. Customer Rights and Responsibility Brochure
6. Disconnect Notice

Customer Billing

Quarterly billing statements do not indicate a due date or a delinquent date on the bill. Customers are expected to pay the amount due within thirty (30) days upon receipt of their bill. Indicating a due date on the bill would let customers know the exact date the payment is due to the Company and when the payment is considered delinquent. Commission Rule 20 CSR 4240-13.020(9) states clearly that “Every bill for residential utility service shall clearly state (B) the date when the bill will be considered due and the date when it will be delinquent, if different.”

Payment Remittance and Collections

Customer payment options include checks, cash and money orders. Payments can be mailed to the address on the billing statement, which is Mr. Argyle’s residence i.e. the company office. Mr. Argyle does not assess a late fee even though it states on his billing statement that it is a 1% late fee. He states he will just add the unpaid balance to the next quarterly bill. Mr. Argyle also asserts that he does not have very many past due collections. He says he can contact the customer and get things straightened out that way.

The CXD Staff Recommends that the Company:

There is not a rule violation in the manner the Company receives their payments but it would be a suggestion by Staff that a lock box be installed and used for payment drop offs outside Mr.

Argyle’s residence especially in the cases where cash is remitted. Leaving payments in the mailbox does not seem like a safe way to receive and collect payments. Also, would recommend Company keep a log of all past due customer bills. Possibly develop and implement a process for late payments and collections of those late payments.

Customer Information

New water customers requesting service are not required to complete a written application nor does Mr. Argyle collect a fee for new service. He states he does not get a lot of information on new customers. He states he can call the Home Owner’s Association if he needs to get a phone number or more information on a customer in cases where he needs to contact them.

The CXD Staff Recommends that the Company:

Company needs to collect customer information when the new customer comes onto the system. Having contact details would allow the Company to keep in touch with current customers and provide much needed information in case of an emergency situation regarding their utility service.

Complaints and Inquiries - The following is an update to the 90 day report:

As mentioned before, at times Staff was not able to reach Mr. Argyle and could not leave a message on the Company’s phone number listed on the billing statement. The other phone numbers provided to Staff were either wrong phone numbers or disconnected. It is imperative that customers are able to reach a Company representative at all times. Commission Rule 20 CSR 4240-13.040(2)(A) states “At all times during normal business hours qualified personnel shall be available and prepared to receive and respond to all customer inquiries, service requests, safety concerns and complaints.”

The Company does not keep a record of the customer inquiries and complaints it receives. It is important that the Company maintain records of the number and the types of complaints it receives. Commission Rule 20 CSR 4240-13.040(5) states “A utility shall maintain records on its customers for at least two (2) years which contains all the information concerning...(B) The number and general descriptions of complaints registered with the utility;”

The Company would benefit from a log of their customer contacts and the log would enable them to meet the Commission rule requirement as well as provide a history of the types of complaints and issues they receive and how these issues get resolved. A Customer Complaint Log was created by Staff and given to Mr. Argyle during the August 3, 2022 meeting. As noted in case WR-2002-371 this was a recommendation to document all customer complaints/inquiries.

The CXD Staff Recommends that the Company:

Implement immediately a process to track and maintain records of inquiries and complaints according to Rule 20 CSR 4240-13.040. Staff also recommends that qualified personnel shall be available and be prepared to all customer inquiries, service requests and, safety concerns and complaints according to Commission Rule 20 CSR 4240-13.040(2)(A). To this end, Mr. Argyle should immediately setup the voicemail on the Company phone number so customers can leave a message and if Mr. Argyle is unavailable, qualified personnel shall be available. Additionally, the billing statement should be corrected to list the accurate phone number(s) a customer can use to reach Argyle Estate Water personnel.

Customer Rights and Responsibility Brochure

Argyle Estate Water Supply does not have a customer brochure to hand out to customers. Having this written information would provide useful facts relating to billing procedures, payment requirements, disconnection and reconnect information, information regarding complaints and inquiries. The brochure also would give the customers access to the Company, Commission and Office of Public Counsel’s information. Commission Rule 20 CSR 4240-13.040(3) states “A utility shall prepare, in written form, information in plain language, which summarizes the right and responsibilities of the utility and its customers in accordance with this chapter.”

Staff gave Mr. Argyle a sample brochure along with Chapter 13 requirements and staff discussed the need for him to develop a brochure during the meeting on August 3, 2022.

Disconnect Notice

Company states it does not have a disconnect notice and states it has not had a disconnection of service for a customer in over ten (10) years. A sample disconnect letter was given to Mr. Argyle on August 3, 2022 for reference in developing and utilizing a disconnect letter. Staff reviewed with Mr. Argyle the requirements of Chapter 13 regarding notification to the customer regarding a possible disconnect.

Disposition Agreement Attachment J
Water, Sewer, & Steam Department Report

**REPORT OF WATER, SEWER, & STEAM DEPARTMENT
FIELD OPERATIONS AND TARIFF REVIEW
CASE NO. WR-2022-0345
ARGYLE ESTATES WATER SUPPLY
David Roos / David Spratt**

Introduction

Argyle Estates Water Supply (Company) provides water service to 53 customers in the Argyle Estates subdivision, located outside of Union in Franklin County Missouri. The Commission's Water, Sewer, & Steam Department Staff (Staff) performed an inspection of the water system on April 28, 2022. Observations and suggested improvements are listed below.

Facility Description

The Company has a single well with a three-phase 15 horsepower motor which produces approximately 150 gallons of water per minute. The six-inch diameter well was originally drilled in 1970 to a depth of 750 feet with steel casing that extends 367 feet deep. The well pump, motor, and column pipe were replaced July 8, 2019. The well is served with 400 amps of single-phase electric and the company has two three-phase converters for the well pump and the high-service pump. A 2,000 gallon hydro-pneumatic tank, which is about half air and half water, maintains water pressure in the system between 37 and 58 pounds per square inch (psi). The water is stored into a 10,000 gallon ground storage tank which is about the normal daily use of the customers. The average daily use of water by the customers in the system is about 10,000 gallons so the storage tank is of adequate size.

Water, Sewer, & Steam Staff Observations and Recommendations

During Staff's inspection, it was noted that the ground storage tank is in need of cleaning and painting. Mr. Argyle mentioned that he had looked into it but didn't have the money at the time to get it done. Staff recommends the Company have the tank cleaned and painted to preserve the life of the asset. The inside of the tank should also be inspected to determine if the interior of the tank needs to be recoated.

Staff noticed that the roof and fascia were old and in need of repair. If the roof leaks or if animals are able to get in the well house, the well could be compromised for the customers who ingest that water. Staff recommends the Company repair or replace the roof on the well house as well as the fascia boards. Wrapping the fascia in aluminum would keep woodpeckers from tearing up the boards. The well house electrical equipment is not protected by lightning arresters. Staff recommends the Company install lightning arresters as they are an inexpensive way to protect the electrical equipment inside the well house.

The well does not presently have a master meter. A master meter should be installed to determine how much water the well is pumping into the distribution system and how much water is being lost. Water loss can be from leaks or from water meters not registering all of the water being used. The pipes in the well house showed some signs of corrosion. To protect the pipes and preserve the life of the asset, the pipes should be cleaned and painted.

The Company does not have a generator in order to keep the well running in the event of a power outage. Mr. Argyle said the pump company suggested it could bring one in the event of an outage but if the outage is caused by an ice storm there may be many other wells in need of a generator as well as the hazardous driving conditions which could prevent the pump company from driving to the location. To be prepared for an emergency outage and the use of a generator, the Company should install an appropriate wiring and a transfer switch to facilitate the use of a generator and investigate the local availability of rental generators capable of supplying power to the water system.

Staff determined the Company has not been replacing meters in accordance with rule 20 CSR 4240-10.030 (38). The Company should be testing or replacing all of its water meters according to the rule. The 5/8" meters are required to be replaced or tested every ten years. The 1" meters are supposed to be replaced or tested every six years to verify accuracy. With 53 customers, this would be at a rate of about five per year. The Company should replace its oldest water meters first and then begin testing or replacing water meters in accordance with the regulation.

Tariff Review

Staff routinely works with utilities to update tariffs of the individual companies using a generic tariff that is modified for specific operations of the individual companies as they file rate cases

with the Commission. Because the Company's tariff has not been updated in over 20 years and is not consistent with current regulations, Staff recommends replacing the entire tariff.

Rate Design

Staff reviewed the Company's rate design in its investigation. The current rate structure consists of a quarterly service charge which includes 6,000 gallons of water per quarter, and a commodity charge per 1,000 gallons for additional usage. Staff proposed to revise the rate structure to eliminate the 6,000 gallon usage included in the minimum bill and to create a simple quarterly customer charge and a separate commodity charge for all water usage. Mr. Argyle was insistent that the 6,000 gallons of water included per quarter be allowed to stay in the rates. The rates will be updated based on the results of the new cost of service studies performed as part of this rate case.

Disposition Agreement Attachment K
Summary of Events

Argyle Estates Water Supply
MO PSC File No. WR-2022-0345
Summary of Case Events

Date Filed:	June 13, 2022
Day 150:	December 9, 2022
Extension?	Yes, thirty (30) days
Amount Requested Water:	\$6,000
Amount Proposed Water:	\$7,262
Item(s) Driving Rate Decrease:	The Company's last rate increase was in 2002. The costs of doing business have gone up. The owner has been unable to pay himself a salary for the last ten years because of expenses. On July 8, 2019, the well pump, motor, and column pipe were all replaced at a cost of approximately \$20,000.
Number of Customers:	53 service connections
Return on Equity:	4.92%
Assessment Current:	Yes
Annual Reports Filed:	Yes
Other Open Cases before Commission:	No
Status with Secretary of State:	Good Standing
DNR Violations:	None
Significant Service/Quality Issues:	None

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Argyle Estates Water)
Supply's Request for a Water Rate) Case No. WR-2022-0345
Increase)

AFFIDAVIT OF AMANDA COFFER

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

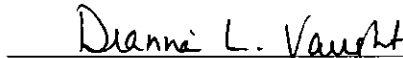
COMES NOW Amanda Coffe, and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Day 150 Report*; and that the same is true and correct according to her best knowledge and belief, under penalty of perjury.

Further the Affiant sayeth not.

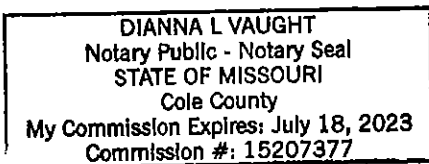

AMANDA COFFER

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 7th day of December, 2022.



Notary Public



BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Argyle Estates Water)
Supply's Request for a Water Rate) Case No. WR-2022-0345
Increase)

AFFIDAVIT OF COURTNEY HORTON

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW Courtney Horton, and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Day 150 Report*; and that the same is true and correct according to her best knowledge and belief, under penalty of perjury.

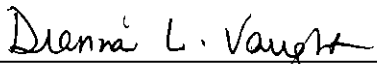
Further the Affiant sayeth not.



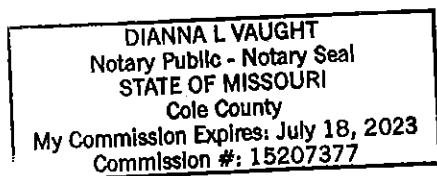
COURTNEY HORTON

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 8th day of December, 2022.



Notary Public



BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Argyle Estates Water)
Supply's Request for a Water Rate) Case No. WR-2022-0345
Increase)

AFFIDAVIT OF RANDALL T. JENNINGS

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

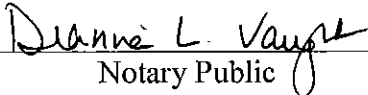
COMES NOW Randall T. Jennings, and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Day 150 Report*; and that the same is true and correct according to his best knowledge and belief, under penalty of perjury.

Further the Affiant sayeth not.

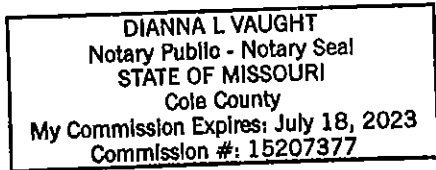

RANDALL T. JENNINGS

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 6th day of December, 2022.



Notary Public



BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Argyle Estates Water)
Supply's Request for a Water Rate) Case No. WR-2022-0345
Increase)

AFFIDAVIT OF DAVID C. ROOS

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW David C. Roos, and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Day 150 Report*; and that the same is true and correct according to his best knowledge and belief, under penalty of perjury.

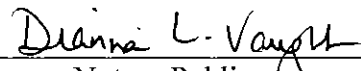
Further the Affiant sayeth not.



DAVID C. ROOS

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 6th day of December, 2022.



Notary Public

DIANNA L VAUGHT Notary Public - Notary Seal STATE OF MISSOURI Cole County My Commission Expires: July 18, 2023 Commission #: 15207377
--

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Argyle Estates Water)
Supply's Request for a Water Rate) Case No. WR-2022-0345
Increase)

AFFIDAVIT OF ASHLEY SARVER

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW Ashley Sarver, and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Day 150 Report*; and that the same is true and correct according to her best knowledge and belief, under penalty of perjury.

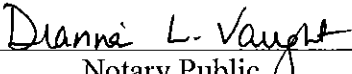
Further the Affiant sayeth not.



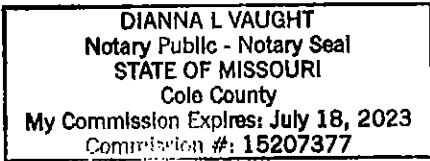
ASHLEY SARVER

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 8th day of December, 2022.



Notary Public



BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Argyle Estates Water)
Supply's Request for a Water Rate) Case No. WR-2022-0345
Increase)

AFFIDAVIT OF DAVID A. SPRATT

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW David A. Spratt, and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Day 150 Report*; and that the same is true and correct according to his best knowledge and belief, under penalty of perjury.

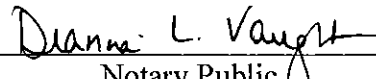
Further the Affiant sayeth not.



DAVID A. SPRATT

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 6th day of December, 2022.



Notary Public

<p>DIANNA L. VAUGHT Notary Public - Notary Seal STATE OF MISSOURI Cole County My Commission Expires: July 18, 2023 Commission #: 15207377</p>
--


STATE OF MISSOURI

OFFICE OF THE PUBLIC SERVICE COMMISSION

I have compared the preceding copy with the original on file in this office and I do hereby certify the same to be a true copy therefrom and the whole thereof.

WITNESS my hand and seal of the Public Service Commission,
at Jefferson City, Missouri, this 4th day of January, 2023.





Morris L. Woodruff
Secretary

MISSOURI PUBLIC SERVICE COMMISSION

January 4, 2023

File/Case No. WR-2022-0345

**Missouri Public Service
Commission**
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Jefferson City, MO 65102
Lindsay.vangerpen@opc.mo.gov

Enclosed find a certified copy of an Order or Notice issued in the above-referenced matter(s).

Sincerely,



**Morris L. Woodruff
Secretary**

Recipients listed above with a valid e-mail address will receive electronic service. Recipients without a valid e-mail address will receive paper service.