

# APPENDIX A

CASE No. SR-2013-0435

# STAFF/COMPANY PARTIAL DISPOSITION AGREEMENT WITH ATTACHMENTS AND STAFF AFFIDAVITS

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# Company/Staff Disposition Agreement

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

**ROGUE CREEK UTILITIES, INC.**

**MO PSC FILE NO. SR-2013-0435**

**BACKGROUND**

Rogue Creek Utilities, Inc. ("Company") initiated the small company revenue increase request ("Request") for sewer service that is the subject of the above-referenced Missouri Public Service Commission ("Commission") File Number by submitting a letter to the Secretary of the Commission in accordance with the provisions of Commission Rule 4 CSR 240-3.050, Small Utility Rate Case Procedure ("Small Company Procedure"). In its request letter, which was received at the Commission's offices on March 27, 2013, the Company set forth its request for an increase of \$48,565 in its total annual sewer service operating revenues. Included in the \$48,565 was a request for a surcharge and interim rates in the amount of \$37,645. The Company also acknowledged that the design of its customer rates, its service charges, its customer service practices, its general business practices and its general tariff provisions would be reviewed during the Commission Staff's ("Staff") review of the revenue increase request, and could thus be the subject of Staff recommendations. An *Agreement Regarding Emergency Interim Rates and Request for Order* and revised tariff sheets were filed on May 14, 2013. The Commission issued an *Order Approving Unanimous Agreement and Approving Tariff* on May 21, 2013. The Company provides service to approximately 92 customers, the vast majority of which are residential customers located in Washington County, Missouri.

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

Upon completion of Staff's investigation of the Company's Request, Staff provided the Company and the Office of the Public Counsel ("Public Counsel") with information regarding Staff's

investigation and the results of the investigation, including Staff's initial recommendations for the resolution of the Company's Request.

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

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

- (1) The agreed upon revenue requirement increase of \$28,110 (161.52% increase) added to the level of test-year revenues of \$17,403 results in overall revenues of \$45,513. This revenue requirement is just and reasonable and designed to recover the Company's cost of service. However, the revenue requirement may be impacted by the items identified for possible arbitration in the arbitration paragraph below. The above amounts are shown on the ratemaking income statement found in Attachment A, incorporated by reference herein;
- (2) The Auditing Unit conducted a full and complete audit of the Company's books and records using the 12-month period ending December 31, 2012, updated to June 30, 2013, as the basis for the revenue requirement determined above. The audit findings can be found in Attachment B, incorporated by reference herein;
- (3) The agreed upon net rate base is \$39,046. The development of this amount is shown on the rate base worksheet that is found in Attachment C, incorporated by reference herein. This amount is included in the audit work papers in the ultimate determination of the revenue requirement shown in (1) above;
- (4) The schedule of depreciation rates in Attachment D, incorporated by reference herein, includes the depreciation rates used by Staff in its revenue requirement analysis and shall be the prescribed schedule of sewer plant depreciation rates for the Company;
- (5) To allow the Company the opportunity to collect the revenue requirement agreed to in (1) above, the rates as shown on Attachment E, incorporated by reference herein, are just and reasonable rates that the Company will be allowed to charge its customers. The impact of these rates will be as shown on Attachment F, also attached and incorporated by reference herein;
- (6) For the purposes of implementing the agreements set out in this partial disposition agreement, the Company will file with the Commission proposed tariff revisions containing the rates, charges, and language set out in the example tariff sheet(s) attached as Attachment E. The proposed tariff revisions will bear an effective date of January 1, 2014;
- (7) The current PSC MO Number 2 tariff will be cancelled and replaced by PSC MO Number 4, which is included in the example tariff described above;

(8) Within ninety (90) days of the effective date of an order approving this Company/Staff Partial Disposition Agreement, the Company shall implement the recommendations contained in the Engineering & Management Services Unit (“EMSU”) Report attached hereto as Attachment H and incorporated by reference herein, and provide proof of implementing the recommendation to the Manager of the Commission’s EMSU Unit:

- (a) The Company has begun incorporating, and will continue to incorporate, the correct delinquent date on customer bills that designates when customer accounts will be subject to late fees. The Company will provide at least twenty-one (21) days from the rendition (or the mailing) of bills before a payment is considered delinquent as required by Commission Rule 4 CSR 240-13.020(7);
- (b) The Company will develop and require a signed customer application prior to providing service as specified in the Company’s tariff. The Company’s customer application shall include the date, the customer’s signature, and a statement indicating that the customer agrees to abide by the Company’s rates, rules and regulations, and applicable state statutes;
- (c) The Company will develop and implement a process to ensure all customer complaints received by Company personnel are documented and maintained for at least two (2) years. Documentation shall adhere to Commission Rule 4 CSR 240-13.040 and 4 CSR 240-60.010(4) and include the customer name, address, nature of the complaint, date of occurrence, as well as an explanation of what the Company has done to address the complaint;
- (d) The Company will develop and utilize a notice of discontinuance of service that is in compliance with Commission Rule 4 CSR 240-13.050(4);
- (e) The Company will develop and distribute to all current and future customers written information specifying the rights and responsibilities of the Company and its customers. This document should adhere to Commission Rule 4 CSR 240-13.040(3);
- (f) The Company is recording, and will continue to record, the time associated with work performed by the Receiver;
- (g) The Company will document the duties currently performed by the local resident who performs meter reading and maintenance activities for the Company on a part-time basis;
- (h) The Company is recording, and will continue to record, information regarding vehicle usage. The information will include the date, description and location of the task, and the miles attributable to the task; and

- (i) The Company will initiate action to read water meters on a regular basis and develop a consistent schedule for mailing bills and performing other appropriate actions associated with bill collection.
- (9) Within ninety (90) days of the effective date of an order approving this Company/Staff Partial Disposition Agreement, the Company shall implement the recommendations contained in the Auditing Unit Report, attached hereto as Attachment I and incorporated by reference herein and provide proof of implementing the recommendations to the Manager of the Commission's Auditing Unit:
- (a) The Company will continue to develop continuous property records (CPRs) for all of the Company's Plant in Service and Contributions in Aid of Construction (CIAC) that include, where applicable, the amount of plant, depreciation reserve, CIAC, and CIAC reserve used by Staff in this case;
  - (b) The Company will keep the Company CPRs and general ledger up to date (monthly) and complete;
  - (c) The Company will maintain the Company's books and records in accordance with National Association of Regulated Utility Commissioners (NARUC) Uniform System of Accounts (USOA);
  - (d) The Company will calculate depreciation expense on a monthly basis and include the amounts in the Company's general ledger;
  - (e) The Company will develop a list of duties and responsibilities for the certified operator and maintain the number of hours worked with a description of the functions performed by the operator; and,
  - (f) The Company will develop a list of duties and responsibilities for any employee that performs work for the Company and maintain the number of hours worked with a description of the functions performed by the employees.
- (10) The Receiver will file a rate case no later than 18 months after the effective date of the tariff revisions resulting from the current rate request.
- (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 Company/Staff Partial Disposition Agreement. The notice shall include a summary of the impact of the proposed rates on an average residential customer's bill. When the Company mails the notice to its customers, it shall also send a copy to the Staff Case Coordinator who will file a copy in this case;
- (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 Company/Staff Partial 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 Company/Staff Partial Disposition Agreement;

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

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

#### **ITEMS TO BE RESOLVED THROUGH ARBITRATION**

Staff and the Company hereby state that the true-up and amortization of accounts payable, capital structure, and treatment of loss of customers after September 30, 2013 have not been resolved and request that these items be addressed through the arbitration process provided for in Commission Rule 4 CSR 240.3.050(3).

#### **ADDITIONAL MATTERS**

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

The Company and Staff acknowledge that they have previously agreed to an extension of the normal "Day-150" date by which an agreement regarding the resolution of a small company revenue increase request is to be reached to allow the Company to determine how much revenue would be collected through the approved surcharge and to update receiver fees. A copy of the extension agreement can be found in the above-referenced EFIS Case Item Number 22 for the Request.

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

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



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

**SIGNATURES**

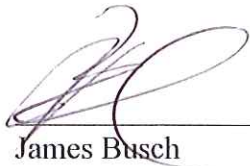
Agreement Signed and Dated:



Dale W. Johansen – Manager  
Johansen Consulting Services, LLC  
Court-Appointed Receiver  
Rogue Creek Utilities, Inc.



Date



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



Date

**List of Attachments**

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

Agreement Attachment A  
Ratemaking Income Statement

# Rogue Creek Utilities, Inc.

## Rate Making Income Statement-Sewer

### Operating Revenues at Current Rates

1	Tariffed Rate Revenues *	\$	17,068
2	Other Operating Revenues *	\$	335
3	<b>Total Operating Revenues</b>	<b>\$</b>	<b>17,403</b>
4	* See "Revenues - Current Rates" for Details		

### Cost of Service

Item	Amount
1 Receivership Fee-(base)	\$ 7,200
2 Receivership Fee-(trvel)	\$ 1,621
3 Electricity Expense	\$ 4,061
4 Sewer Treatment -Chemicals	\$ 600
5 Sludge Removal	\$ 3,000
6 Certified Operator Fees	\$ 7,200
7 System repairs and Maintenance	\$ 600
8 Office Supplies	\$ 294
9 Postage Expense	\$ 284
10 Telephone & Internet Expense	\$ -
11 Outside Services-Contractors	\$ 4,569
12 Permit Fees	\$ 150
13 Regulatory Commission Expense	\$ 1,181
14 Amortization Expense-3 year	\$ 8,463
15 Miscellaneous General Expenses	\$ -
16 <b>Sub-Total Operating Expenses</b>	<b>\$ 39,223</b>
17 Property Taxes	\$ -
18 MO Franchise Taxes	\$ -
19 Employer FICA Taxes	\$ -
20 Federal Unemployment Taxes	\$ -
21 State Unemployment Taxes	\$ -
22 State & Federal Income Taxes	\$ 543
23 <b>Sub-Total Taxes</b>	<b>\$ 543</b>
24 Depreciation Expense	\$ 4,288
25 Interest Expense	\$ 1,417
26 CIAC Depreciation Offset	\$ (2,138)
27 <b>Sub-Total Depreciation/Interest/Amortization</b>	<b>\$ 3,567</b>
28 <b>Return on Rate Base</b>	<b>\$ 2,180</b>
29 <b>Total Cost of Service</b>	<b>\$ 45,513</b>
30 <b>Overall Revenue Increase Needed</b>	<b>\$ 28,110</b>

# Agreement Attachment B

## EMS Run

**Exhibit No.:**  
**Issue:** Accounting Schedules  
**Witness:** MO PSC Auditors  
**Sponsoring Party:** MO PSC Staff  
**Case No:** SR-2013-0435  
**Date Prepared:** June 20, 20113



**MISSOURI PUBLIC SERVICE COMMISSION**

**UTILITY SERVICES DIVISION**

**STAFF ACCOUNTING SCHEDULES**

**ROGUE CREEK SEWER**

**CASE NO. SR-2013-0435**

**Jefferson City, Missouri**

**June 2013**

Rogue Creek Sewer  
Rate Case  
SR-2013-0435  
Test Year Ending 12-31-2012, Update 6-30-2013  
Rate Design Schedule - Sewer

Line Number	A Description	B Account Number (Optional)	C Staff Annualized	D Customer Charge	E Commodity	F Percentage Rate
Rev-1	ANNUALIZED REVENUES					
Rev-2	Annualized Rate Revenues		(1) \$17,068			
Rev-3	Miscellaneous Revenues		(1) \$335			
Rev-4	TOTAL ANNUALIZED REVENUES		<u>\$17,403</u>			
1	OPERATIONS EXPENSES		(2)			
2	Receivership Fee (base charge)		\$7,200	\$0	\$7,200	0.00%
3	Receivership Fee (travel expenses)		\$1,621	\$0	\$1,621	0.00%
4	Electricity Expense		\$4,061	\$0	\$4,061	0.00%
5	Chemicals		\$600	\$0	\$600	0.00%
6	Sludge Removal		\$3,000	\$0	\$3,000	0.00%
7	TOTAL OPERATIONS EXPENSE		<u>\$16,482</u>	\$0	\$16,482	
8	MAINTENANCE EXPENSES					
9	Certified Operator Fees (Environmental Management Services)		\$7,200	\$0	\$7,200	0.00%
10	System Repairs and Maintenance (Floyd Medley)		\$600	\$0	\$600	0.00%
11	TOTAL MAINTENANCE EXPENSE		<u>\$7,800</u>	\$0	\$7,800	
12	CUSTOMER ACCOUNT EXPENSE					
13	Office Supplies - billing postcards		\$294	\$0	\$294	0.00%
14	Postage Expense & PO Box Rental		\$284	\$0	\$284	0.00%
15	TOTAL CUSTOMER ACCOUNT EXPENSE		<u>\$578</u>	\$0	\$578	
16	ADMINISTRATIVE & GENERAL EXPENSES					
17	Telephone & Internet		\$0	\$0	\$0	0.00%
18	Transportation Expense		\$0	\$0	\$0	0.00%
19	Outside Services - Contractors		\$4,569	\$0	\$4,569	0.00%
20	TOTAL ADMINISTRATIVE AND GENERAL		<u>\$4,569</u>	\$0	\$4,569	
21	OTHER OPERATING EXPENSES					
22	MO DNR Fees		\$150	\$0	\$150	0.00%
23	PSC Assessment		\$1,181	\$0	\$1,181	0.00%
24	Amortization Expense - 3-year		\$8,463	\$0	\$8,463	0.00%
25	CIAC Depreciation Offset		-\$2,138	\$0	-\$2,138	0.00%
26	Depreciation		\$4,288	\$0	\$4,288	0.00%
27	TOTAL OTHER OPERATING EXPENSES		<u>\$11,944</u>	\$0	\$11,944	
28	TAXES OTHER THAN INCOME					
29	Real & Personal Property Taxes		\$0	\$0	\$0	0.00%
30	Payroll Taxes		\$0	\$0	\$0	0.00%
31	TOTAL TAXES OTHER THAN INCOME		<u>\$0</u>	\$0	\$0	
32	TOTAL OPERATING EXPENSES		<u>\$41,373</u>	\$0	\$41,373	
33	Interest Expense		(3) \$1,417	\$0	\$1,417	0.00%
34	Return on Equity		(3) \$2,180	\$0	\$2,180	0.00%
35	Income Taxes		(3) \$543	\$0	\$543	0.00%
36	TOTAL INTEREST RETURN & TAXES		<u>\$4,140</u>	\$0	\$4,140	
37	TOTAL COST OF SERVICE		\$45,513	\$0	\$45,513	
38	Less: Miscellaneous Revenues		<u>\$335</u>	\$0	\$335	0.00%
39	COST TO RECOVER IN RATES		<u>\$45,178</u>	\$0	\$45,178	
40	INCREMENTAL INCREASE IN RATE REVENUES		<u>\$28,110</u>			

Rogue Creek Sewer  
 Rate Case  
 SR-2013-0435  
 Test Year Ending 12-31-2012, Update 6-30-2013  
 Rate Design Schedule - Sewer

A	B	C	D	E	F	
Line Number	Description	Account Number (Optional)	Staff Annualized	Customer Charge	Commodity	Percentage Rate
41	PERCENTAGE OF INCREASE		<u>161.52%</u>			
42	REQUESTED INCREASE IN REVENUES			\$0		

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



**Rogue Creek Sewer**  
**Rate Case**  
**SR-2013-0435**  
**Test Year Ending 12-31-2012, Update 6-30-2013**  
**Rate Base Required Return on Investment Schedule - Sewer**

Line Number	A Rate Base Description	B Dollar Amount
1	Plant In Service	\$188,135 From Plant Schedule
2	Less Accumulated Depreciation Reserve	<u>\$139,191</u> From Depreciation Reserve Schedule
3	Net Plant In Service	\$48,944
4	Other Rate Base Items:	\$0
	Contribution of Aid of Construction	-\$128,837
	CIAC Amortization	\$118,939
	Materials & Supplies	\$0
5	Total Rate Base	<u>\$39,046</u>
6	Total Weighted Rate of Return Including Income Tax	<u>10.60%</u> From PreTax Return & Taxes Schedule
7	Required Return & Income Tax	<u><u>\$4,139</u></u>

Rogue Creek Sewer  
Rate Case  
SR-2013-0435  
Test Year Ending 12-31-2012, Update 6-30-2013  
Rate of Return Including Income Tax - Sewer

	A	B	formulas
1 State Income Tax Rate Statutory / Effective	6.25% (2)	5.81%	(1 - (B2 x .5)) x A1
2 Federal Income Tax Rate Statutory / Effective	15.01% (1) & (2)	14.14%	(1 - B1) x A2
3 Composite Effective Income Tax Rate		19.95%	B1 + B2
4 Equity Tax Factor		1.2492	1 / (1-B3)
5 Recommended Weighted Rate of Return on Equity - Common and Preferred		5.58%	From Capital Structure Schedule
6 Weighted Rate of Return on Equity Including Income Tax		6.97%	B4 x B5
7 Recommended Weighted Rate of Return on Debt - Long-Term and Short-Term		3.63%	From Capital Structure Schedule
8 Total Weighted Rate of Return Including Income Tax		10.60%	B6+B7

To Rate Base Schedule

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

Equity Income Required            \$2,565  
& Preliminary Federal Tax

Tax Rate Table

Net Income Range				
Start	End	Tax Rate	Amount in Range	Tax on Range
\$0	\$50,000	15.00%	\$2,565	\$385
\$50,001	\$75,000	25.00%	\$0	\$0
\$75,001	\$100,000	34.00%	\$0	\$0
\$100,001	\$335,000	39.00%	\$0	\$0
\$335,001	\$9,999,999,999	34.00%	\$0	\$0
			\$2,565	\$385
			Consolidated Tax Rate:	
			Average Tax Rate:            0.1501	

Rogue Creek Sewer  
Rate Case  
SR-2013-0435  
Test Year Ending 12-31-2012, Update 6-30-2013  
Capital Structure Schedule - Sewer

Line Number	A Description	B Dollar Amount	C Percentage of Total Capital Structure	D Embedded Cost of Capital	E Weighted Cost of Capital
1	Common Stock	\$22,105	49.75%	11.22%	5.582%
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	\$22,327	50.25%	7.22%	3.628%
5	Short Term Debt	\$0	0.00%	0.00%	0.000%
6	Other Security-Tax Deductible	\$0	0.00%	0.00%	0.000%
<b>7</b>	<b>TOTAL CAPITALIZATION</b>	<b><u>\$44,432</u></b>	<b><u>100.00%</u></b>		<b><u>9.210%</u></b>

To PreTax Return Rate Schedule

Rogue Creek Sewer  
Rate Case  
SR-2013-0435  
Test Year Ending 12-31-2012, Update 6-30-2013  
Plant In Service - Sewer

Line Number	A Account # (Optional)	B Plant Account Description	C Total Plant	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
1		INTANGIBLE PLANT					
2	301.000	Organization	\$1,262			100.00%	\$1,262
3	302.000	Franchises	\$0			100.00%	\$0
4	303.000	Miscellaneous Intangible Plant	\$0			100.00%	\$0
5		TOTAL INTANGIBLE PLANT	\$1,262		\$0		\$1,262
6		SOURCE OF SUPPLY PLANT					
7	310.000	Land & Land Rights	\$0			100.00%	\$0
8	311.000	Structures & Improvements	\$451			100.00%	\$451
9		TOTAL SOURCE OF SUPPLY PLANT	\$451		\$0		\$451
10		COLLECTION PLANT					
11	352.100	Collection Sewers - Force	\$12,827			100.00%	\$12,827
12	352.200	Collection Sewers - Gravity	\$99,372			100.00%	\$99,372
13	353.000	Other Collection Plant Facilities	\$0			100.00%	\$0
14	354.000	Services to Customers	\$22,794			100.00%	\$22,794
15	355.000	Flow Measuring Devices	\$0			100.00%	\$0
16		TOTAL COLLECTION PLANT	\$134,993		\$0		\$134,993
17		PUMPING PLANT					
18	362.000	Receiving Wells and Pump Pits	\$1,804			100.00%	\$1,804
19	363.000	Pumping Equipment (Elec., Diesel, other)	\$15,455			100.00%	\$15,455
20		TOTAL PUMPING PLANT	\$17,259		\$0		\$17,259
21		TREATMENT & DISPOSAL PLANT					
22	372.000	Oxidation Lagoon	\$0			100.00%	\$0
23	373.000	Treatment and Disposal Equipment	\$31,190			100.00%	\$31,190
24	374.000	Plant Sewers	\$0			100.00%	\$0
25	375.000	Outfall Sewer Lines	\$0			100.00%	\$0
26	376.000	Other Treatment & Disposal Plant Equip.	\$0			100.00%	\$0
27		TOTAL TREATMENT & DISPOSAL PLANT	\$31,190		\$0		\$31,190
28		GENERAL PLANT					
29	391.000	Office Furniture & Equipment	\$467			100.00%	\$467
30	391.100	Office Computer Equipment	\$1,143			100.00%	\$1,143
31	392.000	Transportation Equipment	\$1,355			100.00%	\$1,355
32	394.000	Tools Shop & Garage Equipment.	\$15			100.00%	\$15
33		TOTAL GENERAL PLANT	\$2,980		\$0		\$2,980
34		TOTAL PLANT IN SERVICE	\$188,135		\$0		\$188,135

To Rate Base & Depreciation Schedules

Rogue Creek Sewer  
 Rate Case  
 SR-2013-0435  
 Test Year Ending 12-31-2012, Update 6-30-2013  
 Schedule of Adjustments for Plant in Service - Sewer

<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>
Plant Adjustment Number	Plant In Service Adjustment Description	Account Number	Adjustment Amount	Total Adjustment
<b>Total Plant Adjustments</b>				<b>\$0</b>

Rogue Creek Sewer  
Rate Case  
SR-2013-0435  
Test Year Ending 12-31-2012, Update 6-30-2013  
Depreciation Expense - Sewer

Line Number	A Account Number	B Plant Account Description	C Adjusted Jurisdictional	D Depreciation Rate	E Depreciation Expense
1		INTANGIBLE PLANT			
2	301.000	Organization	\$1,262	0.00%	\$0
3	302.000	Franchises	\$0	0.00%	\$0
4	303.000	Miscellaneous Intangible Plant	\$0	0.00%	\$0
5		TOTAL INTANGIBLE PLANT	<u>\$1,262</u>		<u>\$0</u>
6		SOURCE OF SUPPLY PLANT			
7	310.000	Land & Land Rights	\$0	0.00%	\$0
8	311.000	Structures & Improvements	\$451	4.00%	\$18
9		TOTAL SOURCE OF SUPPLY PLANT	<u>\$451</u>		<u>\$18</u>
10		COLLECTION PLANT			
11	352.100	Collection Sewers - Force	\$12,827	2.00%	\$257
12	352.200	Collection Sewers - Gravity	\$99,372	2.00%	\$1,987
13	353.000	Other Collection Plant Facilities	\$0	0.00%	\$0
14	354.000	Services to Customers	\$22,794	2.00%	\$456
15	355.000	Flow Measuring Devices	\$0	3.30%	\$0
16		TOTAL COLLECTION PLANT	<u>\$134,993</u>		<u>\$2,700</u>
17		PUMPING PLANT			
18	362.000	Receiving Wells and Pump Pits	\$1,804	0.00%	\$0
19	363.000	Pumping Equipment (Elec., Diesel, other)	\$15,455	10.00%	\$1,546
20		TOTAL PUMPING PLANT	<u>\$17,259</u>		<u>\$1,546</u>
21		TREATMENT & DISPOSAL PLANT			
22	372.000	Oxidation Lagoon	\$0	4.00%	\$0
23	373.000	Treatment and Disposal Equipment	\$31,190	0.00%	\$0
24	374.000	Plant Sewers	\$0	2.50%	\$0
25	375.000	Outfall Sewer Lines	\$0	2.00%	\$0
26	376.000	Other Treatment & Disposal Plant Equip.	\$0	0.00%	\$0
27		TOTAL TREATMENT & DISPOSAL PLANT	<u>\$31,190</u>		<u>\$0</u>
28		GENERAL PLANT			
29	391.000	Office Furniture & Equipment	\$467	5.00%	\$23
30	391.100	Office Computer Equipment	\$1,143	0.00%	\$0
31	392.000	Transportation Equipment	\$1,355	0.00%	\$0
32	394.000	Tools Shop & Garage Equipment.	\$15	5.00%	\$1
33		TOTAL GENERAL PLANT	<u>\$2,980</u>		<u>\$24</u>
34		<b>Total Depreciation</b>	<u><b>\$188,135</b></u>		<u><b>\$4,288</b></u>

Rogue Creek Sewer  
Rate Case  
SR-2013-0435  
Test Year Ending 12-31-2012, Update 6-30-2013  
Accumulated Depreciation Reserve - Sewer

Line Number	A Account Number	B Depreciation Reserve Description	C Total Reserve	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
1		INTANGIBLE PLANT					
2	301.000	Organization	\$0			100.00%	\$0
3	302.000	Franchises	\$0			100.00%	\$0
4	303.000	Miscellaneous Intangible Plant	\$0			100.00%	\$0
5		TOTAL INTANGIBLE PLANT	\$0		\$0		\$0
6		SOURCE OF SUPPLY PLANT					
7	310.000	Land & Land Rights	\$0			100.00%	\$0
8	311.000	Structures & Improvements	\$268			100.00%	\$268
9		TOTAL SOURCE OF SUPPLY PLANT	\$268		\$0		\$268
10		COLLECTION PLANT					
11	352.100	Collection Sewers - Force	\$8,536			100.00%	\$8,536
12	352.200	Collection Sewers - Gravity	\$66,139			100.00%	\$66,139
13	353.000	Other Collection Plant Facilities	\$0			100.00%	\$0
14	354.000	Services to Customers	\$10,563			100.00%	\$10,563
15	355.000	Flow Measuring Devices	\$0			100.00%	\$0
16		TOTAL COLLECTION PLANT	\$85,238		\$0		\$85,238
17		PUMPING PLANT					
18	362.000	Receiving Wells and Pump Pits	\$3,610			100.00%	\$3,610
19	363.000	Pumping Equipment (Elec., Diesel, other)	\$8,759			100.00%	\$8,759
20		TOTAL PUMPING PLANT	\$12,369		\$0		\$12,369
21		TREATMENT & DISPOSAL PLANT					
22	372.000	Oxidation Lagoon	\$0			100.00%	\$0
23	373.000	Treatment and Disposal Equipment	\$37,559			100.00%	\$37,559
24	374.000	Plant Sewers	\$0			100.00%	\$0
25	375.000	Outfall Sewer Lines	\$0			100.00%	\$0
26	376.000	Other Treatment & Disposal Plant Equip.	\$0			100.00%	\$0
27		TOTAL TREATMENT & DISPOSAL PLANT	\$37,559		\$0		\$37,559
28		GENERAL PLANT					
29	391.000	Office Furniture & Equipment	\$362			100.00%	\$362
30	391.100	Office Computer Equipment	\$2,033			100.00%	\$2,033
31	392.000	Transportation Equipment	\$1,358			100.00%	\$1,358
32	394.000	Tools Shop & Garage Equipment.	\$4			100.00%	\$4
33		TOTAL GENERAL PLANT	\$3,757		\$0		\$3,757
34		<b>TOTAL DEPRECIATION RESERVE</b>	<b>\$139,191</b>		<b>\$0</b>		<b>\$139,191</b>

To Rate Base Schedule

**Rogue Creek Sewer**  
**Rate Case**  
**SR-2013-0435**  
**Test Year Ending 12-31-2012, Update 6-30-2013**  
**Schedule of Adjustments for Accumulated Depreciation Reserve - Sewer**

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



Rogue Creek Sewer  
Rate Case  
SR-2013-0435  
Test Year Ending 12-31-2012, Update 6-30-2013  
Revenue Schedule - Sewer

Line Number	A Account Number (Optional)	B Revenue Description	C Company/ Test Year Amount	D Adjustment Number	E Jurisdictional Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
Rev-1		ANNUALIZED REVENUES					
Rev-2		Annualized Rate Revenues	\$18,181	Rev-2	-\$1,113	100.00%	\$17,068
Rev-3		Miscellaneous Revenues	\$335	Rev-3	\$0	100.00%	\$335
Rev-4		<b>TOTAL ANNUALIZED REVENUES</b>	<b>\$18,516</b>		<b>-\$1,113</b>		<b>\$17,403</b>

Rogue Creek Sewer  
 Rate Case  
 SR-2013-0435  
 Test Year Ending 12-31-2012, Update 6-30-2013  
 Revenue Adjustment Schedule - Sewer

A	B	C	D	E
Revenue Adj Number	Adjustment Description	Account Number	Adjustment Amount	Total Adjustment
Rev-2	Annualized Rate Revenues			-\$1,113
	1. To Annualize Rate Revenues		-\$1,113	
Rev-3	Miscellaneous Revenues			\$0
	1. To Annualize Miscellaneous Revenues		\$0	
<b>Total Revenue Adjustments</b>				<b>-\$1,113</b>

Rogue Creek Sewer  
Rate Case  
SR-2013-0435  
Test Year Ending 12-31-2012, Update 6-30-2013  
Revenue Summary Schedule - Sewer

Line Number	A Description	Residential 5/8"		Commercial 2"	
		B Amount	C Amount	D Amount	E Amount
1	<u>Customer Charge Revenues:</u>				
2	Customer Number	92		0	
3	Bills Per Year	12		0	
4	Customer Bills Per year	1,104		0	
5	Current Customer Charge	<u>\$15.46</u>		<u>\$0.00</u>	
6	Annualized Customer Charge Revenues		\$17,068		\$0
7	<u>Commodity Charge Revenues:</u>				
8	Total Gallons Sold	0		0	
9	Less: Base Gallons Included In Customer Charge	<u>0</u>		<u>0</u>	
10	Commodity Gallons	0		0	
11	Block 1, Commodity Gallons per Block	0		0	
12	Block 1, Number of Commodity Gallons per Unit	<u>0</u>		<u>0</u>	
13	Block 1, Commodity Billing Units	0.00		0.00	
14	Block 1, Existing Commodity Charge	<u>\$0.00</u>		<u>\$0.00</u>	
15	Block 1, Annualized Commodity Charge Rev.		\$0		\$0
16	<b>Total Annualized Sewer Rate Revenues</b>		<u><b>\$17,068</b></u>		<u><b>\$0</b></u>

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

Rogue Creek Sewer  
Rate Case  
SR-2013-0435  
Test Year Ending 12-31-2012, Update 6-30-2013  
Revenue Summary Schedule - Sewer

Line Number	A Description	Total	
		F Amount	G Amount
1	<u>Customer Charge Revenues:</u>		
2	Customer Number	92	
3	Bills Per Year		
4	Customer Bills Per year	1,104	
5	Current Customer Charge		
6	Annualized Customer Charge Revenues		\$17,068
7	<u>Commodity Charge Revenues:</u>		
8	Total Gallons Sold	0	
9	Less: Base Gallons Included In Customer Charge	0	
10	Commodity Gallons	0	
11	Block 1, Commodity Gallons per Block		
12	Block 1, Number of Commodity Gallons per Unit		
13	Block 1, Commodity Billing Units		
14	Block 1, Existing Commodity Charge		
15	Block 1, Annualized Commodity Charge Rev.		\$0
16	<b>Total Annualized Sewer Rate Revenues</b>		<b>\$17,068</b>

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

Rogue Creek Sewer  
Rate Case  
SR-2013-0435  
Test Year Ending 12-31-2012, Update 6-30-2013  
Miscellaneous Revenues Feeder - Sewer

Line Number	A Description	B Amount
1	Late Payment Fee	\$165
2	Reconnect Fee	\$135
3	Other Revenues	\$35
4	Total Miscellaneous Revenues	<u>\$335</u>

Rogue Creek Sewer  
Rate Case  
SR-2013-0435  
Test Year Ending 12-31-2012, Update 6-30-2013  
Expense Schedule - Sewer

Line Number	A Account Number (Optional)	B Expense Description	C Company/ Test Year Amount	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
1		OPERATIONS EXPENSES					
2		Receivship Fee (base charge)	\$3,442	S-2	\$3,758	100.00%	\$7,200
3		Receivship Fee (travel expenses)	\$436	S-3	\$1,185	100.00%	\$1,621
4		Electricity Expense	\$4,153	S-4	-\$92	100.00%	\$4,061
5		Chemicals	\$0	S-5	\$600	100.00%	\$600
6		Sludge Removal	\$0	S-6	\$3,000	100.00%	\$3,000
7		TOTAL OPERATIONS EXPENSE	\$8,031		\$8,451		\$16,482
8		MAINTENANCE EXPENSES					
9		Certified Operator Fees (Environmental Management Services)	\$525	S-9	\$6,675	100.00%	\$7,200
10		System Repairs and Maintenance (Floyd Medley)	\$597	S-10	\$3	100.00%	\$600
11		TOTAL MAINTENANCE EXPENSE	\$1,122		\$6,678		\$7,800
12		CUSTOMER ACCOUNT EXPENSE					
13		Office Supplies - billing postcards	\$161	S-13	\$133	100.00%	\$294
14		Postage Expense & PO Box Rental	\$112	S-14	\$172	100.00%	\$284
15		TOTAL CUSTOMER ACCOUNT EXPENSE	\$273		\$305		\$578
16		ADMINISTRATIVE & GENERAL EXPENSES					
17		Telephone & Internet	\$457	S-17	-\$457	100.00%	\$0
18		Transportation Expense	\$49	S-18	-\$49	100.00%	\$0
19		Outside Services - Contractors	\$3,866	S-19	\$703	100.00%	\$4,569
20		TOTAL ADMINISTRATIVE AND GENERAL	\$4,372		\$197		\$4,569
21		OTHER OPERATING EXPENSES					
22		MO DNR Fees	\$0	S-22	\$150	100.00%	\$150
23		PSC Assessment	\$1,460	S-23	-\$279	100.00%	\$1,181
24		Amortization Expense - 3-year	\$0	S-24	\$8,463	100.00%	\$8,463
25		CIAC Depreciation Offset	\$0	S-25	-\$2,138	100.00%	-\$2,138
26		Depreciation	\$4,288	S-26	\$0	100.00%	\$4,288
27		TOTAL OTHER OPERATING EXPENSES	\$5,748		\$6,196		\$11,944
28		TAXES OTHER THAN INCOME					
29		Real & Personal Property Taxes	\$0			100.00%	\$0
30		Payroll Taxes	\$0			100.00%	\$0
31		TOTAL TAXES OTHER THAN INCOME	\$0		\$0		\$0
32		TOTAL OPERATING EXPENSES	\$19,546		\$21,827		\$41,373

Rogue Creek Sewer  
Rate Case  
SR-2013-0435  
Test Year Ending 12-31-2012, Update 6-30-2013  
Expense Adjustment Schedule - Sewer

A Expense Adj Number	B Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment
S-2	Receivership Fee (base charge)			\$3,758
	To normalize court ordered receiver fees (Harrison)		\$3,758	
S-3	Receivership Fee (travel expenses)			\$1,185
	To normalize receiver travel expenses (Harrison)		\$1,185	
S-4	Electricity Expense			-\$92
	To normalize electricity expense (Harrison)		-\$92	
S-5	Chemicals			\$600
	To normalize chemical expense (Harrison)		\$600	
S-6	Sludge Removal			\$3,000
	To include recurring- sludge hauling expense (Hummel)		\$3,000	
S-9	Certified Operator Fees (Environmental Management)			\$6,675
	To normalize certified operator fees (Harrison)		\$6,675	
S-10	System Repairs and Maintenance (Floyd Medley)			\$3
	To normalize level of misc. maintenance expense (Harrison)		\$3	
S-13	Office Supplies - billing postcards			\$133
	To normalize office supplies - billing postcards (Harrison)		\$133	
S-14	Postage Expense & PO Box Rental			\$172

Rogue Creek Sewer  
Rate Case  
SR-2013-0435  
Test Year Ending 12-31-2012, Update 6-30-2013  
Expense Adjustment Schedule - Sewer

A Expense Adj Number	B Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment
	To normalize postage expense (Harrison)		\$172	
<b>S-17</b>	<b>Telephone &amp; Internet</b>			<b>-\$457</b>
	To eliminate test year phone and internet expense (Harrison)		-\$457	
<b>S-18</b>	<b>Transportation Expense</b>			<b>-\$49</b>
	To eliminate test year transportation expense (Harrison)		-\$49	
<b>S-19</b>	<b>Outside Services - Contractors</b>			<b>\$703</b>
	To normalize outside services - contractors (Harrison)		\$703	
<b>S-22</b>	<b>MO DNR Fees</b>			<b>\$150</b>
	To include DNR permit fees (Harrison)		\$150	
<b>S-23</b>	<b>PSC Assessment</b>			<b>-\$279</b>
	To annualize PSC Assessment (Harrison)		-\$279	
<b>S-24</b>	<b>Amortization Expense - 3-year</b>			<b>\$8,463</b>
	To amortize Rogue Creeks back-payments owed to vendors over a 3-year period (Harrison)		\$8,463	
<b>S-25</b>	<b>CIAC Depreciation Offset</b>			<b>-\$2,138</b>
	To offset depreciation for CIAC (Harrison)		-\$2,138	
<b>S-26</b>	<b>Depreciation</b>			<b>\$0</b>
	1. To Annualize Depreciation		\$0	



Rogue Creek Sewer  
Rate Case  
SR-2013-0435  
Test Year Ending 12-31-2012, Update 6-30-2013  
Expense Adjustment Schedule - Sewer

<b>A</b> Expense Adj Number	<b>B</b> Adjustment Description	<b>C</b> Account Number	<b>D</b> Adjustment Amount	<b>E</b> Total Adjustment
Total Expense Adjustments				<b>\$21,827</b>

# Agreement Attachment C

## Rate Base Worksheet

Rogue Creek Sewer  
SR-2013-0435  
Rate Base as of 6-30-2013  
Source: Company Workpapers & Staff EMS

**Sewer**

Plant in Service	188,135
Less Depreciation Reserve	<u>139,191</u>
<b>Net Plant in Service</b>	<b>48,944</b>
Contribution in Aid of Construction	(128,837)
CIAC Amortization	118,939
Materials & Supplies	-
<b>Net Rate Base</b>	<b>39,046</b>

# Agreement Attachment D

## Schedule of Depreciation Rates

**Rogue Creek Utilities**  
**SCHEDULE of DEPRECIATION RATES**  
**SEWER Plant Accounts**  
**SR-2013-0435**

<b>ACCOUNT NUMBER</b>	<b>ACCOUNT DESCRIPTION</b>	<b>DEPRECIATION RATE</b>
<b>COLLECTION PLANT</b>		
311	Structures & Improvements	4.0%
352.1	Collection Sewers (Force)	2.0%
352.2	Collection Sewers (Gravity)	2.0%
354	Services	2.0%
<b>PUMPING PLANT</b>		
362	Receiving Wells (4.0 %)	<b>0.0%</b>
363	Electric Pumping Equipment	10.0%
<b>TREATMENT &amp; DISPOSAL PLANT</b>		
372	Oxidation Lagoons	4.0%
373	Treatment & Disposal Facilities (5 %)	<b>0.0%</b>
<b>GENERAL PLANT</b>		
391	Office Furniture & Equipment	5.0%
391.1	Office Electronic & Computer Equip.(14.3%)	<b>0.0%</b>
392	Transportation Equipment (13 %)	<b>0.0%</b>
394	Tools, Shop & Garage Equipment	5.0%
397	Communications Equipment	6.7%

Version 7/25/2013. The above recommended depreciation rates are based on Staff's review of the Company's operation and records, onsite visits, and discussion with company representatives.

# Agreement Attachment E

## Example Tariff Sheets

Name of Utility: Rogue Creek Utilities, Inc.  
Service Area: Certificated Service Areas in Washington County

Rules and Regulations Governing Rendering of  
Sewer Service

INDEX

Sheet No.

- 1.....Index
- 2.....Map of Service Area
- 3.....Legal Description of Service Area
- 6.....Schedule of Rates
- 7.....Schedule of Service Charges

<u>Sheet Number</u>	<u>Rule Number</u>	<u>Rule Subject</u>
9.....	1.	Definitions
13.....	2.	General Matters
14.....	3.	Limited Authority of Company Employees
15.....	4.	Applications for Sewer Service
17.....	5.	Inside Piping and Customer Service Sewer
20.....	6.	Improper or Excessive Use
22.....	7.	Discontinuance of Service by Company
25.....	8.	Interruptions in Service
26.....	9.	Bills for Service
28.....	10.	Extension of Collecting Sewers

\* Indicates new rate or text  
+ Indicates change

Issue Date: November 13, 2013  
Month/Day/Year

Effective Date: January 1, 2014  
Month/Day/Year

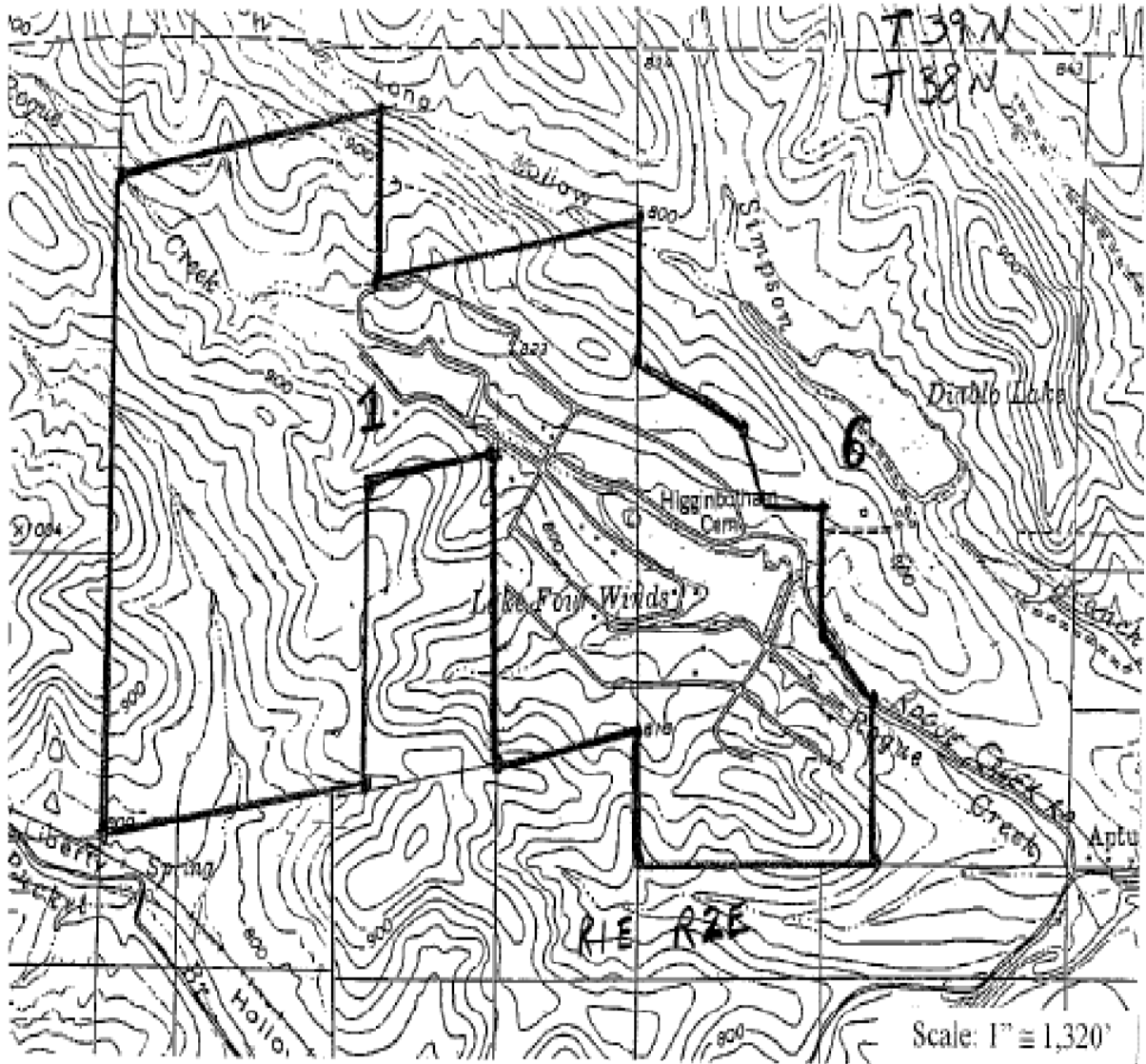
Issued By: Dale W. Johansen – Receiver  
Name & Title of Issuing Officer

915 Country Ridge Dr., Jefferson City, MO 65109  
Company Mailing Address

Name of Utility: Rogue Creek Utilities, Inc.  
Service Area: Certificated Service Areas in Washington County

Rules and Regulations Governing Rendering of  
Sewer Service

Map of Service Area



Issue Date: November 13, 2013  
Month/Day/Year

Effective Date: January 1, 2014  
Month/Day/Year

Issued By: Dale W. Johansen – Receiver  
Name & Title of Issuing Officer

915 Country Ridge Dr., Jefferson City, MO 65109  
Company Mailing Address



Name of Utility: Rogue Creek Utilities, Inc.  
Service Area: Certificated Service Areas in Washington County

Rules and Regulations Governing Rendering of  
Sewer Service

Legal Description of Service Area

Beginning at the Southwest corner of Section 6, Township 38 North, Range 2 East; thence North along the line between Range 1 East and Range 2 East a distance of 1082.40 feet to the Southeast corner of Section 1, Township 38 North, Range 1 East; thence along the South line of Section 1 bearing 78°16'25" West, a distance of 1369.50 feet; thence North 0°17'30" West, a distance of 2640 feet; thence South 78°06'08" West, a distance of 1369.50 feet; thence South 0°35'00" East, a distance of 1320 feet; thence South 78°12'18" West, a distance of 1369.50 feet; thence South 0°52'43" East, a distance of 1320.00 feet to a point on the South line of Section 1; thence South 78°16'25" West, a distance of 1369.50 feet to the Southwest corner of Section 1, Township 38 North, Range 1 East; thence North 1°36'37" East along the west line of Section 1 a distance of 5280 feet to the Northwest corner of Lot 2 in the Northwest quarter of Section 1; thence North 77°55'34" East along the North line of Lot 2 a distance of 2537.74 feet to the Northeast corner of Lot 2; thence South 0°35'00" East, a distance of 1320 feet to the Northwest corner of Lot 1 in the Northeast quarter of Section 1; thence North 78°01'00" East, a distance of 2796.50 feet to the Northeast corner of Lot 1; thence South 0°00'00" East along the Range line a distance of 1215.24 feet; thence South 61°00'00" East, a distance of 1036.20 feet; thence South 23°30'00" East, a distance of 704.22 feet; thence North 88°42'21" East, a distance of 701.59 feet; thence South 4°03'30" West, a distance of 794.69 feet; thence South 53°00'00" East, a distance of 169.34 feet; thence South 5°00'00" West, a distance of 440 feet; thence North 88°39'55" East, a distance of 318 feet thence South 4°05'47" West, a distance of 1320 feet; thence South 88°36'55" West along the South line of Section 6, Township 38 North, Range 2 East, a distance of 2112 feet, more or less, to the point of beginning; containing 442.92 acres in Section 1, Township 38 North, Range 1 East, and 158.90 acres in Section 6, Township 38 North, Range 2 East, all lying in Washington County, Missouri.

- \* Indicates new rate or text
- + Indicates change

Issue Date: November 13, 2013  
Month/Day/Year

Effective Date: January 1, 2014  
Month/Day/Year

Issued By: Dale W. Johansen – Receiver  
Name & Title of Issuing Officer

915 Country Ridge Dr., Jefferson City, MO 65109  
Company Mailing Address

Name of Utility: Rogue Creek Utilities, Inc.  
Service Area: Certificated Service Areas in Washington County

Rules and Regulations Governing Rendering of  
Sewer Service

Legal Description of Service Area (continued)

Part of the NW 1/4 of the SE 1/4 of Section 6, Township 38 North, Range 2 East described as follows, to-wit: Begin at the Southwest corner of the Northwest quarter of the Southeast quarter of Section 6, Township 38 North, Range 2 East; thence North 710 feet to cedar post for a corner at the road, Mulberry 2 feet in diameter, South 23° East 17 feet; thence South 53° East along road 458 ¼ feet to a corner, Post Oak 12 inches South 60° West 4 feet Post Oak 9 inches South 20° East 7 feet and Post Oak 9 inches South 55° East 6 ¼ feet; thence South 5° West 440 feet to a corner on South line of Northwest quarter of Southeast quarter Black Haw 4 inches North 5° West 5 feet and a Chinquapin 5 inches North 45° West 8 feet; thence West 342 feet to the place of beginning, containing 5.28 acres.

The East half of the Southeast quarter of Section One (1), Township 38 North, Range 1 East, containing 80 acres, the Southwest fractional quarter of Section 6, Township 38 North, Range 2 East, containing 98.80 acres; the West half of the Southwest quarter of the Southeast quarter of Section 6, Township 38 North, Range 2 East, containing 20 acres and part of the Northwest quarter of the Southeast quarter of Section 6, Township 38 North, Range 2 East, described as follows: Beginning at the quarter Section corner on the East and West line between Section 6 and 7, Township 38 North, Range 2 East at a Post Oak 12 inches in diameter bears South 70° East 30 links, also a Post Oak 13 inches in diameter bears South 40° West 150 links, thence North 20 chains set a post from which a White Oak 18 inches in diameter bears North 20° West 50 links, thence East 350 links where set a post from which a Black Oak 5 inches in diameter bears North 20 degrees East 21 links, thence North 20 chains to beginning corner, containing 7 acres, all in Washington County, Missouri, containing 205.80 acres, more or less, according to the Official Plat Book of said County on file in the office of the Recorder of Deeds.

- \* Indicates new rate or text
- + Indicates change

Issue Date: November 13, 2013  
Month/Day/Year

Effective Date: January 1, 2014  
Month/Day/Year

Issued By: Dale W. Johansen – Receiver  
Name & Title of Issuing Officer

915 Country Ridge Dr., Jefferson City, MO 65109  
Company Mailing Address

Name of Utility: Rogue Creek Utilities, Inc.  
Service Area: Certificated Service Areas in Washington County

Rules and Regulations Governing Rendering of  
Sewer Service

Legal Description of Service Area (continued)

Also, the North half of the Southwest quarter, Lot One (1) and Two (2) of the Northwest quarter, and Lot One (1) of the Northeast quarter and the North half of the Southwest quarter of section One (1), Township 38 North , Range One (1) East, containing 320 acres.

The Southwest quarter of the Southwest quarter of Section One (1), Township 38 North, Range One (1) East, containing 40 acres, more or less, EXCEPT: .08 of an acre, more or less, deeded to Missouri Pacific Railroad Company by deed recorded in Book 115, page 299, Deed of Records of Washington County, Missouri.

Part of Lot One (1) of N.W. Fr. Quarter of Section 6, Township 38 North, Range Two (2) East, described as follows, to-wit: Began at West 1/4 Section corner in field, thence east a distance of 17.50 chains to a point, (B/O. 30" for corner), thence North 23° 30" west a distance of 10.67 chains to a point (stake and rocks), thence N. 61° West 15.70 chains to a point, (Corner Axle), thence South a distance of 17.88 chains to the place of beginning, containing 21.1 acres, more or less.

All of the Southeast quarter of the Southwest quarter of Section One (1), Township 38 North, Range One (1) East, containing 40 acres.

- \* Indicates new rate or text
- + Indicates change

Issue Date: November 13, 2013  
Month/Day/Year

Effective Date: January 1, 2014  
Month/Day/Year

Issued By: Dale W. Johansen – Receiver  
Name & Title of Issuing Officer

915 Country Ridge Dr., Jefferson City, MO 65109  
Company Mailing Address

Name of Utility: Rogue Creek Utilities, Inc.  
Service Area: Certificated Service Areas in Washington County

Rules and Regulations Governing Rendering of  
Sewer Service

Schedule of Sewer Rates

Availability - The following monthly water sewer service charges are available to any sewer Customer located on the Company's collecting sewer suitable for supplying the service requested.

Monthly Sewer Service Charges - The following minimum monthly service charge must be paid regardless of the quantity of water metered.

Residential Rate - \$37.28 per month

Commercial Rate - \$372.26 per month

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

\* Indicates new rate or text

+ Indicates change

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Name & Title of Issuing Officer

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Rules and Regulations Governing Rendering of  
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Schedule of Sewer Service Charges

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

New Service Connection

A new service connection to the Collecting Sewer will be the actual cost to the Company.

Late Charges

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

Returned Check Charge

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

Disconnection/Reconnection

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

Inspection Fee

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

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Schedule of Sewer Service Charges (continued)

Re-Inspection Fee

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

Service Calls

Service calls at any time other than during normal business hours for any reason except disconnection for a ruptured Customer's service shall require a service charge of forty dollars (\$40.00).

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Rule 1 DEFINITIONS

- A. An "APPLICANT" is a person, firm, corporation, governmental body, or other entity that has applied for sewer service and/or an extension of collecting sewers along with additional plant facilities; two or more such entities may make one application for a sewer extension, and be considered one APPLICANT. An "ORIGINAL APPLICANT" is an APPLICANT who entered into any contract or agreement with the Company for an extension of collecting sewers and/or additional plant facilities, contributed funds or utility plant assets to the Company under the terms of the contract or agreement, and is eligible for refunds under the terms of the contract or agreement as additional Applicants connect to such extensions or plant facilities.
- B. "B.O.D" denotes Biochemical Oxygen Demand. It is the quantity of oxygen utilized in the biochemical oxidation of waste matter under standard laboratory conditions expressed in milligrams per liter.
- C. "C.O.D" denotes Chemical Oxygen Demand. It is the quantity of oxygen utilized in the chemical oxidation of waste matter under standard laboratory conditions, expressed in milligrams per liter.
- D. A "COLLECTING SEWER" is a pipeline, including force pipelines, gravity sewers, interceptors, laterals, trunk sewers, manholes, lampholes, and necessary appurtenances, including service wyes and saddles, which is owned and maintained by the Company, located on public property or on private easements, and used to transport sewage waste from the Customer's service connection to the point of disposal.
- E. A "COMMERCIAL CUSTOMER" is any common area owned or controlled by the Home Owner's Association including but not limited to the clubhouse, shower facilities, restrooms, and swimming pool.
- F. The "COMPANY" is Rogue Creek Utilities, Inc., acting through its officers, managers, or other duly authorized employees or agents.

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Rule 1 continued

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

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Rules and Regulations Governing Rendering of  
Sewer Service

Rule 1 continued

sewer. The saddle clamps around the collecting sewer pipeline into which pipeline a hole is cut, and the Service Sewer is connected to the SADDLE thereby connecting it to the collecting sewer.

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

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Rule 1 continued

commercial, owned or leased. Each mobile home in a mobile home park, and each rental unit of a multi-tenant rental property are considered as separate Units for each single family or firm occupying same as a residence or place of business.

- T. A “WYE” or “WYE BRANCH” or “Y” or “Y BRANCH” is a three-way one-piece pipe fitting in the shape of the letter “y” that is a part of the collecting sewer pipeline, and to which the Customer’s service sewer is connected.

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Rules and Regulations Governing Rendering of  
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Rule 2 GENERAL MATTERS

- A. Every Customer, upon signing an application for service or accepting service rendered by the Company, shall be considered to have expressed consent to be bound by these Rates, Rules and Regulations.
- B. The Company's Rules and Regulations governing rendering of service are set forth in the numbered sheets of this tariff. The rates applicable to appropriate class of service are set forth in Rate Schedules and constitute a part of this tariff.
- C. The Company reserves the right, subject to approval from the Missouri Public Service Commission, to prescribe additional rates or to alter existing Rates or Rules as it may deem necessary or proper.
- D. At the effective date of these Rules, all new facilities, construction contracts and written agreements shall conform to these Rules in accordance with the statutes of the State of Missouri and authority of the Missouri Public Service Commission. Pre-existing facilities that do not conform with these Rules and Regulations may remain, if said facilities do not cause any service problems and reconstruction is impractical.
- E. The Company shall have the right to enter upon the Customer's premises for the purpose of inspecting for compliance with these Rules and Regulations. Company personnel shall identify themselves and such inspections shall be conducted during reasonable hours.

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Rule 3 LIMITED AUTHORITY OF COMPANY EMPLOYEES

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

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Rule 4 APPLICATIONS FOR SEWER SERVICE

- A. A written application for service, signed by the Customer, and accompanied by the appropriate fees as provided in the Schedule of Rates, the Schedule of Service Charges, Rule 10 - Extension of Collecting Sewers, and other information required by these Rules, must be received from each Customer. Said application must be filed in writing twenty-four (24) hours in advance stating the street, house number, name of the applicant, name of the property owner, and the time, at which connection is to be made. The Company shall have the right to refuse service for failure to comply with the Rules herein, or if the Customer owes a past due bill not in dispute for sewer service at any location within the Company's service area. In any case where a collecting sewer extension or unusual construction or equipment expense is necessary to furnish the service, the Company may require a contract for service specifying a reasonable period of time for the Company to provide the service. If the Customer is a tenant, the Company shall notify the owner of the property or owner's property manager or other agent that the owner or property manager may be responsible for payment of the sewer service bill associated with the application.
- B. A prospective Customer shall, upon request of the Company, present in writing to the Company a list of devices that will discharge to the collecting sewers, the amount and specifications of any discharge, and the location of any buildings. The Company will then advise the Customer of the form and the character of the wastewater collection facilities available. If a sewer extension as provided for in Rule 10 - Extension of Collecting Sewers will be necessary, or if the Customer will be required to own, operate, and maintain a pretreatment facility, the Customer will also be so advised.
- C. When sewer charges are based on water usage, the Company reserves the right to refuse sewer service to any applicant unless said applicant agrees to install a water meter accessible by the Company, so that there will be a basis for sewer charges. The Company and Customer may agree to an estimated water use amount, on an interim basis for a period not to exceed six (6) months, to allow time to install suitable metering equipment.

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Rule 4 continued

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

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Rule 5 INSIDE PIPING AND CUSTOMER SERVICE SEWER

- A. The Customer is obligated to construct, repair, and maintain the service sewer from the collecting sewer to the building, and make the connection to the collecting sewer. The Customer shall notify the Company prior to cleaning or repairing the service sewer.
- B. When a service sewer is to be connected to the collecting sewer, the plumber shall advise the Company twenty-four (24) hours in advance of when the connection is expected to be made so a representative of the Company can inspect the installation and connection. No backfill shall be placed until the work has been inspected by the Company. In the event the Customer or the Customer's agent shall damage a wye branch or saddle, or cause damage to the collecting sewer, then the Customer shall be responsible for the cost to repair any such damage, including replacement of pipe or appurtenances as necessary.
- C. Plumbing specifications of all governmental agencies having jurisdiction, and the Company's Rules, in effect at the time of connection, must be met. The Company may deny service or may discontinue service where foundation drains, downspouts, or other sources of surface or storm water are permitted to enter the sewer system through either the inside piping or through the building sewer.
- D. A separate and independent service sewer shall generally be required for every building. Exceptions are:
  - 1. When one building stands at the rear of another building on an interior lot where a proper service sewer cannot be constructed through an adjoining easement. In that situation, the service sewer from the front building may be extended to the rear building and it will be considered as one service sewer; or
  - 2. When two or more buildings are a part of a complex that cannot be subdivided.

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Rule 5 continued

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

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Rule 5 continued

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

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Rule 6 – IMPROPER OR EXCESSIVE USE

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

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Rule 6 continued

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

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Rule 7 – DISCONTINUANCE OR TERMINATION OF SERVICE

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

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

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

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

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

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Rule 7 continued

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

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Rule 7 continued

timely manner to pay delinquent bills in lieu of discontinuance of service.

- I. Termination of service at the Customer's request may be accomplished at the expense of the Customer. If termination of service must be accomplished by physical disconnection, the Customer shall notify the Company of the date and time of the disconnection in writing at least five (5) days prior to the disconnection. If termination is accomplished by turn-off of water service, such notice shall be on or before the date of the water turn-off. Service may not be terminated for one unit of a multi-unit building if the building is served by one service sewer, unless accomplished by turnoff of water service to that unit. The method used for termination of service shall be determined by the Company.

\* Indicates new rate or text

+ Indicates change

Issue Date: November 13, 2013  
Month/Day/Year

Effective Date: January 1, 2014  
Month/Day/Year

Issued By: Dale W. Johansen – Receiver  
Name & Title of Issuing Officer

915 Country Ridge Dr., Jefferson City, MO 65109  
Company Mailing Address

Name of Utility: Rogue Creek Utilities, Inc.  
Service Area: Certificated Service Areas in Washington County

Rules and Regulations Governing Rendering of  
Sewer Service

Rule 8 INTERRUPTIONS IN SERVICE

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

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Rules and Regulations Governing Rendering of  
Sewer Service

Rule 9 BILLS FOR SERVICE

- A. The charges for sewer service shall be at the rates specified in this tariff, which is on file with the Missouri Public Service Commission and at the Company's office. The point of assumption of sewer service shall be at the service connection. Service charges for connection or disconnection are set forth in the Schedule of Service Charges.
- B. A Customer who is or has been taking sewer service at one or more units connected to the collecting sewer shall be held liable for payment of any applicable charges for service furnished to such units from the date of connection until the date requested by the Customer in writing for service to be terminated, or until service is discontinued by the Company.
- C. Bills for sewer service will be mailed or delivered to the Customer's last address as shown by the records of the Company, but failure to receive the bill will not relieve the Customer from the obligation to pay the same.
- D. Payments shall be made at the office of the Company or at a convenient location designated by the Company, or by mailing to the Company's mailing address.
- E. Separate bills shall be rendered for each location at which sewer service is provided, even though one entity may be the Customer at such separate locations.
- F. The Company shall have the right to render bills monthly in advance, or on a monthly basis in arrears when the sewer charges are based on water usage. Bills shall have the due date indicated on the bill.
- G. Neither the Company nor the Customer will be bound by bills rendered under mistake of fact as to the quantity of service rendered or as a result of clerical error. Customers will be held responsible for charges based on service provided.

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Rules and Regulations Governing Rendering of  
Sewer Service

Rule 9 continued

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

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Rules and Regulations Governing Rendering of  
Sewer Service

Rule 10 EXTENSION OF COLLECTING SEWERS

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

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Rules and Regulations Governing Rendering of  
Sewer Service

Rule 10 continued

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

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

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

1. Applicant shall enter into a contract with the Company which provides that the applicant construct said collecting sewers and/or other facilities to meet the requirements of all governmental agencies and the Company's Rules and Regulations. Plans for the extension shall be submitted to the Company for approval prior to construction. Applicant's choice of construction contractor is subject to approval by the Company. Applicant shall contribute said facilities to the Company with a detailed accounting of the actual cost of construction, and contribute to the Company the estimated reasonable cost of the Company's inspection.

2. The Company, or its representative, shall have the right to inspect and test the extension prior to connecting it to the existing collecting sewers and acceptance of ownership.

3. Connection of the extension to existing Company collecting sewers shall be made by, or under direct supervision of, the Company or its representative.

4. The Company shall have the right to refuse ownership and responsibility for the sewer extension until applicant has met the contractual obligations as provided in Paragraph D.1., above.

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

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Rules and Regulations Governing Rendering of  
Sewer Service

Rule 10 continued

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

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

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

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Rules and Regulations Governing Rendering of  
Sewer Service

Rule 10 continued

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

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# Agreement Attachment F

## Billing Comparison Worksheet

# Rogue Creek Utilities, Inc.

## Residential Customer Bill Comparison-Sewer

### Rates for Residential Customer

	<u>Current Rate</u>	<u>Proposed Rate</u>
Monthly Customer Charge	\$15.46	\$37.28
Interim Monthly Charge	\$5.61	\$0.00
Special Monthly Surcharge	\$10.18	\$0.00

current service charge is monthly charge

### MONTHLY BILL COMPARISON

#### Current Monthly Charge

Monthly Customer Charge	\$ 15.46
Interim Monthly Charge	\$ 5.61
Special Monthly Surcharge	\$ 10.18
Total Bill	\$ 31.25

#### Proposed Rates

Monthly Customer Charge	\$37.28
Interim Monthly Charge	\$0.00
Special Monthly Surcharge	\$0.00
Total Bill	\$37.28

### INCREASES

#### Monthly Customer Charge

\$ Increase	\$21.82
% Increase	214.30%

#### Interim Monthly Charge

\$ Increase	(\$5.61)
% Increase	-100.00%

#### Special Monthly Charge

\$ Increase	(\$10.18)
% Increase	-100.00%

#### Total Bill

\$ Increase	\$6.03
% Increase	19.28%

# Agreement Attachment G

## Water & Sewer Unit Memorandum



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

File Nos. WR-2013-0436 and SR-2013-0435  
Rogue Creek Utility, Inc.  
Martin Hummel/James Russo

**Introduction**

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

Rogue Creek Utilities, Inc. (Company or RCU) holds certificates of public convenience and necessity granted by the Missouri Public Service Commission (the Commission), under which the Company provides water and sewer utility services.

The Company's original water tariff went into effect on December 1, 1976 and the original sewer tariff went into effect on June 1, 1978.

The Company provides water and sewer service to approximately 100 residential water and sewer customers in the Rogue Creek development approximately 8 miles north of Potosi in Washington County, Missouri. On March 27, 2013, the Company filed a request for an increase in sewer revenues and an increase in water revenues.

The Company is currently managed by the court-appointed receiver, Johansen Consulting Services, c/o Dale W. Johansen.

**Facilities:**

The water system consists of a single well providing 25 gallons per minute with a water softening unit used for reducing the level of lead in the water, two ground storage tanks with 4,500 gallon capacity and 4,000 gallon capacity, respectively, and a distribution system with water meters on all customer service connections.

- The water system does not consistently maintain adequate pressure (greater than 20 psi) and must have the pressure control switch at the well replaced; the remote location of the storage tanks from the well is a factor with respect to inconsistent pressure.
- Many of the water meters are old, and leaks associated with these meters further reduce system pressure. A replacement schedule along with associated capital is necessary.
- One of the water tanks has a leak in the roof, and arrangements are in place to schedule inspection of the tanks as soon as funds are available.
- Additional sampling sites are needed in conjunction with establishing a written sampling site plan.

- A second well is needed to improve system reliability.
- The water distribution system needs to be evaluated including identifying location and operability of all existing valves and determining where additional valves should be.

The sewer system is a 20,000 gallon per day extended aeration treatment plant, and the collection system consists of gravity collecting sewers, along with three (3) lift stations.

- The collector sewer on Watercrest Road has a break that allowed raw wastewater to exit and flow into the lake, and this break must be permanently repaired. Although sewage is not currently leaking since collecting sewer repair/replacement was recently completed under the direction of the Missouri Department of Natural Resources, additional collecting sewer cleaning and repair is needed in the Watercrest Road area to prevent another blockage that may result in leakage into the lake.
- A tributary sewer on Rogue Creek Road has a blockage that the Company has been unable to open, and this blockage is resulting in an overflow from a cleanout on a customer service sewer and is also causing slow drainage from connected houses.
- There are numerous repairs needed at the wastewater treatment plant, including weirs, sludge removal, air lift pumps, air diffusers, electric power supply service line, electrical controls, a second motor/blower and fencing.
- The three (3) lift stations need to be evaluated and covering structures repaired.
- The collection system needs to be surveyed and evaluated, including obtaining elevations of the manhole tops and inverts.
- As work progresses, additional deficiencies will be observed, and all the work will have to be prioritized to make best use of funds available.

(Hummel)

### **Operations and Maintenance:**

Operations and maintenance for the Company should be provided by contractors. Due to lack of funds, much of this service has been restricted and contracted assistance has been limited. The receiver, assisted by PSC Staff, has been doing emergency maintenance which has included replacing profusely leaking water meters, routing and removing sewer blockages as best as could be accomplished with available equipment, reading meters, and making critical treatment plant repairs. The Department of Natural Resources responded to a sewer blockage that was causing wastewater to flow to the lake. With all of this work and additional observation, the receiver and PSC Staff have accumulated knowledge of the physical plant about which very little was previously known. (Hummel)

## **Tariff Review**

Staff routinely updates water and sewer tariffs using a tariff template that can be modified for specific operations of the individual companies as they file rate cases with the Commission or as necessary. RCU's current PSC MO 2 water and sewer tariffs were originally filed October 4, 1988, and became effective November 5, 1988. The 4<sup>th</sup> Revised Sheet No.6 was filed May 13, 2013, and became effective May 31, 2013, and the 2<sup>nd</sup> Revised Sheet No. 7 was filed September 23, 2002, and became effective November 11, 2002, in both the water and sewer tariffs. In addition, the 1<sup>st</sup> Revised Sheet No. 24 in the water tariff was filed on October 4, 1989, and became effective on November 20, 1989. Staff is proposing to cancel the existing PSC MO 2 tariffs and replace them with PSC MO 3 for water and PSC MO 4 for sewer. (Russo)

## **Rate Design**

Staff reviewed the current rate design and is recommending the current rate design be changed in this case. A new commercial customer class was added to account for the club house. The customer charge was determined by making the club house equivalent to 10 residential customers. Staff determined during the course of this case that part-time residents within Rogue Creeks service area used the club house facilities without receiving sewer or water service. In addition, Staff proposes the existing commodity rate for water be increased by an equal percentage amount. (Russo)

## **WATER AND SEWER UNIT STAFF RECOMMENDATIONS:**

- 1) The Commission cancels the existing PSC MO No. 2 water tariff and replaces the water tariff with PSC MO No. 3.
- 2) The Commission cancels the existing PSC MO No. 2 sewer tariff and replaces the sewer tariff with PSC MO No. 4.
- 3) The receiver will file a rate case in 18 months after the effective date of the current rate request.

# Agreement Attachment H

## EMSU Report

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

### **Engineering and Management Services Unit**

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

**File Nos. SR-2013-0435 and WR-2013-0436**

**Rogue Creek Utilities, Inc.**

**Gary Bangert and Patricia Smith**

The Engineering and Management Services Unit (EMSU) staff of the Missouri Public Service Commission (“Commission”) initiated an informal review of the customer service and business processes, procedures, and practices of Rogue Creek Utilities, Inc. (“Rogue Creek” or “Company”) in Potosi, Missouri, located in Washington County, in April 2013. The review was performed in response to the Company’s request for a rate increase in File Nos. SR-2013-0435 and WR-2013-0436, which was filed on March 27, 2013. This request includes a request for sewer and water tariff revisions to implement interim rates and special surcharges pending resolution of the small utility rate case procedure. The Company is requesting increases of \$48,565 in its annual sewer system operating revenues and \$40,425 in its annual water system operating revenues. This request represents increases of approximately 278% to the Company’s annual sewer system operating revenues and 254% to the Company’s annual water operating revenues.

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

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

1. Develop and utilize time sheets to record the time associated with work assignments. This recommendation should be completed within ninety (90) days of the effective date of any Commission order issued in cases, SR-2013-0435 and WR-2013-0436.
2. Develop and execute a written agreement with the part-time Company employee who performs regular meter reading and maintenance actions. This recommendation should

be completed within ninety (90) days of the effective date of any Commission order issued in cases, SR-2013-0435 and WR-2013-0436.

3. Develop and utilize a written vehicle log to maintain information regarding vehicle usage. The log should include information regarding the vehicle type, date, description and location of the task, and the miles attributable to the task. This recommendation should be completed within ninety (90) days of the effective date of any Commission order issued in cases, SR-2013-0435 and WR-2013-0436.
4. Initiate action to read water meters on a regular basis and develop a consistent schedule for mailing bills and performing other appropriate actions associated with bill collection. This recommendation should be completed within ninety (90) days of the effective date of any Commission order issued in cases, SR-2013-0435 and WR-2013-0436.
5. Incorporate the correct delinquent date on customer bills that designates when customer accounts will be subject to late payment fees. Provide at least twenty-one (21) days from the rendition (or the mailing) of bills before a payment is considered delinquent as required by Commission Rule 4 CSR 240-13.020(7). This recommendation should be completed within thirty (30) days of the effective date of any Commission order issued in cases, SR-2013-0435 and WR-2013-0436.
6. Develop and require a signed customer application prior to providing service as specified in the Company's tariff. The Company's customer application shall include the date, the customer's signature, and a statement indicating that the customer agrees to abide by the Company's rates, rules and regulations, and applicable state statutes. This recommendation should be completed within thirty (30) days of the effective date of any Commission order issued in cases, SR-2013-0435 and WR-2013-0436.
7. Develop and utilize a notice of discontinuance of service that is in compliance with Commission Rule 4 CSR 240-13.050(4). This recommendation should be completed within thirty (30) days of the effective date of any Commission order issued in cases, SR-2013-0435 and WR-2013-0436.
8. Develop and implement a process to ensure all customer complaints received by Company personnel are documented and maintained for at least two (2) years. Documentation shall adhere to Commission Rules 4 CSR 240-13.040 and 4 CSR 240-60.010(4) and include the customer name, address, nature of the complaint, date of occurrence, as well as an explanation of what the Company has done to address the complaint. This recommendation should be completed within thirty (30) days

of the effective date of any Commission order issued in cases, SR-2013-0435 and WR-2013-0436.

9. Develop and distribute to all current and future customers written information specifying the rights and responsibilities of the Company and its customers. This document should adhere to Commission Rule 4 CSR 240-13.040(3). This recommendation should be completed within thirty (30) days of the effective date of any Commission order issued in cases, SR-2013-0435 and WR-2013-0436.

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

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

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

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

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

### **History**

The EMSU staff previously performed a customer service review of the Company in 2002 in Case No. QW-2002-0009. This review resulted in a written report and included recommendations for improvement in the areas of business operations, customer billing, and customer communications. The EMSU staff conducted follow-up work in 2007 associated with

these recommendations and determined that additional follow-up would be needed. Implementation actions requiring attention that have not been completed at the time of this EMSU staff customer service review are noted in the section of this report titled Findings, Conclusions, and Recommendations.

### **Overview**

Rogue Creek was certificated by the Commission to provide water and sewer service in Missouri in June 1978. In the spring of 2007, Rogue Creek filed for voluntary receivership to operate the water and sewer system. Mr. Joe Coleman was appointed as receiver for Rogue Creek from November 7, 2007, until his death on April 27, 2008, at which time the court appointed Mrs. Rita Coleman, his widow, as successor receiver for Rogue Creek. On June 11, 2012, the Circuit Court for the County of Cole issued an order stating Johansen Consulting Services be appointed as the receiver of Rogue Creek Utilities, Inc. The Company provides water and sewer service to approximately one-hundred three (103) water customers and ninety-seven (97) sewer customers in the designated service areas. There has been minimal change in the number of customers over the past three years and little growth is anticipated. The business office for Johansen Consulting Services is located in Jefferson City, Missouri. Business office hours are 24/7 by phone and e-mail.

Rogue Creek has no employees; therefore, Johansen Consulting Services performs all business office functions and receives assistance from a part-time individual for outside plant responsibilities. Business office functions include entering meter readings, preparing and mailing customer bills, maintaining customer account records, posting customer bill payments, responding to customer complaints and inquiries, making bank deposits, and paying bills. Johansen Consulting Services has an agreement with one individual who lives in the vicinity of the Company's service territory to perform general maintenance work on a part-time basis and to respond to occasional customer calls regarding system problems. The part-time employee also assists Johansen Consulting Services with reading meters, although time sheets that track meter reading time are not maintained. There is no job description or written agreement pertaining to this part-time position. Rogue Creek owns no vehicles, although Johansen Consulting Services uses a personal vehicle when performing duties associated with Company business. Johansen Consulting Services asserts that a personal log is kept of mileage associated



with Company business; however, a copy of this log was requested by the EMSU staff but has not been provided.

### **Meter Reading**

Johansen Consulting Services reads the water meters with the assistance of the part-time employee. Water meters are not read on a consistent schedule. Water meters are read at the end of the month or at the beginning of the month. Johansen Consulting Services asserts that six actual meter reads have been obtained from July 2012 through May 2013. All meters, including inactive meters, are read. Johansen Consulting Services asserts that it does not estimate meter reads although minimum tariff charges are applied to bills when meters are not read. A master meter on the system is read periodically and a comparison between customer water usage and water that is pumped is performed. Theft of water service has not been documented, although the Company is aware of one situation where a customer had water service and was not listed as an active customer.

### **Customer Billing**

The Company's tariffs provide the rates for water and sewer service. Until May 31, 2013, customers' water bills were based on a monthly minimum customer charge of \$11.51 and a commodity charge of \$1.189 per 1,000 gallons over 1,000 gallons of usage. Sewer customers paid a flat fee of \$15.46 per month. Effective May 31, 2013, the Commission approved an Interim Rate A of \$7.97 per month and an Interim Rate B of \$9.89 per month for water service. The Commission also approved an Interim Rate A of \$5.61 per month and an Interim Rate B of \$10.18 per month for sewer service. Interim Rate A for water and sewer service will be in effect on a "subject to refund basis" through the completion of the current rate case or May 16, 2014, whichever occurs earlier. Interim Rate B for water and sewer service will expire on November 30, 2013.

Johansen Consulting Services uses Excel for accounting, billing, and to maintain customer records. Johansen Consulting Services indicated that bills are usually prepared and mailed between the 10<sup>th</sup> and 15<sup>th</sup> of the month, although there is no set schedule. The accuracy of bills is verified through visual inspection when the bills are produced. Information on the bills communicates that bills are due upon receipt and considered delinquent 21 days after the date the

bills are mailed. Johansen Consulting Services asserts that it started applying a late payment fee in April 2013, although the late payment fee is not applied until sometime after 22 days from the time the bills are mailed. The Company's water and sewer tariffs indicate that late fees can range from \$3.00 to three percent (3%) per month times the unpaid balance, whichever is more.

### **Payment Remittance**

Customer payment options include check, money order or cash. Customer payments are made by mail. Since June 2012 all payments, except for two cash payments, were made by check. Johansen Consulting Services asserts that bill payments are processed as they are received and recorded on an Excel spreadsheet. Johansen Consulting Services indicates that bank deposits are made promptly after the receipt of payments.

### **Credit and Collections**

Customers requesting water or sewer service are not required to complete a written application and a security deposit is not required as a condition for providing service. Johansen Consulting Services asserts that returned checks have not been a problem. There have been no returned checks since June 2012. In the event of a returned check, the Company's tariff provides for a \$20.00 returned check fee.

Johansen Consulting Services represents that an average of 10 customers is delinquent each month and 4 to 5 customers are more than 60 days in arrears. No water or sewer customers have been discontinued for nonpayment since June 2012. If a customer's water or sewer service were discontinued for nonpayment, the Company's tariff provides for a \$30.00 reconnection fee. A notice of discontinuance of service has not been prepared for use if a customer's service was scheduled to be discontinued for nonpayment. The Company does not use a collection agency to pursue the collection of amounts owed to Rogue Creek. No water or sewer accounts have been written off since June 2012.

### **Complaints and Inquiries**

Customers with questions or concerns may call or e-mail Johansen Consulting Services using the contact information appearing on their bill. Johansen Consulting Services asserts that customer contacts are noted on a general work summary spreadsheet. However, the EMSU staff has been unable to verify the information that is recorded since a copy of the spreadsheet was

requested by the EMSU staff but has not been provided. A review of Commission complaint/inquiry records since 2010 showed one (1) complaint and no inquiries from water customers. The 2010 water customer complaint related to a disruption in water service. There have been no Commission complaints or inquiries from sewer customers since 2010.

### **Customer Communication**

Customer bills are the primary means of communicating with customers, but customer letters have also been used to provide notice of rate increase requests. In addition, property association meetings are held where information related to water and sewer service has been discussed. Summary information regarding the rights and responsibilities of the Company and its customers has not been prepared and made available to customers.

### **Findings, Conclusions, and Recommendations**

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

- Time Record
- Written Agreement
- Vehicle Log
- Meter Reading Schedule
- Delinquent Date Bill Information
- Written Service Application
- Notice of Discontinuance of Service
- Complaint and Inquiry Log
- Rights and Responsibilities Documentation

## **Time Record**

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

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

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

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

*Develop and utilize time sheets to record the time associated with work assignments. This recommendation should be completed within ninety (90) days of the effective date of any Commission order issued in cases, SR-2013-0435 and WR-2013-0436.*

## **Written Agreement**

A written agreement has not been prepared that documents the job responsibilities and compensation provided to a part-time Company employee. This part-time individual performs general maintenance functions and assists with meter reading.

The lack of written contracts raises the possibility of a misunderstanding regarding the services that are provided and the basis of charges for these services. Written contracts would document rights and responsibilities and enable Company management to verify the legitimacy of charges incurred and the duties that are performed.

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

*Develop and execute a written agreement with the part-time Company employee who performs regular meter reading and maintenance actions. This*

recommendation should be completed within ninety (90) days of the effective date of any Commission order issued in cases, SR-2013-0435 and WR-2013-0436.

### **Vehicle Log**

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

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

Develop and utilize a written vehicle log to maintain information regarding vehicle usage. The log should include information regarding the vehicle type, date, description and location of the task, and the miles attributable to the task. This recommendation should be completed within ninety (90) days of the effective date of any Commission order issued in cases, SR-2013-0435 and WR-2013-0436.

### **Meter Reading Schedule**

Customers' water meters are not read every month on a consistent schedule. Johansen Consulting Services asserts that water meters were read a total of six times from July 2012 until May 2013. The EMSU staff was informed that an attempt is made to read meters sometime between the end of the month and the first part of the following month. Johansen Consulting Services also indicates that bills are mailed sometime between the 10<sup>th</sup> and 15<sup>th</sup> of the month.

The occurrence of irregular meter readings and an inconsistent schedule for mailing bills has the potential to create several problems. Customers cannot depend on receiving their water and sewer bill at the same time each month. Variance in delinquent dates from month to month can create confusion and uncertainty as to when a late payment fee may be applied. An inconsistent billing schedule with varying dates for applying late payment fees could contribute to a delinquency problem. Furthermore, an inconsistent meter reading schedule could lead to

billing periods falling outside the requirement of 4 CSR 240.015(C) which prescribes a normal usage period of 26 to 35 days.

Regular monthly meter reading combined with a consistent pattern for mailing bills and performing other actions associated with bill payment collection is beneficial. Customers would know when to expect their bill and could plan on making a timely payment. This could result in a reduction in the number of delinquent payments and the associated follow-up collection activity.

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

*Initiate action to read water meters on a regular basis and develop a consistent schedule for mailing bills and performing other appropriate actions associated with bill collection. This recommendation should be completed within ninety (90) days of the effective date of any Commission order issued in cases, SR-2013-0435 and WR-2013-0436.*

**Delinquent Date Bill Information**

Customer bills do not state the correct date that account payments will be delinquent and subject to a late payment fee. Information included on customer bills states that accounts are considered delinquent and subject to late fees 21 days after bills are mailed. While Johansen Consulting Services asserts that late fees are not assessed until at least 22 days after mailing, the information communicated on each bill is in violation of Commission Rule 4 CSR 240-13.020(7). This rule states, “A monthly-billed customer shall have at least twenty-one (21) days ... from the rendition of the bill to pay the utility charges.” Therefore, a bill payment should not be considered delinquent until the 22<sup>nd</sup> day after rendition or mailing. Incorporating the correct description of the delinquent date on customer bills would ensure that the communication provided to customers is consistent with Commission rules.

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

*Incorporate the correct delinquent date on customer bills that designates when customer accounts will be subject to late payment fees. Provide at least twenty-one (21) days from the rendition (or the mailing) of bills before a payment is considered delinquent as required by Commission Rule 4 CSR 240-13.020(7). This recommendation should be completed within thirty (30) days of the effective date of any Commission order issued in cases, SR-2013-0435 and WR-2013-0436.*

### **Written Service Application**

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

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

*Develop and require a signed customer application prior to providing service as specified in the Company's tariff. The Company's customer application shall include the date, the customer's signature, and a statement indicating that the customer agrees to abide by the Company's rates, rules and regulations, and applicable state statutes. This recommendation should be completed within thirty (30) days of the effective date of any Commission order issued in cases, SR-2013-0435 and WR-2013-0436.*

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

The Company has not prepared a notice of discontinuance of service. While no services have been discontinued for nonpayment since Johansen Consulting Services has taken responsibility for the Company's operations, a notice of discontinuance is not available for use. Commission Rule 4 CSR 240-13.050(4) states:

The notice of discontinuance shall contain the following information: (A) The name and address of the customer and the address, if different, where service is rendered; (B) A statement of the reason for the proposed discontinuance of service and the cost for reconnection; (C) The date on or after which service will be discontinued unless appropriate action is taken; (D) How a customer may avoid the discontinuance; (E) The possibility of a settlement agreement if the claim is for a charge not in dispute and the customer is unable to pay the charge in full at one (1) time; and (F) A telephone number the customer may call from the service location without incurring toll charges and the address of the utility prominently displayed where the customer may make an inquiry. Charges for measured local service are not toll charges for purposes of this rule.

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

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

*Develop and utilize a notice of discontinuance of service that is in compliance with Commission Rule 4 CSR 240-13.050(4). This recommendation should be completed within thirty (30) days of the effective date of any Commission order issued in cases, SR-2013-0435 and WR-2013-0436.*

**Complaint and Inquiry Log**

No Company record of customer contacts has been made available to the EMSU staff. Johansen Consulting Services asserts that information associated with customer contacts is recorded on a general work summary spreadsheet; however, the EMSU staff has been unable to verify the appropriateness of this record. The Commission's Utility Billing Practices 4 CSR 240-13.040 specifies that utilities are required to maintain records on their customers for at least two years relating to "The number and general description of complaints registered with the utility." Commission Rule 4 CSR 240-60.010(4) applicable to sewer companies states:

The utility shall maintain a file of customer complaints received on the service it provides. The file shall include the name and address, as well as the nature of the complaint and date of occurrence. A detailed explanation of what the utility did to correct the trouble which originated the complaint shall be recorded.

The 2002 EMSU staff customer service report also documented the lack of a system for recording complaints and inquiries. The lack of a complaint and inquiry log makes it difficult, if not impossible, for the Company to provide accurate documentation of the nature of its complaints and inquiries. The availability of documented complaint information is a good tool which would enable Company management to evaluate the reasons customers contact the Company and determine if any measures could be taken to reduce customer contacts and improve customer satisfaction. The availability of documentation regarding customer contacts would also help to show the Company's responsiveness in addressing customer issues.



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

*Develop and implement a process to ensure all customer complaints received by Company personnel are documented and maintained for at least two (2) years. Documentation shall adhere to Commission Rules 4 CSR 240-13.040 and 4 CSR 240-60.010(4) and include the customer name, address, nature of the complaint, date of occurrence, as well as an explanation of what the Company has done to address the complaint. This recommendation should be completed within thirty (30) days of the effective date of any Commission order issued in cases, SR-2013-0435 and WR-2013-0436.*

**Rights and Responsibilities Documentation**

The Company has not prepared comprehensive, written information documenting the rights and responsibilities of the Company and its customers. The Company is in violation of Commission Rule 4 CSR 240-13.040(3) which states:

A utility shall prepare, in written form, information which in layman's terms summarizes the rights and responsibilities of the utility and its customers in accordance with this chapter. The form shall be submitted to the consumer services department of the Missouri Public Service Commission, and to the Office of the Public Counsel. This written information shall be displayed prominently, and shall be available at all utility office locations open to the general public, and shall be mailed or otherwise delivered to each residential customer of the utility if requested by the customer. The information shall be delivered or mailed to each new customer of the utility upon the commencement of service and shall be available at all times upon request.

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

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

*Develop and distribute to all current and future customers written information specifying the rights and responsibilities of the Company and its customers. This document should adhere to Commission Rule 4 CSR 240-13.040(3). This recommendation should be completed within thirty (30) days of the effective date of any Commission order issued in cases, SR-2013-0435 and WR-2013-0436.*

### **Implementation Review**

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

# Agreement Attachment I

## Auditing Unit Recommendation Memorandum

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

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

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

**CC: Amy Moore**  
**Staff Counsel's Office**  
**Kim Bolin**  
**Mark Oligschlaeger**

**SUBJECT: Auditing Unit's Findings and Recommendation for Rogue  
Creek Utilities, Inc.**  
**Case Nos. WR-2013-0436 and SR-2013-0435**

**DATE: July 3, 2013**

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Rogue Creek Utilities, Inc. ("Rogue Creek" or "Company") filed a rate increase request with the Missouri Public Service Commission ("Commission" or PSC) on March 27, 2013. On that date, the Company also filed a request to implement interim rates and a special surcharge pending resolution of its request of the small utility rate case procedures. The Company requested an increase in the amount of \$40,425 in the Company's annual water system operating revenues and an increase of \$48,565 in its annual sewer system operating revenues, and these rate changes, if approved, would result in an increase over current revenues of approximately 254% for water service and 278% for sewer service. Rogue Creek currently serves 103 water customers and 97 sewer customers in Washington County, Missouri. Rogue Creek's current water and sewer rates became effective on November 11, 2002.

Based upon the Company's filing, the above requested amount includes a \$36,870 request for a special surcharge for both water and sewer operations. The Company asserts the requested surcharge is needed in order to perform system maintenance and improvements of the water and sewer systems in the amount of \$14,435, many of which are required for compliance with Missouri Department of Natural Resources (MDNR) requirements, and to make back payments for essential water and sewer vendor services in the amount of \$21,260, which the Company has not been able to previously pay. Rogue Creek has represented that, in order for Rogue Creek to qualify for a loan from the bank to pay for these items, there would need to be an agreement that the surcharge would be included in the customers' monthly bills.

Also included in the above rate request is \$35,175 for an interim rate increase for both water and sewer operations.

The specific reasons cited by the Company for the requested total increases in the Company's annual operating revenues for both water service and sewer service include: (1) increases in the Company's routine operation and maintenance expenses; (2) increases in the Company's receivership-related expenses; (3) the need to perform, and recover the cost of, several deferred maintenance items, many of which are related to compliance with requirements of MDNR; and (4) the need to pay, and recover the cost of, several past-due accounts payable.

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

On May 14, 2013, Rogue Creek, the Commission Staff ("Staff"), and the Office of the Public Counsel ("Public Counsel"), filed an *Agreement Regarding Emergency Interim Rates and a Request for Commission Order (Agreement)*.

The signatories agreed, based on current customer numbers and an assumed 100% customer payment rate, that the interim rates included in the revised tariff sheets are designed to increase Rogue Creek's gross monthly revenues as follows:

Interim Rate A – Water	\$821
Interim Rate A – Sewer	\$544
Interim Rate B – Water	\$1,018
Interim Rate B – Sewer	\$988

The signatories also agreed that the revenues to be collected through implementation of Interim Rate B are to be used as follows:

- a. Inspection of water storage tanks (bid price of \$2,685);
- b. Installation of new water well pressure switch and associated expenses (estimated cost of \$1,000);
- c. Payment of past-due accounts payable owed to Environmental Management Services (\$4,850 total as of June 30, 2013);
- d. Clearing of partially blocked main downstream of recent main replacement adjacent to Watercrest Road and east of lake spillway (estimated cost of \$500);
- e. Clearing of blocked/overflowing multi-family lateral near 11106 Rogue Creek Road (estimated cost of \$1,500); and
- f. Repair of sewer main break near 10264 Watercrest Road (estimated cost of \$1,500).

To the extent the revenues collected pursuant to Interim Rate B exceed the costs of the items described above, Rogue Creek agreed to use such excess revenues to pay toward one or more of the following items:

- a. Repair of sludge return pump at sewage treatment plant (estimated cost of \$500);
- b. Purchase of water meters needed for replacement of leaking or inoperable meters (estimated cost of \$900);
- c. Past-due accounts payable owed to Mr. Floyd Medley (cost of \$1,740 as of June 30, 2013);
- d. Past-due accounts payable owed to Mr. Brad Mashek (cost of \$1,350 as of June 30, 2013); and
- e. Past-due accounts payable owed to Johansen Consulting Services (cost of \$15,242 as of June 30, 2013).

The signatories recognized that, even with implementation of the proposed interim rates, outstanding past-due balances will still likely be owed to Floyd Medley, Brad Mashek and Johansen Consulting Services at the conclusion of this rate proceeding, and the signatories agree to address those balances as a part of the permanent rates to be set at the conclusion of these cases (Nos. SR-2013-0435 and WR-2013-0436).

To the extent that the combination of Rogue Creek's current monthly charges and interim rate A exceed the calculated permanent rates resulting from Case Nos. SR-2013-0435 and WR-2013-0436, the signatories agreed that the difference between the new permanent rates and the combination of the current monthly charges and interim rate A, multiplied by the months the charges under interim rate A were collected, and multiplied by the number of customers on each applicable service, shall be refunded to the customers through the tariff sheets effectuating the permanent rates in these cases. As a result, these interim rates are designated on the tariffs as "SUBJECT TO REFUND."

#### **ORDER APPROVING UNANIMOUS AGREEMENT AND APPROVING TARIFF**

On May 21, 2013, the Commission ordered, in part, in its *Order Approving Unanimous Agreement and Approving Tariff* that:

- 1) The Agreement Regarding Emergency interim rates and Request for Order is approved and the parties are directed to abide by its terms,
- 2) Prior to November 30, 2013, Rogue Creek Utilities, Inc. shall make every reasonable effort to complete the items described in paragraph 6 of the Agreement,
- 3) Rogue Creek Utilities, Inc. shall use the funds collected pursuant to Interim Rate B in the manner described in paragraphs 6 and 8 of the Agreement, and
- 4) The water and sewer tariff sheet, filed on May 14, 2013, is approved to become effective on May 31, 2013.

## **TEST YEAR AND UPDATE PERIOD**

Staff used a test year consisting of the twelve months ending December 31, 2012, with an update period through June 30, 2013, to develop its revenue requirement recommendation in this case. Based upon the examination of the Company's books and records, the Audit Staff's cost of service calculations show a revenue requirement of \$14,852 (89.06% increase) for the water systems (WR-2013-0436), and \$28,110 (153.36% increase) for the sewer systems (SR-2013-0435). However, the interim rates that went into effect May 31, 2013, generate \$9,554 for the water system and \$5,808 for the sewer system, excluding Interim Rate B which ends on November 30, 2013. Therefore, Staff's permanent rate recommended increase in this case is \$5,298 for Rogue Creek's water system and \$22,302 for the sewer system. Attached to this Memorandum are the Audit Staff's Accounting Schedules and relevant workpapers related to the audit.

Included in the computation of the water and sewer revenue requirements in the Staff Accounting Schedules (EMS) is a 9.21% weighted average cost of capital (rate of return). Ms. Shana Atkinson of the Financial Analysis Unit provided and recommended this overall rate of return based upon a hypothetical capital structure. Also, the depreciation rates used in Staff's calculations for depreciation expense were provided and recommended by Mr. Art Rice of the Engineering and Management Services Unit (EMSU). The Staff's contribution in aid of construction (CIAC) depreciation offset adjustment was included in the Income Statement Adjustment Schedule.

## **RATE BASE**

Plant in service, depreciation reserve, CIAC and CIAC amortization were updated through June 30, 2013, for all investment that is paid for and in service for both the water and sewer systems. Mr. Rice of the EMSU compiled the plant in service, reserve, CIAC and CIAC amortization balances that was included in the last rate case and updated all items up through June 30, 2013. The net rate base for the water and sewer operations is \$24,208 and \$44,432, respectively. Additionally, when Rouge Creek obtains sufficient cash flow from customer rates, they will be replacing ten water meters and the new meters will need to be added to plant in service, Account 346 – plastic meters. When the Company purchases and replaces these meters, the cost basis of the old meters will need to be removed from plant in service and depreciation reserve.

Staff determined the proper amount of materials and supplies balance to include in rate base for this case by using the ending balance that was included in the Company's 2012 Commission Annual Report. The Staff included \$2,299 for water and \$0 for the sewer balances of materials and supplies in the cost of service for this case. Additionally, when Rogue Creek obtains sufficient cash flow from customer rates; they will be purchasing five meters for future use. These meters will need to be added to materials and supplies when purchased.

## **REVENUES**

Water revenue was developed by multiplying the fixed minimum monthly charge of \$13.16 by the number of active metered customers (103) to derive the amount of total customer charge revenues for a month. This result was annualized taking into account the twelve monthly billing periods to derive the total fixed annual revenue. The annualized metered variable revenues were determined by multiplying the annualized gallons per customer in accordance with the Company's existing tariff. The total annualized water revenue amount included in the Staff's revenue requirement is \$16,341.

Sewer revenue was determined by multiplying the fixed minimum charges for the (97) active customers using the appropriate current tariff rates of \$15.27. The annualized sewer revenue amount included in the Staff's revenue requirement is \$17,995.

Staff also included a normalized level of \$335 for water and \$335 for sewer for Rogue Creek's water and sewer revenues to include money received for late payment fees, reconnect fees and other miscellaneous revenues.

## **EXPENSES**

The operating expenses of the Company for the test year were reviewed during the audit and, when necessary, adjustments were made. In the course of the audit, the Audit Staff significantly relied on the Company's bank statements, check registers and vendor invoices to determine the expense portion of the cost of service for the utility's operations as no formal accounting system is in place. Rogue Creek is required to maintain its financial records in conformity with the Commission's Uniform System of Accounts (USOA) for water and sewer utilities. However, the current receiver started operating the system and maintaining the Company's books and records in July of 2012. He is in the process of setting up his books and records to comply with the USOA requirements. **The Audit Staff recommends that the Company continue to update and maintain its books and records in order to comply with the USOA requirements. An accurate record keeping system is essential for financial stability of the Company and is a key factor in providing safe and adequate service to its customers.**

## **RECEIVERSHIP FEES**

Rogue Creek is under the control of a court appointed receiver, Johansen Consulting Services ("Johansen Consulting), that is responsible for the management and operations of the Company. In addition, the receiver provides all billing services for the water and sewer system. The compensation for services provided to the Company by the receiver is at the rate of \$1,200 per month plus travel expenses. Based upon the approval by a court of receiver fee payments, Staff did not attempt to determine whether this rate was reasonable or if the amount of receivership fees authorized to Johansen Consulting in the past were appropriate. Staff normalized these expenses at \$14,400 annually for both



water and sewer operations. Staff split the receiver fees evenly between water and sewer. In addition, Mr. Johansen makes two trips per month from Jefferson City, Missouri, to Rogue Creek. However, in the future, Mr. Johansen will only be making one trip per month once the system is operating properly. Therefore, Staff annualized the travel expense by multiplying the mileage traveled by the receiver to and from Rogue Creek by the IRS allowed mileage reimbursement rate plus one meal at the per-diem rate and \$20 per hour for five and one half hours of travel time. Staff split the travel expenses evenly between water and sewer. Additionally, Mr. Johansen is owed back-payments for court-imposed receiver fees and travel expenses of \$15,242 as of June 30, 2013. Audit Staff recommends a 3-year amortization of these one-time costs and accordingly included one-third of the cost in Staff's cost of service.

### **CERTIFIED OPERATOR FEES**

Environment Management Services (Mr. Jeff Benson) is the contracted certified operator for Rogue Creek. Mr. Benson operates and maintains the water and sewer systems for Rogue Creek. In addition, he provides all of the water and sewer testing as required by MDNR. The compensation for his services provided to the Company is set at the rate of \$1,200 per month. The Staff normalized this expense at \$14,400 annually for both water and sewer operations. Staff split the operator fees evenly between water and sewer. Additionally, Mr. Benson is owed a back payment from Rogue Creek for his services of \$4,848. He discontinued his services in early 2013 for non-payment of his services by Rogue Creek. It is Staff's understanding that his contract will be renewed once the back-payment amount is paid by the Company. This amount is included in the interim rate B calculation for Rogue Creek water and sewer operations and is split evenly between water and sewer.

### **ELECTRIC EXPENSES**

Staff adjusted Rogue Creek's test year electric expense by using a two-year average of Rogue Creek's actual electric expense to normalize it. Staff's normalized level of electric expense for Rogue Creek is \$1,663 for water and \$4,061 for sewer in this case.

### **CHEMICALS**

Rogue Creek uses salt to treat the water sold to its customers. During the test year, the 12 months ending December 31, 2012, Rogue Creek received seven shipments of salt for its water system. Staff adjusted Rogue Creek's chemical expense for water by multiplying the normal level of seven shipments of salt by the price of its last shipment to normalize this expense. In addition, Rogue Creek is required by MDNR to treat its sewer water prior to discharging it into the creeks and streams. Rogue Creek uses chlorine tablets to disinfect the discharged water for seven months of the year (April through October) as required by MDNR. Mr. Martin Hummel of the Commission's Water and Sewer Unit recommended the overall level of cost to disinfect the discharged water for

the seven month requirement be \$600. Therefore, Staff included a chemical expense of \$3,032 for water and \$600 for sewer in its cost of service for this case.

### **SLUDGE HAULING**

The sludge for Rogue Creek has not been removed from the treatment plant for approximately two years due to non-availability of funds and the former certified operator resigning his position with the Company in July 2011. During calendar year 2011, the Company spent \$1,650 for sludge removal for the first seven months of the year and the sludge has not been removed since that date. Since the test year did not reflect any sludge hauling expenses for the Company, Mr. Hummel of the Water and Sewer Unit determined a reasonable cost of removing the initial sludge and a reasonable annual amount of sludge expense for the system. Mr. Hummel determined that Rogue Creek's treatment plant needed to have three initial loads of sludge pumped out of it in order for it to function properly. He also estimated that the sludge needed to be hauled out of the treatment plant approximately ten times each year at an estimated cost of \$300 per truck load. Based upon his analysis, the Audit Staff determined that the initial cost to remove the sludge build-up from the treatment plant is \$900 and recommends a three-year amortization of this one-time cost in its cost of service. Additionally, the Audit Staff determined that the annualized amount for the sludge hauling expense should be \$3,000 based upon Mr. Hummel's analysis.

### **MISCELLANEOUS MAINTENANCE AND METER READING**

Mr. Floyd Medley performs all of Rogue Creek's miscellaneous maintenance and meter reading for the water and sewer systems. He is paid a rate of \$15 per hour for the time that he works on the systems. Staff included an annualized level of \$600 for water and \$600 for sewer for miscellaneous maintenance expense on the systems. In addition, he reads the meters each month which takes him approximately four hours. Therefore, Staff included \$720 in its cost of service for meter reading expense. Additionally, Mr. Medley is owed back-payment for his services of \$1,740 as of June 30, 2013. Audit Staff recommends a three-year amortization of these one-time costs to include them in Staff's cost of service for water and sewer operations.

### **POSTAGE**

Staff included an annualized level for postage expense of \$589 for billing cards, \$569 for postage and \$76 for postal box rental for both the water and sewer systems in this case. The billing cards and postage amounts were developed by multiplying the number of customers for each system by the current cost of stamps and billing cards each month and multiplying that total by twelve to annualize this expense for both water and sewer. These costs are split evenly between the water and sewer systems.

### **MDNR FEES**

Staff included in its cost of service the actual incurred expense of \$200 for lab fees and \$150 for MDNR permit fees for Rogue Creek's water and sewer.

### **PSC ASSESSMENT**

The Company's current PSC Assessment fee for both water and sewer is \$1,320. The Staff included the actual amount of the Company's PSC Assessment that it paid to the Commission in its cost of service for both the water and sewer systems. New PSC Assessment amounts will become effective on July 1, 2013 for all utilities in Missouri, and the Audit Staff will update this expense on that date.

### **OUTSIDE CONTRACTORS**

Staff normalized the test year level of outside vendor expense by using a two-year average of the actual incurred expense paid to vendors. The normalized level of this expense is based on vendor invoices paid out during calendar year 2011 and 2012. Staff's normalized outside contractor expense for Rogue Creek is \$1,100 for water and \$4,569 for sewer. These costs are included in Staff's cost of service for this case.

### **AMORTIZATION EXPENSE**

The accumulated total of back-payments owed to vendors and one-time cost items that need to be included in the Company's cost of service as of June 30, 2013, are \$8,926 for water and \$26,115 for sewer. The back-payments owed to vendors consist of receivership fees (\$15,242), miscellaneous maintenance and meter reading (\$1,740) and system repair service calls of \$1,350. The one-time costs consist of initial sludge hauling (\$900), repair of sludge pump (\$500) and DNR paid Environmental Restoration costs of (\$15,309) for a sewer overflow into the creek. At the time this Memorandum was developed, it is unknown whether DNR will allow the Company to re-pay the amount of \$15,309 over a period of time or require a lump-sum payment. Staff used a three-year average to amortize all of these costs for its cost of service. The amortization expense included in Staff's cost of service is \$2,975 for the water system and \$8,705 for the sewer system.

To the extent the revenues collected pursuant to Interim Rate B exceed the costs of certain projects and past-due accounts payable amounts previously listed in this memorandum, Rogue Creek has agreed to use such excess revenues to pay toward one or more of additional past-due account payable amounts, repair of the sludge return pump or the purchase of the ten meters. However, if some or all of the additional past-due accounts payables, sludge return pump repair costs or purchase costs of ten meters are not recovered through Interim Rate B, the Audit Staff recommends that these costs be included in the Company's cost of service and amortized over a three-year period.

**Audit Staff Recommendations:**

**The Company should fully comply with these recommendations by November 30, 2013:**

- a) Interim Rate B will terminate and no longer be included on water and sewer customer bills as of November 30, 2013.

**The Company should fully comply with these recommendations at the conclusion of this rate case.**

- b) The permanent rates that are developed and included in the tariffs for this case will replace the Interim Rate A that is “subject to refund” and was approved by the Commission in the Interim rate case for this Company.

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

- a) The Company shall continue to develop continuous property records (CPRs) for all of the Company’s Plant in Service and Contribution in Aid of Construction (CIAC) that include, where applicable, the amount of plant, depreciation reserve, CIAC, and CIAC reserve used by Staff in this case;
- b) The Company shall keep the Company’s CPRs and general ledger up to date and complete;
- c) The Company shall maintain the Company’s books and records in accordance with National Association of Regulated Utility Commissioners (NARUC) Uniform System of Accounts (USOA);
- d) The Company shall calculate depreciation expense on a monthly basis and include the amounts in the Company’s general ledger;
- e) The Company shall develop a list of duties and responsibilities for the certified operator and maintain the number of hours worked with a description of the functions performed by the operator;
- f) The Company shall develop a list of duties and responsibilities for any employee that performs work for the Company and maintain the number of hours worked with a description of the functions performed by the employees, and
- g) The Company shall maintain a log of the date, number of hours, travel time, and any other expense incurred or charged to the Company by the receiver.

# Agreement Attachment J

## Summary of Case Events

Rogue Creek Utilities, Inc.  
Case #SR-2013-0435  
Summary of Case Events

Date Filed	March 27, 2013
Day 150	October 23, 2013
Extension?	Yes
If yes, why?	Allow Company to determine amount being collected from surcharge and to update receiver fees.
Amount Requested	\$48,565
Amount Agreed Upon	\$28,110
Item(s)/Dollar(s) Driving Rate Increase	Company is in receivership and requires major repairs.
Number of Customers	97
Weighted Rate of Return inc. Income Tax	10.60%
Return on Equity	11.22%
Assessments Current	Yes
Annual Reports Filed	Yes
Statement of Revenue Filed	Yes
Other Open Cases before Commission	WR-2013-0436
Status with Secretary of State	Administratively Dissolved December 31, 2004.
DNR Violations	March 20, 2013 & March 27, 2013
Significant Service/Quality Issues	1. Blockages in collecting sewers resulting in overflows to lake. 2. Potential failure of various mechanical components at plant potentially causing plant to shutdown.

## Staff Participant Affidavits

James M. Russo – Water & Sewer Department

Martin Hummel – Water & Sewer Department

Paul Harrison-Auditing Department

Arthur Rice – Engineering & Management Services Department

Gary Bangert – Engineering & Management Services Department

Patricia Smith – Engineering & Management Services Department

**BEFORE THE PUBLIC SERVICE COMMISSION**

**OF THE STATE OF MISSOURI**


**AFFIDAVIT OF JAMES M. RUSSO**

In the Matter of a Small Utility Rate Case )  
Procedure for Rogue Creek Utilities, Inc. )

File No. SR-2013-0435


STATE OF MISSOURI )  
 ) SS  
COUNTY OF COLE )

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

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

Subscribed and sworn to before me this 6<sup>th</sup> day of November, 2013.

LAURA BLOCH  
Notary Public - Notary Seal  
State of Missouri  
Commissioned for Cole County  
My Commission Expires: June 21, 2015  
Commission Number: 11203914

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



**BEFORE THE PUBLIC SERVICE COMMISSION**

**OF THE STATE OF MISSOURI**


**AFFIDAVIT OF MARTIN HUMMEL**

In the Matter of a Small Utility Rate Case )  
Procedure for Rogue Creek Utilities, Inc. )

File No. SR-2013-0435

STATE OF MISSOURI )  
 ) SS  
COUNTY OF COLE )

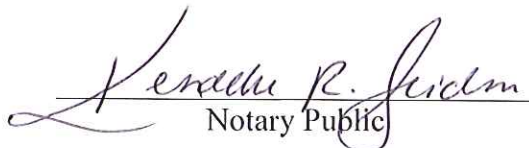
**COMES NOW** Martin Hummel, being of lawful age, and on his oath states the following: (1) that he is a Utility Engineering Specialist III in the Missouri Public Service Commission's Water and Sewer Unit ; (2) that he participated in the Staff's investigation of the small company rate increase request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

  
\_\_\_\_\_  
Martin Hummel  
Utility Engineering Specialist  
Water & Sewer Unit

Subscribed and sworn to before me this 17<sup>th</sup> day of November, 2013.



KENDELLE R. SEIDNER  
My Commission Expires  
February 4, 2015  
Cole County  
Commission #11004782

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

**BEFORE THE PUBLIC SERVICE COMMISSION**

**OF THE STATE OF MISSOURI**

**AFFIDAVIT OF PAUL R. HARRISON**

In the Matter of a Small Utility Rate Case )  
Procedure for Rogue Creek Utilities, Inc. )

File No. SR-2013-0435

STATE OF MISSOURI )  
 )  
COUNTY OF COLE ) ss.

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

*Paul R. Harrison*

Paul R. Harrison  
Utility Regulatory Auditor IV  
Auditing Unit

Subscribed and sworn to before me this 6<sup>th</sup> day of November, 2013.

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

*D. Suzie Mankin*  
Notary Public



**BEFORE THE PUBLIC SERVICE COMMISSION**

**OF THE STATE OF MISSOURI**

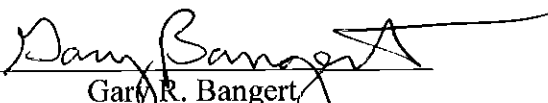
**AFFIDAVIT OF GARY R. BANGERT**

In the Matter of a Small Utility Rate Case )  
Procedure for Rogue Creek Utilities, Inc. )

File No. SR-2013-0435


STATE OF MISSOURI )  
 ) ss.  
COUNTY OF COLE )

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

  
Gary R. Bangert  
Utility Management Analyst III  
Engineering and Management  
Services Department

Subscribed and sworn to before me this 6<sup>th</sup> day of November, 2013.

D. SUZIE MANKIN  
Notary Public - Notary Seal  
State of Missouri  
Commissioned for Cole County  
My Commission Expires: December 12, 2018  
Commission Number: 12412070

  
Notary Public

