

APPENDIX A

CASE No. WR-2012-0266

STAFF/COMPANY DISPOSITION AGREEMENT WITH ATTACHMENTS AND STAFF AFFIDAVITS

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Company/Staff Disposition Agreement

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

LAKELAND HEIGHTS WATER COMPANY, INC.

MO PSC FILE NO. WR-2012-0266

BACKGROUND

Lakeland Heights Water Company, Inc. ("Company") initiated the small company revenue increase request ("Request") for water service that is the subject of the above-referenced Missouri Public Service Commission ("Commission") 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 January 31, 2012, the Company set forth its request for an increase of \$3,960 in its total annual water service operating revenues. The Company also acknowledged that the design of its customer rates, its service charges, its customer service practices, its general business practices and its general tariff provisions would be reviewed during the Commission Staff's ("Staff") review of the revenue increase request, and thus could be the subject of Staff recommendations. The Company provides service to approximately 105 residential customers located in Bernie, 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) For the purpose of implementing the agreements set out herein, the Company will file with the Commission proposed tariff revisions containing the rates, charges and language set out in the example tariff sheets attached hereto as Attachment A and incorporated by reference herein, with those proposed tariff revisions bearing an effective date of October 22, 2012;
- (2) The current PSC MO Number 2 tariff will be cancelled and replaced by PSC MO Number 3 tariff and is included in the example tariff sheets in Attachment A, and reflect the recommendations made by the Water and Sewer Unit in its Memorandum, attached and incorporated herein by reference as Attachment B;
- (3) The rates included in the example tariff, specifically on tariff sheet 4 attached hereto and included in Attachment A are just and reasonable, and the provisions of the attached example tariff also properly reflect all other agreements set out herein, where necessary;
- (4) The rates set out in the attached example tariff, specifically on tariff sheet 4 included in Attachment A, are designed to generate revenues sufficient to recover the annualized cost of service for the Company, and equates to a 28.85% increase in annual operating water revenues;
- (5) The rates included in the attached example tariff, specifically on tariff sheet 4 included in Attachment A, will result in the residential customer impacts shown on the billing comparison worksheet attached hereto as Attachment C and incorporated by reference herein;
- (6) Except as otherwise noted in the agreements below, both the Exhibit Modeling System ("EMS"), attached hereto as Attachment C and incorporated by reference herein, and the ratemaking income statement attached hereto as Attachment E and incorporated by reference herein, accurately reflects the Company's annualized revenues generated by its current customer rates, the agreed-upon total annualized cost of service for the Company, and the resulting agreed-upon annualized operating revenue increase of \$6,582 is just and reasonable and designed to recover the Company's cost of service;
- (7) The audit work papers attached hereto as Attachment C and incorporated by reference herein, which include consideration of a capital structure of 25.00% equity for the Company and a return on that equity of 12.22%, accurately reflect the agreed-upon total annualized cost of service for the Company and provide the basis for the ratemaking income statement referenced in item (4) above;

(8) The agreed-upon net rate base is \$11,557, the development of which is shown on the rate base worksheet attached hereto as Attachment E and incorporated by reference herein;

(9) The schedule of depreciation rates attached hereto as Attachment F and incorporated by reference herein, which includes the depreciation rates used by Staff in its revenue requirement analysis, shall be the prescribed schedule of water plant depreciation rates for the Company;

(10) The Commission's Auditing Unit conducted an audit of the Company's books and records using the 12-month period ending December 31, 2011, as the basis for the revenue requirement calculation. All revenues, expenses, and rate base investment were reviewed through this period. The audit findings are identified herein as Attachment G and incorporated by reference herein.

Staff provided the Company and Public Counsel its initial recommendations of the revenue increase for the resolution of the Company's request and Staff's EMS run and work papers;

(11) Within thirty (30) days of the effective date of an order approving this Company/Staff Disposition Agreement, the Company shall implement the recommendations contained in the Engineering & Management Services Unit ("EMSU") Report attached hereto as Attachment H and incorporated by reference herein;

(a) The Company utilize a standard time sheet to record and maintain the time expended by its employees and contractors at each of the water and sewer systems it operates that will facilitate summarization and analysis;

(12) On the effective date of the order from the Commission approving this Company/Staff Disposition Agreement, the Company shall implement the following recommendations contained in the Auditing Unit Recommendation Memorandum attached hereto as Attachment G and incorporated by reference herein:

(a) The Company will discontinue making personal purchases from the Company's business account; and

(b) The Company will maintain utility plant records and customer account records, and keep all books and records, including plant property records, in accordance with the NARUC Uniform System of Accounts, revision 1973;

(13) Within ninety (90) days of the effective date of an order approving this Company/Staff Disposition Agreement, the Company shall implement the recommendations contained in the Auditing Unit Recommendation Memorandum attached hereto as Attachment G and incorporated by reference herein:

(a) The Company will obtain estimates for accounting services including estimates for financial statement preparation and tax form preparation;

(14) Within ninety (90) days of the effective date of an order approving this Company/Staff 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;

- (a) The Company complete an analysis of automated billing systems that could be cost-effectively implemented to manage the calculation and preparation of customer bills and maintenance of records; and
- (b) The Company review the present bill format to determine if information regarding delinquent dates can be provided more clearly. This review should be conducted in conjunction with the analysis and implementation of an automated billing system;

(15) The Company shall mail its customers a final written notice of the rates and charges included in its proposed tariff revisions prior to or with its next billing cycle after issuance of the Commission order approving the terms of this Company/Staff Disposition Agreement. The notice shall include a summary of the impact of the proposed rates on an average residential customer's bill. When the Company mails the notice to its customers, it shall also send a copy to Staff Case Coordinator who will file a copy in this case;

(16) Staff may conduct follow-up reviews of the Company's operations to ensure that the Company has complied with the provisions of this Company/Staff Disposition Agreement;

(17) Staff may file a formal complaint against the Company, if the Company does not comply with the provisions of this Company/Staff Disposition Agreement;

(18) The Company agrees that it has read the foregoing Company/Staff Agreement Regarding Disposition of Small Water Company Revenue Increase Request; 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 agreement; and

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

ADDITIONAL MATTERS

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

The Company and Staff acknowledge that they have previously agreed to an extension of the normal "Day-150" date by which an agreement regarding the resolution of a small company revenue increase request is to be reached. A copy of the extension agreement can be found in the above-referenced EFIS Case No for the Request and was filed with the Commission on April 10, 2012.

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

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


Additionally, the Company agrees that, subject to the rules governing practice before the Commission, Staff shall have the right to provide whatever oral explanation the Commission may request regarding this Company/Staff Disposition Agreement at any agenda meeting at which this case is noticed to be considered by the Commission. Subject to the rules governing practice before the Commission, Staff will be available to answer Commission questions regarding this Company/Staff Disposition Agreement. To the extent reasonably practicable, Staff shall provide the Company with advanced 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:

/s/ Rodger Owens
Rodger Owens
President
Lakeland Heights Water Company, Inc.

August 24, 2012
Date


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

8/27/12
Date

List of Attachments

- Attachment A – Example Tariff Sheets
- Attachment B – Water & Sewer Unit Memorandum
- Attachment C – EMS Run
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Agreement Attachment A

Example Tariff Sheets

Name of Utility: Lakeland Heights Water Company, Inc.
Service Area: All Missouri Service Areas

Rules and Regulations Governing Rendering of
Water Service

INDEX

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- 4 Schedule of Rates
- 5 Schedule of Service Charges

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10	3.	Company Employees and Customer Relations
11	4.	Applications for Service
11	5.	Inside Piping and Water Service Lines
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* Indicates new rate or text
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DATE OF ISSUE September 4, 2012
Month Day Year

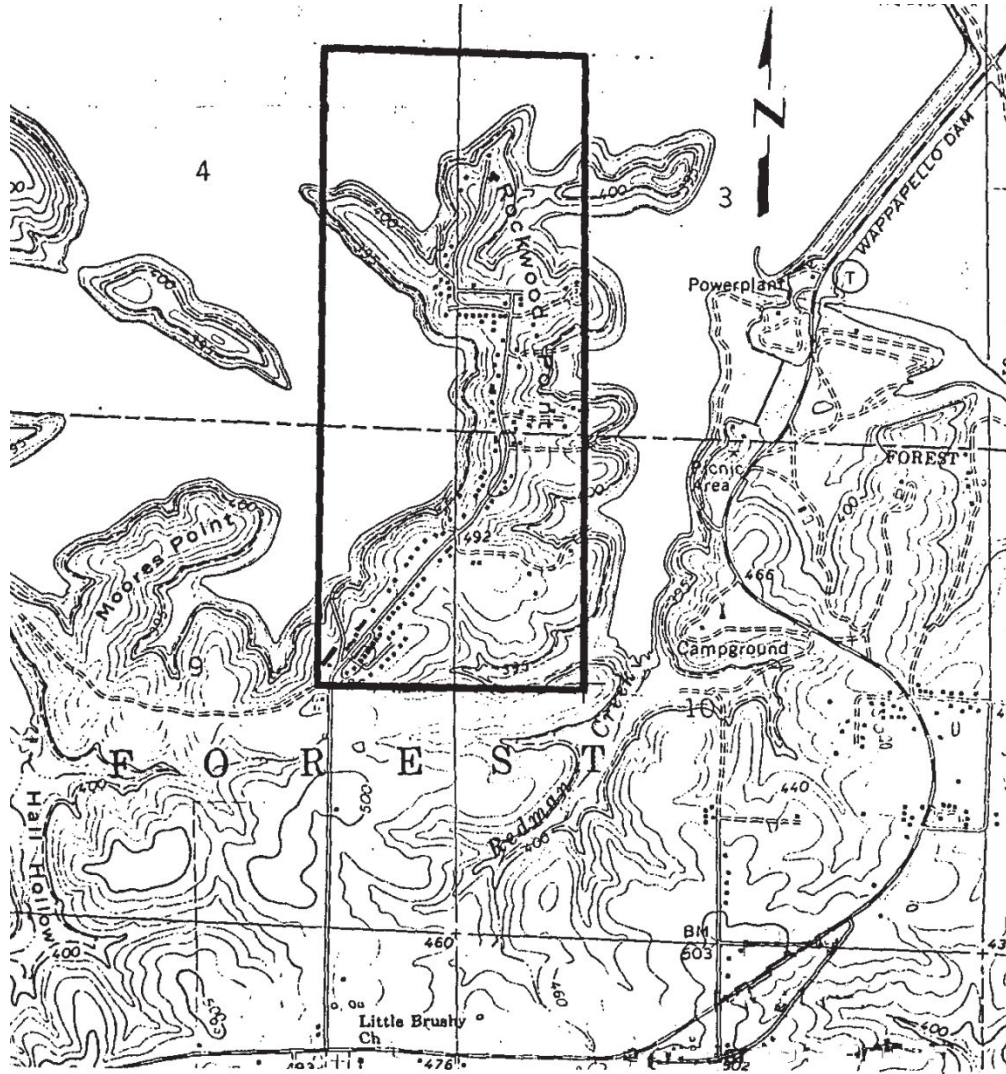
DATE EFFECTIVE October 22, 2012
Month Day Year

ISSUED BY Rodger Owens President PO Box 24 Wappapello, MO 63966
name of officer title address

Name of Utility: Lakeland Heights Water Company, Inc.
Service Area: All Missouri Service Areas

Rules and Regulations Governing Rendering of
Water Service

Map of Service Area



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name of officer title

PO Box 24 Wappapello, MO 63966
address

Name of Utility: Lakeland Heights Water Company, Inc.
Service Area: All Missouri Service Areas

Rules and Regulations Governing Rendering of
Water Service

Legal Description of Service Area

A Tract of land in Wayne County, Missouri, described as follows:

The Southeast Quarter of the Southeast Quarter and the Northeast Quarter of the Southeast Quarter and the Southeast Quarter of the Northeast Quarter all in Section 4, Township 26 North, Range 7 East, and all of the Southwest Quarter of the Northwest Quarter and the Northwest Quarter of the Southwest Quarter and the Southwest Quarter of the Southwest Quarter all in Section 3, Township 26 North, Range 7 East.

A Tract of land in Butler County, Missouri, described as follows:

The Northeast Quarter of the Northeast Quarter and the Southeast Quarter of the Northeast Quarter all in Section 9, Township 26 North, Range 7 East and the Northwest Quarter of the Northwest Quarter and the Southwest Quarter of the Northwest Quarter all in Section 10, Township 26 North, Range 7 East.

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Name of Utility: Lakeland Heights Water Company, Inc.
Service Area: All Missouri Service Areas

Rules and Regulations Governing Rendering of
Water Service

Schedule of Rates

Applicable to all water Customers located in the Company's Lakeland Heights service area and immediate surrounding areas located in Wayne and Butler Counties, Missouri.

Monthly minimum (includes 2,000 gallons)	\$16.43
Commodity Charge (per 1,000 gallons over 2,000 gallons)	\$ 5.23
Flat Rate (Prior to installation per month)	\$16.43
(Per Quarter)	\$49.29

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

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Name of Utility: Lakeland Heights Water Company, Inc.
 Service Area: All Missouri Service Areas

**Rules and Regulations Governing Rendering of
 Water Service**

Schedule of Service Charges

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

New Service Connection Fee	Actual Cost
Consists of the costs incurred by the Company for construction including parts, material, labor and equipment, but excluding the cost of the meter. See Rule 5 B. 1. and 5 B. 3.	
Service Connection Inspection Fee See Rule 5 B. 2 and 5 B. 3.	\$25
Water Service Line Inspection Fee See Rule 5 C.	\$25
Turn-On Fee	\$30
Turn-Off Fee	\$30
Meter Test Fee	\$25
Late Charges	\$5 or 3%
The late charge is calculated monthly with the greater amount above being added to the delinquent bill.	
Returned Check Charges	\$25
Service Calls for Damages caused by Customer	Actual cost but not less than \$25

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Name of Utility: Lakeland Heights Water Company, Inc.
Service Area: All Missouri Service Areas

Rules and Regulations Governing Rendering of
Water Service

Rule 1 DEFINITIONS

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

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Rules and Regulations Governing Rendering of
Water Service

Rule 1 continued

- H. The "METER" is a device owned by the Company used to measure and record the quantity of water that flows through the service line, and is installed in the outdoor meter setting, or inside the Customer's building where the water service line enters through a foundation wall.
- I. The "METER SETTING" is a place either in the service connection or building plumbing for a water meter to be installed. An outdoor meter setting is located at or near the property line, and includes the meter box, meter yoke, lid, and appurtenances, all of which shall be owned and maintained by the Company. Indoor meter settings are located inside the Customer's premises where the water service line enters the foundation wall either installed directly in the piping or in a meter yoke.
- J. A "RETURNED CHECK" is a check that is returned to the Company from any bank unpaid for any reason.
- K. A "SEASONAL CUSTOMER" is a Customer who is absent from the premises and may turn off, or request the Company turn off, water service temporarily. All Rates, Rules and Regulations within this tariff continue to apply to "Seasonal Customers" during period of seasonal absence or turn-off.
- L. The "SERVICE CONNECTION" is the pipeline connecting the main to the Customer's water service line and includes the curb stop, or outdoor meter setting and all necessary appurtenances located at or near the property line. This service connection shall be owned and maintained by the Company. If the property line is in a street, and if the curb stop or meter setting is not located near the edge of the street abutting the Customer's property, the said service connection shall be deemed to end at the edge of the street abutting the Customer's property.
- M. A "SUBDIVISION" is any land in the state of Missouri which is divided or proposed to be divided into two or more lots or other divisions of land, whether

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Name of Utility: Lakeland Heights Water Company, Inc.
Service Area: All Missouri Service Areas

Rules and Regulations Governing Rendering of
Water Service

Rule 1 continued

contiguous or not, or uniform in size or not, for the purpose of sale or lease, and includes resubdivision thereof.

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

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Name of Utility: Lakeland Heights Water Company, Inc.
Service Area: All Missouri Service Areas

Rules and Regulations Governing Rendering of
Water Service

Rule 2 GENERAL RULES & REGULATIONS

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

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Name of Utility: Lakeland Heights Water Company, Inc.
Service Area: All Missouri Service Areas

Rules and Regulations Governing Rendering of
Water Service

Rule 3 COMPANY EMPLOYEES AND CUSTOMER RELATIONS

- A. Employees or agents of the Company are expressly forbidden to demand or accept any compensation for any services rendered to its Customers except as covered in the Company's 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 intent of these Rates, Rules and Regulations.

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Service Area: All Missouri Service Areas

Rules and Regulations Governing Rendering of
Water Service

Rule 4 APPLICATIONS FOR SERVICE

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

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Rules and Regulations Governing Rendering of
Water Service

Rule 5 INSIDE PIPING AND WATER SERVICE LINES

- A. The Company will provide water service at the outdoor meter, at the curb stop if an indoor meter setting is utilized, or at the property line if neither an outdoor meter nor a curb stop exists at or near the property line. Separate buildings shall be served through separate water service lines.
- B. The service connection from the water main to the Customer's property line shall be owned and maintained by the Company. Construction of the service connection, outdoor meter setting and curb stop shall be accomplished in one of the follow ways at the Customer's option:
 - 1. The Company will construct the service connection, outdoor meter setting and curb stop, as necessary, and make the connection to the main, within three (3) business days of an application for service, or within the time period specified in an application for service (See Rule 4). The Customer shall be responsible for payment of the New Service Connection Fee, as specified by or provided for in the Schedule of Service Charges; or,
 - 2. The Customer may install, or have installed by a professional contractor or plumber, the service connection from the water main to the meter setting, and make the connection to the main, subject to prior approval of the Company; or,
 - 3. The Customer may install, or have installed by a professional contractor or plumber, the service connection from the water main to the meter setting, and the Company will tap the main and connect the service connection. The Customer shall be responsible for payment of a New Service Connection Fee as specified by or provided for in the Schedule of Service Charges.
- C. A service connection installation constructed by the Customer as provided for in 5 B. 2. or 5 B. 3., above, is subject to inspection by the Company. The Service Connection Inspection Fee as specified in the Schedule of Service

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Rules and Regulations Governing Rendering of
Water Service

Rule 5 continued

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

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

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Name of Utility: Lakeland Heights Water Company, Inc.
Service Area: All Missouri Service Areas

Rules and Regulations Governing Rendering of
Water Service

Rule 5 continued

- H. The Company may, at its discretion, install a service connection and water meter to a vacant lot. The Customer must utilize frost-free outdoor hydrants, and take reasonable precautions to prevent freezing and unauthorized water use. All applicable Rates, Rules, and Regulations will apply.
- I. Any change in the location of an existing service connection requested by the Customer shall be made by the Company or with the Company's approval, at the Customer's expense.
- J. The Company shall have the right to enter the Customer's premises for the purposes of inspection to ensure compliance with these Rates, Rules and Regulations. Company personnel shall identify themselves and make these inspections only at reasonable hours.
- K. Neither water service lines nor service connections may be extended along public streets or roadways or through property of others in connecting with the Company's mains. The service connection may, however, extend through the water main easement and roadway easement as necessary in order to be connected to a main located across and adjacent to a street in front of the Customer's living unit. The service connection and service line must be laid in a straight line and at right angles to the main and the face of the structure or as nearly so as possible. Any deviation from this because of physical obstruction will be at the discretion of the Company.
- L. Any Customer having a plumbing arrangement, or a water-using device that could allow backsiphonage of any chemical, petroleum, process water, water from a questionable supply, or other substance that could create a health hazard or damage to the water system; or, any Customer's plumbing classified as an actual or potential backflow hazard in the Regulations of the Missouri Department of Natural Resources shall be required to install and maintain a backflow prevention device. This Rule may also apply to Customers on whose

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Rules and Regulations Governing Rendering of
Water Service

Rule 5 continued

premises it is impossible or impractical for the Company to perform a cross connection survey. The device installation, location and maintenance program shall be approved by the Company.

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Name of Utility: Lakeland Heights Water Company, Inc.
Service Area: All Missouri Service Areas

Rules and Regulations Governing Rendering of
Water Service

Rule 6 IMPROPER OR EXCESSIVE USE

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

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Name of Utility: Lakeland Heights Water Company, Inc.
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Rules and Regulations Governing Rendering of
Water Service

Rule 7 DISCONTINUANCE OF SERVICE BY COMPANY

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

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Rules and Regulations Governing Rendering of
Water Service

Rule 7 continued

- B. The Company may discontinue service after notice by first class mail is sent to the Customer at least ten (10) days prior to the date of the proposed discontinuance. Service of notice by mail is complete upon mailing. If written notice is hand delivered to the Customer, it shall be done at least ninety-six (96) hours prior to discontinuance. If the Company intends to discontinue service to a multi-tenant dwelling, a notice shall also be conspicuously posted in the building ten (10) days prior to the proposed discontinuance. Discontinuance shall not occur more than eleven (11) business days after the date given as the discontinuance date.
- C. The Company shall make reasonable efforts to contact the Customer at least seventy-two (72) hours prior to any discontinuance, regarding the reason(s) for discontinuance of service, and the resolution. If discontinuance of service would affect an occupant who is not the Company's Customer, or is not responsible for payment of the bill, then the Company shall make reasonable efforts to inform such occupant(s).
- D. The Company shall postpone the discontinuance if personnel will not be available to restore service the same day, or if personnel will not be available to restore service the following day. The Company also shall postpone discontinuance if a medical emergency exists on the premises, however the postponement may be limited to twenty-one (21) days, and the Company may require proof of a medical emergency.
- E. The Company shall have the right to enter the Customer's premises for purposes of discontinuance of service in compliance with these Rules and Regulations. Discontinuance of service will be made during reasonable hours. Company personnel shall identify themselves and announce the intention to discontinue service, or leave a conspicuous notice of the discontinuance.
- F. The provisions of Paragraphs C. and E. above may be waived if safety of Company personnel while at the premises is a consideration.

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Service Area: All Missouri Service Areas

Rules and Regulations Governing Rendering of
Water Service

Rule 7 continued

- G. Discontinuance of service to a unit for any reason shall not prevent the Company from pursuing any lawful remedy by action at law or otherwise for the collection of monies due from the Customer.
- H. In case the Company discontinues its service for any violation of these Rules and Regulations, then any monies due the Company shall become immediately due and payable.
- I. The Company has the right to refuse or to discontinue service to any unit to protect itself against fraud or abuse.
- J. The Company shall deal with Customers and handle Customer accounts in accordance with the Missouri Public Service Commission's Utility Billing Practices.
- K. Turn-off and turn-on charges are specified in the Schedule of Service Charges.

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Rules and Regulations Governing Rendering of
Water Service

Rule 8 TERMINATION OF WATER SERVICE AND TEMPORARY TURN-OFF AT
CUSTOMER'S REQUEST

- A. Service will be terminated at the Customer's request, by giving not less than seventy-two (72) hours notice to the Company during its regular office hours. The Company shall, on the requested day, read the Customer's meter and charges for water service rendered up to and including the time of termination shall be computed and will become due and payable immediately.
- B. A Customer may request temporary turn-off by the Company for the Customer's own convenience; however, the Customer shall still be charged for service at the appropriate rate as specified in the Schedule of Rates during the time the service is turned off.
- C. Turn-off and turn-on charges shall apply, and are specified in the Schedule of Service Charges.
- D. A Customer who requests termination of service, but returns to the premises and requests water service within nine (9) months of such termination, at the Company's discretion may be deemed to have been a seasonal customer, and applicable charges incurred during the period of absence may apply.

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Rules and Regulations Governing Rendering of
Water Service

Rule 9 INTERRUPTIONS IN SERVICE

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

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Rules and Regulations Governing Rendering of
Water Service

Rule 10 BILLS FOR SERVICE

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

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Rules and Regulations Governing Rendering of
Water Service

Rule 10 continued

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

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Rules and Regulations Governing Rendering of
Water Service

Rule 10 continued

- c. Has an adequate and regular source of income; or
- d. Can provide credit references from a commercial credit source.
- J. The Company may require a security deposit or other guarantee of payment as a condition of continued service if:
 - 1. The water service of the Customer has been discontinued for non-payment of a delinquent account not in dispute; or
 - 2. The utility service to the unit has been diverted or interfered with in an unauthorized manner; or
 - 3. The Customer has failed to pay undisputed bills before the delinquency date for five (5) billing periods out of twelve (12) consecutive monthly billing periods.
- K. The amount of a security deposit shall not exceed utility charges applicable to one (1) billing period plus thirty (30) days, computed on estimated or actual annual usage.
- L. Interest shall be payable annually on all deposits, but shall not accrue after the utility has made reasonable effort to return the deposit. Interest will be paid at a per annum rate equal to the prime bank lending rate, as published in the *Wall Street Journal* for the last business day of the preceding calendar year, plus one (1) percentage point. Interest may be credited to the Customer's account.
- M. After a Customer has paid proper and undisputed utility bills by the due dates, for a period not to exceed one (1) year, credit shall be established or re-established, and the deposit and any interest due shall be refunded. The utility may withhold full refund of the deposit pending resolution of a disputed matter.

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Rules and Regulations Governing Rendering of
Water Service

Rule 10 continued

- N. The utility shall give a receipt for deposits received, but shall also keep accurate records of deposits, including Customer name, service address, amounts, interest, attempts to refund and dates of every activity regarding the deposit.
- O. All billing matters shall be handled in accordance with the Missouri Public Service Commission's Rules and Regulations regarding Utility Billing Practices.

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Rules and Regulations Governing Rendering of
Water Service

Rule 11 METERS AND METER INSTALLATIONS

- A. All new and permanent service connections shall be metered. The Company shall furnish and install a suitable meter for each Customer, and the Company's installed meter shall be the standard for measuring water used to determine the bill.
- B. All meters and meter installations shall be furnished, installed, maintained and removed by the Company and shall remain its property.
- C. The Company shall have the right to determine on the basis of the Customer's flow requirements the type and size of meter to be installed and location of same. If flow requirements increase or decrease subsequent to installation and a larger or smaller meter is requested by the Customer, the cost of installing such meter shall be paid by the Customer.
- D. Domestic water service to any one Customer at a single premises shall be furnished through a single service connection. Individual units of a multi-unit building may have separate connections and meter installations only if each unit has separate plumbing, ground-level space, an individual service connection and meter installation location, and frontage to a Company-owned main. For multi-unit buildings with one service connection and meter installation, the inside piping may be rearranged at the Customer's own expense so as to separate the units and meter tenants, then divide the bill accordingly.
- E. The owners of premises wherein meters are located shall be held responsible for the safekeeping of the Company's meters and metering appurtenances, and are required to keep meters located within their property accessible to the Company for reading and for meter changeouts. If a Customer limits accessibility, or fails to protect a meter against damage, the Company may discontinue service or may refuse to supply water until accessibility is restored and the Company is paid for any such damage. The amount of the charge shall be the cost of the necessary replacement parts and the labor cost necessary to make the repair.

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Rules and Regulations Governing Rendering of
Water Service

Rule 11 continued

- F. If the Company determines that no suitable outdoor location is available, then the meter may be installed inside the Customer's premises where the water service line enters the building and just downstream of the inside shutoff valve. The Company shall install a curb stop within the service connection at or near the property line as practical. When the meter is installed inside the Customer's premises, the Customer will either provide a meter yoke to accept installation of the Company's meter, or provide proper fittings for the house plumbing pipe to allow for direct installation of the Company's meter, along with a proper grounding strap installed around the meter to prevent electric charge build-up on either side of the meter or while a meter is removed. If installation in a special setting is necessary, the excess cost of installation shall be paid by the Customer. All indoor fittings and plumbing components, except the Company-owned meter, shall be furnished, owned and maintained by the Customer.
- G. If an existing basement meter location is determined inadequate or inaccessible by the Company, the Customer must provide for the installation of a meter to be located at or near the Customer's property line. The Customer shall obtain from the Company, or furnish the necessary meter installation appurtenances conforming to the Company's specifications, and said appurtenances and labor shall be paid by the Customer.
- H. Approved meter installation locations in dry basements, sufficiently heated to keep the meter from freezing, may remain provided the meter is readily accessible, at the Company's and Customer's convenience as determined by the Company, for servicing and reading and the meter space provided is located where the service line enters the building. The Company may, at its discretion, require the Customer to install a remote reading device at an approved location, for the purpose of reading the meter. It is the responsibility of the Customer and/or the owner of the premises to provide a location for the water meter which, in the event of water discharge as a result of leakage from the meter or couplings, will not result in damage. The Company's liability for

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Rules and Regulations Governing Rendering of
Water Service

Rule 11 continued

damages to any and all property caused by such leakage shall in no event exceed the price of water service to the affected premises for one average billing period in the preceding year. Where damage is caused by the negligence of Company personnel at the premises, this limitation will not apply. If a Customer refuses to provide an accessible location for a meter as determined by the Company, the Company will notify the Manager of the Water and Sewer Unit of the Missouri Public Service Commission before ultimately refusing service or proceeding to discontinue service.

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

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Rules and Regulations Governing Rendering of
Water Service

Rule 12 METER TESTS AND TEST FEES

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

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Rule 13 BILL ADJUSTMENTS BASED ON METER TESTS

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

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Rule 14 EXTENSION OF WATER MAINS

- A. This Rule shall govern the extension of mains by the Company within its certified area where there are no water mains.
- B. Upon receipt of a written application for a main extension, the Company will provide the applicant(s) an itemized estimate of the cost of the proposed extension. Said estimate shall include the cost of all labor and materials required, including valves, fire hydrants, booster stations, storage facilities, reconstruction of existing mains (if necessary), and the direct costs associated with supervision, engineering, permits, and bookkeeping.
- C. Applicant(s) 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 equal to the amount determined in Paragraph B. above, plus any applicable Customer connection fee. The contract may allow the Customer to contract with an independent contractor for the installation and supply of material, except that mains of twelve inches (12") or greater diameter must be installed by the Company, and the reconstruction of existing facilities must be done by the Company.
- D. The cost to single-family residential applicant(s) connecting to a main extension contributed by other applicant(s) shall be as follows:
 - 1. For single-family residential applicant(s) applying for service in a platted subdivision, the Company shall divide the actual cost of the extension by the number of lots abutting said extension to determine the per lot extension cost. When counting lots, corner lots which abut existing mains shall be excluded.
 - 2. For single-family residential applicant(s) applying for service in areas that are unplatted in subdivision lots, an applicant(s) cost shall be equal to the

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Rules and Regulations Governing Rendering of
Water Service

Rule 14 continued

total cost of the main extension divided by the total length of the main extension in feet times one hundred (100) feet.

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

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

E. Refunds of contributions shall be made to applicant(s) as follows:

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

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Water Service

Rule 14 continued

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

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Agreement Attachment B

Water & Sewer Unit Memorandum

REPORT OF WATER AND SEWER UNIT
FIELD OPERATIONS AND TARIFF REVIEW

Water and Sewer Unit
File No. WR-2012-0266
Lakeland Heights Water Company, Inc.
Steve Loethen/James Russo

Introduction

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

Lakeland Heights Water Company, Inc. (“Lakeland Heights” or “Company”) received its certificate of convenience and necessity from the Missouri Public Service Commission (“Commission”) in case #17628. Rodger and La Dawn Owens acquired the Company in November 1999. Rodger is the current president. The Company provides water service to approximately 105 customers in Wayne and Butler Counties. On January 31, 2012, the Company filed a Request for Increase in Annual Water System Operation Revenues with the Commission seeking a \$3,960.00 rate increase. This matter was assigned File No. WR-2012-0266. The Commission’s Water and Sewer Staff (Staff) performed an inspection on the system on May 15, 2012. (Loethen)

Facilities

Lakeland Heights water system is a one well system with no chemical treatment. The pump has a 7.5 horse-power motor and pumps approximately 65 gallons per minute. The pump was last pulled and replaced in June 2003. A drop box was installed in a storage shed at the well site for the customers to make payments. The well house was in good physical condition and the system was operating properly during the inspection.

Storage is provided by a 3,000 gallon standpipe. The Company had the standpipe inspected and painted in April of 2012. Also during the inspection a “man gate” was installed to perform future inspections and the overflow was extended to meet Missouri Department of Natural Resources (DNR) standards. The standpipe is in very good condition.

Distribution consists of PVC mains 1-1/4 inches, 2 inches and 3 inches in size that distribute the water to the 105 customers of which 77 are metered with 3/4 inch meters. (Loethen)

Operations

The operator for the system has the certifications required by DNR to operate this type of system. He has a good working knowledge of the system and there were no operational

issues at the time of Staff's inspection nor has Staff become aware of operational issues during previous inspections performed.

The Company sent a rate case letter to the customers on March 1, 2012. Staff has not received any service related complaints as a result of the rate case letter. (Loethen)

Tariff Review

Staff continues the process of updating water and sewer tariffs as individual companies file rate cases with the Commission. Lakeland Heights' current tariff became effective in May 1987. Sheets 4 and 5 were updated in September 2009.

A new rate schedule will be developed to reflect the new rates the customers will be required to pay based on the Company's current cost of service. In addition, Staff reviewed the existing miscellaneous service charges with the Company and the Company's cost for performing these services. Miscellaneous charges have been calculated by Staff to allow the Company to recover the actual costs related to these items used in its operations from the Customers causing the event. The rates proposed are reasonable for the costs incurred for the services, and are consistent with the majority of other regulated water companies in the state of Missouri.

In the process of updating the current tariff, and after discussions with the Company, Staff made several changes. Staff noticed that the Company's current tariff includes monthly, quarterly, and annual billing. Staff concluded that this does not accurately reflect the Commission's Chapter 13 Rules and there is no valid variance for annual billing. As a result, Staff asserts that the elimination of the annual billing charge brings the Company into compliance with the billing requirements in Commission Rule 4 CSR 240-13.020. Staff included new charges for a service connection fee, meter testing and service calls for damages caused by the customer. Staff set service connection fees and meter testing at \$25. Service calls for damages caused by the customer will be actual cost but not less than \$25. Turn-on and turn-off charges have been increased from \$25 to \$30. The customer late charges have been changed from \$5 or 1% of the delinquent amount, whichever is greater, to \$5 or 3% of the monthly delinquent amount, whichever is greater. The new and updated tariff for Lakeland Heights will be filed by the Company as part of this current rate case proceeding. The current PSC MO Number 2 tariff will be cancelled and replaced by PSC MO Number 3 tariff. (Russo)

Rate Design

Staff also reviewed the current rate design in its investigation. The current rate design includes 2,000 gallons in the monthly customer charge. The Company wants to continue to include this amount in the monthly customer charge. Staff is not making any

recommendations to change the Company's current rate design in this case, but plans to revisit the rate design in any future rate case proceeding. (Russo)

CONCLUSION and RECOMMENDATIONS

Staff of the Water and Sewer Unit finds that the system is in good physical condition and is properly operating at this time. Staff is recommending several changes to the Company's tariff, including the following charges:

- Service connection fees and meter testing at \$25.
- Service calls for damages caused by the customer will be actual cost but not less than \$25.
- Turn-on and turn-off charges have been increased to \$30.
- Customer late charges have been changed to \$5 or 3% of the delinquent amount, whichever is greater.

Agreement Attachment C

EMS Run

Exhibit No.:
Issue: Accounting Schedules
Witness: MO PSC Auditors
Sponsoring Party: MO PSC Staff
Case No: WR-2012-0266
Date Prepared: 8/22/2012



MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

Revised

STAFF ACCOUNTING SCHEDULES

LAKELAND HEIGHTS

CASE NO. WR-2012-0266

Jefferson City, Missouri

Aug-12

Lakeland Heights
 Informal Case/Rate Case
 WR-2012-0266
 Test Year Ending 12-31-2011
 Rate Design Schedule - Water

Line Number	A Description	B Account Number (Optional)	C Staff Annualized	D Customer Charge	E Commodity	F Percentage Rate
Rev-1	ANNUALIZED REVENUES					
Rev-2	Annualized Rate Revenues		(1) \$22,341			
Rev-3	Miscellaneous Revenues		(1) \$470			
Rev-4	TOTAL ANNUALIZED REVENUES		<u>\$22,811</u>			
1	OPERATIONS EXPENSES		(2)			
2	Management Salary (1)		\$0	\$0	\$0	0.00%
3	Operators Salary/Contract Services (1)		\$8,208	\$0	\$8,208	0.00%
4	Electricity		\$1,559	\$0	\$1,559	0.00%
5	Chemicals-(Chlorine)		\$0	\$0	\$0	0.00%
6	TOTAL OPERATIONS EXPENSE		<u>\$9,767</u>	<u>\$0</u>	<u>\$9,767</u>	
7	MAINTENANCE EXPENSES					
8	Outside Services Employed (1)		\$2,150	\$0	\$2,150	0.00%
9	Misc. Supplies		\$0	\$0	\$0	0.00%
10	System Repairs Maintenance		\$295	\$0	\$295	0.00%
11	TOTAL MAINTENANCE EXPENSE		<u>\$2,445</u>	<u>\$0</u>	<u>\$2,445</u>	
12	CUSTOMER ACCOUNT EXPENSE					
13	Accounting Fees		\$0	\$0	\$0	0.00%
14	Billing & Collections		\$331	\$0	\$331	0.00%
15	Office Supplies		\$296	\$0	\$296	0.00%
16	Postage		\$446	\$0	\$446	0.00%
17	Uncollectible Accounts		\$0	\$0	\$0	0.00%
18	TOTAL CUSTOMER ACCOUNT EXPENSE		<u>\$1,073</u>	<u>\$0</u>	<u>\$1,073</u>	
19	ADMINISTRATIVE & GENERAL EXPENSES					
20	Administration & General Salary (1)		\$3,368	\$0	\$3,368	0.00%
21	Office Utilities		\$43	\$0	\$43	0.00%
22	Telephone & Pagers		\$456	\$0	\$456	0.00%
23	Vehicle Expense		\$815	\$0	\$815	0.00%
24	Fuel Expense-Vehicles		\$1,361	\$0	\$1,361	0.00%
25	Medical Expenses		\$758	\$0	\$758	0.00%
26	Other Insurance		\$2,270	\$0	\$2,270	0.00%
27	Building Rent		\$681	\$0	\$681	0.00%
28	Other Misc. Expenses		\$156	\$0	\$156	0.00%
29	TOTAL ADMINISTRATIVE AND GENERAL		<u>\$9,908</u>	<u>\$0</u>	<u>\$9,908</u>	
30	OTHER OPERATING EXPENSES					
31	MO DNR Fees		\$200	\$0	\$200	0.00%
32	PSC Assessment		\$109	\$0	\$109	0.00%
33	Corporate Registration		\$0	\$0	\$0	0.00%
34	Amortization Expense		\$0	\$0	\$0	0.00%
35	Depreciation		\$4,007	\$0	\$4,007	0.00%
36	TOTAL OTHER OPERATING EXPENSES		<u>\$4,316</u>	<u>\$0</u>	<u>\$4,316</u>	
37	TAXES OTHER THAN INCOME					
38	Real & Personal Property Taxes		\$33	\$0	\$33	0.00%
39	Payroll Taxes		\$1,124	\$0	\$1,124	0.00%
40	TOTAL TAXES OTHER THAN INCOME		<u>\$1,157</u>	<u>\$0</u>	<u>\$1,157</u>	
41	TOTAL OPERATING EXPENSES		<u>\$28,666</u>	<u>\$0</u>	<u>\$28,666</u>	
42	Interest Expense		(3) \$286	\$0	\$286	0.00%
43	Return on Equity		(3) \$353	\$0	\$353	0.00%
44	Income Taxes		(3) \$88	\$0	\$88	0.00%
45	TOTAL INTEREST RETURN & TAXES		<u>\$727</u>	<u>\$0</u>	<u>\$727</u>	
46	TOTAL COST OF SERVICE		<u>\$29,393</u>	<u>\$0</u>	<u>\$29,393</u>	

Lakeland Heights
 Informal Case/Rate Case
 WR-2012-0266
 Test Year Ending 12-31-2011
 Rate Design Schedule - Water

Line Number	A Description	B Account Number (Optional)	C Staff Annualized	D Customer Charge	E Commodity	F Percentage Rate
47	Less: Miscellaneous Revenues		\$470	\$0	\$470	0.00%
48	COST TO RECOVER IN RATES		\$28,923	\$0	\$28,923	
49	INCREMENTAL INCREASE IN RATE REVENUES		<u>\$6,582</u>			
50	PERCENTAGE OF INCREASE		<u>28.85%</u>			
51	REQUESTED INCREASE IN REVENUES		\$3,960			

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

Lakeland Heights
Informal Case/Rate Case
WR-2012-0266
Test Year Ending 12-31-2011
Rate Base Required Return on Investment Schedule - Water

Line Number	<u>A</u> Rate Base Description	<u>B</u> Dollar Amount	
1	Plant In Service	\$77,303	From Plant Schedule
2	Less Accumulated Depreciation Reserve	\$62,016	From Depreciation Reserve Schedule
3	Net Plant In Service	\$15,287	
4	Other Rate Base Items:	\$0	
	Contribution in Aid of Construction	-\$17,709	
	CIAC Depreciation	\$13,979	
5	Total Rate Base	\$11,557	
6	Total Weighted Rate of Return Including Income Tax	6.29%	From PreTax Return & Taxes Schedule
7	Required Return & Income Tax	\$727	

Lakeland Heights
 Informal Case/Rate Case
 WR-2012-0266
 Test Year Ending 12-31-2011
 Rate of Return Including Income Tax - Water

		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	14.94%	(1) & (2)	<u>14.07%</u>	(1 - B1) x A2
3	Composite Effective Income Tax Rate			19.88%	B1 + B2
4	Equity Tax Factor			1.2482	1 / (1-B3)
5	Recommended Weighted Rate of Return on Equity - Common and Preferred			<u>3.06%</u>	From Capital Structure Schedule
6	Weighted Rate of Return on Equity Including Income Tax			3.81%	B4 x B5
7	Recommended Weighted Rate of Return on Debt - Long-Term and Short-Term			<u>2.48%</u>	From Capital Structure Schedule
8	Total Weighted Rate of Return Including Income Tax			<u><u>6.29%</u></u>	B6+B7

To Rate Base Schedule

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

Equity Income Required \$415
 & Preliminary Federal Tax

Tax Rate Table

Net Income Range				
Start	End	Tax Rate	Amount in Range	Tax on Range
\$0	\$50,000	15.00%	\$415	\$62
\$50,001	\$75,000	25.00%	\$0	\$0
\$75,001	\$100,000	34.00%	\$0	\$0
\$100,001	\$335,000	39.00%	\$0	\$0
\$335,001	\$9,999,999,999	34.00%	\$0	\$0
			<u>\$415</u>	<u>\$62</u>
			Consolidated Tax Rate:	
			Average Tax Rate: 0.1494	

Lakeland Heights
 Informal Case/Rate Case
 WR-2012-0266
 Test Year Ending 12-31-2011
 Capital Structure Schedule - Water

Line Number	A Description	B Dollar Amount	C Percentage of Total Capital Structure	D Embedded Cost of Capital	E Weighted Cost of Capital
1	Common Stock	\$3,402	25.00%	12.22%	3.055%
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	\$10,205	75.00%	3.30%	2.475%
5	Short Term Debt	\$0	0.00%	0.00%	0.000%
6	Other Security-Tax Deductible	\$0	0.00%	0.00%	0.000%
7	TOTAL CAPITALIZATION	<u>\$13,607</u>	<u>100.00%</u>		<u>5.530%</u>

To PreTax Return Rate Schedule

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

Lakeland Heights
 Informal Case/Rate Case
 WR-2012-0266
 Test Year Ending 12-31-2011
 Plant In Service - Water

Line Number	A Account # (Optional)	B Plant Account Description	C Total Plant	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
1		INTANGIBLE PLANT					
2	301.000	Organization	\$0			100.00%	\$0
3	302.000	Franchises	\$0			100.00%	\$0
4		TOTAL INTANGIBLE PLANT	\$0		\$0		\$0
5		SOURCE OF SUPPLY PLANT					
6	310.000	Land & Land Rights - SSP	\$1,045			100.00%	\$1,045
7	311.000	Structures & Improvements - SSP	\$6,884	P-7	-\$3,125	100.00%	\$3,759
8	312.000	Collection & Impounding Reservoirs	\$0			100.00%	\$0
9	313.000	Lake, River & Other Intakes	\$0			100.00%	\$0
10	314.000	Infiltration Galleries & Tunnels 1	\$7,754			100.00%	\$7,754
11	315.000	Infiltration Galleries & Tunnels	\$0			100.00%	\$0
12	316.000	Supply Mains	\$0			100.00%	\$0
13		TOTAL SOURCE OF SUPPLY PLANT	\$15,683		-\$3,125		\$12,558
14		PUMPING PLANT					
15	321.000	Structures & Improvements - PP	\$0			100.00%	\$0
16	325.100	Electric Pumping Equipment	\$3,195			100.00%	\$3,195
17	325.200	Booster Pump Equipment	\$0			100.00%	\$0
18	325.300	Shaft Driven Pumping Equipment	\$0			100.00%	\$0
19	326.000	Diesel Pumping Equipment	\$0			100.00%	\$0
20	328.000	Other Pumping Equipment	\$0			100.00%	\$0
21		TOTAL PUMPING PLANT	\$3,195		\$0		\$3,195
22		WATER TREATMENT PLANT					
23	330.000	Land & Land Rights-WTP	\$0			100.00%	\$0
24	331.000	Structures & Improvements - WTP	\$0			100.00%	\$0
25	332.000	Water Treatment Equipment	\$383	P-25	\$0	100.00%	\$383
26		TOTAL WATER TREATMENT PLANT	\$383		\$0		\$383
27		TRANSMISSION & DISTRIBUTION PLANT					
28	340.000	Land & Land Rights-T&D	\$0			100.00%	\$0
29	341.000	Structures & Improvements - T&D	\$0			100.00%	\$0
30	342.000	Distribution Reservoirs & Standpipes	\$2,785			100.00%	\$2,785
31	343.000	Transmission and Distribution Mains	\$21,376	P-31	-\$1,753	100.00%	\$19,623
32	344.000	Fire Mains	\$0			100.00%	\$0
33	345.000	Services	\$6,404			100.00%	\$6,404
34	346.000	Meters	\$7,603	P-34	-\$289	100.00%	\$7,314
35	347.000	Meter Installations	\$6,851			100.00%	\$6,851
36	348.000	Other Transmission & Distribution Plant	\$0			100.00%	\$0
37	349.000	Hydrants	\$0	P-37	\$0	100.00%	\$0
38		TOTAL TRANS. & DISTRIBUTION PLANT	\$45,019		-\$2,042		\$42,977
39		GENERAL PLANT					
40	370.000	Land & Land Rights-GP	\$0			100.00%	\$0
41	371.000	Structures & Improvements - GP	\$0			100.00%	\$0
42	372.000	Office Furniture & Equipment	\$747	P-42	-\$219	100.00%	\$528
43		Office Computer Equipment	\$671	P-43	-\$671	100.00%	\$0
44	373.000	Transportation Equipment - GP	\$9,172	P-44	\$5,684	100.00%	\$14,856
45	379.000	Other General Equipment	\$2,946	P-45	-\$140	100.00%	\$2,806
46		TOTAL GENERAL PLANT	\$13,536		\$4,654		\$18,190
47		TOTAL PLANT IN SERVICE	\$77,816		-\$513		\$77,303

To Rate Base & Depreciation Schedules

Lakeland Heights
 Informal Case/Rate Case
 WR-2012-0266
 Test Year Ending 12-31-2011
 Schedule of Adjustments for Plant in Service - Water

<u>A</u> Plant Adjustment Number	<u>B</u> Plant In Service Adjustment Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment
P-7	Structures & Improvements - SSP	311.000		-\$3,125
	1.To adjust Structures & Improvements. (McMellen)		-\$3,125	
P-25	Water Treatment Equipment	332.000		\$0
	No adjustment.		\$0	
P-31	Transmission and Distribution Mains	343.000		-\$1,753
	1.To adjust Transmission and Distribution Mains. (McMellen)		-\$1,753	
P-34	Meters	346.000		-\$289
	1.To adjust Meters. (McMellen)		-\$289	
P-37	Hydrants	349.000		\$0
	Description		\$0	
P-42	Office Furniture & Equipment	372.000		-\$219
	1.To adjust Office Furniture & Equipment. (McMellen)		-\$219	
P-43	Office Computer Equipment			-\$671
	1.To adjust Office Computer Equipment. (McMellen)		-\$671	
P-44	Transportation Equipment - GP	373.000		\$5,684
	1.To adjust Transportation Equipment. (McMellen)		-\$1,148	

Lakeland Heights
Informal Case/Rate Case
WR-2012-0266
Test Year Ending 12-31-2011
Schedule of Adjustments for Plant in Service - Water

<u>A</u> Plant Adjustment Number	<u>B</u> Plant In Service Adjustment Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment
	2.To add cost of new truck to Transportation Equipment. (McMellen)		\$6,832	
P-45	Other General Equipment	379.000		-\$140
	1.To adjust Other General Equipment. (McMellen)		-\$140	
Total Plant Adjustments				-\$513

Lakeland Heights
 Informal Case/Rate Case
 WR-2012-0266
 Test Year Ending 12-31-2011
 Depreciation Expense - Water

Line Number	A Account Number	B Plant Account Description	C Adjusted Jurisdictional	D Depreciation Rate	E Depreciation Expense
1		INTANGIBLE PLANT			
2	301.000	Organization	\$0	0.00%	\$0
3	302.000	Franchises	\$0	0.00%	\$0
4		TOTAL INTANGIBLE PLANT	<u>\$0</u>		<u>\$0</u>
5		SOURCE OF SUPPLY PLANT			
6	310.000	Land & Land Rights - SSP	\$1,045	0.00%	\$0
7	311.000	Structures & Improvements - SSP	\$3,759	3.00%	\$113
8	312.000	Collection & Impounding Reservoirs	\$0	0.00%	\$0
9	313.000	Lake, River & Other Intakes	\$0	0.00%	\$0
10	314.000	Infiltration Galleries & Tunnels 1	\$7,754	2.00%	\$155
11	315.000	Infiltration Galleries & Tunnels	\$0	0.00%	\$0
12	316.000	Supply Mains	\$0	2.00%	\$0
13		TOTAL SOURCE OF SUPPLY PLANT	<u>\$12,558</u>		<u>\$268</u>
14		PUMPING PLANT			
15	321.000	Structures & Improvements - PP	\$0	0.00%	\$0
16	325.100	Electric Pumping Equipment	\$3,195	1.00%	\$32
17	325.200	Booster Pump Equipment	\$0	0.00%	\$0
18	325.300	Shaft Driven Pumping Equipment	\$0	0.00%	\$0
19	326.000	Diesel Pumping Equipment	\$0	0.00%	\$0
20	328.000	Other Pumping Equipment	\$0	0.00%	\$0
21		TOTAL PUMPING PLANT	<u>\$3,195</u>		<u>\$32</u>
22		WATER TREATMENT PLANT			
23	330.000	Land & Land Rights-WTP	\$0	0.00%	\$0
24	331.000	Structures & Improvements - WTP	\$0	0.00%	\$0
25	332.000	Water Treatment Equipment	\$383	2.90%	\$11
26		TOTAL WATER TREATMENT PLANT	<u>\$383</u>		<u>\$11</u>
27		TRANSMISSION & DISTRIBUTION PLANT			
28	340.000	Land & Land Rights-T&D	\$0	0.00%	\$0
29	341.000	Structures & Improvements - T&D	\$0	0.00%	\$0
30	342.000	Distribution Reservoirs & Standpipes	\$2,785	1.00%	\$28
31	343.000	Transmission and Distribution Mains	\$19,623	1.00%	\$196
32	344.000	Fire Mains	\$0	0.00%	\$0
33	345.000	Services	\$6,404	2.50%	\$160
34	346.000	Meters	\$7,314	10.00%	\$731
35	347.000	Meter Installations	\$6,851	2.50%	\$171
36	348.000	Other Transmission & Distribution Plant	\$0	2.00%	\$0
37	349.000	Hydrants	\$0	0.00%	\$0
38		TOTAL TRANS. & DISTRIBUTION PLANT	<u>\$42,977</u>		<u>\$1,286</u>
39		GENERAL PLANT			

Lakeland Heights
Informal Case/Rate Case
WR-2012-0266
Test Year Ending 12-31-2011
Depreciation Expense - Water

Line Number	<u>A</u> Account Number	<u>B</u> Plant Account Description	<u>C</u> Adjusted Jurisdictional	<u>D</u> Depreciation Rate	<u>E</u> Depreciation Expense
40	370.000	Land & Land Rights-GP	\$0	0.00%	\$0
41	371.000	Structures & Improvements - GP	\$0	3.00%	\$0
42	372.000	Office Furniture & Equipment	\$528	1.00%	\$5
43		Office Computer Equipment	\$0	20.00%	\$0
44	373.000	Transportation Equipment - GP	\$14,856	14.30%	\$2,124
45	379.000	Other General Equipment	\$2,806	10.00%	\$281
46		TOTAL GENERAL PLANT	<u>\$18,190</u>		<u>\$2,410</u>
47		Total Depreciation	<u><u>\$77,303</u></u>		<u><u>\$4,007</u></u>

Lakeland Heights
 Informal Case/Rate Case
 WR-2012-0266
 Test Year Ending 12-31-2011
 Accumulated Depreciation Reserve - Water

Line Number	A Account Number	B Depreciation Reserve Description	C Total Reserve	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
1		INTANGIBLE PLANT					
2	301.000	Organization	\$0			100.00%	\$0
3	302.000	Franchises	\$0			100.00%	\$0
4		TOTAL INTANGIBLE PLANT	\$0		\$0		\$0
5		SOURCE OF SUPPLY PLANT					
6	310.000	Land & Land Rights - SSP	\$0			100.00%	\$0
7	311.000	Structures & Improvements - SSP	\$1,237	R-7	\$45	100.00%	\$1,282
8	312.000	Collection & Impounding Reservoirs	\$0			100.00%	\$0
9	313.000	Lake, River & Other Intakes	\$0			100.00%	\$0
10	314.000	Infiltration Galleries & Tunnels 1	\$6,118	R-10	\$65	100.00%	\$6,183
11	315.000	Infiltration Galleries & Tunnels	\$0			100.00%	\$0
12	316.000	Supply Mains	\$0			100.00%	\$0
13		TOTAL SOURCE OF SUPPLY PLANT	\$7,355		\$110		\$7,465
14		PUMPING PLANT					
15	321.000	Structures & Improvements - PP	\$0			100.00%	\$0
16	325.100	Electric Pumping Equipment	\$3,195			100.00%	\$3,195
17	325.200	Booster Pump Equipment	\$0			100.00%	\$0
18	325.300	Shaft Driven Pumping Equipment	\$0			100.00%	\$0
19	326.000	Diesel Pumping Equipment	\$0			100.00%	\$0
20	328.000	Other Pumping Equipment	\$0			100.00%	\$0
21		TOTAL PUMPING PLANT	\$3,195		\$0		\$3,195
22		WATER TREATMENT PLANT					
23	330.000	Land & Land Rights-WTP	\$0			100.00%	\$0
24	331.000	Structures & Improvements - WTP	\$0			100.00%	\$0
25	332.000	Water Treatment Equipment	\$6	R-25	\$5	100.00%	\$11
26		TOTAL WATER TREATMENT PLANT	\$6		\$5		\$11
27		TRANSMISSION & DISTRIBUTION PLANT					
28	340.000	Land & Land Rights-T&D	\$0			100.00%	\$0
29	341.000	Structures & Improvements - T&D	\$0			100.00%	\$0
30	342.000	Distribution Reservoirs & Standpipes	\$3,075	R-30	\$29	100.00%	\$3,104
31	343.000	Transmission and Distribution Mains	\$19,964	R-31	\$164	100.00%	\$20,128
32	344.000	Fire Mains	\$0			100.00%	\$0
33	345.000	Services	\$4,022	R-33	\$67	100.00%	\$4,089
34	346.000	Meters	\$7,147	R-34	\$305	100.00%	\$7,452
35	347.000	Meter Installations	\$5,471	R-35	\$71	100.00%	\$5,542
36	348.000	Other Transmission & Distribution Plant	\$0			100.00%	\$0
37	349.000	Hydrants	\$0			100.00%	\$0
38		TOTAL TRANS. & DISTRIBUTION PLANT	\$39,679		\$636		\$40,315
39		GENERAL PLANT					
40	370.000	Land & Land Rights-GP	\$0			100.00%	\$0
41	371.000	Structures & Improvements - GP	\$0			100.00%	\$0
42	372.000	Office Furniture & Equipment	\$866	R-42	\$11	100.00%	\$877
43		Office Computer Equipment	\$0	R-43	\$0	100.00%	\$0
44	373.000	Transportation Equipment - GP	\$8,024			100.00%	\$8,024
45	379.000	Other General Equipment	\$2,012	R-45	\$117	100.00%	\$2,129
46		TOTAL GENERAL PLANT	\$10,902		\$128		\$11,030
47		TOTAL DEPRECIATION RESERVE	\$61,137		\$879		\$62,016

To Rate Base Schedule

Lakeland Heights
 Informal Case/Rate Case
 WR-2012-0266
 Test Year Ending 12-31-2011
 Schedule of Adjustments for Accumulated Depreciation Reserve - Water

<u>A</u> Reserve Adjustment Number	<u>B</u> Accumulated Depreciation Reserve Adjustments Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment Amount
R-7	Structures & Improvements - SSP	311.000		\$45
	1.To adjust Structures & Improvements reserve to reflect current balance. (McMellen)		\$45	
R-10	Infiltration Galleries & Tunnels 1	314.000		\$65
	1.To adjust Infiltration Galleries & Tunnels reserve to reflect current balance. (McMellen)		\$65	
R-25	Water Treatment Equipment	332.000		\$5
	1.To adjust Water Treatment Equipment reserve to reflect current balance. (McMellen)		\$5	
R-30	Distribution Reservoirs & Standpipes	342.000		\$29
	1.To adjust Distribution Reservoirs & Standpipes reserve to reflect current balance. (McMellen)		\$29	
R-31	Transmission and Distribution Mains	343.000		\$164
	1.To adjust Transmission and Distribution Mains reserve to reflect current balance. (McMellen)		\$164	
R-33	Services	345.000		\$67
	1.To adjust Services reserve to reflect current balance. (McMellen)		\$67	

Lakeland Heights
Informal Case/Rate Case
WR-2012-0266
Test Year Ending 12-31-2011
Schedule of Adjustments for Accumulated Depreciation Reserve - Water

<u>A</u> Reserve Adjustment Number	<u>B</u> Accumulated Depreciation Reserve Adjustments Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment Amount
R-34	Meters	346.000		\$305
	1.To adjust Meters reserve to reflect current balance. (McMellen)		\$305	
R-35	Meter Installations	347.000		\$71
	1.To adjust Meter Insallations reserve to reflect current balance. (McMellen)		\$71	
R-42	Office Furniture & Equipment	372.000		\$11
	1.To adjust Office Furniture & Equipment reserve to reflect current balance. (McMellen)		\$11	
R-43	Office Computer Equipment			\$0
	1.To adjust Office Computer Equipment reserve to reflect current balance. (McMellen)		\$0	
R-45	Other General Equipment	379.000		\$117
	1.To adjust Other General Equipment reserve to reflect current balance. (McMellen)		\$117	
Total Reserve Adjustments				\$879

Lakeland Heights
 Informal Case/Rate Case
 WR-2012-0266
 Test Year Ending 12-31-2011
 Revenue Schedule - Water

A	B	C	D	E	F	G	
Line Number	Account Number (Optional)	Revenue Description	Company/ Test Year Amount	Adjustment Number	Jurisdictional Adjustments	Jurisdictional Allocation	Adjusted Jurisdictional
Rev-1		ANNUALIZED REVENUES					
Rev-2		Annualized Rate Revenues	\$0	Rev-2	\$22,341	100.00%	\$22,341
Rev-3		Miscellaneous Revenues	\$0	Rev-3	\$470	100.00%	\$470
Rev-4		TOTAL ANNUALIZED REVENUES	\$0		\$22,811		\$22,811

Lakeland Heights
Informal Case/Rate Case
WR-2012-0266
Test Year Ending 12-31-2011
Revenue Adjustment Schedule - Water

<u>A</u> Revenue Adj Number	<u>B</u> Adjustment Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment
Rev-2	Annualized Rate Revenues			\$22,341
	1. To Annualize Rate Revenues		\$22,341	
Rev-3	Miscellaneous Revenues			\$470
	1. To Annualize Miscellaneous Revenues		\$470	
Total Revenue Adjustments				\$22,811

Lakeland Heights
 Informal Case/Rate Case
 WR-2012-0266
 Test Year Ending 12-31-2011
 Rate Revenue Feeder Schedule - Water

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	105		0	
3	Bills Per Year	12		0	
4	Customer Bills Per year	1,260		0	
5	Current Customer Charge	<u>\$12.29</u>		<u>\$0.00</u>	
6	Annualized Customer Charge Revenues		\$15,485		\$0
7	<u>Commodity Charge Revenues:</u>				
8	Total Gallons Sold	1,759,861		0	
9	Less: Base Gallons Included In Customer Charge	<u>222,707</u>		<u>0</u>	
10	Commodity Gallons	1,537,154		0	
11	Block 1, Commodity Gallons per Block	1,537,154		0	
12	Block 1, Number of Commodity Gallons per Unit	<u>1,000</u>		<u>0</u>	
13	Block 1, Commodity Billing Units	1,537.15		0.00	
14	Block 1, Existing Commodity Charge	<u>\$4.46</u>		<u>\$0.00</u>	
15	Block 1, Annualized Commodity Charge Rev.		\$6,856		\$0
16	Total Annualized Water Rate Revenues		<u>\$22,341</u>		<u>\$0</u>

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

Lakeland Heights
 Informal Case/Rate Case
 WR-2012-0266
 Test Year Ending 12-31-2011
 Rate Revenue Feeder Schedule - Water

Line Number	A Description	Total	
		F Amount	G Amount
1	<u>Customer Charge Revenues:</u>		
2	Customer Number	105	
3	Bills Per Year		
4	Customer Bills Per year	1,260	
5	Current Customer Charge		
6	Annualized Customer Charge Revenues		\$15,485
7	<u>Commodity Charge Revenues:</u>		
8	Total Gallons Sold	1,759,861	
9	Less: Base Gallons Included In Customer Charge	222,707	
10	Commodity Gallons	1,537,154	
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.		\$6,856
16	Total Annualized Water Rate Revenues		<u>\$22,341</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.

**Lakeland Heights
Informal Case/Rate Case
WR-2012-0266
Test Year Ending 12-31-2011
Miscellaneous Revenues Feeder - Water**

Line Number	<u>A</u> Description	<u>B</u> Amount
1	Late Payment Fees	\$470
2	Description of Miscellaneous Revenue Item2	<u>\$0</u>
3	Total Miscellaneous Revenues	<u><u>\$470</u></u>

Lakeland Heights
 Informal Case/Rate Case
 WR-2012-0266
 Test Year Ending 12-31-2011
 Expense Schedule - Water

A	B	C	D	E	F	G	
Line Number	Account Number (Optional)	Expense Description	Company/ Test Year Amount	Adjustment Number	Adjustments	Jurisdictional Allocation	Adjusted Jurisdictional
1		OPERATIONS EXPENSES					
2		Management Salary (1)	\$0			100.00%	\$0
3		Operators Salary/Contract Services (1)	\$2,875	W-3	\$5,333	100.00%	\$8,208
4		Electricity	\$1,945	W-4	-\$386	100.00%	\$1,559
5		Chemicals-(Chlorine)	\$0			100.00%	\$0
6		TOTAL OPERATIONS EXPENSE	<u>\$4,820</u>		<u>\$4,947</u>		<u>\$9,767</u>
7		MAINTENANCE EXPENSES					
8		Outside Services Employed (1)	\$759	W-8	\$1,391	100.00%	\$2,150
9		Misc. Supplies	\$0			100.00%	\$0
10		System Repairs Maintenance	\$1,054	W-10	-\$759	100.00%	\$295
11		TOTAL MAINTENANCE EXPENSE	<u>\$1,813</u>		<u>\$632</u>		<u>\$2,445</u>
12		CUSTOMER ACCOUNT EXPENSE					
13		Accounting Fees	\$0			100.00%	\$0
14		Billing & Collections	\$331			100.00%	\$331
15		Office Supplies	\$296			100.00%	\$296
16		Postage	\$123	W-16	\$323	100.00%	\$446
17		Uncollectible Accounts	\$0			100.00%	\$0
18		TOTAL CUSTOMER ACCOUNT EXPENSE	<u>\$750</u>		<u>\$323</u>		<u>\$1,073</u>
19		ADMINISTRATIVE & GENERAL EXPENSES					
20		Administration & General Salary (1)	\$1,800	W-20	\$1,568	100.00%	\$3,368
21		Office Utilities	\$281	W-21	-\$238	100.00%	\$43
22		Telephone & Pagers	\$433	W-22	\$23	100.00%	\$456
23		Vehicle Expense	\$694	W-23	\$121	100.00%	\$815
24		Fuel Expense-Vehicles	\$799	W-24	\$562	100.00%	\$1,361
25		Medical Expenses	\$1,654	W-25	-\$896	100.00%	\$758
26		Other Insurance	\$65	W-26	\$2,205	100.00%	\$2,270
27		Building Rent	\$3,165	W-27	-\$2,484	100.00%	\$681
28		Other Misc. Expenses	\$1,322	W-28	-\$1,166	100.00%	\$156
29		TOTAL ADMINISTRATIVE AND GENERAL	<u>\$10,213</u>		<u>-\$305</u>		<u>\$9,908</u>
30		OTHER OPERATING EXPENSES					
31		MO DNR Fees	\$200			100.00%	\$200
32		PSC Assessment	\$109			100.00%	\$109
33		Corporate Registration	\$0			100.00%	\$0
34		Amortization Expense	\$0			100.00%	\$0
35		Depreciation	\$0	W-35	\$4,007	100.00%	\$4,007
36		TOTAL OTHER OPERATING EXPENSES	<u>\$309</u>		<u>\$4,007</u>		<u>\$4,316</u>
37		TAXES OTHER THAN INCOME					
38		Real & Personal Property Taxes	\$54	W-38	-\$21	100.00%	\$33
39		Payroll Taxes	\$0	W-39	\$1,124	100.00%	\$1,124
40		TOTAL TAXES OTHER THAN INCOME	<u>\$54</u>		<u>\$1,103</u>		<u>\$1,157</u>
41		TOTAL OPERATING EXPENSES	<u>\$17,959</u>		<u>\$10,707</u>		<u>\$28,666</u>

Lakeland Heights
 Informal Case/Rate Case
 WR-2012-0266
 Test Year Ending 12-31-2011
 Expense Adjustment Schedule - Water

<u>A</u> Expense Adj Number	<u>B</u> Adjustment Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment
W-3	Operators Salary/Contract Services (1)			\$5,333
	1.To annualize Rodger Owens salary. (McMellen)		\$5,333	
W-4	Electricity			-\$386
	1.To adjust to bills. (McMellen)		\$523	
	2.To remove late fees/credits. (McMellen)		-\$14	
	3.To remove budget adjustment. (McMellen)		-\$93	
	4.To allocate 90% usage of 406S Bernie to personal use. (McMellen)		-\$569	
	5.To remove electricity for lake office. (McMellen)		-\$233	
W-8	Outside Services Employed (1)			\$1,391
	1.To adjust Outside Services Employed. (McMellen)		-\$742	
	2. To normalze costs associated with standpipe partial renovation. (McMellen)		\$2,133	
W-10	System Repairs Maintenance			-\$759
	1.To remove capital costs from expense. (McMellen)		-\$542	
	2.To remove well payments.		-\$200	
	3.To remove auto repair supplies. (Westhues)		-\$17	
W-16	Postage			\$323
	1.To annualize Postage expense. (McMellen)		\$314	
	2.To adjust for PO Box. (McMellen)		\$9	

Lakeland Heights
 Informal Case/Rate Case
 WR-2012-0266
 Test Year Ending 12-31-2011
 Expense Adjustment Schedule - Water

<u>A</u> Expense Adj Number	<u>B</u> Adjustment Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment
W-20	Administration & General Salary (1)			\$1,568
	1.To annualize LaDawn Owens salary. (McMellen)		\$1,568	
W-21	Office Utilities			-\$238
	1.To annualize Office Utilities. (McMellen)		-\$238	
W-22	Telephone & Pagers			\$23
	1.To adjust to Staff's test year bills. (Westhues)		\$630	
	2.To remove late fees. (Westhues)		-\$6	
	3.To remove second cell phone. (Westhues)		-\$48	
	4.To remove text messaging. (Westhues)		-\$8	
	5.To remove cable fees. (Westhues)		-\$197	
	6.To adjust for personal internet/phone usage. (Westhues)		-\$313	
	7.To remove AT&T charges. (Westhues)		-\$35	
W-23	Vehicle Expense			\$121
	1.To adjust to actual invoices. (McMellen)		\$197	
	2.To remove disallowed expenses. (McMellen)		-\$76	
W-24	Fuel Expense-Vehicles			\$562
	1.To annualize fuel expense for vehicles. (Westhues)		\$562	
W-25	Medical Expenses			-\$896
	1.To annualize health insurance expense. (McMellen)		-\$896	

Lakeland Heights
 Informal Case/Rate Case
 WR-2012-0266
 Test Year Ending 12-31-2011
 Expense Adjustment Schedule - Water

<u>A</u> Expense Adj Number	<u>B</u> Adjustment Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment
W-26	Other Insurance			\$2,205
	1. To annualize AD&D Insurance Expense. (McMellen)		\$2	
	2. To annualize vehicle insurance expense. (McMellen)		\$174	
	3. To annualoze plant/office insurance expense. (McMellen)		\$2,029	
W-27	Building Rent			-\$2,484
	1.To annualize rent. (Westhues)		-\$2,484	
W-28	Other Misc. Expenses			-\$1,166
	1.To remove costs included in plant. (McMellen)		-\$550	
	2.To disallow donations. (McMellen)		-\$36	
	3.To remove amounts transferred to savings. (McMellen)		-\$550	
	4.To disallow parking ticket. (McMellen)		-\$30	
W-35	Depreciation			\$4,007
	1. To Annualize Depreciation		\$4,007	
W-38	Real & Personal Property Taxes			-\$21
	1.To annualize property taxes. (McMellen)		-\$21	
W-39	Payroll Taxes			\$1,124
	1.To annualize payroll taxes. (McMellen)		\$1,124	
Total Expense Adjustments				\$10,707

Lakeland Heights
 Informal Case/Rate Case
 WR-2012-0266
 Test Year Ending 12-31-2011
 Expense Adjustment Schedule - Water

<u>A</u> Expense Adj Number	<u>B</u> Adjustment Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment
W-3	Operators Salary/Contract Services (1)			\$5,333
	1.To annualize Rodger Owens salary. (McMellen)		\$5,333	
W-4	Electricity			-\$386
	1.To adjust to bills. (McMellen)		\$523	
	2.To remove late fees/credits. (McMellen)		-\$14	
	3.To remove budget adjustment. (McMellen)		-\$93	
	4.To allocate 90% usage of 406S Bernie to personal use. (McMellen)		-\$569	
	5.To remove electricity for lake office. (McMellen)		-\$233	
W-8	Outside Services Employed (1)			\$1,391
	1.To adjust Outside Services Employed. (McMellen)		-\$742	
	2. To normalize costs associated with standpipe partial renovation. (McMellen)		\$2,133	
W-10	System Repairs Maintenance			-\$759
	1.To remove capital costs from expense. (McMellen)		-\$542	
	2.To remove well payments.		-\$200	
	3.To remove auto repair supplies. (Westhues)		-\$17	
W-16	Postage			\$323
	1.To annualize Postage expense. (McMellen)		\$314	
	2.To adjust for PO Box. (McMellen)		\$9	

Lakeland Heights
 Informal Case/Rate Case
 WR-2012-0266
 Test Year Ending 12-31-2011
 Expense Adjustment Schedule - Water

<u>A</u> Expense Adj Number	<u>B</u> Adjustment Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment
W-20	Administration & General Salary (1)			\$1,568
	1.To annualize LaDawn Owens salary. (McMellen)		\$1,568	
W-21	Office Utilities			-\$238
	1.To annualize Office Utilities. (McMellen)		-\$238	
W-22	Telephone & Pagers			\$23
	1.To adjust to Staff's test year bills. (Westhues)		\$630	
	2.To remove late fees. (Westhues)		-\$6	
	3.To remove second cell phone. (Westhues)		-\$48	
	4.To remove text messaging. (Westhues)		-\$8	
	5.To remove cable fees. (Westhues)		-\$197	
	6.To adjust for personal internet/phone usage. (Westhues)		-\$313	
	7.To remove AT&T charges. (Westhues)		-\$35	
W-23	Vehicle Expense			\$121
	1.To adjust to actual invoices. (McMellen)		\$197	
	2.To remove disallowed expenses. (McMellen)		-\$76	
W-24	Fuel Expense-Vehicles			\$562
	1.To annualize fuel expense for vehicles. (Westhues)		\$562	
W-25	Medical Expenses			-\$896
	1.To annualize health insurance expense. (McMellen)		-\$896	

Lakeland Heights
 Informal Case/Rate Case
 WR-2012-0266
 Test Year Ending 12-31-2011
 Expense Adjustment Schedule - Water

<u>A</u> Expense Adj Number	<u>B</u> Adjustment Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment
W-26	Other Insurance			\$2,205
	1. To annualize AD&D Insurance Expense. (McMellen)		\$2	
	2. To annualize vehicle insurance expense. (McMellen)		\$174	
	3. To annualize plant/office insurance expense. (McMellen)		\$2,029	
W-27	Building Rent			-\$2,484
	1.To annualize rent. (Westhues)		-\$2,484	
W-28	Other Misc. Expenses			-\$1,166
	1.To remove costs included in plant. (McMellen)		-\$550	
	2.To disallow donations. (McMellen)		-\$36	
	3.To remove amounts transferred to savings. (McMellen)		-\$550	
	4.To disallow parking ticket. (McMellen)		-\$30	
W-35	Depreciation			\$4,007
	1. To Annualize Depreciation		\$4,007	
W-38	Real & Personal Property Taxes			-\$21
	1.To annualize property taxes. (McMellen)		-\$21	
W-39	Payroll Taxes			\$1,124
	1.To annualize payroll taxes. (McMellen)		\$1,124	
Total Expense Adjustments				\$10,707

Agreement Attachment D

Billing Comparison Worksheet

LAKELAND HEIGHTS WATER COMPANY, INC.

Residential Customer Bill Comparison-Water

Rates for 5/8" Meter

<u>Current Base Customer Charge</u>	<u>Proposed Base Customer Charge</u>	<u>Current Usage Rate</u>	<u>Proposed Usage Rate</u>
\$12.29	\$16.43	\$4.46	\$5.32

Customer charge includes 2,000 gallons

MONTHLY BILL COMPARISON

3,200 gallons/month usage

Current Rates

Customer Charge	\$ 12.29
Usage Charge	\$ 5.35
Total Bill	\$ 17.64

Proposed Rates

Customer Charge	\$ 16.43
Usage Charge	\$ 6.38
Total Bill	\$ 22.81

INCREASES

Customer Charge

\$ Increase	\$4.14
% Increase	33.71%

Usage Charge

\$ Increase	\$1.03
% Increase	19.23%

Total Bill

\$ Increase	\$5.17
% Increase	29.32%

Agreement Attachment E
Ratemaking Income Statement

LAKELAND HEIGHTS WATER COMPANY, INC.

Rate Making Income Statement-Water

Operating Revenues at Current Rates		Revenue Allocations	
		Base	Commodity
1	Tariffed Rate Revenues *	\$ 15,485	\$ 6,856
2	Other Operating Revenues *	\$ 326	\$ 144
3	Total Operating Revenues	\$ 15,811	\$ 7,000
4	* See "Revenues - Current Rates" for Details		
Cost of Service		Expense Allocations	
Item	Amount	Base	Commodity
1	Operators Salary-Maintenance	\$ 2,709	\$ 5,499
2	Operator-Backup		-
3	Electricity		1,559
4	Electricity-Shop		-
5	Utility Water Usage		-
6	Water Treatment Expense-Chemicals		-
7	Water Treatment -Testing/Laboratory Fees		-
8	Outside Services Employed	\$ 710	\$ 1,441
9	System Repairs Maintenance	\$ 295	\$ -
10	Billing & Collections	\$ 331	\$ -
11	Office Supplies	\$ 296	\$ -
12	Postage	\$ 446	\$ -
13	Administration & General - Salaries	\$ 1,111	\$ 2,257
14	Office Utilities		\$ 43
15	Telephone & Internet Expense		\$ 456
16	Transportation Expense		\$ 815
17	Fuel Expense-Vehicles		\$ 1,361
18	Medical Expense		\$ 758
19	Property & Liability Insurance		\$ 2,270
20	Rent Expense-Building		\$ 681
21	Rate Case Expense		\$ -
22	MO DNR Fees		\$ 200
23	Employee Pensions & Benefits		\$ -
24	Regulatory Commission Expense		\$ 109
25	Miscellaneous General Expenses		\$ 156
26	Sub-Total Operating Expenses	\$ 5,898	\$ 17,604
27	Property Taxes		\$ 33
28	MO Franchise Taxes		\$ -
29	Employer FICA Taxes	\$ 371	\$ 753
30	Federal Unemployment Taxes		\$ -
31	State Unemployment Taxes		\$ -
32	State & Federal Income Taxes		\$ 88
33	Sub-Total Taxes	\$ 371	\$ 874
34	Depreciation Expense	\$ 2,405	\$ 1,602
35	Interest Expense	\$ 94	\$ 192
36	Amortization of Utility Plant		\$ -
37	Sub-Total Depreciation/Interest/Amortization	\$ 2,499	\$ 1,794
38	Return on Rate Base	\$ 212	\$ 141
39	Total Cost of Service	\$ 8,980	\$ 20,413
40	Overall Revenue Increase Needed	\$ (6,831)	\$ 13,413

Agreement Attachment F

Rate Base Worksheet

Lakeland Heights
Informal Case/Rate Case
WR-2012-0266
Test Year Ending 12-31-2011
Rate Base Required Return on Investment Schedule - Water

Line Number	<u>A</u> Rate Base Description	<u>B</u> Dollar Amount	
1	Plant In Service	\$77,303	From Plant Schedule
2	Less Accumulated Depreciation Reserve	\$62,016	From Depreciation Reserve Schedule
3	Net Plant In Service	\$15,287	
4	Other Rate Base Items:	\$0	
	Contribution in Aid of Construction	-\$17,709	
	CIAC Depreciation	\$13,979	
5	Total Rate Base	\$11,557	
6	Total Weighted Rate of Return Including Income Tax	6.29%	From PreTax Return & Taxes Schedule
7	Required Return & Income Tax	<u>\$727</u>	

Agreement Attachment G

Schedule of Depreciation Rates

LAKELAND HEIGHTS WATER COMPANY

DEPRECIATION RATES

(CLASS D WATER)

WR-2012-0266

<u>ACCOUNT NUMBER</u>	<u>ACCOUNT DESCRIPTION</u>	<u>DEPRECIATION RATE</u>	<u>AVERAGE SERVICE LIFE (YEARS)</u>	<u>NET SALVAGE</u>
311	Structures & Improvements (well house)	3.0%	33	
314	Wells & Springs	2.0%	50	
321	Structures & Improvements (pump house)	3.0%	33	
325	Electric Pumping Equipment	1.0%	10	
332	Water Treatment Equipment	2.9%	35	
342	Distribution Reservoirs & Standpipes	1.0%	40	
343	Transmission & Distribution Mains	1.0%	50	
345	Services	2.5%	40	
346	Meters	10.0%	10	
347	Meter Installations	2.5%	40	
348	Hydrants	2.0%	50	
371	Structures & Improvements (office & shop)	3.0%	33	
272	Office Furniture & Equipment	1.0%	20	
372.1	Office Computer Equipment	20.0%	5	
373	Transportation Equipment	14.3%	7	9%
379	Other General (tools, shop, garage and power operated equipment)	10.0%	9	10%

Agreement Attachment H

Auditing Unit Recommendation Memorandum

MEMORANDUM

TO: Jim Russo
Jim Busch

FROM: Amanda McMellen
Casey Westhues

SUBJECT: Lakeland Heights Water Company, Inc. WR-2012-0266
Oakbrier Water Company, Inc. WR-2012-0267
R.D. Sewer Co., L.L.C. SR-2012-0263

DATE: August 22, 2012

On January 31, 2012, Rodger Owens filed a request seeking an overall \$16,500 increase for the following systems that he and his wife own and operate: Lakeland Heights Water Company, Inc., Oakbrier Water Company, Inc. and R.D. Sewer Co., L.L.C. (unless otherwise specified, collectively hereafter referred to as “Company”). The Owens also own and operate Whispering Hills Water System, which is also a regulated utility. However, Whispering Hills did not file for a rate increase at this time. The following table provides a brief description of each system, the current rates and the Company’s proposed revenue increase for each system:

System Name Sewer/Water	Customer #s	County Location	Current Monthly Rates	Company Proposed \$ Increase
Lakeland Heights Water	77 Metered 28 Unmetered	Wayne & Butler Counties	Minimum Monthly Charge-\$12.29 and \$4.46/1000 gallons after the first 2000 gallons. Unmetered Customer Charge \$12.29/month	\$3,960
Oakbrier Water	60	Butler County	Minimum Monthly Charge-\$15.59 and \$2.44/1000 gallons after the first 5000 gallons.	\$2,160
RD Sewer Sewer	164	Stoddard County	Monthly Charge-\$26.64 for Single Family Dwelling and \$21.31 for Multi-Family Dwellings Interim Charge	\$10,380

The Auditing Staff conducted an investigation of the Company’s books and records and determined that increases are necessary for Lakeland Heights Water Company, Inc., and Oakbrier Water Company, Inc. water systems and also for the R.D. sewer system. The table shown below provides a breakdown of the Auditing Staff’s proposed rate increase by system:

System Name	Staff Findings \$ Increase	Staff Findings Annualized Revenues % Increase
Lakeland Heights Water	\$6,582	28.85%
Oakbrier Water	\$1,307	8.43%
RD Sewer	\$13,271	27.00%

The Auditing Staff utilized a test year of twelve months ending December 31, 2011, with plant updates through June 2012. As discussed below, based on an examination of the companies' actual and proposed level of revenues and expenses for this period, the Auditing Staff is proposing several adjustments.

REVENUES

The Auditing Staff annualized revenues for each water system based on a three (3) year average of gallons sold over the period of 2009-2011 and using current rates. The Auditing Staff used a three (3) year average of gallons sold because the usage over the last three (3) years has varied significantly. In order to get a more normal level of usage, an average was needed.

For the two water companies, the monthly minimum charge was multiplied by the current number of customers to determine the minimum monthly revenue for each system. The average gallons sold over the monthly minimum amount was then multiplied by the commodity charge, and then added to the monthly minimum charge to arrive at total annualized revenues.

For the sewer company, the most current number of customers was multiplied by the current tariff rate for single-family and multi-family residences. The monthly revenue was then multiplied by 12 to arrive at the total annualized revenues.

PLANT, RESERVE AND DEPRECIATION

The Auditing Staff has included all capital improvements that could be supported by documentation. The Auditing Staff utilized the plant and reserve levels resulting from the last rate cases as its starting point for determining plant and depreciation reserve. There were some costs that were included in expense in the test year that the Auditing

Staff asserts should be capitalized. Adjustments were made to eliminate these costs from the Company's expenses and include them in the plant in service balances. Other costs were eliminated from the plant balances because the companies provided no invoice, no proof of payment, or no proof of plant actually being in service.

The Engineering and Management Services Unit (E&MSU) Staff performed a review of the depreciation rates, plant in service, and the accumulated depreciation reserves for Lakeland Heights Water Company, Inc., Oakbrier Water Company, Inc. and R.D. Sewer Co., L.L.C. in file numbers WR-2012-0266, WR-2012-0267, and SR-2012-0263 respectively. Staff's recommended depreciation rates for Lakeland Heights Water Company, Inc., Oakbrier Water Company, Inc. and R.D. Sewer Co., L.L.C. are included herein as Attachment 1,2, and 3 and are incorporated herein by reference. The Audit Staff used these depreciation rates in determining the annualized depreciation expense.

PAYROLL AND PAYROLL TAXES

The owner, Mr. Owens, is responsible for the daily operations of the systems. This responsibility includes repairs and maintenance, system checks, mowing, meter reading and taking samples. In addition to the systems listed above, he works on other non-regulated utility systems in the area. The Auditing Staff determined a salary for Mr. Owens by comparing the level proposed by the Company to several sources. First, the Auditing Staff looked at the cost of living increases from 2009 through current. Second, information was obtained online from the Missouri Economic Research and Information Center (MERIC) for the 2010 average salary for someone in the same area and with a comparable job title as Mr. Owens. After analyzing this information, the Auditing Staff determined the overall salary proposed by the Company was reasonable. An adjustment was made to exclude ten percent (10%) of Mr. Owens salary for the non-regulated systems.

The Staff then allocated a portion of this salary to reflect the time Mr. Owens spends working at the three systems. The Auditing Staff included a total annualized salary of \$28,922 for Mr. Owens to serve as the operator of Lakeland Heights, Oakbrier, R.D. Sewer and Whispering Hills. Although Whispering Hills is not currently involved in a rate case, all costs (such as salaries) need to be allocated across all regulated systems. The Owens run these companies out of the same location in Dexter, Missouri. So, time and expenses need to be allocated to all systems.

LaDawn Owens is responsible for assisting Mr. Owens in meter reading, small repairs and maintenance, mowing, billing, handling customer contacts, fielding Staff's requests for information, accounts receivable and accounts payable. These responsibilities do not require a full time position. The Auditing Staff determined a base salary for Mrs. Owens analyzing the same information as mentioned above for Mr. Owens. Staff then reduced this salary to reflect that a full week's work was not required. The Auditing Staff included a total annualized salary of \$11,870 for Mrs. Owens to fulfill these responsibilities for all four of the systems.

Based upon its determination of salaries, the Auditing Staff also included an appropriate annualized level of payroll taxes in Staff's cost of service calculation.

ELECTRICITY

The Auditing Staff adjusted the test year electricity expense by eliminating the discrepancy between the check register entries and bills. The Auditing Staff then eliminated the late fees and bill credits. The Auditing Staff also included in the cost of service calculation a small portion of electricity expense to address the Owens' home-based office.

HEALTH INSURANCE

The Auditing Staff has included the cost of health insurance premiums for Mrs. Owens, consistent with the allocation that Staff used to calculate her salary. The Staff utilized the most current invoices available to annualize these costs.

SLUDGE REMOVAL

Staff annualized the sludge removal expense for R.D. Sewer's treatment facility and its lift stations based upon the current invoices provided. R.D. Sewer estimated that it hauled about six loads of sludge per year. The test year amount equaled the amount for six loads of sludge hauling, thus Staff deemed the test year amount of sludge hauling to be the appropriate amount.

WASTE DISPOSAL

Waste disposal was a new expense built into the last rate case, Case No. SR-2009-0226. The Owens were disposing of the waste at the R.D. Sewer property on their own, which was not the proper way to dispose of the waste. The Owens obtained a quote from Allied Waste Company in the previous case to determine the correct amount to include for waste disposal with the understanding that the Owens would use that service going forward to properly dispose of any waste. Staff analyzed the test year receipts for waste disposal and compared the amount to what was built into the last case for this expense. The amounts were similar, so the test year amount was left unadjusted in Staff's cost of service.

BILLING AND COLLECTIONS EXPENSE

In developing the billing and collections expense, the Auditing Staff used the postal rates that went into effect in January 2012, for a pre-stamped postcard multiplied by the number of billings per year. The Auditing Staff also included the cost of a single P.O. Box for all three systems to share

RENT

Staff used the same rental rate as what was used in the last rate case to determine rent expense. The Owens use an office room in their personal residence to conduct all of the Company's business. They charge rent to the Company for the mortgage payments on their house. Staff asserts that the rate payers should not have to pay the full cost of the Owens' personal residence and should only have to pay for the office portion of the house that is used to conduct Company business. For this reason, the rent level was kept the same as what was deemed appropriate in the last rate case. The total amount of rent charged for the office space was then allocated to each of the three companies involved in this case based on customer numbers.

OUTSIDE SERVICES

During the test year there were payments made to various individuals that were not supported by invoices. The Auditing Staff asserts that as part of its annualization of payroll and payroll taxes, the Owens can fulfill the duties that have been assigned to these other individuals, and therefore eliminated these expenses in this case.

During the test year, H&R Block provided accounting services to the Company for tax preparation. The Auditing Staff asserts this should be included as an expense in this case but this expense has been eliminated from Staff's cost of service because the invoices were not provided by the Company.

Services were also provided for pest control during the test year. The Auditing Staff considers these expenses are reasonable but are allocated on the same basis as the electricity because they are for the entire residence/office.

SYSTEM REPAIRS AND MAINTENANCE

Staff was only able to use test year numbers to determine an appropriate level of repair expenses to include in Staff's cost of service. The data for the prior years was unreliable, thus a comparison of prior years to the test year, which would have been more desirable, was not possible. The prior years' data was considered unreliable because all Staff had available to review were hand written ledgers. The ledgers had descriptions of each expense, but it was still hard to determine where each separate expense should be classified, according to the written description. Staff would have had to spend more time going through each and every line of the ledgers and creating a summary of accounts to determine what should probably have been included. Since the comparison was not possible at this time, Staff determined a test year amount from looking at the ledgers provided by the Company, the 2011 receipts and the summarization of costs provided by H&R Block. Then Staff eliminated any amounts related to auto repairs, the Chase credit card payments, Maco well payments, or expenses that should have been capitalized. Staff eliminated the Chase payments that were classified as repairs because it was

impossible to trace the payments back to an original receipt to verify that the charges were actually for repairs and were actually incurred in the test year. The Maco payments were eliminated from repairs because these are costs that have previously been capitalized. There were also some costs included in repairs that Staff determined should be capitalized. These costs were eliminated out of repairs and placed into plant.

TELEPHONE AND INTERNET

There are expenses to pay for two cell phones from Verizon Wireless, a phone line from BPS Telephone, long distance service from AT&T, and cable and internet service from Newwave Communications. Staff eliminated the cost of one of the cell phones as only one cell phone is necessary for operating the Company. Staff also eliminated the costs of text messaging on the cell phones. The AT&T long distance charges were also eliminated because BPS provides long distance service, so this is a duplicate charge. AT&T was eliminated over BPS because BPS also provides the local phone service along with long distance service. AT&T only provides long distance service. Half of the internet and office phone costs were eliminated because there is one phone and one computer that are used for both business and personal use. The cable charges were also eliminated, as it is not necessary for the operation of the systems. The annualized costs were then distributed to all the systems based on customer numbers.

VEHICLE EXPENSES

The systems are spread through a three county area and require a significant amount of driving between them. Staff used an estimate of miles driven each week by Mr. Owens to perform work on all of the systems to determine the annualized fuel costs to include in Staff's cost of service. The annualized miles driven in a year were then divided by the average miles per gallon for a Dodge truck to determine the total gallons of fuel used per year. The gallons used were then multiplied by the current gas price in Dexter, Missouri, to determine the annualized fuel costs. This annualized cost was then divided between all the systems owned by the Owens according to customer numbers.

The Auditing Staff also reviewed all automobile related repairs. Some expenses were eliminated due to lack of documentation.

ENVIRONMENTAL ANALYSIS TESTING

Staff used the test year costs to determine the normalized amount for the Environmental Analysis Testing expense. There were some charges to this expense in the ledger that could not be verified by Staff, and so they were adjusted out of the test year cost to determine the normalized amount.

PSC ASSESSMENT

Staff annualized the PSC Assessment based on the current year assessment.

OTHER MISCELLANEOUS EXPENSES

In the examination of the Company's receipts and invoices, the Auditing Staff found many personal expenses being charged to the various systems. The Auditing Staff has eliminated such personal and non-utility costs from its calculation of the cost of service.

FINANCIAL ANALYSIS

Based on Staff's hypothetical capital structure of 75% debt and 25% equity. Staff member Shana Atkinson of the Commission's Financial Analysis Unit, estimated a return on equity of 12.22% and a total overall rate of return of 5.53%. The overall rate of return was applied to the each Company's rate base to develop the revenue requirement.

RECOMMENDATIONS

The Auditing Staff emphasizes that all personal purchases must be paid for by the Owens out of their own separate personal funds and that the utilities should be charged only those expenses that relate to providing safe and adequate utility service to customers.

It is important that both the Owens keep complete and accurate time records going forward. These time records are important for determining how much time they each spend working on each of the systems and will be used for allocation purposes in future rate cases.

The Auditing Staff recommends the Owens get estimates for accounting services. These estimates should include all financial statement and tax form preparations. The Auditing Staff found it difficult in these cases to even determine a test year cost of service due to the lack of financial reports (balance sheets, income statements, etc.). The Owens should obtain estimates to see if receiving accounting services may be a cost effective way of maintaining accurate and complete financial records.

Require Lakeland Heights Water Company, Inc., Oakbrier Water Company, Inc. and R.D. Sewer Co., L.L.C. to maintain utility plant records and customer account records, and to keep all books and records, including plant property records, in accordance with the NARUC Uniform System of Accounts, revision 1973 for water and revision 1976 for sewer, as described in this memorandum.

cc: Kim Bolin and Mark Oligschlaeger

Agreement Attachment I
EMSU Implementation Review

REPORT OF CUSTOMER SERVICE AND BUSINESS OPERATIONS REVIEW

Engineering and Management Services Unit

Small Company Rate Increase Request

File No. WR-2012-0266

Lakeland Heights Water Company, Inc.

Gary Bangert

The Engineering and Management Services Unit (EMSU) staff initiated an informal review of the customer service and business processes, procedures, and practices of Lakeland Heights Water Company, Inc. (“Lakeland Heights” or “Company”) in Bernie, Missouri, in March 2012. The review was performed in conjunction with the Company’s rate increase request, File No. WR-2012-0266, filed on January 31, 2012. The Company is requesting an increase of \$3,960.00 in its annual water system operating revenues. This request represents an increase of approximately 25% to the Company’s annual water system operating revenues.

The EMSU staff examined the Company’s tariffs, annual reports, Missouri Public Service Commission (“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 on February 9, 2012, and conducted interviews with Company personnel on April 18 and 19, 2012. The EMSU staff’s review of the Company resulted in the following recommendations for Company management:

THE EMSU STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

- 1. Utilize a standard time sheet to record and maintain the time expended by its employees and contractors at each of the water and sewer systems it operates that will facilitate summarization and analysis. This recommendation should be completed within thirty (30) days of the Commission’s Order in File No. WR-2012-0266.*
- 2. Complete an analysis of automated billing systems that could be cost-effectively implemented to manage the calculation and preparation of customer bills and maintenance of records. This recommendation should be completed within ninety (90) days of the Commission’s order in File No. WR-2012-0266.*
- 3. Review the present bill format to determine if information regarding delinquent dates can be provided more clearly. This review should be conducted in conjunction with the analysis and implementation of an automated billing system. This recommendation*

should be completed within ninety (90) days of the Commission's order in File No. WR-2012-0266.

The purpose of the EMSU is to promote and encourage efficient and effective utility management. This objective contributes 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 were 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 focused 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 January 2008. This review was performed in conjunction with a small company rate request submitted by the Company and given Case No. WR-2009-0227. That review resulted in a written report and included recommendations for improvement in the areas of customer billing, credit and collections, complaint recording, records storage, and time reporting. The Disposition Agreement in the last case addressed specific time frames for the completion of each of the recommendations made in the report. The EMSU staff continued to work with the Company to ensure that these recommendations were addressed. The actions taken by the Company were

considered appropriate for meeting the intent of the recommendations contained in the EMSU report.

Overview

Lakeland Heights Water Company was certificated by the Commission in 1968 to provide water service in the service area of Butler and Wayne Counties. The Company was acquired by Rodger and La Dawn Owens in 1996 and provides water service to 110 residential customers. The Owens also own three other utility systems including two water systems and one sewer system: Oakbrier Water Company, Whispering Hills Water System, and R.D. Sewer Company. The business office is located at 406 South Allen in Bernie, Missouri, and office hours are 8 a.m. to 4 p.m., Monday through Friday. The Company noted that someone is available at all times to take emergency phone calls. A phone number is also provided on customer bills which gives the customers 24-hour, 7-day access to Company personnel in the event of an emergency.

The Company is operated by its owners. Rodger Owens serves as the Company's president, owner, and operator. La Dawn Owens serves as the office manager, owner, and billing clerk in addition to being responsible for all customer service operations. The Company utilizes part-time assistance in the office and occasionally in the field as needed.

The Company keeps time records as a result of the prior customer service audit performed in 2008. The office manager maintains a record of the time she is allocating to each of the four companies they own and manage. In addition, she notes the specific activity, such as billing or collections, that she is performing that day. The operator's activities are recorded by the office manager who schedules and assigns the work activities. In addition, the operator records all visits to Company facilities, such as the well houses, on sheets kept at the location to document activities. That information is transferred to date planner books that are used to maintain records on time and activities at various companies.

The Company has developed a standard mileage amount associated with travel to each of the areas it serves and any Company facilities it frequently visits. These mileages are included on monthly mileage logs and also frequently on the time sheets or monthly monitoring records.

Company management anticipates minimal future growth in the number of customers it serves. An informational brochure is available to all customers including contact information and the rights and responsibilities of the Company and its customers.

Meter Reading

The Company owners spend approximately two days around the 25th of the month reading water meters at the three water companies they operate. Twenty-nine (29) of Company's 110 customers receive unmetered water service. The meter readings are manually recorded on field log sheets prepared for each customer. Company personnel indicated that estimated readings are uncommon but may occur two times a year. The primary reasons for estimated reads include extreme weather conditions or sickness. If a customer's bill is estimated, the Company's practice is to put a note on the bill indicating that it has been estimated.

A master meter is located on the system and water usage and pressure are monitored regularly. A monthly report is produced enabling Company personnel to compare the quantity of water that is pumped with the amount that is billed to customers. Theft of water service has not occurred in the last several years at Lakeland Heights.

Meter readings are monitored for reasonableness when they are recorded in the field and the office manager reviews them again when they are transferred to a customer ledger prior to preparing the bills. Any accounts with unusual readings are investigated. Company management asserts that the cost of automated meter reading technology is not feasible given the small size of the water system.

Customer Billing

The office manager manually calculates and prepares the customers' postcard bills. In the event estimated bills are necessary, bill calculations are based on a three-month average of usage history. All bills are mailed by the 28th of the month. Bills include a due date of the 1st day of the month and are considered delinquent on the 21st day of each month. The bottom of the bill includes an instruction for the customer to add a \$5.00 fee if the payment is not made by the 20th of the month.

Customers' water charges are based on a price schedule of \$12.29 per month minimum up to 2,000 gallons. Usage in excess of 2,000 gallons is billed at \$4.46 per 1,000 gallons. The Company's unmetered water customers are billed at a flat rate of \$12.29 per month, \$36.87 per quarter, or \$147.48 per year.

Payment Remittance

Customers' payment options include cash, check, or money order. Most payments are received by mail and a few are dropped by the business office. Drop boxes for payments have recently been added at the well houses. Bill payments are sometimes collected from customers in the field.

Bill payments are processed and recorded daily onto the customer ledger. Critical customer records and bill payments are kept in a fireproof file. Bank deposits are made once or twice weekly.

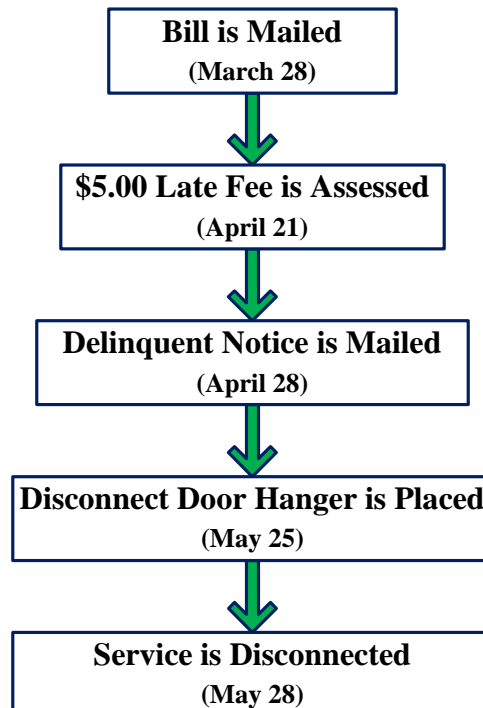
Credit and Collections

Customers requesting service are required to complete a written application. Most applications for new service are from customers in existing homes. The EMSU staff understands that customers are not charged a security deposit prior to establishing service.

Company personnel asserted that they have not had a problem with insufficient funds checks. The last insufficient funds check was received in 2008. The Company's tariff provides for a returned check fee of \$25.00.

The Company has an established procedure for handling delinquent accounts. The following illustration shows the actions that would be taken on an account that remains unpaid if the bill were mailed on March 28.

Delinquent Account Actions



As shown in the illustration, accounts that remain unpaid are subject to disconnection approximately 37 days after they become delinquent. Upon disconnection, customers must pay their account balance including the \$5.00 late fee, \$25 disconnect fee, and \$25 reconnect fee prior to getting their service restored, pursuant to the tariff. Company management represented to the EMSU staff that a service that is disconnected for nonpay is usually reconnected the day the bill is paid in full, including the extra fees, unless it occurs very late in the day.

Company personnel indicated that typically less than one or two customers have their service disconnected in a given month due to nonpayment. For example, in February 2011, two disconnection letters were mailed and one disconnect was actually performed. In February 2012, two disconnection letters were mailed and no disconnects were performed. The Company is occasionally forced to write off uncollectible accounts when someone moves and Company personnel are unable to communicate and obtain payment. These uncollectible accounts are written off prior to the next tenant or homeowner moving in. There were no uncollectible accounts in 2011. The Company does not use an outside collection agency.

Complaints and Inquiries

Customers with questions or concerns may call the Company's business office number or the owner's cell phone number appearing on the bill and customer brochure. The office manager responds to customer calls to the business office. A hard copy file is kept that documents the nature of complaints and inquiries and any action taken. A review of Commission complaint/inquiry records since 2009 showed no complaints or inquiries.

Customer Communication

Customer bills are the primary means of communicating with customers. Company personnel occasionally incorporate short messages on bills to provide specific information. For example, the office manager includes a note on bills when meters are estimated or when bill payments are delinquent. Letters have also been sent to notify customers of rate case activity. Customers are occasionally called in order to convey specific information.

Findings, Conclusions, and Recommendations

The following discussion presents a summary of the findings, conclusions, and recommendations pertaining to the Company's customer service operations. The information

presented in this section focuses on the following two issues that require Company management's attention:

- Time Keeping Records
- Automated Billing and Records Systems
- Revisions to Bill Format

Time Keeping Records

The Company's system for documenting employee time is not conducive to summarization and analysis. The Company has attempted to maintain documentation regarding hours worked by its employees by noting the use of time on a calendar. However, these records are difficult to summarize and analyze for rate making and other review purposes.

The EMSU staff previously made a recommendation to the Company in Case No. WR-2009-0227 to initiate time reporting for Company employees and any contractors it may employ. The Company did implement a practice to record the hours spent on daily activities at each of the companies operated by the owners. The EMSU staff reviewed the Company's actions and found them appropriate for a response to the recommendation at that time.

However, it is the opinion of the EMSU staff that the Company could improve the usefulness of the time records by using a simple standard form time sheet to track hours, location of work and a general description of the activity. Some companies also use this time sheet to include vehicle mileage, thereby capturing all of the information on one sheet. The time sheet should also note time spent on activities unrelated to the operation of its regulated water and sewer companies. The eventual purchase of an automated billing system may include options that can maintain time records as well. However, as an interim measure, the Company should utilize a standard time sheet to consolidate its time record keeping. The EMSU staff will provide some sample time sheets to the Company that may assist it in implementing the following recommendation.

THE EMSU STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Utilize a standard time sheet to record and maintain the time expended by its employees and contractors at each of the water and sewer systems it operates that will facilitate summarization and analysis. This recommendation should be

completed within thirty (30) days of the Commission's Order in File No. WR-2012-0266.

Automated Billing and Records System

The Company's present billing processes are manual, based upon a multitude of paper records, and are time consuming to complete. While customers do appear to be receiving accurate bills in a timely manner, the process could be improved through utilization of an automated billing system. In addition, the system could provide a system of consolidated record keeping for data such as time keeping and vehicle maintenance.

The EMSU staff has previously made a recommendation to the Company to evaluate the utilization of an automated billing system. The Company did review several systems it was aware of but found them to be inadequate for use by a regulated water and sewer utility. For example, regulated companies characteristically must provide specific information on the bill and the billing systems reviewed would not allow for the level of detail the Company may need to provide to its customers. The EMSU staff found the Company's actions appropriate for a response to the recommendation at that time.

However, it is apparent that the Company needs to expand its review of billing systems to focus upon those used successfully by other regulated water and sewer utilities. While the EMSU staff appreciates the workload of attending to daily operations of four companies, it appears that the time may be available at the conclusion of this case for the Company to focus upon the analysis and eventual purchase of an automated billing system. As an interim measure, the application of Excel spreadsheets may assist in the consolidation of data and assist in minimizing the tedious record keeping that the Company presently maintains.

THE EMSU STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Complete an analysis of automated billing systems that could be cost-effectively implemented to manage the calculation and preparation of customer bills and maintenance of records. This recommendation should be completed within ninety (90) days of the Commission's order in File No. WR-2012-0266.

Revision of Bill Format

The format of the present bill can be confusing regarding the due date and the delinquent date. The due date is always noted as the first of the month. A penalty is assessed if the bill is not paid by the 20th of the month. The 21st day of the month is actually the delinquent date and is

used in determining when a penalty is assessed and when a potential disconnection of service can occur.

It may be helpful to customers to be able to clearly see the delinquent date in order to make sure they meet this deadline. While it could be time consuming and confusing to make such changes now, these changes should be considered when the Company reviews automated bill systems.

THE EMSU STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Review the present bill format to determine if information regarding delinquent dates can be provided more clearly. This review should be conducted in conjunction with the analysis and implementation of an automated billing system. This recommendation should be completed within ninety (90) days of the Commission's order in File No. WR-2012-0266.

Implementation Review

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

Agreement Attachment J

Summary of Case Events

Lakeland Heights Water Company, Inc.
Case #WR-2012-0266
Summary of Case Events

Date Filed	January 31, 2012
Day 150	August 28, 2012
Extension?	Yes
If yes, why?	Installation of additional plant and additional time to complete review of Company's financial records.
Amount Requested	\$3,960
Amount Agreed Upon	\$6,582
Item(s)/Dollar(s) Driving Rate Increase	Increase in general operating expenses.
Number of Customers	105
Return on Equity	12.22%
Assessments Current	Yes
Annual Reports Filed	Yes
Statement of Revenue Filed	Yes
Other Open Cases before Commission	SR-2012-0263 & WR-2012-0267
Status with Secretary of State	Current
DNR Violations	None
Significant Service/Quality Issues	None

Staff Participant Affidavits

James M. Russo – Water & Sewer Department

Steve Loethen – Water & Sewer Department

Amanda C. McMellen-Auditing Department

John A. Robinett – Engineering & Management Services Department

Gary Bangert – Engineering & Management Services Department

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

AFFIDAVIT OF JAMES M. RUSSO

In the Matter of Lakeland Heights Water)
Company, Inc. Rate Increase Request)

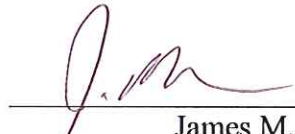
File No. WR-2012-0266

STATE OF MISSOURI

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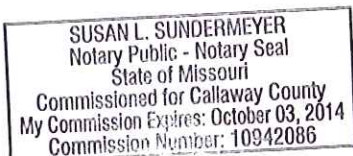
COUNTY OF COLE

COMES NOW James M. Russo, being of lawful age, and on his oath states the following: (1) that he is a Rate & Tariff Examination Supervisor in the Missouri Public Service Commission's Water and Sewer Unit ; (2) that he participated in the Staff's investigation of the small company rate increase request that is the subject of the instant case; (3) that he has knowledge of the foregoing *Company/Staff Agreement Regarding Disposition of Small Water and Sewer Company Revenue Increase Request* ("Disposition Agreement"); (4) that he was responsible for the preparation of Attachment A, C, D, E, I and J to the Disposition Agreement; (5) that he has knowledge of the matters set forth in Attachment A, C, D, E, I and J to the Disposition Agreement; and (6) that the matters set forth in Attachment A, C, D, E, I 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 27th day of August, 2012.





Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

AFFIDAVIT OF STEVE LOETHEN

In the Matter of Lakeland Heights Water)
Company, Inc. Rate Increase Request)

File No. WR-2012-0266

STATE OF MISSOURI

ss.

COUNTY OF COLE

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



Steve Loethen

Utility Operations Technical Specialist II
Water & Sewer Unit

Subscribed and sworn to before me this 28th day of August, 2012.



Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI
AFFIDAVIT OF AMANDA C. MCMELLEN

In the Matter of a Rate Increase for Lakeland)
Heights Water Company, Inc.) File No. WR-2012-0266

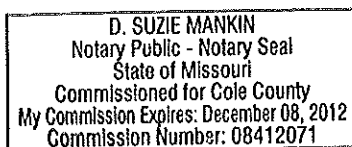
STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

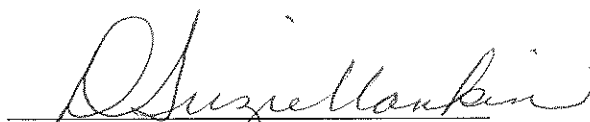
COMES NOW Amanda C. McMellen, being of lawful age, and on her oath states the following: (1) that she is a Utility Regulatory Auditor in the Missouri Public Service Commission's Auditing Unit; (2) that she participated in the Staff's investigation of the small company rate increase request that is the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



Amanda C. McMellen
Utility Regulatory Auditor IV
Auditing Unit

Subscribed and sworn to before me this 27th day of August, 2012.




Notary Public

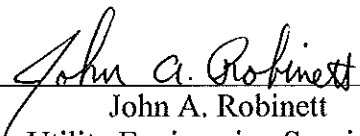
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI
AFFIDAVIT OF JOHN A. ROBINETT

In the Matter of a Rate Increase for Lakeland)
Heights Water Company, Inc.)

File No. WR-2012-0266

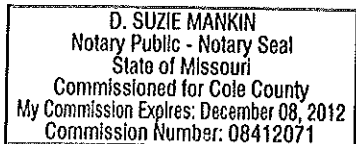
STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

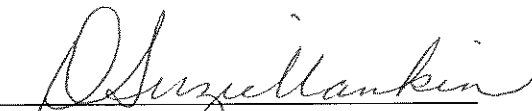
COMES NOW John A. Robinett, being of lawful age, and on his oath states the following: (1) that he is a Utility Regulatory Specialist in the Missouri Public Service Commission's Engineering & Management Services Unit; (2) that he participated in the Staff's investigation of the small company rate increase request that is the subject of the instant case; (3) that he has knowledge of the foregoing *Company/Staff Agreement Regarding Disposition of Small Water 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.



John A. Robinett
Utility Engineering Specialist
Engineering & Management
Services Unit

Subscribed and sworn to before me this 24th day of August, 2012.






Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI
AFFIDAVIT OF GARY BANGERT

In the Matter of a Rate Increase for Lakeland)
Heights Water Company, Inc.) File No. WR-2012-0266

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

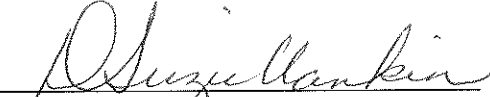
COMES NOW Gary Bangert, being of lawful age, and on his oath states the following: (1) that he is a Utility Management Analyst in the Missouri Public Service Commission's Engineering & Management Services Unit; (2) that he participated in the Staff's investigation of the small company rate increase request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



Gary Bangert
Utility Management Analyst III
Engineering & Management
Services Unit

Subscribed and sworn to before me this 24th day of August, 2012.

D. SUZIE MANKIN Notary Public - Notary Seal State of Missouri Commissioned for Cole County My Commission Expires: December 08, 2012 Commission Number: 08412071
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Notary Public